

INVESTMENT POLICY

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Version	Date	Note of Revision
1.0	11/5/2023	Reserves & Investment Policy split into 2 separate policies due to the introduction of the investment platform
1.1	26/7/23	Reviewed risk appetite principles of investment and local governance – Section 7

Contents

Ref	Title	Page
	Principles	3
1.0	Introduction	3
2.0	Responsibility	3
3.0	Objectives	4
4.0	Investment Strategy and Implementation	4
5.0	Investment in Subsidiary Companies	5
6.0	Ethical Investments	5
7.0	Risk Principles of Investment	6

Principles

As part of our focus on diversity and inclusion, BDAT pledges that our policies will seek to promote equality, fairness, and respect for all staff and students. Our policies reflect the BDAT values of inclusion, compassion, aspiration, resilience, and excellence. By working closely with a range of stakeholders, such as our school, union, and HR colleagues, we have ensured that BDAT's policies do not unlawfully discriminate against anybody.

1. Introduction

The purpose of the Investment Policy is to set out the processes by which the BDAT's Board of Trustees will meet their duties under the Trust's Articles of Association and the Academy Trust Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

The Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations. In addition, the Trust aims to invest surplus cash funds to optimise returns whilst ensuring the investment instruments are such that there is minimal risk of financial loss.

2. Responsibility

Whilst the Board of Trustees has responsibility for the Trust's finances, the Scheme of Delegation delegates responsibility to the Finance and Resources Committee and the Risk and Audit Committee to approve the Investments Policy. The Investment Policy provides the procedures to manage, control and track financial exposure whilst ensuring value for money. The Trust's investments are to be reviewed regularly and reported at every Finance and Resources Committee and Risk and Audit Committee.

The Chief Executive Officer is responsible for the implementation of this policy in conjunction with the Chief Finance Officer.

The Chief Finance Officer is responsible for producing reliable cash flow forecasts as a basis for decision making and is responsible for making investment decisions that comply with this policy.

The Chief Finance Officer is responsible for providing sufficient management information to the Finance and Resources Committee and the Risk and Audit Committee so it can review and monitor investment performance.

3. Objectives

The investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- Act within Charity's power to invest;
- Only invest funds surplus to operational need based on all financial commitments being met without the Trust's bank accounts becoming overdrawn;
- To ensure there is minimal risk of loss in the revenue and capital value of any cash funds invested.
- To optimise returns on invested funds within policy controls with professional advice if required;
- Invest surplus funds only in UK FCA registered banks through the Insignis Investment platform;
- Maintain ethical efficacy with all investments;
- Investments in subsidiary companies are scrutinised independently to cash investments;
- Set investment criteria and thresholds;
- Investments which are classed as Novel, Contentious or Repercussive must have ESFA approval prior to the investment.

4. Investment Strategy & Implementation

The Trust will deposit a maximum of £6m into the investment platform and this threshold will be reviewed annually. Academies have their own current bank accounts which are managed locally, and the Chief Finance Officer will advise them of investment opportunities if they are carrying surplus cash balances.

Academy surplus cash balance investments will be discussed with Academy Business Leader and Headteacher to maximise returns with minimal risk. All fees and returns will be directly attributable to the academy to which the funds are applicable.

BDAT revenue and capital surplus funds will be invested in appropriate investments to ensure maximum returns with minimum risk. All fees and returns will be directly attributable to the academy to which the funds are applicable.

There may be an opportunity to merge cash surplus balances to accrue a greater return this would be through agreement of all parties if investment is beyond a standard 45 notice account.

The Trust is able to invest surplus funds into the following types of investment:

- Current Accounts
- Term deposit accounts – through Insignis platform
- Notice deposit accounts – through Insignis platform

The decisions on how much to invest and for how long will be based on operational cash flow, the parameters of investment and the prudent risk appetite of the Trustees. All investments will be

approved by the Chief Executive Officer and the Chief Finance Officer with confirmation from the Finance and Resources Committee.

The monitoring and reporting of all investments will be shown in the monthly management accounts which are shared with all Trustees. The Risk and Audit Committee will further scrutinise the risk of each investment at each meeting.

5. Investment In a Subsidiary Companies

The Trust must make an assessment of the risk and rewards of the investment, and only commit to investment if the potential rewards are significant enough and have been assessed by Trustees are reasonably certain and that these potential financial rewards exceed the potential risks of making the investment.

The Trust must make an assessment of the impact of the investment on the Trust itself and, prior to committing to any investment, be confident that the investment will aid in the delivery of the Trust Objects and make this assessment independently of the impact on the subsidiary.

If a decision to invest is made, the Trust must regularly review the performance of the investment and take the appropriate actions to address the situation if performance is not as expected.

A financial investment in a subsidiary company can only be made with the approval of Trust Board.

6. Ethical Investment

BDAT is mindful of its underlying principle to further the purpose of the BDAT (provision of education and the Christian ethos); that purpose will ordinarily be best served by seeking the maximum return consistent with commercial prudence. Therefore, BDAT will seek to use a combination of positive and negative criteria to influence the investment decision making process.

Positive Criteria:

- Responsible employment practices.
- Best corporate Governance practice.
- Conscientious about human rights.
- Sustainable environmental practice.

Sensitivity towards the communities in which the business operates. BDAT has given due consideration to the guidance issued by the Charities Commission and has recommended against any direct investment in the following types of organisation:

- Any organisation that is directly involved in indiscriminate weaponry.
- Any organisation that produces pornography.
- Any organisation where their principal business activity or focus is tobacco, gambling, or weekly collected home credit.

7. Risk Principles of Investment

The Trust aims to manage the risk of default by spreading deposits across UK based banks within the Insignis platform. Preferably, deposits will be selected with a maximum exposure of £500k, whilst this sum exceeds the current protection limit of £85k provided by the Financial Services Compensation Scheme, it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria of £85k. Therefore, the following set of principles for investing the Trust reserves, will allow joint operational control through the CEO and CFO, are listed below:

- UK Based Banks (all investments on Insignis are UK based);
- No single Investment should exceed £500k;
- No Fixed Term investment should exceed 12 months;
- All notice accounts should be no longer than 45 days;
- Monthly monitoring with returns, fees and liquidity through Management Accounts
- Once an investment reaches the threshold above the next best investment should be utilised

All investments outside the above principles will require Trustee approval in advance of any investment.

Delegated Authority

Type of Investment	Authorisation Required
45-day Notice account less than £500k	Chief Executive Officer and Chief Financial Officer
12-month Fixed Term less than £500k	Chief Executive Officer and Chief Financial Officer
Any investment greater than £500k or longer than 12 months	Trustees – Finance and Resources Committee