

Treasury Management Policy

RIDGEWAY EDUCATION TRUST

Approved by the Trust Board: 08 December 2020

Review by: December 2021

Treasury Management Policy

1 INTRODUCTION

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 Trust'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 primary considerations for the Treasury Management policy of the Ridgeway Education Trust are the security of Trust funds and their liquidity, i.e. ensuring that sufficient funds are available to meet its forecasted cash flow needs. Once those matters have been taken into account the yields (rate of return) available will be considered.

2 RESPONSIBILITY

The Executive Headteacher, as Accounting Officer, and Trust Board have overall responsibility for the overall security and management of funds. The day to day management of the treasury function is controlled by the Director of Finance & Services and the Trust Financial Services Lead.

The Director of Finance & Services will liaise with the Executive Headteacher and Trust Board in relation to strategy and market conditions.

3 BORROWING OF FUNDS

The Trust is not permitted to borrow without prior permission of the Secretary of State. The Secretary of State's general position is that Trusts will only be granted permission for borrowing in exceptional circumstances.

4 INVESTMENT OF FUNDS

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

The Trust will operate an interest-bearing current account with a bank approved by the Board and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments.

Monies surplus to the working requirements shall be invested in the name of the Ridgeway Education Trust with the approved institutions authorised by the Trust Board. 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 strong cash flow pattern has been established beyond one year and the challenging budget projections have been addressed. Monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding one year unless prior approval from the Trust Finance & General Purposes Committee has been obtained for investments of a longer period.

5 CREDIT RISK

The limits of funds invested with approved institutions will be approved at least annually by the Trust Finance & General Purposes Committee and more frequently subject to market conditions. The current approved limit per institution is set out in Appendix A

6 CASH FLOW FORECASTS

The Director of Finance and Services will, through the Trust Financial Services Lead, ensure an annual monthly cash flow statement is produced in order to highlight expected cash balances throughout the year that may be invested and give early warning of any cash flow difficulties and the need to seek approval to borrow.

7 APPROVED INSTITUTIONS FOR INVESTMENT

Security of investment is paramount. Appendix A attached provides a list of approved banks which are recognised as high-quality investment counterparties at the date of approval of this policy. The Director of Finance and Services or Financial Services Lead will take external treasury management professional advice if needed to ensure timely amendments are brought to the Trust Board should the assessed strength of these institutions be downgraded or should it be felt appropriate to incorporate new institutions.

8 LIMITS AND AUTHORITY

The Trust Board reserves the powers to:

- Give prior approval to the opening of new bank current accounts. This is delegated to its Finance & General Purposes Committee;
- Amend the list of approved institutions;
- Give prior approval to any bank deposit with a maturity date greater than one year. This is delegated to its Finance & General Purposes Committee;
- Give prior approval to any investment product other than a bank deposit.

The Trust Board delegates authority to the Director of Finance and Services and the Financial Services Lead to place deposits in the Trust's name, at approved institutions, subject to the agreed limit in Appendix A. No deposits will be placed by either the Director of Finance and Services or Financial Services Lead without prior authorisation by the Executive Headteacher or other bank signatory subject to their relevant limits. Deposits will be confirmed in writing after the event by the bank.

Authorised cheque / bank transfer signatories of the Trust are set out in its Scheme of Delegation.

9 REGISTER OF DEPOSITS/INVESTMENTS

The Director of Finance, through the Financial Services Lead, will maintain a register of all deposits/investments held which will record:

- Institution with which the deposit was made;
- Date deposit was placed;
- Amount deposited;
- Date of maturity;
- Amount returned;

- Interest earned;
- Rate of interest obtained;
- Authorisation for the transaction.

10 RECORDING AND MONITORING

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

Monitoring, evaluation and review:

The Trust Board will review this policy every year or earlier if market conditions warrant such a review.

APPENDIX A

LIST OF APPROVED INSTITUTIONS FOR INVESTMENT

The following banks are authorised for the short-term investment of Trust funds:

- Lloyds TSB Bank
- HSBC Bank Plc
- Barclays Bank
- NatWest Group
- Nationwide Building Society