



INVESTMENT POLICY

**Presented to Trustees Resource Committee
21 June 2023**

Date approved: ¹	21 June 2023
Date reviewed: ²	
Date of next review: ³	

¹ This is the date the policy was approved by the meeting

² This is the date the policy was reviewed prior to its approval above

³ This is the date as set by the policy review clause or the date approved plus three years

Footnote:

- Headteacher also means Head of College and Principal
- School also means College, Academy or Academies
- MAT refers to Multi-Academy Trust

1. Aims

The Trust has a duty to achieve best value for money in financial transactions. This includes investing funds held in accounts that are not immediately required. This policy aims to outline how this will be achieved. All investments will be overseen by the Trust Resource Committee.

A sufficient balance will be held within the Trust's current accounts so that the Academies financial commitments can always be met without the bank accounts going overdrawn. The size of the balance required in the current accounts will be determined by a forecast of future need and kept under review.

This policy aims to exploit the funds at its disposal and ensure that:

- Any investment risk is properly managed.
- The Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academy Trust Handbook.
- The Trust's funds are used in a way that commands broad public support.
- Value for money (economy, efficiency and effectiveness) is achieved.
- Trustees fulfil their duties and responsibilities as charitable trustees and company directors.

2. Legislation and Guidance

This policy is based on the [Academy Trust Handbook](#) and guidance from [The Charity Commission](#). It aims to ensure that the Trust:

- Manages and tracks its financial exposure.
- Exercises care and skill in timely investment decisions.
- Achieves value for money.
- This policy complies with our funding agreement and articles of association.
- Ensures investment decisions are in the Trust's best interests.

3. Roles and Responsibilities

3.1 Trustees

Trustees will take all reasonable endeavors to see that investment risk is properly managed. When considering whether to make an investment, Trustees will:

- Act within their powers to invest as set out in the articles of association.
- Exercise caution in all investments, recording and managing risk and ensuring that the Trust acts with the utmost integrity. (Funds will be restricted to investment in sterling denominated cash deposits.)
- Take professional investment advice, as appropriate. This may include investment advisors and or the Trust's external auditors (understanding the associated costs.)
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Ensure that there is a balanced spread of investments, so that any failure in one area does not cause major financial impact on the Trust.
- Ensure that all investment decisions are in the best interests of the Trust and command broad public support.

Trustees will seek prior approval from the Education and Skills Funding Agency (ESFA) for investment transactions that are novel, contentious or repercussive.

Novel transactions are those of which the 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.

Repercussive transactions are those likely to cause pressure on other Trusts to take a similar approach and hence have wider financial implications.

3.2 Trust Resource Committee

Trustees delegate responsibility for the Trust's investments to the Trust Resource Committee.

The committee is responsible for:

- Agreeing the investments.
- Controlling and tracking financial exposure.
- Reviewing the Trust's investments.
- Reporting to Trustees on the performance of any significant or new investments.

3.3 The Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for producing cash flow forecasts and for making suggestions on investments to the Trust Resource Committee. The CFO also provides information to the Trust Resource Committee and Trustees, as appropriate on financial matters.

4. **Investment Principles**

The Trust will only invest funds in low risk and easily accessible accounts. Longer-term products may be included subject to a break clause to ensure conversion to liquid cash within a maximum 120-day period.

Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation. A tier-based approach will be adopted as follows:

Tier 0	Institutions with a credit rating at least Prime or High Grade (defined as Moody's Aa3) and above.	Up to 100% of capital
Tier 1	Institutions with a credit rating at least Upper Medium Grade (defined as Moody's A3) and above.	Up to 100% of capital
Tier 2	Institutions with a credit rating at least Lower Medium Grade (defined as Moody's Baa3) and above.	Up to 50% of capital
Tier 3	Institutions that has been profitable for 3 consecutive years or more and is at least 5 years old	Up to 25% of capital

Funds will only be placed with institutions that are regulated by the Prudential Regulation Authority and Financial Conduct Authority and with good financial standing (including credit ratings where applicable) and are guided by strong ethical principles.

Good financial standing is defined as institutions aged five (5) years or more that have proven profitability for three (3) or more consecutive years.

Monies will be sufficiently diversified where possible to ensure risk is minimised as far as is practical.

5. **Procedures**

The following people are delegated as authorised signatories:

- Chief Financial Officer (CFO);
- Chief Executive Officer (CEO);
- Chair of Trust Resource Committee (TRC);
- Trust Finance Manager (TFM);
- Any other person as exceptionally delegated by the Board.

Each account must have at least three (3) signatories and any two (2) can instruct required actions with each institution. Before any funds are invested, the two (2) authorised signatories will sign to indicate they agree to the investment. An investment authorisation form can be found in appendix 1.

The following information will be recorded about investments:

- Date.
- Amount and description of the investment (including details of the institution's tier status).
- Length of investment.
- Interest rates/expected return.

The CFO will review interest rates and compare them with other investment opportunities, at least on an annual basis.

Cash flow and current account balances will be monitored at least termly by the CFO to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

When there are funds surplus to immediate cash requirements in the current account, they will be transferred to an account with a higher interest rate.

Any fixed-term investments will normally be for a term that does not exceed 120 days, unless there is a clear rationale for longer-term investment that would benefit the Trust. In any event, longer-term investments will not exceed a term of one year.

Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

6. **Links with other policies**

This Investment Policy links with the Financial Controls Manual.

7. **Review**

The CFO and Trust Resource Committee monitors the implementation of this policy.

This policy will be reviewed and approved by the Trustees every three (3) years.

Appendix 1



Four Cs Trust Investment Authorisation Form

DATE INVESTMENT MADE		DURATION OF INVESTMENT	
AMOUNT			
INTEREST RATE		EXPECTED RETURN	
DESCRIPTION OF INVESTMENT			
DETAILS OF WHERE THE INVESTMENT IS HELD			
SIGNATORY NAME PRINT		SIGNATORY NAME PRINT	
SIGNATURE		SIGNATURE	
DATE		DATE	