



Dame Alice Owen's School
The Dame Alice Owen Foundation - 1613

INVESTMENT STRATEGY

Agreed by the Governing Body Finance & Audit Committee

March 2022

Amended

Nov 2023

To be reviewed

Spring

2024/2026

(reviewed every 2 years)

To be monitored by the SBM and Governing Body Finance & Audit Committee

Purpose and scope of this policy

To set out the processes by which the school can invest funds surplus to the day to day operational requirements and to ensure that investment risk is properly and prudently managed.

The Governing body delegates the operational responsibility of managing and implementing the investment policy to the School Business Manager (SBM). The SBM is responsible for producing cash flow forecasts and for making decisions on investments, and to monitor regularly how the school's investments are performing.

During the operation of the day to day accounts and financial management the SBM will:

1. Regularly monitor (weekly) Cash Flow and Current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice a working balance of between £100,000 and £300,000 will be maintained, over and above the funds required to cover the monthly payroll and supplier commitments.
2. Seek to avoid the current account going overdrawn. The SBM will inform immediately the Headteacher, Chair of Governors and the Chair of the Finance Committee in the case of unforeseen or unauthorised borrowing, and in any event would not formalise borrowing arrangements without the prior approval of the Governing Body
3. Identify funds surplus to immediate cash requirements and transfer to Fixed Term Deposit Accounts bearing a higher interest rate. These should equate to all cash balances less:
- Working balance required for monthly supplier and payroll

- Balances required for fixed asset expenditure that fall due within the shortest fixed deposit term
- Contingency for unknown fixed asset expenditure

3.4. Investments will normally be for a fixed term that does not exceed one year, unless there is a clear rationale for longer term investment that would benefit the school.

4.5. Periodically (at least twice annually) review interest rates and compare with other investment opportunities. This review will be reported to the Governors Finance and Audit Committee. The following information regarding any investments made will be recorded:-

- Date investment made
- ~~Amount and d~~Description of investment
- Amount invested
- Length of investment
- Interest rates and expected return

6. The School's policy is to only invest funds in risk free accounts, namely bank deposits. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority (FCA) and with excellent credit ratings. Any change in this Policy requires the approval of the Governing Body having been considered and approved by the Finance and Audit Committee.

- For investments up to £85,000 the SBM may invest with any institution who is FCA registered and covered by the Financial Services Compensation Scheme
- For investments over £85,000 the SBM may only invest with the following institutions:-
 - Covered by the Financial Services Compensation Scheme
 - Known banks and building societies with a UK banking licence, a Fitch credit rating of at least AA, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

7. Unless there is a clear rationale for longer-term investment that would benefit the School, surplus funds will only be invested in a mixture of instant access accounts and fixed term deposit of varying lengths from 3 to 12 months. The School will not invest in money market funds/products, stocks and shares or other higher risk investment products where the value of the original investment is not protected.

8. The School currently uses the Insignis Cash Solutions investment platform to facilitate investment transactions that comply with this policy. All funds will be deposited into the Insignis Hub account as early in the day the investment is being made as possible, and then reallocated to the deposit accounts before the close of business, to minimise the risk of School funds being held overnight in the Hub account.