

SOKE EDUCATION TRUST

Investment Policy

Approved via Governorhub

Approved Date	January 2024
Review Date	January 2025



Investment Policy

Purpose and scope

The purpose of the Investments Policy is to set out the processes by which the Soke Education Trust Directors will meet their duties under the Trust's Articles of Association and Academies Financial Handbook issued by the ESFA to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

Definition of duties

The Soke Education Trust Articles gives Directors the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects." At least annually the Audit, Finance and Risk committee will decide who (trust, schools etc.) shall be in receipt of any investment returns in order to achieve this objective.

Whilst the Board of Directors has responsibility for the Trust's finances, the Scheme of Delegation approved by the Board delegates responsibility to the Trust Audit, Finance and Risk Committee:

To approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis.

The Chief Financial Officer is responsible for producing reliable cash flow forecasts as a basis for decision making. They are responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Trust Audit, Finance and Risk Committee so it can review and monitor investment performance.

The Audit, Finance and Risk Committee will agree (at least annually) a maximum level of investments that the trust is permitted to place into investment vehicles.

Objectives

The investment objectives are:

- to achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational need based on all financial commitments being met without the schools bank accounts becoming overdrawn.
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

Investment strategy

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation.

For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch to show good credit quality.

The trust considers good credit quality to be institutions that have a Fitch credit rating of BBB- or bbb- (implied credit score). Where possible the trust will first consider products made available by banking institutions for charities and academy trusts.

To manage the risk of default, deposits will should spread by banking institution and be subject to a maximum exposure of £85,000 (or revised FCA limit) with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)).

Where deposits are:

- within the FCA limits,
- are no longer than a year in length
- the trust remains within its overall investment limits
- deposits are placed with institutions that meet minimum credit risk requirements

then the CFO is authorised to action deposits without further approval from the Audit, Finance and Risk Committee. This in no way precludes any signing requirements as detailed in this policy.

If the trust wishes to make deposits that do not meet the above requirements, then these will need a minuted, explicit approval from the Trust Audit, Finance and Risk Committee.

Spending and liquidity policy

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 Chief Financial Officer. The cash flow forecasts will take account of the annual budget and spending plans approved by the Trust Audit, Finance and Risk Committee and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Schools financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust.

Use of third-party platforms:

The trust may make the use of third-party platforms to manage its investments provided:

- Approval is given by the trustee board
- The trust reviews the terms of such platforms at least every two years and
- the trust considers the total potential fees paid over that period to the platform in line with the finance and Procurement regulations.

Monitoring and review

Two independent members of staff from the Trust Central Team are required to sign instructions taking deposit-taking institution, subject to the limitations in this Policy and further instructions imposed by the Directors.

The Chief Financial Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to Trust Audit, Finance and Risk Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held one-year then an annual report is appropriate.

This Investment Policy has been approved by the Trust Audit, Finance and Risk Committee. It will be reviewed by the Finance and Resources Committee on an annual basis to ensure continuing appropriateness.