Treasury Management/Investment Policy

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Extol Lead	CFO

1. Introduction

CIPFA (Chartered Institute of Public Finance & Accountancy) defines Treasury Management as '*the management of the organisations cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.*

2. Aims

This policy aims to ensure that:

- The Academy Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academy Trust Handbook
- The Trust's funds are used in a way that commands broad public support
- Value for money (economy, efficiency and effectiveness) is achieved
- Trustees fulfil their duties and responsibilities as charitable Trustees and company Directors
- The Trust maintains sufficient cash balances in its current account to meet its day to day commitments
- The Trust invests surplus cash to earn an acceptable rate of return without undue risk

3. Legislation & Guidance

The Academy Trust Handbook dictates the Trust may invest to further the Trust's charitable aims, but must ensure that investment risk is properly managed. When considering making an investment the board of Trustees must:

- Act within their powers to invest as set out in their articles of association
- Have an investment policy to manage, control and track their financial exposure, and ensure value for money
- Exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure that all investment decisions are in the best interests of the Trust and command broad public support
- Review the Trust's investments and investment policy regularly

4. Cash Flow Forecasts

The Chief Finance Officer in accordance with the Academies Trust Handbook will prepare cash flow forecast on a monthly basis. Such forecasts will provide sufficient information to demonstrate the management of cash, debtors and creditors. The cash flow forecast will be shared on the Extol Trust Sharepoint area which is accessible to all Trustees. The most up to date forecast will also be shared with the Resource Committee on a termly basis. Such forecasts will help:

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

5. Roles and responsibilities

5.1 Chief Finance Officer

The Chief Finance Officer is responsible for producing cash flow forecasts on a monthly basis and providing these to Trustees. This is done via Extol Trust Sharepoint area which is limited to access for Trustees only. The CFO will also make proposals upon investment and present such for approval to the Resource Committee.

5.2 Resource Committee

As per the Trust Scheme of Delegation the Academy Trustees delegate responsibility for the Trust's investments to the Resource Committee.

The Resource committee is responsible for:

- Controlling and tracking financial exposure
- Approving and reviewing the Trust's investments
- Reporting to trustees on investments

6. Counter Parties

The current counterparties available for investment for Extol Academy Trust are below, any addition to this list would need to be approved by the Resources Committee:

Counter Party	Instrument	Minimum Investment	Rate Type	Length	Comments
Lloyds Bank	32 Day Notice Account	£10,000	Variable	Notice Account	Linked to Bank of England Base Rate Interest is paid daily 32 calendar days written notice to withdraw
Lloyds Bank	95 Day Notice Account	£10,000	Variable	Notice Account	Linked to Bank of England Base Rate Interest is paid daily 95 calendar days written notice to withdraw
Lloyds Bank	Fixed Rate Term Deposit Account	£10,000	Fixed	1/3/6/9/12/18/24/36 months	Interest paid at maturity Unbreakable term
Lloyds Bank	Instant Access	£1	Variable	Daily	Interest calculated daily and paid monthly

7. Approval for Investment of Funds

Prior to the deposit of any funds to an approved Counterparty, discussion should be held and minuted at the Resource Committee. Such a decision should be made using appropriate evidence including the cash flow forecasts and financial forward planning estimates of the Trust.

Before any funds are invested, the Chair of the Resource Committee & CEO will sign to indicate they agree to the investment. An investment authorisation form can be found in appendix 1.

Where the instant access account is selected for investment – the Trust Resource Committee may approve a limit range over a set period for the investment to be managed by the CFO/CEO, ensuring that £500,000 always remains within the Trust main bank account.

8. Register of Deposits

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

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Interest earned
- Rate of interest

9. Borrowing

In line with funding agreements, Extol Academy Trust must seek ESFA's prior approval for borrowing (including finance leases and overdraft facilities) from any source, where such borrowing is to be repaid from grant monies or secured on assets funded by grant monies, and regardless of the interest rate chargeable. Credit cards must only be used for business expenditure, and balances cleared before interest accrues.

The Secretary of State's general position is that an Academy Trust will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives. For example, the Department's Condition Improvement Fund for capital projects, and the Salix scheme designed to support energy saving, are available to trusts.

10. Monitoring, evaluation and review

The Chief Finance Officer will present a summary of investment activity, to the Resources Committee on a termly basis.

Appendix 1: investment authorisation form

Date of proposed investment:		Duration of investment:	
Amount:			
Interest rate:		Expected return:	
Description of investment:			
Details of where the investment is held:			
CFO print:		CEO name print:	
Signature:		Signature:	
Date:		Date:	