



Shireland Collegiate Academy Trust Policy

Investment Policy

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| Committee and Date Approved | Resources Committee – Summer 2023 |
| Category | Operational Regulations |
| Next Review Date | Annually – Summer 2024 |
| Policy Availability | Trust Website |
| Officer Responsible | CFO of the Trust |

The Trust, all Academies within the Trust and Shireland Learning Limited must comply with this policy.

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Investment Policy

Purpose and scope

The purpose of the Investment Policy is to set out the processes by which Shireland Collegiate Academy Trust trustees will meet their duties under the Academy's Articles of Association and guidance set out within the Academies Financial Handbook issued by the ESFA.

Definition of duties

The Academy's Articles gives Trustees the power "to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from an external financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification)".

In delegating the management of investment to external financial expert, the Trust must have in place an investment policy.

- every transaction is reported promptly to the Trustees;
- the performance of the investments is reviewed regularly with the Trustees;
- the Trustees have the ability to cancel the delegation arrangement at any time;
- all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Trustees on receipt; and
- the financial expert must not do anything outside the powers of the Trustees.

Governance

Whilst the Board of Trustees has responsibility for the Trust's finances, the Scheme of Delegation approved by the Board delegates responsibility to the Resources Committee and as such includes the approval of investments, "to *approve the Investment Policy of the Trust to manage, control and track financial exposure, and ensure value for money.*"

In discharging this responsibility, the Resources Committee Trustees will ensure that;

- care and skill is displayed in all investment decisions and where appropriate will take advice from a financial expert;
- exposure to investment products is tightly controlled and that security of funds takes precedence over revenue maximisation;
- all investment decisions are in the best interest of the Trust and its Academies and have broad public support;
- novel or contentious investment decisions/transactions require prior approval of the Education Skills Funding Agency (ESFA)
- the Trust's investments and investment policy are reviewed at least annually;

In addition to the above Trustees will ensure all investments follow the Charity Commission guidance CC14 -Charities and investment matters and ensure a process is in place to for all Trustees to understand this guidance.

The CFO will be responsible for producing cash flow forecasts as a basis for decision-making. This cash flow will be updated monthly to ensure the cash position of the Trust and its academies is as accurate as possible. This will ensure sufficient management information can be provided to the Resources Committee so it can review and monitor investment performance.

Objectives

The investment objectives are:

- To achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the Trust and Academies bank accounts becoming overdrawn.

Investment strategy

Investment risk will be managed through diversification to ensure that security of deposits takes precedence over revenue maximisation.

To ensure the security of any investment, assets will only be considered with banking institutions, which have credit ratings, or an implied credit rating assessed by Fitch, Moody, and Standard and Poor's to show **good or better** credit in the short and long term. Investments will be based on the highest level of return but with the maximum protection to the funds.

However, If an institution has a lower credit rating than that detailed above, the Trust will ensure no deposits are made to eliminate the risk.

Investment within banking organisations will be made on both short and long-term base. Short term deposits will allow immediate access to funds and are usually between 3 to 12 months. Long-term investment will be based on the annual cash flow and as such will be reviewed annually.

To manage the risk of default, investment deposits should be spread by banking institution and be subject to a maximum exposure of £1,000,000 per authorised institution that has met the above criteria. All investments must meet the prudent criteria outlined in this policy and be approved by the Trust Board in advance.

Spending and liquidity policy

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the CFO. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust Board and updated on a monthly basis.

A sufficient balance must be held in the current account so that our academies financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year to provide flexibility for the following year's plans unless a clear rationale is provided for exceeding one year to the benefit of the Trust and its Academies.

Monitoring and review

Cash invested for the Trust and its Academies should be approved by the CFO prior to investment.

The CFO will monitor the cash position and cash flow forecasts and report investments held and the performance of investments against objectives of the Resources Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held one year, then an annual report is appropriate.