Tithe Academy

at the heart of the community

Investment Policy

Key points and summary

This policy is based on the Academy Trust Handbook and guidance from The Charity Commission. This policy also complies with our funding agreement and articles of association.

Aims

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 Academy Trust Handbook
- The Trust's funds are used in a way that commands broad public support
- The trust follows the Charity Commission's guidance: CC14 Charities and investment matters: A guide for Trustees. ESFA'S prior approval must be obtained for investment transactions which are novel, contentious and/or repercussive
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable Trustees and company directors.

  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.

Objectives of this Policy

The Trust aims to manage its cash balances to provide for the day-to-day working financial requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the trust aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds. Our aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

Approved by Audit & Risk 29th November 2021

Ratified by Board of Trustees 9th December 2021

To be reviewed annually

Legislation and guidance

The Academy Trust Handbook states that Trustees may invest to further the Trust's charitable aims, but must ensure that the risk is properly managed. When considering an investment the board must:

- Manage, control and track their financial exposure, so that security of funds takes precedence over revenue maximisation
- Ensure value for money
- Exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- Ensure exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure investment decisions are in the Trust's best interests and command broad public support
- Act within their powers to invest, as set out in the articles of association

Background

Academy Trusts are able to make investments and these investments can be a good source of funding, but can also expose schools to risks.

They must:

- Know and act within their school's powers to invest.
- Exercise care and skill when making investment decisions.
- Select investments that are right for the school. This means taking account of:
  - o How suitable any investment is for the school.
  - o The need to diversify investments.
- Take advice from someone experienced in investment matters unless they have good reason for not doing so.
- Follow certain legal requirements if they are going to use someone to manage investments on their behalf.
- Review investments periodically.
- Explain their investment policy in their annual report.

Trustees must be clear about what they aim to achieve through financial investment. They must consider exactly what they want to do, how they intend to do it and what the timescale will be. They must also consider the school's long and short term financial commitments as well as its expected income.

Risk

A certain degree of risk is associated with all investments so Trustees must do all they can to manage risk levels. Before any investment decisions are made, Trustees must consider the level of risk they are able to accept. They must be satisfied that the overall level of risk they are taking is appropriate for the Trust. Losses may result in a low return on an investment, or the complete loss of all money invested. If this occurs, Trustees should review their approach to risk and take the opportunity to learn from their experiences.

Responsibility of the CFO

The Chief Financial Officer(CFO) is responsible for producing regular cash flow reports and making decisions on investments. The CFO must ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supply creditors that are due for payment.

Responsibility of Audit and Risk Committee

The committee is responsible for ensuring that:

- Controlling and tracking financial exposure
- Reviewing the Trust's investments
- Reporting to Trustees on investments

Investment Principles

Where cash flow identifies a base level of cash funds that will be surplus to requirements, these may be invested in low risk easily accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 weeks. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Procedures

Before any funds are invested, two authorised signatories will sign to indicate that 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
- Length of investment
- Interest rates/expected return

The CFO/Finance Manager will review interest rates and compare them with other investment opportunities annually. Cash flow and current account balances will be monitored regularly by the CFO/Finance Manager 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, we will transfer these to an account with a higher interest rate. Investments will normally be for a fixed-term that does not exceed one year unless there is a clear rationale for longer-term investment that would benefit the Trust. A maximum of £85,000 will be placed with one financial institution; this is because the first £85,000 of an investment is protected by the Financial Services Compensation Scheme. Funds, and any interest earned on those funds, will be automatically reinvested unless required for immediate or anticipated expenditure.

Monitoring and Evaluation

The CFO monitors the implementation of this policy.

APPENDIX 1

Investment authorisation form

Date investment made:	Duration of investment:
Amount:	
Interest rate:	Expected return:
Description of investment:	
State what type of investment is being made and how it will benefit the Trust:	
Details of where the investment is held:	
Insert name and address of bank or building society:	
Signatory name (print)	Signatory name (print)
Signature	Signature
Date:	Date:

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