

Shireland Collegiate Academy Trust Policy

# Investment Policy

2017

<b>Committee and Date Approved</b>	Resources Board – November 2017
<b>Category</b>	Operational Regulations
<b>Next Review Date</b>	Every two years unless change in legislation – <b>November 2019</b>
<b>Policy Availability</b>	Trust Website
<b>Officer Responsible</b>	FD 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 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 advise 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 are 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 Director of Finance 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 asset class selection and 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 assessed by Fitch, Moody, and Standard and Poor's to show **good** 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.

Investment within banking organisations will be made on both short and long-term base. Short term deposits will allow immediate access to funds. Long-term investment will be based on the annual cash flow and as such will be reviewed annually at the beginning of each academic year.

All investments other than in deposit accounts will be via an agreement with Sandwell MBC, who will invest on behalf of the Trust. This agreement only allows investment in "AA" rated organisation.

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 with any authorised institution by the Bank of England. Whilst this exceeds the protection limit of £75,000 provided by the Financial Control Authority 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.

## 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 Director of Finance.

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 in order 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**

The Trust and its Academies has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Director of Finance 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.