

# SHINE Multi Academy Trust Investments



**Management log**

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Author	Chief Finance Officer
Person responsible for the document	CEO
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Signed	Signed
	
Chair of the Board	CEO

**Document history**

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V1	June 2017	Sarah Brown	22 June 2017	22 June 2017	To secure an investments policy to support SHINE and its academies
V2	January 2020	Sarah Brown	6 February 2020	7 February 2020	Biennial review as SHINE has grown to five academies and there are differing levels of staff supporting business and finance.
V3	June 2024	Sarah Brown	6 June 2024	6 June 2024	To secure an investments policy to support SHINE and its academies

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Any printed copies should therefore be viewed as ‘uncontrolled’ and as such, may not necessarily contain the latest updates and amendments.

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## Directorates affected by these orders – Board of Trustees

## 1. Purpose and scope

1.1 The purpose of the Investments Policy is to set out the processes by which Board of Trustees (Board) will meet their duties under the Academy's Articles of Association and Academy Trust Handbook issued by the Education Skills Funding Agency (ESFA) to invest monies surplus to operational requirements in furtherance of the SHINE Multi Academy Trust's (SHINE's) charitable aims and to ensure that investment risk is properly and prudently managed.

## 2. Definition of duties

2.1 SHINE's Articles of Association gives the Board the power "to expend the funds of SHINE in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of SHINE 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."

2.2 Whilst the Board has responsibility for SHINE's finances, the Scheme of Delegation approved by the Board delegates responsibility to their resources 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.'*

2.3 The Chief Finance Officer (CFO) is responsible for producing reliable cash flow forecasts to the resources committee as a basis for decision making. They are responsible for providing information to make investment decisions that comply with this policy and for providing sufficient management information to the resources committee so it can review and monitor investment performance.

## 3. Objectives

3.1 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 all 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 interests of SHINE.

#### **4. Investment strategy**

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

4.2 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.

4.3 To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 with any Prudential Regulation Authority (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.

#### **5. Spending and liquidity policy**

5.1 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 CFO. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board and updated monthly.

5.2 A sufficient balance must be held in the current account so that SHINE'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.

5.3 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 SHINE.

#### **6. Monitoring and review**

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

6.2 The CFO will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the resources 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.