

Inspire Partnership Multi Academy Trust

Treasury Management, Investment and Reserves Policy



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1. Introduction

1.1 Treasury Management is defined as: -

- the management of the Trust's cash flows banking and investment transactions
- the management of the risks associated with these activities
- the pursuit of optimal returns consistent with those risks

1.2 The objectives of this policy are to ensure that the Trust: -

- maintains sufficient cash balances in its current account to meet its day to day commitments
- invests surplus cash to earn an acceptable rate of return using a suitable recommended platform
- surplus cash will only be deposited with an institution that has a minimum of a A3 or above credit rating using Moody's rating. The Financial Services Compensation Scheme is only good for deposits up to £85k so the alternative is several accounts with this as the maximum deposit.
- complies with the Academy Trust Handbook and ensures that security of funds takes precedence over revenue maximisation
- considers spreading risk between differing institutions to reduce risk
- maintain sufficient reserves to mitigate against future risks, whilst not holding unnecessarily high levels of reserves

1.3 There are several constraints placed upon academies in terms of fund management. One of these constraints is the inability to borrow funds. This constraint represents a key risk to the Trust in relation to financial planning and monitoring. One of the ways in which the Trust mitigates this risk is through the effective management of reserves, which provide alternative temporary funding streams should there be a delay in grant receipts or a sudden unforeseen increase in expenditure.

2. Responsibility

2.1 The Accounting Officer (CEO) and Board of Trustees have overall responsibility for the security and management of funds. The day to day management of the treasury function is controlled by the Chief Financial Officer (CFO), who will liaise with the Accounting Officer and Board of Trustees in relation to investment decisions.

3. Cash Flow Forecasts

3.1 The Chief Financial Officer will prepare and present monthly 12 months rolling cash flows to the Board of Trustees to identify expected cash balances throughout the year for investment opportunities and to provide early warning of low cash balances.

4. Borrowing

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

5. Deposits

- 5.1 The Trust will operate an interest-bearing current account with a bank approved by the Board of Trustees and maintain sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.
- 5.2 Monies surplus to the working requirements shall be invested in low risk deposit accounts or term deposits in regulated institutions. This will be invested at a rate f £250K a time at 3 month intervals.
- 5.3 The Academy will not take out any long-term deposits until reliable cash flow pattern has been established, monies will only be paid into term deposits not exceeding six months.
- 5.4 The Academy will only deposit funds with bodies protected by the Financial Services Compensation Scheme.

6. Limits and Authority

- 6.1 The Board of Trustees has the power to:
- Give prior approval to the opening of new bank current accounts
 - Give prior approval to any bank deposit with a maturity date exceeding six months
 - Appoint a financial expert to advise on investments, including use of an approve investment platform
 - Reallocate reserves between academies or pool reserves centrally as it sees fit to meet the needs of the Trust
- 6.2 The Board of Trustees delegates authority to the Chief Financial Officer to place deposits in the trust's name, at approved institutions, subject to the agreed limits within this policy. No deposits will be placed without prior agreement with the Accounting Officer or other signatory subject to the relevant limits.
- 6.3 Authorised bank signatories of the Trust are set out in the Trust's Financial Management Policy.

7. Register of Deposits

- 7.1 The Chief Financial Officer will maintain an electronic register of all deposits/investments held which will record:
- Institution with which deposit placed
 - Date deposit placed
 - Amount deposited
 - Date of maturity
 - Amount returned
 - Rate of interest
 - Interest earned

7.2 Only banks with a Moody's rating of A3 or above will be used for investment purposes.

8. Restrictions on Cash Reserves

8.1 The ESFA are able to set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place for Inspire Partnership Multi Academy Trust.

8.2 The DfE does expect Academy Trusts to use their allocated funding for the full benefit of their current pupils. Therefore, the Academy Trust will not build up a substantial surplus without having in place a clear plan for how it will be used to benefit our pupils.

9. Level of Cash Reserves

9.1 The financial risks have been reviewed in terms of impact and likelihood as part of the strategic risk management process. The main financial risk to the Academy Trust is as follows-

- Mitigating against future real terms funding cuts;
- Mitigating against additional salary and pension costs,
- Mitigating against any undiscovered liabilities for incoming academies

9.2 Cash reserves as at 28 February are **£2.4m**. This is expected to reduce to **£1.8m** by 31 August 2022 due to investment in capital estate and ICT

9.3 An amount equivalent to 1 month's salary cost (approximately **£800K**) will remain as free reserves.

9.4 Schools will be expected to make future provisions of 2% and above to build future reserves.

10. Monitoring, evaluation and review

10.1 The Chief Financial Officer will Update the Trustees regarding any deposits or investments at each FAR meeting

10.2 Periodically (at least every 6 months) the Chief Financial Officer will review interest rates and compare these with investment opportunities through other institutions using approved online platforms.