

Trust Investment Policy



St Francis of Assisi
CATHOLIC ACADEMY TRUST

St. Francis of Assisi Catholic Academy Trust

**Signed off by: Trust
Board**

Date from: November 2024

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1. Introduction

The St Francis of Assisi Catholic Academy Trust is committed to ensuring that it demonstrates the highest standards financial robustness and ensures funds are raised for its students where possible. This policy outlines the Investment processes in place for the Trust to ensure public funds are protected at all times and sufficient operational cash flows are in place at all times.

2. Purpose

The investment objectives of the Trust are as follows:

- The Trust's funds are used only in accordance with the law, its Articles of Association, its funding agreement and the Academies Trust Handbook;
- The Trust's funds are used in a way that commands broad public support;
- To ensure adequate cash balances are maintained in the general accounts at all times to cover day-to-day working capital requirements;
- To ensure there is no risk of loss in the capital value of any cash funds invested;
- To protect the capital value of any invested funds against inflation;
- To optimise returns of the Trust's invested funds;
- To ensure social, environmental and ethical considerations are made when investing;
- To ensure value for money is achieved;

3. Roles and responsibilities

3.1 Trust Directors

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

- Act within their powers to invest, as set out in the Trust's Articles of Association;
- Exercise caution in all investments, reducing risk and ensuring the Trust acts with the utmost integrity;
- Ensure that all investment decisions are in the best interests of the Trust and command broad public support

Trustees 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 Trust Business Committee

Trust Directors delegate responsibility for the Trust's investments to the Trust Business Committee. The Committee is responsible for:

- Controlling and tracking financial exposure;
- Reviewing the Trust's investments;
- Reporting to Directors on investments.

3.3 Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for producing cash flow forecasts and for assisting in the making of decisions on investments. The CFO also provides information to the Trust Business Committee and Trust Directors, as appropriate.

4. Investment strategy

The Investment risk for the Trust will be managed through asset class selection and diversification with the aim of ensuring that security of deposits takes precedence over revenue maximisation. The risk appetite of the Trust is low. For selection, assets will only be considered with banking institutions which show good credit quality as assessed by the main rating agencies. The Trust is able to invest any excess funds (over and above the required day-to-day funds) in the following types of investment:

- Cash Management accounts;
- Term deposit accounts or instant access deposit account;
- Negotiable, convertible or transferable certificates of deposit.

The Trust aims to manage the risk of default on investments by spreading deposits across banking institutions which are authorised by the Bank of England through the Prudential Regulation Authority (PRA) (with reference to the Financial Conduct Authority (FCA)). Preferably, deposits will be selected with a maximum exposure of £4,000,000 as, whilst this sum exceeds the current protection limit of £85,000 provided by the Financial Services Compensation Scheme (FSCS), 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.

The Trust will not invest in Stocks and Shares and does not plan to do so in the future due to their risk profile.

5. Implementation

Trust Funds can be invested as follows:

Period of time funds held on deposit:	Authorisation required:
Up to 12 weeks	Chief Financial Officer (CFO)
Over 12 weeks up to 12 months	Chief Executive Officer (CEO) & CFO
Over 12 months	Chair of Trust Board, CEO & CFO

Decisions on how much to invest and how long to invest for, will be based on operational requirements of the Trust, demonstrated by cash flow forecasts produced by the Chief Financial Officer with the support of Heads. The cash flow forecasts will take account of the annual budget and spending plans for Each Academy as approved by the Trust Board. A sufficient balance must be held in the General account of each Academy so that the Trust's financial commitments can always be met without the bank account going overdrawn. The size of the balance invested will be determined by a forecast of future need and will be reviewed regularly. 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.

6. Distribution of Investment returns

All funds raised via investments will be held centrally in the central pot and will be used to assist with the Trust's future strategic plans. This will ensure all funds raised via investment will improve the Trust and all of its Academies.

7. Monitoring of policy

The application of this policy will be monitored by the Trust Business Committee.

This Policy is to be reviewed annually unless there are exceptional adjustments required that must be approved and passed up to the Trust Board.