



CARLTON
ACADEMY TRUST

Carlton Academy Trust Investment and Reserves policy

Approved on behalf of Trustees:

Gareth Logan

Date:

February 2024

Next Review Date

August 2025



Glossary

CEO: Chief Executive Officer

CFO: Chief Financial Officer

ESFA: Education and Skills Funding Agency

FCA: Financial Conduct Authority

FSCS: Financial Services Compensation Scheme

This policy aims to ensure:

- Trust monies are used in accordance with statutory guidance, articles of association, funding agreement, and Academy Trust Handbook.
- Value for money is achieved for any investments.
- The trust holds an appropriate level of reserves.

Investment Roles and Responsibilities

Trustees

Trustees, particularly members of the Risk and Audit committee, must fulfil their roles as charitable trustees and company directors to ensure investment risk is properly managed. When considering an investment, they must:

- Act within their powers to invest, as set out in the articles of association.
- Exercise caution in investments, so that security of funds takes precedence over revenue maximisation.
- Take professional advice, where appropriate.
- Ensure that all investment decisions are in the best interests of the trust and command broad public support.

Trustees must seek prior approval from the ESFA for novel or contentious investments, defined as those which the trust has no experience, or are outside the range of normal business activities.

CEO and CFO

The CEO and CFO are responsible for researching, presenting, and recommending investments to Trustees.

Investment Principles

The Trust only invests where there is low or no risk to the initial capital sum invested. Investments into financial products must be regulated by the FCA and have good credit ratings.

Where investments in the stock market are considered, advice must be obtained from a well-qualified and experienced professional adviser with investments only made into profitable companies with an established record of profitability.

Wherever possible, there should be a maximum of £85k invested in bank or building society accounts, in line with protection offered by the Financial Services Compensation Scheme.

Authority

Any investment decision must be agreed at the Risk and Audit committee with the description, date, amount, duration, and expected returns formally recorded. Investments will be reviewed at least termly by this committee.

Reserves Policy

The trust designates the majority of its reserves into a 'Trust Endowment Fund'. Here funds are placed into secure financial investments such as government gilts or saving deposit accounts, which appreciate an annual income. This income is then used to support an expanded central trust staffing and service provision which helps ensure and enhance the high standard of outcomes for students across the trust on an ongoing basis. Monies held in the Endowment Fund are predominantly liquid and immediately accessible, so can be accessed if there are any short term cashflow needs.

In addition, the trust also aims to hold monies equal to one month of average monthly expenditure. This level is deemed sufficient to negotiate any major emergency expenditure or any future longer-term financial risks.

