Diocese of Norwich Education and Academies Trust

Treasury Management Policy

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Approved By:	**Trust Board**
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Person Responsible:	**Chief Operating Officer**

Our Christian Ethos and Values

All policies within the Diocese of Norwich Education and Academies Trust (hereafter referred to as "the Trust"), whether relating to an individual academy or the whole Trust, will be written and implemented in line with our Christian ethos and values.

We have high ambition for all, and we truly value the wider educational experience.

We walk and talk our Christian values. We put people at the centre of the organisation and want to see them flourish and grow. Our schools are inclusive, welcoming those of all faiths and none.

Overall accountabilities and roles

The Trust has overall accountability for all its academies and staff. Through a Scheme of Delegation it sets out the responsibilities of the Trust, its Executive Officers, the Local Governance Committee and the Principal / Headteacher. The Principal / Headteacher of each academy is responsible for the implementation of all policies of the Trust.

All employees of the Trust are subject to the Trust's policies.

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1 Background and aims

1.1 The purpose of the Treasury Policy is to set out the processes by which the Diocese of Norwich Education and Academies Trust ("the Trust") will meet their duties, as set out under the Trust's Articles of Association and Academy Trust Handbook, to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

1.2 The Trust must comply with the requirements of their Articles of Association, guidance published by the DfE and with attention to the Academy Trust Handbook. This policy expands on that and provides detailed information on the Trust's approach to treasury management.

1.3 This policy aims to ensure a consistent investment policy across the Trust, achieve the best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation, and to ensure any investment aligns with the vision and values of the Trust.

2 Responsibilities

2.1 The Trust Board is responsible for:

2.1.1 Agreeing the content of the policy;
2.1.2 Approving any individual investments over two years in duration and/or exceeding £2m
2.1.3 Approving the use of any Deposit Platform to maximise returns and spread risk.

2.2 The Board of Trustees delegate responsibility to:

2.2.1 the Investment Group (comprising: Chief Executive Officer, Chief Operating Officer and Head of Finance are responsible for Approving individual investment decisions up to one year in duration and not exceeding £1m

2.2.2 the Finance and Operations Committees for approving any investments over one year and up to two years in duration and investments placed at values from £1m but not exceeding £2m; and

2.2.3 the Finance and Operations Committees for appointing suitably qualified Financial Advisors for anything other than term deposits outlined in this policy.

2.3 The Chief Operating Officer (as Chief Finance Officer) is responsible for

2.3.1 the implementation of this policy;
2.3.2 Placing approved investments into the agreed investment accounts

2.3.3 Maintaining appropriate records of investments to satisfy all reporting and auditing requirements
2.3.4 Producing regular forecasts of cash requirements; and
2.3.5 Providing regular updates to the Finance and Operations Committees on investments.

3 Scope of the Policy

3.1 This policy has been formulated in accordance with the Trust's Articles of Association and the Academy Trust Handbook, published by the DfE.

3.2 The Trust's Articles of Association state that:

> *"In furtherance of the Objects, but not further or otherwise, the Academy Trust may exercise the following powers:*
> *m) to deposit or invest any funds of the Academy Trust not immediately required for the furtherance of its Objects (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 Trustees;*
> *iii. the performance of the investments is reviewed regularly with the Directors;*
> *iv. the Directors are entitled to cancel the delegation arrangement at any time;*
> *v. the investment policy and the delegation arrangement are reviewed at least once a year;*
> *vi. 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*
> *vii. the financial expert must not do anything outside the powers of the Directors;*
>
> *o) to arrange for investments or other property of the Academy Trust 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."*

3.3 The Academies Trust Handbook states that the Trustees must take a cautious approach to investments in line with the principles set out below:

"2.23. The board of trustees may invest to further the trust's charitable aims, but **must** ensure investment and savings risks are properly managed. When considering an investment or saving account the board **must**:

- have an investment policy to manage and track its financial exposure, and ensure value for money
- exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser
- ensure exposure to investment products is tightly controlled so security of funds takes precedence over revenue maximisation
- ensure investment decisions are in the trust's best interests
- review the trust's investments and investment policy regularly
- explore the feasibility of placing funds in high interest savings accounts"

4 Investment Strategy

4.1 Decisions on the amount and the duration of the investment will be based on operational requirements; demonstrated by cash flow forecasts produced by the Trust.

