INVICTUS
Education Trust

INVESTMENT & RESERVES POLICY

Subject to Approval by Board of Directors
10th February 2020

To be reviewed by Board of Directors
September 2022

MATERIAL INVESTMENTS POLICY

With the potential growth and diversity of the Trust, Trustees recognise the need for a formal Investment Policy ratified by Trustees. Where cash flows identify a base level of cash funds that will be surplus to requirements, these funds may be invested, following approval from the Finance and Audit Committee. In making decisions regarding where and how any surplus funds should be invested, and the pursuit of optimum performance consistent with due regard given to risk.

The Trust's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provisions of the Trust business, services and charitable objectives is an important, but secondary objective.

The Trust acknowledges that effective treasury management will provide support towards the achievement of its charitable objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of risk management.

The aim is to spend the public monies with which we are entrusted for the direct education benefit of our students as soon as is prudent. Invictus Education Trust does not consider the investment of surplus funds as a primary activity.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Guidelines

Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and to pay creditors that are due for payment.

Where the cash flow report identifies a base level of cash funds that will be surplus to these requirements. These may be invested following approval from Invictus Education Trust Finance & Audit Committee. Approval must be signed off and recorded in the committee minutes.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk.

Currently all funds are invested with the existing banker, Barclays, in an instant access deposit account. One account is set up for each school. Interest is received on a quarterly basis.

Invictus Education Trust Finance & Audit Committee will receive a report at each meeting as to the performance of the investment, if applicable.

The aim is to reach an appropriate level of reserve to allow the Trust's Management Team and the Finance & Audit Committee to explore alternative investment possibilities with the criteria for such investment being:

- Investment with a different counterparty (in order to reduce counterparty risk)
- Consideration of whether there should be a maximum level of investment with a single approved counterparty
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Trust).

RESERVES POLICY

The Trust's Reserve Policy as outlined in the Trusts Annual Report and Financial Statements adheres to the legal requirement not to retain income reserves for an excessive period of time.

Usually, restricted reserves derived from grant income would be excluded from the definition of reserves, since expenditure on such income is allocated for specific purposes. However, the Trust needs to balance the potential volatility in pupil numbers, increasing inflation, the uncertainty of Government specific grant funding to support the annual teacher's pay awards and the need to invest in its capital infrastructure to maintain a good state of repair against this policy. Therefore its main consideration is to build up its reserves to approximately 3% of annual expenditure for such areas of unexpected expenditure and to ensure the ongoing financial security of the Trust.