



INVESTMENT POLICY - ST. MARY'S CATHOLIC PRIMARY SCHOOL

This policy is underpinned by our school mission and values:

Mission:

Nurturing our God-Given Talents

Values:

Respect

Resilience

Truth

Faith

Love

Mercy

Recommended for approval by the Finance and Audit Committee on:	Autumn 2023
Approved by the Full Trust Board on:	
Next review date:	Autumn 2025

1.0 Background

1.1 The Academies Financial Handbook 2019, sets out rules on investments. The handbook specifies that trustees are allowed to invest funds “to further their trust’s charitable aims”, but it says that they **must**:

- Act within their powers to invest as set out in their Articles of Association. *The SAT’s own Articles of Association stipulate that the SAT can deposit or invest any funds not immediately required, but only after obtaining such advice from a financial expert as the Director’s consider necessary, and having regard to the suitability of investments and the need for diversification. The articles define a financial expert as an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000.*
- Have an investment policy to manage, control and track their financial exposure, and ensure value for money (particularly if using unfamiliar investment techniques).
- Exercise care and skill in all investment decisions, and take advice as appropriate from a professional adviser.
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation.
- Ensure that all investment decisions are in the best interests of the trust and command broad public support.
- Review the trust’s investments and investment policy regularly



1.2 The handbook adds that schools must seek prior approval from the EFA for investment transactions which are “novel” and/or “contentious”. It also defines what constitutes a novel or contentious transaction. It states:

- Novel payments or other 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, and/or the public, and/or the media.

1.3 When considering what kinds of investments academies might make, the board of trustees should follow guidance from the Charity Commission. The guidance states that trustees can make financial investments in any asset that is specifically intended to maintain and increase its value and/or produce a financial return. The guidance goes on to suggest that possible types of investment include:

- Interest-bearing cash deposits in bank or building society accounts
- Shares in a listed company
- Interest-bearing loans to a company or the government (bonds or gilts)
- Buildings or land
- Common investment funds and other collective investment schemes
- Non-traded equity in private companies
- Hedge funds
- Commodities
- Derivatives

2.0 Principles

2.1 The SAT aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

2.2 Our aim is to spend the public monies with which we are entrusted for the direct education benefit of pupils as soon as is prudent. The SAT does not consider the investment of surplus funds as a primary activity, rather it is the result of good stewardship as and when circumstances allow.

- 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 Finance Director. The SAT acknowledges that to achieve an optimal rate of return, some investments may be subject to a level of risk.
- Investments for a fixed term should not normally exceed one year to provide flexibility for the following year’s plans, unless a clear rationale is provided for exceeding one year to the benefit of the SAT.



- The SAT will adopt a prudent approach towards risk by only investing in markets where financial services are closely regulated and compensation schemes are in place. The SAT will avoid speculative forms of investment
- Professional investment advice will be sought about the most suitable investments and investments will be placed with suitably qualified investment managing agents.

2.3 Ethical investment - the SAT is mindful of its underlying purpose - the provision of education. With that in mind the SAT will make best endeavours to ensure that investments are only be made into portfolios where:

- There are responsible employment practices
- There is Corporate governance practice
- There is awareness about human rights
- There is Sustainable environmental practice
- There is sensitivity towards the communities in which the business operates

The SAT will make its best endeavour not invest into (and not limited to):

- Any organisation that is directly involved in indiscriminate weaponry
- Any organisation that produces pornography
- Any organisation where their principal business activity or focus is tobacco, alcoholic drink, gambling, or weekly collected home credit
- Any organisation with links to Terrorism
- Any organisation involved in money=laundering

3.0 Monitoring and evaluation

- 3.1** The Finance Director will compare alternative investment opportunities every six months to ensure that the invested funds achieve the acceptable interest rates.
- 3.2** Actions taken will be reported to the Board of Directors biannually and the SAT's annual report and financial statements will describe the investment policy used to select the SAT's investments as well as reporting on the performance of investments.

4.0 Register of investments / deposits

- 4.1** The Finance Director will maintain a register of all investments / deposits held which will record:
- Institution with which the deposit was made
 - Date deposit was placed
 - Amount deposited



- Date of maturity
- Amount returned
- Interest earned
- Rate of interest obtained
- Authorisation for the transaction

4.2 The register will be reviewed at each Finance and Audit Committee meeting