



**STOUR VALE
ACADEMY
TRUST**

INVESTMENT POLICY

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1.0 Aims

Stour Vale Academy Trust aims to manage its cash balances to provide day-to-day working capital requirements of its operations, whilst protecting the real long-term value of its cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns but ensuring with these investments there is an acceptable level of risk to the loss of cash funds.

Stour Vale Academy Trust does not consider the investment of surplus cash as its primary function. Instead, it is a result of good stewardship and when circumstances allow.

This policy aims to ensure that:

- The Trust's funds are used only in accordance with the law, its Articles of Association, 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

2.0 Legislation and guidance

The Academy Trust Handbook states that academy trusts are required to have an investment policy to:

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

This policy is based on the [Academy Trust Handbook](#) and guidance from [The Charity Commission](#). It also complies with our Funding Agreement and Articles of Association.

3.0 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 must:

- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation

- ensure investment decisions are in the trust's best interests
- review the trust's investments and investment policy regularly
- explore the feasibility of placing funds in high interest savings accounts
- act within their powers to invest, as set out in our Articles of Association

Trustees will seek prior approval from the DfE for investment transactions that are novel or contentious.

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.

3.2 Finance and Resources Committee

Academy Trustees delegate responsibility for the Trust's investments to the Finance and Resources Committee.

The committee is responsible for:

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

3.3 The Chief Finance Officer

The Chief Finance Officer (CFO) is responsible for producing cash flow forecasts and for making decisions on investments. The CFO also provides information to the Finance and Resources Committee and Academy Trustees, as appropriate.

4.0 Investment principles

Stour Vale Academy Trust will only invest funds in low risk and easily accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 months. Risk is managed through diversification of investments, ensuring that, within the limits of the Trust's risk appetite, the security of funds takes precedence over revenue maximisation.

Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority (FCA) and with good credit ratings. If a bank or building society authorised by the FCA is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £120,000 of an eligible depositor's claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FSCS at the following address:

<https://register.fca.org.uk/s/>

The principles that the Trust will adopt are as follows:

- Wherever possible the surplus will be invested in quarterly instalments with funds maturing at regular intervals
- Consideration should be given to investing each tranche in a different financial institution
- Where A rated institutions can't be identified then B rated institutions may be used by spreading the risk across multiple institutions
- Investments with overseas banks must remain in sterling in the UK

5.0 Procedures

Before any funds are invested, the Chief Executive Officer and the CFO will sign to indicate 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 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 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, the Trust will transfer these to an account with a higher interest rate.

6.0 Monitoring and reporting arrangements

The CFO will report all investments to the Finance and Resources Committee on an annual basis.

Appendix 1: Investment authorisation form



DATE INVESTMENT MADE		DURATION OF INVESTMENT	
AMOUNT			
INTEREST RATE		EXPECTED RETURN	
DESCRIPTION OF INVESTMENT			
DETAILS OF WHERE THE INVESTMENT IS HELD			
SIGNATORY NAME PRINT		SIGNATORY NAME PRINT	
SIGNATURE		SIGNATURE	
DATE		DATE	