Ringwood School
Investment Policy

POLICY DETAILS

Policy Name	Investment Policy
Policy Category	Expected by Charity Commission and disclosure required in Annual Report & Accounts
Policy Number & Version	
Replacing/Updating	December 2024
Author	Head of Business & Finance
Authorised By	Audit, Risk & Finance Committee
Authorisation date	February 2026
Implementation Date	Immediate
Next Review Date	February 2027
To be reviewed by	Audit, Risk & Finance Committee

Investment Policy

1.0 **Aims**

1.1 This policy aims to ensure that:

1.1.1 The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook

1.1.2 Value for money (economy, efficiency and effectiveness) is achieved

1.1.3 Trustees fulfil their duties and responsibilities as charitable trustees and company directors

1.2 This policy sets out principles behind the Investment Policy of Ringwood School and the process followed to implement and monitor that policy.

1.3 It is based on the Academies Financial Handbook and guidance from The Charity Commissions (from which relevant extracts are attached as Appendix 1 & 2).

2.0 **Investment Principles and Policy**

2.1 The School will manage its cashflow and funds to ensure that the Trust can always meet its financial obligations as they fall due without the use of overdrafts or other borrowings to support short term funding.

2.2 The principal aim of the investment policy is to protect the security of the funds of the school, with efforts to improve returns on investments being a secondary, but still important, priority.

2.3 In this context, the School will seek only to hold investments in cash deposits and with financial institutions that are covered by the Financial Services Compensation Scheme ("FSCS") and will endeavour to limit investments with one institution up to the FSCS compensation limit (currently £120,000), before any accrued interest during the deposit period.

2.4 The main exception to this will be that greater sums of money will need to be held at any point in time with the School's main clearing bank (presently Lloyds Bank) owing to short term income and expenditure flows and requirements, but the School will seek to invest funds deemed to be in excess of short-term requirements as early as possible.

2.5 Funds deposited outside of Lloyds Bank will be placed with financial institutions via the Flagstone Investment Management cash depositing platform.

2.6 In the event that a limit is reached on available different financial institutions on the Flagstone platform with whom we can place an £120,000 deposit within our required

maturity duration or desired credit rating, but still have surplus funds to invest from Lloyds, then the £120,000 limit with one institution noted above can be increased up to £180,000 or £240,000 (plus interest accruing), provided the institution has a Fitch credit rating of at least BBB- (for £180k cap) or A- (for £240k cap). This approach can also be adopted if there is deemed to be a significant interest rate advantage from placing an additional deposit with an institution, rather than spreading the deposits further.

2.7 Funds deposited will normally be for a fixed term and for a maximum length of one year.

3.0 **Operating Procedures**

This policy is to implemented as follows:

3.1 The Governors have approved the use of Flagstone Investment Management ("Flagstone") as the platform through which to place cash deposits with other financial institutions within the criteria of the policy principles above.

3.2 Cashflow forecasts will be prepared on monthly basis by the Head of Business & Finance to identify, taking a cautious view, what is the profile of cash requirements for the School and what, therefore, is surplus for depositing with a different financial institution.

3.3 Investments will be made by Head of Business & Finance within the above principles.

3.4 At least one Governor as well as the Headteacher will be named contacts on the Flagstone cash platform to receive automated emails from the platform each time a transaction is undertaken.

3.5 The Full Governing Body of Academy Trustees will:

- 3.5.1 Review and approve at least biennially the appropriateness and effectiveness of the investment policy, including the investment principles and operating procedures.
- 3.5.2 Receive reports on the level of cash deposits in the monthly finance report issued by the Head of Business & Finance

3.6 The Audit, Risk and Finance Committee will:

- 3.6.1 Receive updates on, and have the opportunity to discuss further, the School's cash flow forecast, financial exposure and investment recommendations & performance at each meeting
- 3.6.2 Consider recommendations for changes to investment policy or procedures as circumstances change, making recommendations to the Full Governing Body when appropriate
- 3.6.3 Support the Head of Business & Finance in the efficient and effective implementation of this policy.

3.7 The Flagstone portal only allows access to one named person for executing transactions, and that is the Head of Business & Finance. However a back-up person can be set up for times of planned and unplanned absence, for business continuity, and that person shall be the Finance Manager.

3.8 In recovering funds back from Flagstone in order to meet month end payroll deadlines, funds should be requested in time to allow the money to be remitted back to the School's current account at Lloyds at least 4 working days before the payroll BACs payment is transmitted.

Appendix 1

Extract from Financial Handbook 2025 for Academies – published by DfE

Cash management

2.21 The trust **must** manage its cash position robustly. It **must** avoid becoming overdrawn on any of its bank accounts so that it does not breach restrictions on borrowing.

Investments

2.22 The board of trustees may invest to further the trust's charitable aims, but **must** ensure investment risk is properly managed. When considering an investment the board **must**:

- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- ensure investment decisions are in the trust's best interests
- review the trust's investments and investment policy regularly.

2.23 The board should follow the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees.

Appendix 2

Extract from Charity Commission guidance CC14 – Guidance on Investment Matters

Financial investment:

The purpose of financial investment is to yield the best financial return within the level of risk considered to be acceptable - this return can then be spent on the charity's aims.

In order to act within the law, **trustees must:**

- know, and act within, their charity's powers to invest (legal requirement)
- exercise care and skill when making investment decisions (legal requirement)
- select investments that are right for their charity; this means taking account of:
    - how suitable any investment is for the charity
    - the need to diversify investments (legal requirement)
- take advice from someone experienced in investment matters unless they have good reason for not doing so (legal requirement)
- follow certain legal requirements if they are going to use someone to manage investments on their behalf (legal requirement)
- review investments from time to time (legal requirement)
- explain their investment policy (if they have one) in the trustees' annual report (legal requirement)

The commission also recommends that trustees should:

- decide on the overall investment policy and objectives for the charity
- agree the balance between risk and return that is right for their charity; this may include a wide range of factors that will impact on return including environmental, social and governance factors
- have regard to other factors that will influence the level of return, such as the environmental and social impact of the companies invested in and the quality of their governance
- be aware that some investments may have tax implications for the charity
- invest any permanently endowed funds in a way that helps them to meet their short and long-term aims
- decide whether to adopt an ethical, socially responsible or mission related approach to investment and ensure that it can be justified