



# Fulston Manor Academies Trust

## Investment Policy

**Version Date:**

**February 2024**

**Review Date:**

**February 2025**

**Member of Staff Responsible:**

**Mrs S Francis  
Trust HR & Business  
Director**

# INVESTMENT POLICY

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## 1. PURPOSE AND SCOPE

101 The purpose of the Investments Policy is to set out the processes by which Academy trustees will meet their duties under the Academy's Articles of Association and Academies Handbook issued by the Education & Skills Funding Agency (ESFA) to invest monies surplus to operational requirements in furtherance of the Multi Academies Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

## 2. DEFINITION OF DUTIES

202 The Academy's Articles gives Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."

203 Whilst the Board of Trustees (Trust Board) has responsibility for the Trust's finances, the Scheme of Delegation approved by them delegates responsibility to the Trust Board Finance Audit & Risk Committee:  
*To approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis.*

204 The Trust Finance Manager is responsible for producing reliable cash flow forecasts as a basis for decision making. They are responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Trust Board Finance Audit & Risk Committee so it can review and monitor investment performance.

## 3. OBJECTIVES

301 The investment objectives are:

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

302 By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Multi Academy Trust, commanding broad public support.

#### **4. INVESTMENT STRATEGY**

- 401 Investment risk will be managed through asset class selection and diversification.
- 402 For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch and/or Moody to show good credit quality.
- 403 To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £85,000 provided by the FCA 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.

#### **5. SPENDING AND LIQUIDITY POLICY**

- 501 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 Trust Finance Manager. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust Board Finance Audit & Risk Committee and be updated on a regular basis.
- 502 A sufficient balance must be held in the current account so that the Multi Academy Trust's 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.
- 503 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 Multi Academy Trust.

#### **6. MONITORING AND REVIEW**

- 601 The Trust Board Finance Audit & Risk Committee has delegated authority for depositing funds to the Trust Finance Manager.
- 602 The Trust Finance Manager will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Trust Board Finance Audit & Risk 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.
- 603 This Investment Policy has been approved by the Trust Board Finance Audit & Risk Committee. It will be reviewed by the Committee on an annual basis to ensure continuing appropriateness.