BRITANNIA EDUCATION TRUST
INVESTMENT POLICY

Adopted by the Board of Trustees: November 29th 2017
Chair of Trustees: Rebecca Burton
Reviewed: February 2024
Next review due: Spring 2027

Principles

The trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation.

In addition, the trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

The trust's aim is to spend the public monies with which it is entrusted for the direct education benefit of students as soon as is prudent.

The trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

Investment of funds

A return on working capital should be optimised whilst ensuring easy access to the funds. In balancing risk against return the trust's policy is clearly geared to avoiding risk rather than maximising income.

The trust operates an interest bearing current account with a bank approved by the Board of Trustees and maintains a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements may be invested in an account in the name of the trust with the approved institutions authorised by the Board of Trustees. This may be a higher interest bearing account operated by the same bank that the trust operates its current account with, or an alternative approved institution.

The trust will not take out any long term investments until a reliable cash flow pattern has been established; monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

Register of investments / deposits

The Chief Finance Officer will maintain a register of all investments/deposits held which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

Recording and monitoring

Bank balances and all investments/deposits will be reconciled and balanced to the trust's accounting records every month.

Cost of funds and requirement for funds will be monitored on an ongoing basis via the management accounts, in particular the 12 month rolling cash flow forecast.

The purpose of these rolling cash flow forecasts is to highlight expected cash balances throughout the year that may be invested and give early warning of any need to seek approval to obtain emergency funding in the event of a cash deficit.

Limits and authority

The Board of Trustees reserves the power to:

- give prior approval to the opening of new bank current accounts
- select and approve the financial institutions where investments/deposits may be held
- give prior approval to any bank deposit with a maturity date of greater than three months
- give prior approval to any investment product other than a bank deposit

The Board delegates power to the CEO/Accounting Officer or the Chief Finance Officer to place deposits in the trust's name, at approved institutions, subject to the agreed limits.

No deposits will be placed by the CFO without prior authorisation by the CEO/Accounting Officer or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event by the bank.

Authorised bank signatories of the Trust are set out in the Financial Regulations Policy and the Bank Mandates. Any changes in the authorised signatories must be approved by the Board.

Links to other policies/documents

Financial Regulations Accounting Policy Reserves Policy