

**The Kite
Academy
Trust**
Flying high
together



KITE ACADEMY TRUST

INVESTMENT POLICY

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1 Introduction

The purpose of this policy is to set out the processes by which The Kite Academy Trust's Board of Trustees will meet their duties under the Trust's Articles of Association and the Academy Trust Handbook to invest monies surplus to day-to-day operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed. In doing so, Trustees must:

- Act within their powers 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.

The Trust will aim to manage its cash balances to provide for the day-to-day working capital requirements of its operations. In addition, the Trust will aim to invest surplus cash funds to optimise returns, ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

2 Objectives

The objective of the Trust's investment strategy is 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.

The Trust's investment objectives are:

- To ensure adequate cash balances are maintained in the current account to cover day-to-day working capital requirements;
- To only invest funds surplus to operational need based on all financial commitments being met without the Trust's bank account becoming overdrawn;
- To ensure there is no risk of loss in the capital value of any cash funds invested;
- To protect the capital value of any invested funds against inflation;
- To optimise returns on invested funds;
- To be mindful of the need to have regard to social, environmental or ethical considerations.

By complying with this policy, all investment decisions will be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

3 Responsibility & Implementation

The Trustees delegate the day-to-day responsibility for management and implementation of this investment policy to the Director of Finance, who will ensure that investments are managed in accordance with this policy and that the performance of investments is regularly monitored.

4 Counterparty Restrictions

Investment risk will be managed through asset class selection and diversification with the aim of ensuring that security of deposits takes precedence over revenue maximisation.

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. The Trust will therefore only make cash deposits with institutions holding a UK banking licence regulated by the FCA.

For Institutions with an Investment Grade ‘good’ or better credit rating or implied credit rating, the Trust can deposit a maximum of £2,000,000 (plus interest accrued) in any one institution. These ratings include:

- Baa3 / P-3 or better (Moody’s); or
- BBB- / A-3 or better (S&P); or
- BBB- / F3 or better (Fitch); or
- An implied rating of BBB- or better.

The Credit rating or Implied Credit Rating will be checked at the time of placing a deposit with a new bank.

While Implied Credit Ratings are usually the ‘long term’ position, the Trust will normally only make ‘short term’ deposits with a maturity date or notice period of 12-months or less, unless a clear rationale to the benefit of the Trust is provided for exceeding one year.

The Trust will further reduce its counterparty risk by having funds with at least two institutions. Preferably, deposits will be selected with a maximum exposure of £250,000 as, whilst this sum exceeds the current protection limit of £85,000 provided by the Financial Services Compensation Scheme (FSCS) it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

Please see Appendix A for an example of a monthly investment ratings comparative summary provided by Insignis Cash Solutions (cash management platform).

5 Assessing Liquidity Needs

The Trust will ensure that a sufficient balance is held across accounts with short term (Instant or easy access) so that its financial commitments can be met without the risk of the current account going overdrawn. Sufficient flexibility to deal with reasonable, one-off events will be retained, should any such even occur.

Decisions on how much to invest and how long to invest for will be dictated by cash flow forecasts as presented to the Finance, Audit & Risk Committee. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees, and will be reviewed monthly as part of the management accounts cycle and on maturity of fixed term deposits. The size of the balance to be retained in the current account will be determined by a forecast of future need and kept under review.

6 Investment Products

The Trust is able to invest any surplus funds (over and above the required day-to-day 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
 - Interest Rates are variable
- **Fixed Term Deposits:**
 - No access until the deposit matures
 - Interest Rates are fixed for the term

7 Implementation

The Director of Finance is responsible for producing reliable cash flow forecasts as a basis for decision making and for implementing investment decisions in compliance with this policy.

The Trust has authorised signatories; one to instruct Lloyds Bank Treasury Team to place and withdraw funds and two to place deposits made via the Trust's cash management platform.

Funds can be invested as follows:

Period of time funds held on deposit:

Up to eight weeks

Authorisation required:

Director of Finance (DOF)

Over eight weeks up to 12 months

Chief Executive Officer (CEO) & DOF

Over twelve months

Chair of Board of Trustees, CEO & DOF

8 Monitoring & Reporting

The Director of Finance will monitor the cash position and cash flow forecast, reporting investments held and the performance of investments against objectives to the Finance, Audit & Risk Committee at appropriate intervals, depending on the terms of the investments.

Reporting should include:

- Funds invested;
- Maturity dates;
- Interest rates;
- Latest cash flows showing 12-month liquidity requirements;
- Recommendations for the next 3 months.

