LIGHTHOUSE
SCHOOLS PARTNERSHIP

INVESTMENT POLICY

Non-Statutory

Policy Approved by the Trust Board	
Signed: Name: Adele Haysom Chair of Board of Trustees	Date: 11 March 2025
Authorised for Issue	
Signed: Name: Gary Lewis Chief Executive Officer (CEO)	Date: 11 March 2025

Document History

Version	Author/Owner	Drafted	Comments
1.0	Louise Malik	June 2023	Separated from Principal Accounting Policies
2.0	Louise Malik	March 2025	Updated policy

Review cycle	Biennial
Review date	August 2027

This policy applies to all schools and employees within the Lighthouse Schools Partnership.

Investment Policy

1. Aims

1.1. The aim of the investment policy is to:

1.1.1. Enable funds to be placed on deposit to generate additional interest income for the Trust in order to support its ongoing charitable objectives,
1.1.2. Minimise the risk of the Trust not having the liquidity required to carry out its day-to-day activities by ensuring that investment risk is properly managed,
1.1.3. Exercise caution in all investments, ensuring that the trust acts with the utmost integrity and in a way that commands broad public support.

2. Purpose and scope

2.1. This policy sets out the processes by which the Trust can invest funds surplus to day-to-day operational requirements and to ensure that investment risk is properly and prudently managed.

2.2. In establishing this policy the Trustees have:

2.2.1. Committed to ensuring that the Trust's funds are used only in accordance with the law, its articles of association, its funding agreement, the Academy Trust Handbook and in line with their duties and responsibilities as charitable trustees and company directors
2.2.2. Set investment objectives
2.2.3. Set the parameters that deposit counterparties need to meet
2.2.4. Set the minimum level of funds required to be held within current, instant access or 32 day notice accounts
2.2.5. Approve the type of products that the Trust can invest in and to seek external guidance if required
2.2.6. Defined processes to manage and make investment decisions
2.2.7. Defined arrangements to monitor and review investments on a regular basis

3. Responsibilities

3.1. The Board of Trustees is responsible for the Trust's investments. The Finance Committee is responsible for:

3.1.1. Monitoring that investments are managed in accordance with this policy and challenging as appropriate
3.1.2. Monitoring and challenging financial exposure
3.1.3. Reviewing the Trust's investments
3.1.4. Reporting to trustees on investments
3.1.5. Taking investment advice from a professional adviser, as necessary
3.1.6. Escalating issues of concern to the Board of Trustees

3.2. Following approval from Trustees, the CFOO will seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel, contentious or repercussive.

3.3. The Chief Financial and Operating Officer (CFOO) is responsible for producing cash flow forecasts and for making decisions on investments up to £2m, investments over this value will also require approval from the CEO. The CFOO will report on investments to the Finance Committee at least three times each year.

3.4. All investment transactions will be made by the Trust's Finance Manager and authorised by the CFOO (or the CEO if the CFOO is not available). Any transactions over £2m will require the additional approval of the CEO.

3.5. The CFOO will review interest rates and compare them with other investment opportunities annually.

4. Counterparty risk

4.1. Following the Banking Crisis in 2008, The Bank of England have (through the FSA and latterly, the FCA) implemented changes to stress testing and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system.

4.2. The Trust can only make deposits with Banks or Building Societies with a UK banking licence and regulated by the FCA.

5. Counterparty limits

5.1. The Trust will not deposit any capital amount greater than £85,000 (plus interest accrued) with any single institution unless they have a "good" or better credit rating or implied credit rating (also known as Investment grade). These ratings include of:

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

5.2. The Trust will only deposit a maximum of £2,000,000 (plus interest accrued) with any single institution meeting the criteria above, but this restriction does not apply to the bank that the Trust uses for "everyday" banking.

6. Assessing liquidity needs

6.1. The Trust should ensure that a sufficient balance must be held across accounts with instant, 32 day access and other maturing funds so that the Trust's financial commitments can be met without the risk of the current account going overdrawn.

This level has been assessed as £2.0m but may be changed in line with business needs by the Trust's Finance Committee.

6.2. This level has been assessed as allowing enough flexibility to deal with reasonable, one off events should they occur and is reflective of the regular and reliable income deposits from the ESFA.

6.3. The Trust's cash flow forecasts will dictate how much is available for investment and for how long. The cashflow forecasts will be reviewed monthly by the Finance Committee as part of the management accounts cycle.

6.4. Fixed term investments will be staggered to provide funds that are maturing regularly.

7. Investment Products

7.1. The Trust can invest surplus funds in a mixture of interest-bearing accounts and money market facilities (where the capital is not placed at risk), subject to the limits detailed in section 5, including:

7.1.1. Overnight (instant access)
7.1.2. Notice accounts (typically from 30-days to 100+ days)
7.1.3. Fixed term deposits (typically from 1-month to 12-months). Fixed term deposits of more than 9 months require authorisation from the Trustees Finance Committee

8. Investment Decisions

8.1. The CFOO is responsible for producing reliable cash flow forecasts as a basis for decision making.

8.2. All investment transactions will be actioned by the Trust's Finance Manager and authorised by the CFOO. The CFOO is responsible for making decisions to re-invest funds that are maturing up to a value of £2m per transaction, in line with this Policy. Additional investments of over £1m, or re-investing maturing funds over £2m will also require approval from the CEO.

8.3. Funds, and any interest earned on those funds, will be automatically reinvested unless money is required for immediate or anticipated expenditure in line with the Trust's cashflow forecast. A staggered investment process will be engaged to ensure that funds mature at regular intervals.

8.4. The opening or closing of bank accounts should be authorised in line with the Trust's current Financial Policy.

9. Monitoring & Reporting

9.1. The CFOO will report investments held and the performance of investments against objectives to the Finance Committee for review as part of the planned review of strategic financial wellbeing, 3 times per annum, or when requested to do so. The reporting should include:

- 9.1.1. Funds invested
- 9.1.2. Counterparties
- 9.1.3. Maturity dates
- 9.1.4. Interest rates
- 9.1.5. Current market rates
- 9.1.6. Blended returns achieved against expected performance
- 9.1.7. Latest cash flows
- 9.1.8. Recommendations for the next 3 months.