



No Barriers to Excellence



Ambition



Collaboration



Equity

Investment Policy

For use by all member schools

Version	Name	Date
Written Version 1.0	Corinne Sheehan, Co CEO	January 2025
Approved FARCO	Michael Ellis, FARCO	January 2025
Review Version 1.1	Michael Ellis, FARCO	January 2026
Review Version		
Review Version		

Investment Policy

This Investment policy is designed to only apply to short-term cash-based deposits and does not apply to any strategy that may be in place or put in place for investing in 'capital at risk' investments. It takes into account the Academy Trust Handbook.

Purpose and scope

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

In doing so, Trustees must:

- Act within their Charity's power to invest.
- Set investment objectives
- Set the parameters that deposit counterparties need to meet.
- Consider the level of liquid cash required to be held either overnight or within current accounts.
- Approve the type of products that the Trust can invest in and seek external guidance if required.
- Define processes to manage and make investment decisions.
- Monitor and review investments on a regular basis.

1. Responsibility

The Trustees delegate the day-to-day responsibility of managing and implementing the investment policy to the Trust Finance Manager to ensure investments are managed in accordance with this policy and monitor regularly how the Trust's investments are performing.

2. Objectives

To identify a level of funds that can be placed on deposit to generate additional interest income for the Trust in order to support its on-going charitable objectives.

Any investment decisions must be supported by a cashflow forecast that reduces the risk of the Trust not having the liquidity required to carry out its day-to-day activities.

3. Counterparty risk

Following the Banking Crisis in 2007/2008, The Bank of England have (through the FSA and latterly, the FCA and PRA) implemented changes to banking regulation and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system.

As such, the Trust can only make cash deposits with institutions with a UK banking licence regulated by the FCA. The Trust will not enter into any “capital at risk” investments.

4. Counterparty restrictions

A quarterly check will be carried out on the credit rating of the counterparty banks, which must be rated BBB- (Fitch) or equivalent from either Moody's or S&P.

The Credit rating or Implied Credit Rating will also be checked at the time of placing a deposit with a new bank. Any investment made by the Trust will be accessible within 45 days.

The Trust may consider diversifying its counterparty risk by having deposits with more than one institution.

It is recognised that the Trust's current account balance(s) may exceed the deposit limits stated above. For this investment policy, current account balances are excluded from the counterparty limits detailed above.

Ratings comparison supplied by Insignis Cash Solutions.

Rating	Moody's		S&P		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Investment grade: Highest (Triple A)	Aaa	P-1 (Prime-1)	AAA		AAA	
Investment grade: Very high	Aa1 Aa2 Aa3		AA+ AA AA-	A-1+	AA+ AA AA-	F1+
Investment grade: High	A1 A2 A3	P-2/P-1 P-2/P-1	A+ A A-	A-1	A+ A A-	F1/F1+ F1 F2/F1
Investment grade: Good	Baa1 Baa2 Baa3	P-2 (Prime-2) P-3/P-2 P-3 (Prime-3)	BBB+ BBB BBB-	A-2 A-3	BBB+ BBB BBB-	F2 F3/F2 F3
Speculative grade: Speculative	Ba1 Ba2 Ba3		BB+ BB BB-		BB+ BB BB-	
Speculative grade: Highly speculative	B1 B2 B3		B+ B B-	B	B+ B B-	B
Speculative grade: Very high risk	Caa1 Caa2 Caa3	Not Prime	CCC+ CCC CCC-		CCC	
Speculative grade: Very near to default	Ca		CC C C	C	CC C C	C
In default	C		SD/D	D	RD/D	RD/D

It is noted that the FSCS compensation scheme increased to £120,000 for eligible individuals and organisations from 1st December 2025. The FSCS has a protection calculator on its website: <https://www.fscs.org.uk/check/check-your-money-is-protected/>

5. Assessing liquidity needs

The Trust should ensure that a sufficient balance be held across accounts with short term (Instant or easy access) so that the Trust's financial commitments can be met without the risk of the current account going overdrawn.

It should also allow enough flexibility to deal with reasonable, one-off events should they occur.

The Trust's cash flow forecasts will dictate how much is available for investment and for how long. The cash flow forecasts should be reviewed monthly as part of the management accounts cycle and on maturity of fixed term deposits.

It is noted that notice and term deposits will not be accessible before the required notice period or maturity date for any reason.

6. Investment products

The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk) including:

- Overnight (instant access / easy access)
- Notice accounts (typically from 30-days to 100+ days)
- Fixed term deposits (typically from 1-month to 12-months)

Investment maturity dates should not exceed 12 months in term unless funds are held for a specific future product with no risk of requiring access in the meantime.

It is recognised that funds cannot be accessed before the relevant period of notice is given or, for fixed term deposits, at maturity.

The profile and restrictions of the most common deposit accounts are:

Easy Access:

No notice needed to make withdrawals.

Funds are usually returned overnight or within a few days

Interest Rates are variable

Notice Accounts:

No access without giving the required notice up to a specified number days

Interest Rates are variable

Fixed Term Deposits:

No access until the deposit matures

Interest Rates are fixed for the term

7. Investment decisions

The Trust Finance Manager is responsible for producing reliable cash flow forecasts as a basis for decision making.

The Trust Finance Manager in conjunction with the Co-CEO, is responsible for making investment decisions that comply with this Policy.

Deposit facilities in use by the Trust must be restricted to 'dual control' for the opening of a deposit, placing funds and withdrawing funds.

8. Monitoring and Reporting

The Co-CEOs will report investments held and the performance of investments against objectives to the Finance, Audit and Resources Committee for review each time it meets or when requested to do so. The reporting should include:

- Funds invested
- Maturity dates
- Interest rates
- Latest cash flows showing 12-month liquidity requirements
- Recommendations for the next 3 months
- Counterparties' credit rating

9. Review

Trustees should review the Investment policy to ensure it is still fit for purpose annually.

The Spring Partnership Trust

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