

INVESTMENT POLICY

Policy Approved: November 2022
Policy Renewal: November 2023

Reviewed by the SLT MAT Board

“The Trustees of the Southport Learning Trust are committed to safeguarding and promoting the welfare of children and young people at every opportunity and expect all staff and volunteers to share this commitment

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1. Purpose and scope

The purpose of the Investment Policy is to set out the processes by which trustees will meet their duties under the Trust's Articles of Association and Academies Trust Handbook issued by the ESFA to invest monies surplus to short-term operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

2. Definition of duties

Trustees

The Trust's Articles give Trustees the power "to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of the Objects". The Trustees are responsible for the appointment of the Resources Committee and the approval of the Investment Policy.

Resources Committee

The Resources Committee will be responsible for reviewing the trust's investments. And investment policy on an annual basis or as the result of a change in legislation affecting the Trust's investments.

Chief Financial Officer

The Chief Financial Officer is responsible for making investment decisions that comply with this Policy.

Finance Division

The Finance Division is responsible for producing reliable cash flow forecasts for review by the Chief Financial Officer as a basis for decision-making and for providing sufficient management information to the Resources Committee so it can review and monitor investment performance.

3. Objectives

The investment objectives are:

- to achieve the best financial return available whilst ensuring that the security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational needs based on all financial commitments being met plus
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust.

4. Investment strategy

Investment risk will be managed through asset class selection and diversification to ensure that the security of deposits takes precedence over revenue maximisation.

Investments will only be considered with banking institutions which have credit ratings assessed by Fitch and or Moody to show high credit quality and low risk of default (minimum credit rating, Moody A3, Fitch A+). To manage the risk of default, deposits should be spread by a banking institution and be subject to a maximum exposure of £500,000 with any PRA (Prudential Regulation Authority) authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £75,000 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.

The Trust will not place cash assets in stocks, shares, bonds or other such investment schemes.

5. Spending and liquidity

Decisions on how much to invest and how long to invest will be based on operational requirements, demonstrated by cash flow forecasts prepared by the Finance Division and reviewed by the Chief Financial Officer. The cash flow forecasts will take into account the annual budget (revenue and capital) and spending plans approved by the Governing Body and updated on a monthly basis.

A sufficient balance must be held in the current account so that the 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 needs and kept under review.

Investments should be on an instant access basis only in order to provide maximum flexibility and minimise risk to ensure the security of deposits takes precedence over revenue maximisation.

6. Monitoring and review

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

The Finance Division and Chief Financial Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Audit and Finance Committee at appropriate intervals, depending on the terms of the investments. The credit rating of the financial institutions will also be monitored to ensure compliance with this policy.

This Investment Policy has been approved by the Finance and Resources Committee and Trust Board. It will be reviewed by the Resources Committee on an annual basis to ensure continuing appropriateness.

As markets and financial institutions' liquidity can change quickly, the Chief Financial Officer may, at their sole discretion, authorise or prohibit investments with any particular financial institution which meets the required rating criteria or reduce an exposure to risk to liquidity which is felt appropriate. The Resources Committee will be informed immediately.