

Appendix B to the Financial Regulations Manual Investment  
and Treasury Management Policy



## Appendix B Investment and Treasury Management Policy

### Document Summary

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<b>Statutory or Optional policy:</b>	Statutory

### Amendment History

Version	Amendment Date	Author	Amendment Summary
1	October 2023	Kim Bowgin	New policy - approved by Board of Directors

## Appendix B to the Financial Regulations Manual Investment and Treasury Management Policy

### **1) Purpose of the Policy:**

Treasury management is defined by the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services as the management of the organisation's cash flows, banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The objectives of treasury management are:

- to provide a means by which the Trust can meet its commitments to ensure that sufficient sums are available at short or no notice to meet foreseeable requirements;
- to earn an acceptable rate of return on surplus funds without undue risk;
- to spread risk between differing types of investment and institutions;
- to comply with the Articles of Association, funding agreements and Academy Trust Handbook etc.
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### **2) Consultation process:**

This policy was developed in consultation with the FAR Committee.

### **3) Relationship to other policies:**

Articles of Association  
Master and Supplemental Funding Agreements  
Scheme of Delegation  
Financial Regulations Manual

### **4) Roles and Responsibilities:**

The CEO and Board of Directors have overall responsibility for the security and management of funds. The day-to-day management of the treasury function is controlled by the CFO.

The CFO will liaise with the CEO and the FAR Committee in relation to strategy, status and market conditions.

The Chair of the FAR Committee will liaise with the Board of Directors for approval of any changes to strategy and to provide an update on investments.

#### **BORROWING OF FUNDS**

The Trust is not permitted to borrow any funds without prior permission of the Secretary of State with the exception of an approved Salix Loan used primarily for energy efficiency schemes. Any overdraft/borrowing will only be undertaken after approval of both the Board of Directors and Secretary of State.

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### **INVESTMENT OF FUNDS**

A return on working capital should be optimised whilst allowing effective access of the funds. In balancing risk against return the Trust policy is clearly geared towards avoiding risk than to maximising return.

The Trust has a guiding principle for ethical investments.

The Trust will operate an interest-bearing current account with a bank or building society approved by the Board of Directors and maintain a balance in that account that is sufficient to cover immediate and working requirements financial commitments and sufficient contingency for unexpected payments.

Any money surplus to the working requirements shall be invested in an account in the name of the Trust with the approved institutions authorised by the FAR Committee. This may be a higher interest-bearing account operated by the same bank that the Trust operates its current account with, or an alternative approved institution.

The Trust will not take out any long-term investments until a reliable cash flow pattern has been established and agreed by the FAR Committee.

### **APPROVED INSTITUTIONS FOR INVESTMENT**

Security of investment is paramount. Deposits will be made only with institutions approved by the FAR Committee in the context of advice from a financial expert. Financial expert means an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000. Rating of companies selected for investments will be checked on a regular basis using rating agencies such as Moody's, Fitch and/or Standard and Poor's.

The CFO will take external treasury management professional advice as needed to ensure timely amendments are brought to the FAR Committee should the assessed strength of these institutions be downgraded.

### **LIMITS AND AUTHORITY**

The FAR Committee has delegated authority to:

- Give approval to the opening of new bank or building society accounts
- Amend the list of approved institutions
- Give approval to any bank or building society deposits
- Give approval to any investment product other than with a bank or building society

The FAR Committee delegates authority to the CFO to place deposits in the name of the Trust, at approved institutions, subject to the agreed limits.

### **REGISTER OF DEPOSITS / INVESTMENTS**

The CFO will maintain a register of all deposits/investments held which will record:

- Institution with which the deposit was made
- Date deposit was placed
- Authorisation for the transaction
- Amount deposited
- Date of maturity

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- Amount returned
- Interest earned
- Rate of interest obtained

### **RECORDING AND MONITORING**

Bank balances and all deposits/investments will be reconciled and balanced to the Trust's accounting records every month.

Cost of funds and requirement for funds will be monitored on an ongoing basis via the management accounts.

### **Monitoring & Review:**

The Trust will review this policy on an annual basis and assess its implementation and effectiveness.

The Board and/or Committee members will oversee the internal audit arrangements; providing the appropriate level of support and challenge to ensure that the agreed practice and procedure has been implemented through:

- Scrutiny of all reporting information requested and received
- Identification of any associated risks, trends, underlying or contributory factors
- Assessing any opportunities for change to enhance existing practice and achievement of the Trust's vision
- Making decisions in respect of any proactive and/or mitigating action to be taken
- Evaluating the impact and effectiveness of policy and practice in line with the agreed policy review schedule or as necessary.