



Investment Policy

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Author	Chief Operating Officer (KFSL Model)
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1. Aims

This policy aims to ensure that:

- 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

The [Academy Trust Handbook](#) (paragraph 2.22) states that academy trusts are required to have an investment policy to:

- Manage and track their financial exposure
- Ensure value for money

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.

3. Roles and responsibilities

3.1 Academy trustees

Academy trustees will ensure 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 our articles of association
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity
- Take investment advice from a professional adviser, as appropriate
- Ensure that exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- 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 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.

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

3.2 Finance, Audit and Risk Committee

Academy trustees delegate responsibility for the trust's investments to the Chief Operations Officer (COO)/Chief Financial Officer (CFO).

The COO/CFO is responsible for:

- Controlling and tracking financial exposure
- Reviewing the trust's investments
- Reporting to trustees and the Finance, Audit and Risk Committee on investments

3.3 The Chief Operations Officer (COO)/Chief Financial Officer (CFO)

The COO/CFO is responsible for producing cash flow forecasts and for making decisions on investments. The COO/CFO also provides information to the finance committee and academy trustees, as appropriate.

4. Investment principles

We only invest funds in low risk and easily accessible accounts.

Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation.

From time to time, operational and strategic decisions will result in substantial cash balances at the bank over a sustained period.

Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority with good credit ratings, and therefore must only be invested in the following;

- Interest bearing deposit accounts with any of the following banks only
 - Lloyds
 - Barclays
 - NatWest
 - HSBC

5. Procedures

Before any funds are invested, initial investment amounts will be agreed with the Finance, Audit and Risk Committee and the COO. Reinvestment is at the discretion of the COO in accordance with cash flow requirements.

The following information will be recorded about investments:

- Date
- Amount and description of the investment
- Length of investment
- Interest rates/expected return

Cash flow and current account balances will be monitored regularly by the COO 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 1 year, unless there is a clear rationale for longer-term investment that would benefit the Trust.

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 money is required for immediate or anticipated expenditure.

6. Monitoring arrangements

The COO/CFO monitors the implementation of this policy. Periodically, (at least every 3 months) interest rates will be reviewed and compared to other investment opportunities that comply with the parameters of this policy.

This policy will be reviewed and approved by the trustees annually.

7. Links with other policies

This investment policy links with our policies on:

- Accounting
- Competitive tendering