



Investment policy

Pate's Grammar School

Approved by: Finance & Facilities Committee **Date:** October 2021

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1. Aims

This policy aims to ensure that:

- The academy trust’s funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook;
- The trust’s funds are used in a way that commands broad public support;
- Value for money (economy, efficiency and effectiveness) is achieved;
- Governors fulfil their duties and responsibilities as charitable governors and company directors;

2. Legislation and guidance

The [Academies Financial 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 Academies Financial Handbook and guidance from [The Charity Commission](#). This policy also complies with our funding agreement and articles of association.

3. Roles and responsibilities

3.1 Academy Governors

Academy Governors will ensure that investment risk is properly managed. When considering whether to make an investment, Governors will:

- Act within their powers to invest, as set out in our articles of association.
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity.
- Take investment advice from a professional adviser, as appropriate.

- 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.

Governors will seek prior approval from the Education and Skills Funding Agency 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 & Facilities committee

Academy governors delegate responsibility for the trust's investments to the Finance & Facilities 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 & Facilities committee and academy governors, as appropriate.

4. Investment principles

We 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 weeks.

Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.

Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

5. Procedures

Before any funds are invested, 2 of the authorised signatories will sign to indicate they agree to the investment. This will normally be the Accounting Officer (Head Master) and the CFO

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, we will transfer these to an account with a higher interest rate.

Investments will normally be for a fixed-term that does not exceed one year unless there is a clear rationale for longer-term investment that would benefit the trust.

Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

6. Monitoring arrangements

The CFO monitors the implementation of this policy.

This policy will be reviewed and approved by the academy governors every two years.

7. Links with other policies

This investment policy links with our policies on:

- Accounting;
- Competitive tendering;
- Finance Policy.