4.2 Sufficient balance must be maintained within the Trust's instant access accounts to ensure the Trust's financial commitments can be met without going overdrawn. Accounts and investments available with no more than 3 days' notice will be classed as instant access. The size of the balance required in the instant access accounts will be reviewed regularly and include:

4.2.1 **Recurrent cash requirement** represents the day-to-day expenditure requirements of the Trust during its normal activities

4.2.2 **Non-recurrent cash requirement** represents material one off cash requirements that will be required during the investment period. For example, the value of planned significant building works.

4.3 The Trust will maintain a minimum liquidity horizon of 30 days recurrent cash, defined as all operating costs across the Trust in the unlikely event that DfE failed to make GAG payments on time. Cash-flow forecasting is undertaken monthly as part of the Trust's management accounts process and must identify recurrent and non-recurrent cash requirements, including any planned significant one-off expenditure.

Cash-flow forecasts must ensure that sufficient instant-access liquidity is maintained at all times. All investment decisions must be supported by the latest cash-flow forecast and must demonstrate that the Trust will retain the required liquidity throughout the duration of the investment.

4.4 Where there are applicable surplus monies to the working requirements outlined above these will be invested in term deposits with a range of financial institutions in line with the following principles:

4.4.1 investments have risk mitigated by use where possible of an approved Deposit Platform. Within any Deposit platform there is a cap of £2m on total investment with any one Banking group. The Trusts bankers should not form part of a banking group accessed through a Deposit platform;
4.4.2 the financial institution must hold a minimum credit rating;
4.4.3 Accessible funds (32 day notice accounts) may be used to hold cash not required for working capital but where a longer term investment option is not secure. This is not limited to the £2m threshold on the deposit Platform.
4.4.4 new accounts must be approved by the Board.

4.5 Investments for a fixed term should not normally exceed two years to provide flexibility, unless otherwise agreed by the Board of Trustees.

4.6 The Trust will only invest with UK-regulated banking institutions holding a minimum Moody's long-term deposit rating of A2 (or equivalent). Credit ratings will be reviewed regularly, and any downgrade below the minimum threshold will trigger an immediate review of the Trust's exposure to that institution.

4.7 The Trust can invest in the following types of assets:

4.7.1 Cash management accounts
4.7.2 Term deposit accounts or instant access deposit accounts
4.7.3 Treasury deposit accounts
4.7.4 Money market and cash funds

4.8 The investment of Trust funds in the following assets is not allowed, due to the higher risk associated with these assets:

4.8.1 Accepted or endorsed bills of exchange
4.8.2 Negotiable, convertible, or transferable certificates of deposit
4.8.3 Shares or equity-based products
4.8.4 Cryptocurrencies
4.8.5 Any other financial products or asset types not included in 4.7.

4.9 Any income generated will be retained in the unrestricted general fund.

4.10 Proposals for investments will be prepared by the Head of Finance or Chief Operating Officer in conjunction with the Chief Executive Officer for consideration by the party with relevant delegation to ensure they are able to make an informed investment decision. Where appropriate advice will be sought from the Trust's Financial Advisers, as appointed by the Finance and Operations Committees.

4.11 Through Monthly Management Accounts the Finance and Operations Committees will be updated on:

4.11.1 Cash flow forecasts to ensure that the Trust has sufficient funds to cover operational commitments;
4.11.2 Tracking investment levels; and
4.11.3 The overall investment position, including balances, maturities and interest earned.

5 Ethical Investment

5.1 Investment recommendations will be assessed according to their financial return and the environmental, social and governance behaviour of companies/funds. This is to ensure that any investments align with the Trust's vision and values.

6 Monitoring and Review

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