

# Finance Handbook

## Appendix 3 Trust Investment Policy

<b>Title</b>	Finance Handbook
<b>Author</b>	CFO
<b>Approved by</b>	Trustees
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<b>Review date</b>	March 2024
<b>Links to other procedures</b>	<p>This policy has been adopted by the Board of Directors of the South York Multi Academy Trust and applies to all schools that make up the Trust. This policy applies to each school operating within the South York Multi- Academy Trust.</p> <p>This policy will be monitored regularly by the Multi Academy Trust Board in line with the agreed timetable for policy review or sooner as events or legislation changes require.</p>

## Appendix Three

### South York Multi Academy Trust Investment Policy

#### 1. Background

The Education Funding Authority (EFA) acknowledges that Academies are able to make investments that can generate funding but that can also expose schools to risks. This policy addresses the authority given to Trustees in the Academies Financial Handbook, issued by the EFA, to invest monies surplus to operational requirements in furtherance of the MAT's charitable aims and to ensure that investment risk is properly and prudently managed. In order to ensure sound investment decisions, the Charity Commission has established several legal responsibilities for Trustees that apply to actions relating to financial investments.

Trustees must:

- Know and act within their powers to invest.
- Exercise care and skill when making investment decisions.
- Select investments that are right for the school. This means taking account of the suitability of any investment in relation to the school's needs and the need to manage risk and consider suitable diversification.
- 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 their investments aims and the timescales they wish to achieve through financial investment. They must also consider the MAT's long and short term financial commitments as well as its expected income when reaching investment decisions.

This policy applies to all Trustees, Academy Representatives and employees of the MAT; a breach of the investment policy and procedure may result in disciplinary action

#### 2. Risk

A certain degree of risk is associated with all investments and 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 every Academy in the MAT. Directors should review their approach to risk and the effectiveness of their investment decisions on a regular basis.

The objectives relating to investment are:

- to achieve best financial return available whilst ensuring that security of investments takes utmost precedence over revenue maximisation
- to only invest funds surplus to operational need based on all financial commitments being met without the MAT bank account becoming overdrawn
- to ensure all investment decisions are exercised with care and skill and are in the best interests of the MAT and that they are ethical in nature and are capable of commanding broad public support

#### 1. Key Operating Principles

The management of the charitable funds and investments of the MAT will comply with the requirements of the:

- Charities Act 2011;
- Trustee Act 2000;
- Financial Services and Markets Act (FSMA) 2000; and the
- Charity Commission Guidance Notes CC14
- Education Funding Agency Academies Financial Handbook(currently in force)

## **2. Policy Points**

- The MAT will only look to invest funds where held cash balances are expected to be over and above a projected 3 month operating cash/expenditure requirement.
- Where this requirement is met the MAT will only look to invest up to the limit of the government backed scheme (FSCS) in a single entity.
- Only UK banks with an AAA rating will be considered.