



**OUR LADY  
OF LOURDES**

CATHOLIC MULTI-ACADEMY TRUST



# Investment Policy (Draft)

## Introduction

1. The purpose of the Investments Policy is to set out the process by which the Our Lady of Lourdes Catholic Multi-Academy Trust will meet its duty under the CMAT's Articles of Association and the ESFA's Academies Financial Handbook to invest monies surplus to operational requirements in furtherance of the Academy's charitable aims. In doing so the CMAT will ensure that investment risk is properly and prudently managed.

## Definition of duties

2. The Finance and Estates Committee is responsible for:
  - Reviewing the CMAT's investments and investment policy on a regular basis
  - Controlling and tracking the CMAT's financial exposure
  - Ensuring value for money
3. The Finance Director is responsible for:
  - Recommending an annual investment strategy for approval by the Board of Directors
  - Producing reliable cash flow forecasts as a basis for decision making
  - Making investment decisions that comply with this Policy
  - Providing sufficient management information to the Finance and Estates Committee so it can review and monitor investment performance

## Objectives

4. The investment objectives are:
  - To achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation
  - To only invest funds surplus to operational need based on all financial commitments being met without the CMAT bank account becoming overdrawn
  - by complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the CMAT

## Investment Strategy

5. Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation.
6. To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £2,000,000. To ensure greater security, investments must only be placed with institutions authorised by the Bank of England via the Prudential Regulations Authority (PRA).

## Spending and liquidity policy

7. Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Finance Director. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board and updated on a monthly basis.
8. A sufficient balance must be held in the current account so that the CMAT's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.
9. Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the CMAT.

## Monitoring

10. The CMAT has authorised signatories, two of which are required to sign instructions to the deposit taking institution.
11. The Finance Director will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Estates Committee at appropriate intervals, depending on the terms of the investments. For example if investments are held for one year then an annual report is appropriate.

## Policy Review

12. The Finance and Estates Committee will review it every two years to ensure it continues to be in line with the objectives of the CMAT and falls within the regulations detailed in the Academies Financial Handbook.