9 Review

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

Document Management

Document ID:	P1132		
Last Review:	March 2025	Review Period:	1 year
Responsibility of:	Director of Finance	Ratified by:	Trustees (27.03.25)

Appendix A – Investment Ratings Comparative Summary

(example of a monthly investment ratings comparative summary provided by Insignis Cash Solutions (cash management platform)).

Institutions	Fitch	Min/Max	Easy Access	30 Days (Notice)	31 Days (Notice)	1 Month Fixed (Term)	35 Days (Notice)	45 Days (Notice)	2 Month Fixed (Term)	90 Days (Notice)	3 Month Fixed (Term)	95 Days (Notice)	105 Days (Notice)	120 Days (Notice)	4 Month Fixed (Term)	5 Month Fixed (Term)	6 Month Fixed (Term)	9 Month Fixed (Term)	1 Year Fixed (Term)	18 Month Fixed (Term)	2 Year Fixed (Term)	3 Year Fixed (Term)	4 Year Fixed (Term)	5 Year Fixed (Term)				
Agricultural Bank of China Limited London Branch	A	£3M - £25M				4.52%			4.54%		4.57%				4.56%	4.54%	4.52%											
Aldermore Bank	bbb+	£5K - £5M														4.05%	4.10%	4.30%	4.20%	4.15%	4.10%	4.10%	4.15%					
Arbuthnot Latham Bank	bbb	£10K - £10M																	4.00%									
Bank of Montreal, London Branch	AA-	£3M - £100M														4.47%	4.43%	4.45%										
BBVA, London Branch	BBB+	£1M - £100M				4.34%			4.40%		4.37%				4.33%	4.30%	4.23%	4.16%	4.09%									
BLME	A	£10K - £1M									4.25%						4.35%	4.35%	4.50%	4.35%	4.35%	4.30%	4.10%	4.10%				
Cambridge & Counties Bank	bbb	£10K - £5M																	4.25%	4.05%	4.10%							
Charity Bank	bbb-	£10K - £500K						3.51%					3.96%							3.86%								
Charter Savings Bank	BBB+	£1K - £2M															4.25%		4.25%									
Cynergy Bank	bbb	£1K - £85K	4.55%			4.68%						4.70%																
GB Bank	bb-	£1K - £85K	4.55%								4.40%						4.40%		4.40%									
Goldman Sachs International Bank	A+	£5M - £100M																4.53%	4.52%									
Hampden & Co	bbb-	£50K - £5M				4.12%			4.03%		4.26%						3.91%	3.80%	4.17%		3.51%	3.00%	3.25%					
Hampshire Trust Bank	bbb	£1 - £5M	4.10%	4.26%															4.31%	4.21%	4.21%	4.11%	4.11%	4.00%				
HSBC Bank Plc - Tracker	AA-	£250K - £50M	3.75%		4.45%																							
Loughborough Building Society	bb+	£25K - £2M		3.45%																								
National Bank of Egypt (UK) Limited	bbb-	£10K - £10M																4.30%	4.28%	4.40%		4.15%	4.15%					
Nationwide Building Society	A	£1K - £70M	2.10%					3.20%				4.40%	4.05%					4.35%		4.00%	3.75%							
NBK	A+	£1M - £100M						4.49%			4.53%		4.57%						4.52%	4.50%	4.51%							
OakNorth Bank	bbb	£10K - £2M	3.78%											4.71%	4.16%			4.00%		4.15%								
Recognise Bank	bb-	£1K - £85K	4.00%										4.05%															
Sainsburys Bank	bb+	£10K - £1M				4.01%			4.02%		4.41%							4.41%										
Santander Financial Services Plc	A+	£50K - £100M	3.25%						3.75%		4.40%	4.20%	4.15%					4.10%	4.00%	3.95%	3.80%	3.80%						
SBI UK	bbb	£1 - £5M	2.10%						2.75%										4.15%	4.20%	4.25%		4.10%	4.00%		4.05%		
Societe General, London Branch	A-	£1M - £100M																					4.29%	4.49%	4.47%	4.55%		
Teachers Building Society	bb+	£1K - £250K	2.65%					3.35%		3.60%				3.75%														
The Cambridge	bbb-	£1K - £2.5M																	4.00%									
United Trust Bank	bbb	£1K - £1M						4.00%			4.25%						4.30%											
Unity Trust Bank	bbb	£85K - £20M															4.00%											