



Investment Policy

Approved by: MAT Directors
Approved on: 14 March 2023
Review due by: 14 March 2024

Purpose and scope

To set out the processes by which the Trust can invest funds surplus to day-to-day operational requirements and to ensure that investment risk is properly and prudently managed.

In doing so, Trustees must:

- Act within their Charity's power to invest
 - Set investment objectives
 - Set the parameters that deposit counterparties need to meet
 - Consider the level of liquid cash required to be held either overnight or within current accounts
 - Approve the type of products that the Trust can invest in and seek external guidance if required
 - Define processes to manage and make investment decisions
 - Monitor and review investments on a regular basis
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1) Responsibility

The Trustees delegate the day-to-day responsibility of managing and implementing the investment policy to the Chief Financial Officer to ensure investments are managed in accordance with this policy and monitor regularly how the Trust's investments are performing.

2) Objectives

To identify a level of funds that can be placed on deposit to generate additional interest income for the Trust in order to support its on-going charitable objectives. Any investment decisions must be supported by a cashflow forecast that reduces the risk of the Trust not having the liquidity required to carry out its day-to-day activities.

3) Counterparty risk

Following the Banking Crisis in 2008, The Bank of England have (through the FSA and latterly, the FCA) implemented changes to stress testing and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system.

As such, the Trust can only make deposits with Banks or Building Societies with a UK banking licence and regulated by the FCA and PRA.

4) Counterparty Restrictions

For Institutions with a "good" or better credit rating or implied credit rating (also known as Investment grade), these ratings include:

Baa3 / P-3 or better (Moody's) or

BBB- / A-3 or better (S&P) or

BBB- / F3 or better (Fitch) or

An implied rating of BBB- or better

The Credit rating or Implied Credit Rating will be checked with Insignis at the time of placing a deposit with a new bank.

It is worth noting that Implied Credit Ratings are usually the 'long term' position, however, the Trust will only by depositing 'short term' in deposits with a maturity date or notice period of 6-months or less

5) Assessing liquidity needs

The Trust should ensure that a sufficient balance must be held across accounts with instant access so that the Trust's financial commitments can be met without the risk of the current account going overdrawn. It should also allow enough flexibility to deal with reasonable, one off events should they occur.

The Trust's cash flow forecasts will dictate how much is available for investment and for how long. The cashflow forecasts should be reviewed monthly as part of the management accounts cycle and on maturity of fixed term deposits.

The Trust will deposit a maximum of £1,000,000, plus interest accrued.

6) Investment Products

The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

Overnight (instant access)

Notice accounts (typically from 30 days to 100+ days) Fixed

term deposits (typically from 1 month to 6 months) Investment
maturity dates should not exceed 6 months in term.

At least 50% (£500,000 or more) of this balance will remain in short term deposits for a fixed period of no more than one month to ensure cashflow is available, should it be needed. The remaining funds will be deposited for a fixed period of no more than six months.

7) Investment Decisions

The Chief Financial Officer is responsible for producing reliable cash flow forecasts as a basis for decision making.

The Chief Financial Officer is responsible for making investment decisions that comply with this Policy.

The deposit of funds into Insignis Cash Management shall be approved by the Directors of the Trust. Funds within the Insignis Cash Management account must be invested by two users. One from each of the groups below.

First Authorisation Group:
Chief Executive Officer Deputy
Chief Executive Officer

Second Authorisation Group:
Chief Financial Officer
Management Accountant
Finance Manager

8) Monitoring & Reporting

The Chief Financial Officer will report investments held and the performance of investments to the Finance & General Purposes Committee for review. The reporting should include:

- Funds invested
- Maturity dates
- Interest rates
- Current market rates
- Recommendations for the next **3 months**.



15/6/23