

## **Investment and Treasury Management Policy**

### **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 School Partnership Trust Academies (SPTA) 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 SPTA 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 SPTA Articles of Association – relevant section is listed in Appendix A of this policy

### **Responsibility**

The 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 Director of Finance.

The Director of Finance will liaise with Chief Executive in relation to strategy, status and market conditions.

The Chief Executive will liaise with the Governing Body for approval of any changes to strategy and to provide an update on investments.

### **Borrowing Funds**

The Academy is not permitted to borrow without prior permission of the Secretary of State.

Any overdraft/borrowing will only be undertaken after approval of both the Board of Directors and Secretary of State.

### **Investment of Funds**

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

SPTA 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 forthcoming financial commitments and sufficient contingency for unexpected payments.

Monies surplus to the working requirements shall be invested in an account in the name of SPTA with the approved institutions authorised by the Board of Directors. This may be a higher interest bearing account operated by the same bank that SPTA operates its current account with, or an alternative approved institution.

SPTA will not take out any long term investments until a reliable cash flow pattern has been established and agreed by the Board of Directors.

### **Credit Risk**

Credit risk will be minimised by ensuring that funds available for investment are spread across a range of institutions as appropriate, usually a minimum of three. The limits of funds invested with approved institutions will be approved at least annually by the Board of Directors and more frequently subject to market conditions. Generally, investments with any single institution will not exceed 50% of the total funds available for investment or £500k whichever is the lower.

### **Approved Institutions for Investment**

Security of investment is paramount. Deposits will be made only with institutions approved by the Board of Directors.

The Director of Finance will take external treasury management professional advice as needed to ensure timely amendments are brought to the Board of Directors.

### **Limits and Authority**

The Board of Directors is the sole authority to:

- 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 Chief Executive and Finance Director have authority to open new accounts with the current provider for new academies as they open.

The Board of Directors delegate's authority to the Director of Finance to place deposits in the SPTA's name, at approved institutions, subject to the agreed limits.

Authorised cheque/bank transfer signatories of SPTA and its academies are set out in the SPTA Scheme of Delegation (Finance) and in SPTA's Financial Regulations. Any changes in the authorised signatories must be approved by the Board of Directors. At academy level changes can be authorised by the Local Governing body in conjunction with Core Finance – this will ensure appropriate segregation of duties at academy level at all times.

## **Register of Deposits/Investments**

The Director of Finance 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
- Amount returned
- Interest earned
- Rate of interest obtained

## **Recording and monitoring**

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

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

Monitoring, evaluation and review:

- SPTA will review this policy annually and assess its implementation and effectiveness.
- The Director of Finance will report on the effectiveness of the policy to the Chief Executive and Board of Directors

## **APPENDIX A - Extract from the Articles of Association re investments**

- a. “financial expert” means an individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000;
- 5 In furtherance of the Objects but not further or otherwise the Company may exercise the following powers:-
  - (m) to deposit or invest any funds of the Company not immediately required for the furtherance of its object (but to invest only after obtaining such advice from a financial expert as the Directors consider necessary and having regard to the suitability of investments and the need for diversification);
  - (n) to delegate the management of investments to a financial expert, but only on terms that:
    - (i) the investment policy is set down in writing for the financial expert by the Directors;
    - (ii) every transaction is reported promptly to the Directors;  
the performance of the investments is reviewed regularly with the Directors;
    - (iii) the Directors are entitled to cancel the delegation arrangement at any time;
    - (iv) the investment policy and the delegation arrangement are reviewed at least once a year;
    - (v) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Directors on receipt; and
    - (vi) the financial expert must not do anything outside the powers of the Directors;
  - (o) to arrange for investments or other property of the Company to be held in the name of a nominee company acting under the control of the Directors or of a financial expert acting under their instructions, and to pay any reasonable fee required;