

# Investments Policy

**Issued: January 2018**  
**Reviewed September 2022**  
**Next Review Due: Autumn 2025**



## **1.0 Introduction**

1.1. The Trust has significant cash balances arising from:

- Unrestricted reserves
- Capital balances
- Timing differences between grant receipts and payroll and PAYE payments

1.2. Designated reserves held for future purposes

1.3. This Policy has been developed to maximise the returns available to the Trust from investing surplus cash balances, whilst effectively managing the risk of the investment of surplus cash balances to with the minimum of risk safeguard the interests of the Trust.

1.4. This policy provides clear parameters under which investments can be made.

## **2.0 Responsibilities**

2.1 When considering any investment strategy the Board of Directors is responsible for:

- act within their powers to invest as set out in their Articles of Association;
- managing and controlling the Trust's financial exposure;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser, particularly if using unfamiliar investment techniques;
- ensuring that security takes precedence over revenue maximisation
- ensuring that all investment decisions are in the best interests of the Trust and would command broad public support
- reviewing the Trust's investments regularly.

## **3.0 Outline of the Policy**

3.1 The policy for investment will cover all of the following criteria:

- Preservation of the principal sum invested.

- Forecasting cash on a short and long-term basis to identify the level of funds available for investment.
- Ensure that sufficient funds are available to deal with day-to-day requirements with an appropriate contingency. Sufficient funds must always be available (even if this will result in interest being forfeited) to cover the following month's salary.
- Considering a range of instruments which can be invested in to spread risk.
- Restricting investment to sterling-based products and allow no foreign exchange risks.
- Ensuring all investments meet minimum ethical criteria.

#### **4.0 Investment Decisions**

- 4.1 All investments must be approved by the Finance and Resources Committee and be consistent with the above criteria.
- 4.2 The Deputy Chief Executive Officer (DCEO) will prepare recommendations for the Finance and Resources Committee on potential short, medium and long term investments.
- 4.3 No individual investment shall exceed £500,000 without prior approval from the Chair of the Finance and Resources Committee.
- 4.4 No more than £2m shall be held with any one counterparty (excluding balances in the Lloyds current and deposit accounts).
- 4.5 All investments shall carry at least one of the following minimum recognised Credit Ratings:
- Standard and Poors A2 Prime 1 F2
  - Moody's Fitch A+ A1 A A-
- 4.6 All investments shall be UK based and be denominated in Sterling.
- 4.7 The maturity of any investment can be from one month and up to three years.

## **5.0 Approved Investments and Counterparties**

5.1 The following shall be the only Approved Investments that can be invested in:

- Interest bearing current account
- Bank demand deposits
- Bank term deposits / Money Market Deposits
- Certificates of deposit
- Commercial paper
- Medium term notes
- UK Government gilts
- Corporate Bonds

5.2 The following list of counterparties shall be the only parties through which investments are made:

- Lloyds TSB

5.3 The use of any other counterparties shall be subject to Finance and Resources Committee approval.

## **6.0 Reporting**

6.1 A summary of investments shall be presented to the Finance and Resources Committee at least annually.

6.2 The report will include an assessment of the Trust's overall exposure, as well as an itemised list of who each investment is with, the rate of interest, the maturity date and the returns achieved