Investment Policy

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Next Review Due	**November 2023**

The only updates are increases in interest rates and the inclusion of Brooksbank in the policy

Background

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

A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission (2011) advises that trustees have several legal responsibilities when making financial investments. 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:
- How suitable any investment is for the school.
- 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 school. 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.

Introduction

At Together Learning Trust, we are careful with the public money we are entrusted with. We carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

Objectives and targets

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.

Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the school's current accounts to cover financial commitments such as payroll and day-to-day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus should be invested.

It would be prudent for funds to be invested in tranches of up to £85,000 with a different Financial Institution after agreement from the Audit, Finance and Risk committee. This is so the trusts' investment (as a charity) can be protected by the Financial Services Compensation Scheme (FSCS) in the event of the financial institution getting into financial difficulty. However, trustees should consider that higher interest can be achieved if more money is invested with a financial institution. Also, if large investments are required, it is not practical to split the funds into tranches of £85,000, in this instance, It would be more appropriate to split the funds with 2 or 3 separate financial institutions.

Funds, and any interest they earn, should be automatically reinvested, unless they are required for immediate or anticipated expenditure.

Currently the Trust operate four main bank accounts:

- Central Bank account for the 3 primary schools
- Honley High School Bank Account *
- Ryburn Valley High School Bank Account*
- The Brooksbank School Account

*DFE stipulation for all PFI schools to have separate bank accounts. As this stipulation has worked well with the Secondary schools having separate accounts, we are using this model for allsecondary schools joining the trust.

A calculation on the amount of available reserves which can be invested should be carried out, ensuring each bank account maintains an adequate balance to cover known expenditure commitments. This calculation will take into account the balances held in the current accounts and a cash flow forecast for known spend for all the schools in the Trust.

As the Multi Academy Trust is relatively new, this calculation has not yet been carried out, to establish the amounts to invest. Given the amount of interest rates available within bank deposit accounts has increased since November 21 (currently as a November 2022 between 1 and 2%), the trust needs to urgently look into the best current accounts for interest rates. All monies in the Lloyds current account gains interest.

Investing at Minimum Risk

To invest at minimum risk it would be advisable to invest with higher interest deposit accounts at financial institutions and not in stocks and shares.

The Audit, Finance and Risk Committee will agree on an annual basis the amount of investment the trust should put on deposit at each financial institution

All the schools have a current account with Lloyds which is providing a small amount of interest.

Currently Ryburn Valley High School is the only School in the trust which has money in a 30 day deposit account. The investment is with Lloyds Bank for £100,000 which has an interest rate of 1.1% (as at November 2022)

Monitoring and evaluation

The CFO will compare alternative investment opportunities annually to ensure that the school's funds achieve the best interest rates.

The CEO, CFO and Audit, Finance and Risk Committee are responsible for ensuring that this policy is followed.

Review

The headteacher and trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is adhered to.