Pennine Academies Yorkshire

Investment Policy

Date Policy Updated:	May 2020
Date Policy Ratified:	27 May 2020
Date Policy to be Reviewed:	May 2021

Contents

1. Background

Academies 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 occurs when an investment is made to obtain 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:

a) Know and act within their schools' powers to invest.

b) Exercise care and skill when making investment decisions.

c) Select investments that are right for the schools. This means taking account of:

    a. How suitable any investment is for the schools.

    b. The need to diversify investments.

d) Take advice from someone experienced in investment matters unless they have good reason for not doing so.

e) Follow certain legal requirements if they are going to use someone to manage investments on their behalf.

f) Review investments periodically.

g) Explain their investment policy in their annual report.

h) Until the Board of Trustees decides otherwise, funds of Pennine Academies Yorkshire may only be invested in Bank Accounts and Deposits.

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 schools' long and short term financial commitments as well as its expected income.

2. 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 schools. 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. Notwithstanding anything in this paragraph Item 1 h) must be complied with until the trustees resolve otherwise.

3. Introduction

At Pennine Academies Yorkshire, 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.

4. 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.

For the avoidance of doubt, the Trustees currently only authorise the investment of funds in bank/building society accounts including short/medium term deposits. Lloyds Banking Group are deemed to be approved for this purpose. Other Banks/Building Societies will be considered by the Trustees for approval as required, or as is necessary.

5. Action plan

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the Trust's current account 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 may be invested.

Funds should be invested in tranches of up to £85,000 (or such other amount covered by FSCS (Financial Services Co-operation Scheme) and after agreement from the finance committee. Other Banks/Building Societies will be considered by the Trustees for approval as required, or as is necessary. It may be beneficial to invest each tranche with a different financial institution. Funds, and any interest they earn, will be automatically reinvested, unless they are required for immediate or anticipated expenditure or the Board of Trustees directly.

6. Monitoring and evaluation

The Chief Executive Headteacher (CEH), Chief Financial Officer (CFO) and Business Partners (BPs) are responsible for ensuring that this policy is adhered to.

The decision to invest in any particular financial institution is reserved to the Board of Trustees. The CEH and CFO are charged with the implementation of the Trustees policy.

7. Reviewing

The CEH, CFO and Trustees will carry out a review of this policy on a regular basis to ensure that any new or changed legislation is incorporated within this policy.

8. References

A template from CEFM has been used and we acknowledge the Charity Commission's *Charities and Investment Matters: A Guide for Trustees* document in the production of this policy.

9. Statement

Where necessary, this policy should read in conjunction with the following policies:

Accounting Policy

Procurement Policy

10. Sign Off

Approved By (print name):	Nick Briggs
Chair of Trustees	Chair of Trustees
Signature:	N.
Date:	27 May 2020