



INVESTMENT POLICY

Policy Approved: December 2024
Policy Renewal: December 2026

Reviewed by the SLT MAT Board

“The Trustees of the Southport Learning Trust are committed to safeguarding and promoting the welfare of children and young people at every opportunity and expect all staff and volunteers to share this commitment”

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1. Purpose and scope

The purpose of the Investment Policy is to set out the processes by which trustees will meet their duties under the Trust's Articles of Association and Academies Trust Handbook issued by the ESFA to invest monies surplus to short-term operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

2. Definition of duties

Trustees

The Trust's Articles give Trustees the power "to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of the Objects". The Trustees are responsible for the appointment of the Resources Committee and the approval of the Investment Policy.

Resources Committee

The Resources Committee will be responsible for reviewing the trust's investments. And investment policy on an annual basis or as the result of a change in legislation affecting the Trust's investments.

Director of Finance

The Director of Finance is responsible for making investment decisions that comply with this Policy and providing information to the Resources Committee so it can review and monitor investment performance.

Finance Division

The Finance Division is responsible for producing reliable cash flow forecasts for review by the Director of Finance as a basis for decision-making.

3. Objectives

The investment objectives are:

- to achieve the best financial return available whilst ensuring that the security of deposits takes precedence over revenue maximisation.
- Only invest funds surplus to operational needs based on all financial commitments being met plus
- By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust.

4. Current Account

The Trust's current account/s are held with Lloyds Bank PLC as the Trust's primary banking partner. Cash held in the Lloyds Current Account will be outside the scope of this policy. However, the credit rating and stability will be monitored as part of the Trust's risk management.

5. Counterpart Risk

The Trust can only make cash deposits with institutions with a UK banking licence and regulated by the PRA (Prudential Regulation Authority) authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)).

6. Counterparty Restrictions

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

Investments will only be considered with banking institutions which have credit ratings assessed by Fitch / Moody / Standard & Poor to show high credit quality with an Investment Grade "good" or better credit rating or implied credit.

These ratings include:

- Baa3 / P-3 or better (Moody's) or
- BBB- / A-3 or better (S&P) or
- BBB- / F3 or better (Fitch) or
- An implied rating of BBB- or better

A ratings comparison table is include in Appendix A.

The Credit rating or Implied Credit Rating will be checked at the time of placing a deposit with a new bank and monitored at least on a monthly basis.

To manage the risk of default, deposits should be spread by a banking institution and be subject to a maximum exposure of £1,000,000 (plus interest accrued).

Whilst this exceeds the protection limit of £85,000 provided by the FCA (financial Conduct Authority) 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.

7. Investment Products

Investment of surplus cash should be made in a mixture of accounts as set out below:

- Instant Access
- Access to cash is instant on demand (subject to processing time)
- Fixed Term Accounts (for a maximum of 1 year)
- Cash invested for a set period of time determined at initial investment
- Notice Accounts (for a maximum of 120 days)
- No fixed period of time, however requires notice to access cash which is determined at initial investment
- Investment maturity dates should not exceed 12 months in term.
- The Trust will not place cash assets in stocks, shares, bonds or other such investment schemes.

8. Liquidity and Investment Decisions

Decisions on how much to invest and how long to invest will be based on operational requirements, demonstrated by cash flow forecasts prepared by the Finance Division and reviewed by the Director of Finance. The cash flow forecasts will take into account the approved annual budget (revenue and capital) and future spending plans approved by the Trust. This will be updated on a monthly basis.

The Finance Director is responsible for making investment decisions that comply with this Policy.

As markets and financial institutions' liquidity can change quickly, the Director of Finance may, at their sole discretion, authorise or prohibit investments with any particular financial institution which meets the required rating criteria or reduce an exposure to risk to liquidity which is felt appropriate. The Resources Committee will be informed immediately.

Investments should also allow enough flexibility to deal with reasonable, one-off events should this occur, through the use of instant access accounts.

9. Monitoring and Reporting

The Finance Director will report investments held and the performance of investments against objectives to the Resources Committee for review each time it meets or when requested to do so. The reporting should include:

- Funds invested
- Maturity dates

- Interest rates
- Latest cash flows showing 12-month liquidity requirements
- Recommendations for the next 3 months.

Appendix A

Credit Ratings Comparison

Rating	Moody's		S&P		Fitch	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
Investment grade: Highest (Triple A)	Aaa	P-1 (Prime-1)	AAA	A-1+	AAA	F1+
Investment grade: Very high	Aa1 Aa2 Aa3		AA+ AA AA-		AA+ AA AA-	
Investment grade: High	A1 A2 A3		A+ A A-		A+ A A-	F1/F1+ F1 F2/F1
Investment grade: Good	Baa1 Baa2 Baa3	P-2 (Prime-2) P-2/P-1 P-3/P-2 P-3 (Prime-3)	BBB+ BBB BBB-	A-2 A-3	BBB+ BBB BBB-	F2 F3/F2 F3
Speculative grade: Speculative	Ba1 Ba2 Ba3	Not Prime	BB+ BB BB-	B	BB+ BB BB-	B
Speculative grade: Highly speculative	B1 B2 B3		B+ B B-		B+ B B-	
Speculative grade: Very high risk	Caa1 Caa2 Caa3		CCC+ CCC CCC-	C	CCC	C
Speculative grade: Very near to default	Ca		CC C C		CC C C	
In default	C		SD/D		RD/D	

Appendix B

Summary of Investment Restrictions

Criteria	Restriction
Eligible Banking Institutions	UK Banking Licensed (regulated by PRA & FCA)
Credit Rating	Investment Grade Good or better
Maximum Deposit per institution	£1,000,000
Investment Products	Instant Access, Fixed Term, Notice Accounts
Maximum Investment term	12 months