



## Investment Policy

Date approved:	10 May 2017
Review cycle/date:	Every three years, May 2020
Party responsible:	Finance and Premises Committee
Linked Policies:	Financial Procedures

### Introduction

The Academies Financial Handbook 2016 includes guidance on the need to ensure that investment risk is properly managed. When considering making an investment the board of trustees must:

- act within their powers to invest as set out in their articles of association
- have an investment policy to manage, control and track their financial exposure, and ensure value for money
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- 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
- review the trust's investments and investment policy regularly

The Academies Financial Handbook is underpinned by the specific investment guidance provided within the Charity Commission publication CC14, Charities and Investment Matters: A Guide for Trustees.

### Core parameters that will determine investment

The Swanage School is both a charity and a government funded body. In considering any investment the Trustees must remember their obligations as custodians of public funding and their responsibility to provide for the children in their care. As such the overriding obligation on the Trustees is to protect the school funds until such time as they are used to deliver education services. The balance of risk and reward should be heavily weighted towards investments with a low risk. This will limit the opportunities to generate significant investment returns, especially in a period of low nominal interest rates.

As the bulk of the current school funding is based on annual revenue grants the justification to build up substantial funds that are suitable for long term investment is limited. Investment funds will be by

their very nature short term and will need to be considered as an integral part of the school cash flow analysis. Based on these underlying limitations the following parameters should be applied in considering any investment.

- Funds should be restricted to investment in sterling denominated cash deposits.
- Funds should be invested in bodies that are authorised by the Financial Conduct Authority and qualify for depositor protection under the Financial Services Compensation Scheme.
- The maximum level of funds invested in one company should not exceed the authorised compensation limit. This limit is currently set at £85,000.
- That prior to the placing of any cash investment a comprehensive report is provided to the Finance and Premises Committee setting out the investment proposal and its place within the wider school cash management plan.
- That the Finance and Premises Committee are responsible for approving the placing of any cash within a new deposit account.

The Finance and Premises Committee are responsible for the annual review of the investment policy. As the school develops the financial circumstances may change, especially if major capital works are planned, and this may create the situation for a more active investment policy.