



**Policy**

**Treasury Management**

Author

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Approved by

F&R Committee

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**Introduction**

Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services as:

- the management of the Academy's cash flows, banking and investment transactions
- the management of the risks associated with these activities
- the pursuit of optimal returns consistent with those risks

The objectives of this policy are to ensure that the Academy:

- maintains sufficient cash balances in its current account(s) to meet its day to day commitments
- invests surplus cash to earn an acceptable rate of return without undue risk
- considers spreading risk between differing types of investment and institutions to reduce credit risk

**Responsibility**

The Chief Executive and Trust Board have overall responsibility for the security and management of funds.

The day to day management of the treasury function is controlled by the Director of Finance. The Director of Finance will be responsible for making investment decisions, in line with the agreed Limits and Authority.

This policy applies to all funds held by the Trust, including bank accounts held in the name of an individual academy.

## **Cash Flow Forecasts**

The Director of Finance will prepare and present regular 12 month rolling cash flow forecasts to the Finance & Resources Committee:

- to identify expected cash balances
- to identify investment opportunities
- to provide early warning of low cash balances

Management action will be taken (e.g. to reduce, defer, halt spending) as appropriate.

## **Borrowing**

The Trust is not permitted to borrow without the prior permission of the Education Funding Agency

## **Investments**

The Trust and its Academies operate interest bearing current accounts with a bank approved by the Trust Board. This is currently Lloyds Bank.

The Director of Finance will ensure that collectively and individually there are sufficient liquid funds in each account to cover all immediate and forthcoming commitments. This includes maintaining a sufficient contingency to cover unexpected payments.

Monies surplus to working requirements shall be invested in Approved Institutions. The Trust will not normally take out investments for periods longer than six months. Any longer term investments would need to be approved by the Finance & Resources Committee.

## **Limits, Authority and Approved Institutions**

The Trust Board delegates authority to the Finance & Resources Committee to:

- approve the opening of new bank current accounts, including a change of Trust bankers
- amend the list of approved institutions with whom the Trust will invest – currently Lloyds Bank only
- approve any investments with a maturity date exceeding six months

The Finance & Resources Committee delegates authority to the Director of Finance to place term deposits in the name of the Trust, at approved institutions, subject to the agreed limits within this policy:

- the maximum amount that can be invested at any time is £1.5m
- the Trust will always retain a cash balance of at least £1m which is instantly available

Authorised bank signatories of the Trust and its Academies are set out in the Trust's Finance Regulations.

### **Register of Deposits**

The Director of Finance will maintain a register of all deposits / investments held, which will record:

1. Institution with which deposit placed
2. Date deposit placed
3. Amount deposited
4. Date of maturity
5. Amount returned
6. Interest earned
7. Rate of interest

### **Monitoring, evaluation and review**

The Director of Finance will present a summary of investment activity, including the Register of Deposits, to the Finance & Resources Committee twice a year.

At least annually, the Director of Finance will review interest rates and compare these with investment opportunities at other institutions.

This policy will be reviewed every three years or at the request of the Finance & Resources Committee or Director of Finance.