



**INVESTMENT POLICY FOR  
SCHOOLS WITHIN QUEST**

**Company number 09306360**

**St. Peter's C. of E. Primary School, Hindley  
Hindley Green Community Primary School  
St. John's C. of E. Primary School, Hindley Green  
St. John's C. of E. Primary School, Abram  
University Collegiate School, Bolton**



**May 2023**

Review date May 2024

## **INVESTMENT POLICY**

### **Introduction**

The Academy's Articles gives Trustees 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".

These investments can be a good source of funding but can also expose Academies to risks.

A financial investment is when an investment is made to get the best financial return within the level of risk considered to be acceptable. The Charity Commission (2011) and The Charities (Protection and Social Investment) Act 2016 advises that trustees have several legal responsibilities when making financial investments.

They must:

- Know and act within their Academy Trust's powers to invest.
- Exercise care and skills when making investment decisions.
- Select investments that are right for the Academy Trust. This means taking account of:
  - How suitable any investment is for the Academy Trust
  - The need to diversify investments.
- 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 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 Academy Trust's long and short term financial commitments as well as its expected income.

At QUEST we are careful with the public money we are entrusted with.

We will carefully invest any money that is not required to cover anticipated expenditure and take steps to manage the risk associated with financial investments.

### **Objectives**

The investment objectives are:

- to achieve best financial return available whilst ensuring the security of deposits takes precedence over revenue maximisation.
- only invest funds surplus to operational need based on all financial commitments being met without the Academy bank account(s) becoming overdrawn.
- by complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interest of the Academy, commanding broad public support.

### **Investment Strategy**

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 Academy Trust. 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.

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 and/or Moody to show good credit quality.

To manage the risk of default, deposits should be spread by banking institutions and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority – FCA). Whilst this exceeds the protection limit of £85,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

### **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 Finance Officer. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Academy's 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 Academy.

### **Monitoring and Evaluation**

The Chief Finance Officer will compare alternative investment opportunities regularly to ensure that the Trust's funds achieve the best interest rates.

The Academy has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Chief Operating and Finance Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance and Audit 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.

The Chief Executive Officer and the Chief Finance Officer are responsible for ensuring that this policy is adhered to.

### **Reviewing**

The CEO and trustees will carry out a review of this policy on an annual basis to ensure continuing appropriateness and that any new or change in legislation is adhered to.

### **References**

QUEST has used a template from CEFM who acknowledge the *Charity Commission's Charities and Investment Matters: A Guide for Trustees* documents in the production of this policy:  
<http://www.charity-commission.gov.uk/library/guidance/cc14text.pdf>

This policy was presented to and approved by Trustees during the Summer Term 2023.

Signed

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Chair of Trustees