



The Futures Trust Investment Policy 2024

Reviewed by: Trust Finance Director

Agreed by Trustees: 15 March 2024

Date of Next Review: March 2025

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1. Introduction

The Futures Trust (TFT) Board of Trustees are able to invest to further the Trust's charitable aims. The Academy Trust Handbook allows investment on the understanding that the Board of Trustees:

- act within their powers to invest as set out its articles;
- have an investment policy to manage, control and track their financial exposure, and ensure value for money;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional advisor;
- ensure exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation;
- ensure that all investment decisions are in the Trust's best interests review the Trust's investments and investment policy regularly; and
- follow the Charity Commission's guidance: [CC14 Charities and investment matters: A guide for trustees](#).
- ESFA's prior approval must be obtained for investment transactions which are novel, contentious and/or repercussive.

2. Policy

It is anticipated that the Trust will have surplus cash available, both as a result of cashflow planning and also the implementation of a reserves policy that maintains a suitable amount of reserves.

Such surplus cash should be invested to ensure that the Trust receives an acceptable income stream without putting at risk the funds that belong to the Trust.

The Trustees believe that risk-free bank deposit accounts are the most appropriate place to invest surplus cashflow. Advice should be taken from the Trust's bankers and funds invested as follows:

- Working capital to be invested in a Lloyds bank current account or equivalent. It is recognised that a small amount of interest is payable on this balance but that Lloyds also offer academies free banking which results in this lower interest rate.
- Surplus cash should be invested in a mixture of notice accounts of up to one year with Lloyds bank or a similar reputable UK based banking provider to earn higher interest rates than on the current account but to stagger easy access to funds over the year to meet cashflow requirements.
- "Reputable" is defined as a Fitch rating of A or better where an unlimited amount may be invested and the banking provider provides protection through the Financial Ombudsman Service and the Financial Services Compensation Scheme (FSCS).

- Any interest earned should be paid into the TFT central budget to benefit all schools within the Trust proportionally to their contribution.
- Balances invested should be reported to the Accounting Officer on a termly basis.

Trustees do not intend to invest reserves in stocks and shares or other volatile investments as they do not feel these represent an acceptable level of risk to the Trust.

3. Implementation

Funds can be invested as follows:

Period of time funds held on deposit	Authorisation required:
Up to eight weeks	Finance Director
Over eight weeks up to 12 months	Finance Director & Accounting Officer
Over twelve months	Finance Director, Accounting Officer and Chair of Board of Trustees

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 of Trustees and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Trust'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. 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 Trust.

4. Monitoring & Review

The Director of Finance will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Resources Committee at appropriate intervals, depending on the terms of the investments.