INVESTMENT POLICY

1. INTRODUCTION

1.1 Chiltern Learning Trust policies are designed to support the ethos, aims, and vision of the Trust as outlined in our Strategic Intents. This Investment Policy details the principles and guidelines governing the management of the Trust's surplus funds.

2. RATIONALE AND OBJECTIVES

2.1 **Minimum Current Account Balance:**

The Trust will ensure that each school/organisation within the Trust maintains a minimum current account balance of £20,000 to facilitate day-to-day operational needs.

2.2 **Liquidity Management:**

The Trust will regularly monitor cash flow and current account balances to ensure:

- Immediate financial commitments (payroll and payments runs) can be met without delay.
- The central liquidity account maintains adequate balances to meet forthcoming obligations. In practice, a working balance for the Trust as a whole of between £1,000,000 and £2,000,000 is likely to be maintained. This range will be reviewed periodically based on the Trust's operational needs and financial forecasts.

2.3 **Prevention of Overdrafts:**

The Trust will not permit its current accounts to become overdrawn, ensuring prudent management of short-term finances and avoiding associated charges.

2.4 **Investment of Surplus Funds:**

Funds identified as surplus to immediate cash requirements will be promptly transferred to fixed-rate deposit accounts offering a higher interest rate to maximise returns while maintaining security.

2.5 **Periodic Investment Review:** The Trust will undertake a periodic review of its investment strategy, at least annually. This review will include:

- Analysis of current interest rates obtained on existing investments.
- Comparison with other available investment opportunities that align with the Trust's risk appetite and accessibility requirements.

2.6 **Risk and Accessibility:**

The Trust's current investment policy prioritises low-risk accounts that offer reasonable accessibility to ensure funds can be accessed when needed. The Trust will not engage in speculative or high-risk investments.

2.7 **Policy Amendments:**

Any proposed changes to this Investment Policy must be presented to and approved by the Board of Trustees, ensuring appropriate governance and oversight of the Trust's investment activities.

3. INVESTMENT PRINCIPLES

This section outlines the key principles that will guide the Trust's investment decisions:

3.1 **Prudence:**

The Trust will act with prudence and diligence in managing its investments, exercising the care, skill, and caution expected of a professional investor.

3.2 **Security:**

The primary objective is to safeguard the Trust's capital. Investments will be chosen with a strong emphasis on security and minimising the risk of loss.

3.3 **Liquidity:**

A sufficient portion of the Trust's investment portfolio will be maintained in liquid assets to meet anticipated cash flow needs and unexpected obligations.

3.4 **Return:**

While security and liquidity are paramount, the Trust will seek to maximise returns on surplus funds within acceptable risk parameters.

3.5 **Ethical Considerations:**

The Trust will, where practical, consider ethical and socially responsible factors when making investment decisions, aligning with the Trust's values.

4. RESPONSIBILITIES

4.1 **The Board of Trustees:**

The Board of Trustees has overall responsibility for the Investment Policy and its oversight. They are responsible for approving any changes to the policy.

4.2 **The Chief Financial Officer:**

The Chief Financial Officer is responsible for the implementation and monitoring of this policy, including:

- Identifying surplus funds for investment.
- Researching and recommending suitable investment options.
- Executing investment transactions.
- Regularly reviewing investment performance and interest rates.
- Reporting on investment activities to the Board of Trustees.

5. MONITORING AND REPORTING

5.1 The Chief Financial Officer will provide regular reports to the Board of Trustees, via the audit committee, on the Trust's investment activities, including:

- Current investment holdings.
- Interest earned.
- Performance against benchmarks (where applicable).
- Any changes in market conditions or potential risks.

5.2 The Investment Policy will be reviewed at least annually by the Board of Trustees to ensure its continued relevance and effectiveness.

This enhanced policy provides a more structured and comprehensive framework for managing the Trust's investments.