

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	26/7/2023	Reviewed risk appetite principles of investment and local governance – Section 7
2.0	3/9/2024	Review policy
2.1	16/10/2024	Credit ratings added from Fitch, Moody, Standard & Poor. Authorisation of Investments by FARC
3.0	2/9/2026	Increase maximum investment to £9m with appropriate liquidity available.

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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 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

The Board of Trustees retains overall responsibility for the Trust's finances. Under the Scheme of Delegation, the Finance and Resources Committee approves the Investment Policy, while the Audit and Risk Committee provides independent scrutiny of investment risk and control. The policy establishes the procedures for managing, controlling and monitoring financial exposure while securing value for money. Investment performance and compliance will be reported to each meeting of both committees.

The Chief Executive Officer is responsible for implementing this policy in conjunction with the Chief Finance and Operations Officer.

The Chief Finance and Operations Officer is responsible for preparing reliable cash flow forecasts to support decision-making and for making investment decisions in accordance with this policy.

The Chief Finance and Operations Officer is responsible for providing sufficient management information to the Finance and Resources Committee and the Audit and Risk Committee to enable both committees to 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 with banks and building societies that are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority, where applicable, and that meet the counterparty criteria in this policy, using 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 DfE approval prior to the investment.

4. Investment Strategy & Implementation

The Trust will deposit a maximum of £9m into the investment platform and this threshold will be reviewed annually. The Trust has a centralised treasury management structure allowing effective and timely deposits for Trustees to approve.

Before funds are invested, the Chief Finance and Operations Officer must confirm that sufficient immediately available cash will remain to meet forecast payroll, tax, supplier, capital and other operational commitments throughout the investment term, together with an appropriate contingency for forecast uncertainty. The minimum liquidity requirement will be reviewed at least monthly through the management accounts and cashflow forecast.

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 Trust and distributed to academies as deemed appropriate with school improvement.

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 and Operations 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 Audit and Risk Committee will further scrutinise the risk of each investment at each meeting.

Investment reporting will show, for each deposit, the institution, principal amount, interest rate, start date, maturity or notice date, fees, current credit rating and compliance with approved limits. It will also provide a consolidated maturity profile, available liquidity, total return against an appropriate cash benchmark and details of any exceptions or remedial action.

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 (CC14) [Investing charity money: guidance for trustees \(CC14\) - GOV.UK \(www.gov.uk\)](#) 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 investments by spreading deposits across UK based banks within the Insignis platform or UK investment instruments. Preferably, deposits will be selected with a maximum exposure of £1m, 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 CFOO, are listed below:

- UK Based Banks (all investments on Insignis are UK based);
- All UK bank should have a minimum credit rating:
 - Moody - Baa3
 - Standard & Poor – BBB-
 - Fitch – BBB-
 - An implied rating of BBB- or better
- Credit rating of A allows a maximum deposit of £1m plus accrued interest;
- Credit rating of B allows a maximum deposit of £500k plus accrued interest;
- No single Investment should exceed £1m plus accrued interest;
- 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
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All investments outside the above principles with require Trustee approval in advance of any investment.

Delegated Authority

Type of Investment	Authorisation Required
Instant Access/Notice account less than £500k (utilising £85k FSCS protection where possible)	All investments require: 1) Chief Finance and Operations Officer 2) Chief Executive Officer 3) FARC Trustees to approve all investments in advance.
12-month Fixed Term less than £500k (utilising £85k FSCS protection where possible)	
Investments in excess of £500k in long term deposits/managed portfolio/stocks & shares	FARC approval in advance of any deposit.