



# Investment Policy 2023

(Version 2. Rev 31 May 23)

**Adopted:**

<b>Adopted by The Hawkmoor Learning Trust</b>	Signature	
	Print Name	
	Date	
	On behalf of the Hawkmoor Learning Trust	

1. **Aims.** This policy aims to ensure that:
  - 1.1. THLT funds are used only in accordance with;
    - 1.1.1. the law,
    - 1.1.2. THLT Articles of Association,
    - 1.1.3. THLT Funding Agreement and
    - 1.1.4. The Academies Financial Handbook.
  - 1.2. THLT funds are used in a way that commands broad public support.
  - 1.3. Value for money is achieved (economy, efficiency and effectiveness).
  - 1.4. Trustees fulfil their duties and responsibilities as charitable trustees and company directors.
2. **Legislation & Guidance.**
  - 2.1. The Academies Financial Handbook states that trusts are required to have an investment policy to;
    - 2.1.1. manage, control & track financial exposure and
    - 2.1.2. ensure value for money.
  - 2.2. This policy is based on The Academies Financial Handbook and guidance from The Charity Commission. (Extracts are at Annex A)
  - 2.3. This policy also complies with THLT Funding Agreement and Articles of Association.
3. **Roles and Responsibilities.**
  - 3.1. **Trustees.**
    - 3.1.1. Trustees will ensure that investment risk is properly managed.
    - 3.1.2. When considering whether to make an investment, Trustees will:
      - Act within their powers to invest as set out in the Articles of Association.
      - Exercise caution in all investments, reducing risk and ensuring that the Trust acts with the utmost integrity.
      - Take advice from a professional adviser as appropriate.
      - 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.
    - 3.1.3. Trustees will seek prior approval from the Education & Skills Funding Agency for investment transactions that are novel or contentious.
      - **Novel Transactions.** Novel transactions are;
        - those of which the Trust has no experience or
        - outside the range of normal business activity for the trust.

- **Contentious Transactions.** Contentious transactions are those which might give rise to criticism of the trust by;
  - Parliament,
  - the public and / or
  - the media.

3.2. **Investment Committee.**

3.2.1. THLT delegates responsibility for the Trust's investments to the Investment Committee.

3.2.2. The committee is responsible for:

- Controlling and tracking financial exposure.
- Reviewing the trust's investments.
- Reporting to trustees on investments.

3.3. **The Trust Financial Director.** The Trust Financial Officer (TFD) is responsible for:

3.3.1. producing cash flow forecasts

3.3.2. implementing committee decisions on investments and

3.3.3. providing information on investments as appropriate.

4. **Investment principles**

4.1. **Levels.** The Trust will maintain three levels of financial investment.

4.1.1. Level 1. Bank Current Account. The Trust will keep sufficient funds in its current account to cover known commitments.

4.1.2. Level 2. Short-term Investments. The Trust will keep no more than £510,000 (6 x £85,000) in short-notice interest-bearing savings accounts as part of the Flagstone Scheme.

4.1.3. Level 3. Long-term Investments. The Trust will invest remaining funds, to a maximum of £500,000, in other socially conscious / socially aware secure investments eg QuilterCheviot.

4.2. Risk will be managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.

4.3. Funds will only be placed with institutions that;

4.3.1. are regulated by the Financial Conduct Authority and

4.3.2. have good credit ratings.

5. **Procedures**

5.1. Level 2.

5.1.1. Funds may be invested on the authority of the CEO.

5.1.2. The CEO has authority to authorise the movement of funds to and from the current account / to level 2 investment accounts without the need to seek

further permissions from the Designated Finance Trustee but does not have authority to exceed the level 2 limited mentioned above.

5.1.3. All movement must be reported as part of the monthly management accounts narrative.

5.2. Level 3.

5.2.1. Funds may only be invested on the express written authority of the Trust Board.

5.2.2. Investment decisions must be recorded in the minutes of the Trust Board meeting in which the investment decision was made.

5.2.3. The following information will be recorded about investments:

- Date.
- Amount and description of the investment.
- Length of investment.
- Expected Interest rates / expected return.

5.3. The Investment Committee will carry out due diligence and obtain meaningful comparisons before making recommendations to the Trust Board.

5.4. Cash flow and current account balances will be monitored regularly by the TFD to ensure;

5.4.1. immediate financial commitments can be met and

5.4.2. that the current account has adequate balances to meet forthcoming commitments

5.5. When there are funds surplus to immediate cash requirements in the current account (Level 1), these will be transferred to these to an account with a higher interest rate (Level 2).

5.6. Investments will normally be for a fixed term that does not exceed one year, unless there is a clear rationale for longer-term investment that would benefit the Trust.

5.7. Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure.

6. **Monitoring arrangements.** This policy will be reviewed and approved by the Trust Board every year.

31 May 23

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Jonathan Davis

Trust Finance Director

**Annex A to THLT Investment Policy dated 31 May 23**

**Extract from THLT Articles of Association.**

- j. “financial expert” means an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000;
- m. to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (but to invest only after obtaining such advice from a financial expert as the Trustees consider necessary and having regard to the suitability of investments and the need for diversification);
- n. to delegate the management of investments to a financial expert, but only on terms that:
  - i. the investment policy is set down in writing for the financial expert by the Trustees;
  - ii. every transaction is reported promptly to the Trustees;
  - iii. the performance of the investments is reviewed regularly with the Trustees;
  - iv. the Trustees are entitled to cancel the delegation arrangement at any time;
  - v. the investment policy and the delegation arrangement are reviewed at least once a year;
  - vi. all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Trustees on receipt; and
  - vii. the financial expert must not do anything outside the powers of the Trustees;
- o. to arrange for investments or other property of the Academy Trust to be held in the name of a nominee company acting under the control of the Trustees or of a financial expert acting under their instructions, and to pay any reasonable fee required;

**Extract from the Academies Financial Handbook 2022**

Investments

2.25 The board of trustees may invest to further the trust’s charitable aims, but must ensure investment risk is properly managed. When considering an investment the board must:

- act within its powers to invest as described in its articles
- have an investment policy to;
  - manage and track its financial exposure and
  - ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- ensure investment decisions are in the trust’s best interests
- review the trust’s investments and investment policy regularly.

2.26 The board should follow the Charity Commission’s guidance: CC14 Charities and

investment matters: A guide for trustees. ESFA's approval must be obtained for;

novel,

contentious and / or

repercussive investments.