



The Cornovii Trust

Investment Policy

Effective from date 28th April 2025

**The Trustees of The Cornovii Trust (TCT) approved this policy on:
20th May 2025**

Shared for information with TCT Local Governing Boards

Purpose and scope

This policy aims to ensure that:

- The academy trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Trust handbook.
- Value for money (economy, efficiency and effectiveness) is achieved.

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 powers to invest, as set out in our articles of association
- 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.

Trustees will seek prior approval from the DFE for investment transactions that are novel or contentious.

Novel transactions are those of which the academy trust has no experience or are outside the range of normal business activity for the Trust.

Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public and the media.

1. Responsibility

The Trustees delegate the day-to-day responsibility of managing and implementing the investment policy to the CFO 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.

4. Counterparty Restrictions

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.

It is worth noting that Implied Credit Ratings are usually the 'long term' position, however, the Trust will only by depositing 'short term' in deposits with a maturity date or notice period of 12-months or less.

The Trust will further reduce its counterparty risk by having funds with at least two institutions.

It is recognised that the Trust's current account balance(s) may exceed the deposit limits stated above. For the purpose of 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	A-1+	AAA	F1+
Investment grade: Very high	Aa1 Aa2 Aa3		AA+ AA AA-		AA+ AA AA-	
Investment grade: High	A1 A2 A3		A+ A A-		A+ A A-	
Investment grade: Good	Baa1	P-2 (Prime-2)	BBB+	A-2	BBB+	F1/F1+
	Baa2	P-2/P-1	A		A	F1
	Baa3	P-2/P-1	A-		A-	F2/F1
Investment grade: Good	Baa1	P-2 (Prime-2)	BBB+	A-2	BBB+	F2
	Baa2	P-3/P-2	BBB		BBB	F3/F2
	Baa3	P-3 (Prime-3)	BBB-		BBB-	F3
Speculative grade: Speculative	Ba1 Ba2 Ba3	Not Prime	BB+ BB BB-	B	BB+ BB BB-	B
Speculative grade: Highly speculative	B1 B2 B3		B+ B B-		B+ B B-	
Speculative grade: Very high risk	Caa1 Caa2 Caa3		CCC+ CCC CCC-	C	CCC	C
Speculative grade: Very near to default	Ca		CC C C		CC C C	
In default	C		SD/D		RD/D	
				D		RD/D

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 cashflow 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
- Interest Rates are variable

Fixed Term Deposits:

- No access until the deposit matures
- Interest Rates are fixed for the term

7. Investment Decisions

The CFO is responsible for producing reliable cash flow forecasts as a basis for decision making.

The CFO 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.

The following people are authorised approvers and there needs to be agreement of at least 2 people prior to moving to an account:

- Chief Executive Officer

- Chief Financial Officer

8. Monitoring & Reporting

The CFO will report investments held and the performance of investments against objectives to the **Trust Finance & Audit Committee** for review on a termly basis. The 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 to ensure it is still fit for purpose ***annually***.

Policy complied by: S Durose	Date: Effective 28 April 2025
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