Document Title	Treasury Management Policy									
Document Type	**Policy**	x	**Code**		**Procedure**			**Strategy**		
Approved by	**PMG**	x	**F&GP**	**x**	**Audit**		**Corporation**		x	
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Owner	Executive Director of Finance and Operations									

College Values

Students:	*as the focus for the work of everyone at the College*
Mutual Respect:	*caring for and valuing students, staff, governors and our community*
Integrity:	*honesty, hard work and personal and social responsibility*
Learning:	*a passion for learning and its capacity to change lives*
Excellence:	*high aspirations, high standards and high achievement*

1. Policy Statement

Luton Sixth Form College acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

Treasury management is defined as the management of cash flows, 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.

The College regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the College.

This policy forms part of the College's Financial Regulations. For information on its application, reference must be made to the detailed Financial Procedures, which also form part of those Regulations.

The College will comply with all requirements of the Department for Education, Managing Public Money, the College Financial Handbook and any conditions attached to grant funding relating to borrowing, investments and treasury management.

2. Treasury Management Practices

2.1. Risk Management

The Director of Finance and Operations will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, and will report

on the adequacy and suitability of these arrangements to Finance and General Purposes Committee. ~~He/she~~ They will also report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives arising from treasury management issues.

Set out below are the arrangements for the management of some specific treasury management risks.

2.1.1. liquidity risk management

The College will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available, which are necessary for the achievement of its objectives. The liquidity position will be monitored, reviewed from time to time by governors and will be monitored daily by the Head of Finance or his/her Deputy.

2.1.2. interest rate risk management

The College will manage its exposure to fluctuations in interest rates whilst ensuring as far as possible that interest costs are minimised and interest earnings are maximised.

2.1.3. inflation risk management

The College will consider the effects of inflation in setting its annual budget. In particular both anticipated inflation and market appetite will be considered in setting the fees policy for the year.

2.1.4. credit and counterparty risk management

The College will only invest in or borrow from counterparties previously authorised by the Finance and General Purposes Committee. The College will maintain a prudent approach to both selecting appropriate counterparties and limiting the sums borrowed or invested with any particular counterparty. Borrowing by the College is limited by Managing Public Money (MPM), as such no new agreements will be entered into with authorisation from the DfE.

2.1.5. legal and regulatory risk management

The College will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements.

2.1.6. fraud, error and corruption, and contingency management

The College will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures to minimize this risk.

2.1.7 Cyber Security and Banking Controls

The College recognises the increasing risk of cybercrime, mandate fraud, payment diversion fraud and phishing attacks. Appropriate segregation of duties, authorisation controls, multi-factor authentication and independent verification procedures will be maintained for all treasury transactions.

2.1.8 Business Continuity

The College shall maintain appropriate business continuity arrangements to ensure continuity of treasury operations and access to banking facilities in the event of system failure, cyber incident or other disruption.

2.2. Investment

The College will not invest on the stock market, in bonds, or in any other form of investment where the underlying capital sum invested may be at risk. The College will not place deposits "offshore" but will restrict investments to within UK or Ireland. The Finance & General Purposes Committee will approve a list of institutions which the College may use for cash deposit investments. Approved institutions will be recognised banks and/or building societies only.

Surplus funds will be placed as a term cash deposit with institutions where the obligor has a STRONG capacity to meets its commitments, where the minimum rating for STRONG is considered to be:

- Short term credit ratings of A - 1 (Standard and Poors) or F1 (Fitch IBCA) and
- Long term credit ratings of A (Standard and Poors) or A (Fitch IBCA).

Short term ratings are applicable for deposits of less than one year. Long term ratings are applicable for deposits greater than one year.

The maximum exposure limit shall be reviewed every two years in line with the College's cash holdings, liquidity requirements and risk appetite.

Long Term holdings will be split between three suitable institutions to spread the risk of fund holdings.

Review all not normally hold more than ~~8.5~~ £11 million with any one institution at any time.

2.3. Best value

The College will use a best value approach to its treasury management activities. The Executive Director of Finance and Operations will review the treasury management approach quarterly with the Head of Finance to identify opportunities to improve value for money and ensure that they are actioned.

2.4. Organisation, clarity and segregation of responsibilities, and dealing arrangements

Finance and General Purposes Committee is responsible for approving treasury management policy. All investments must be in the name of the College.

The Executive Director of Finance and Operations is responsible for:

- controlling short-term investments
- managing the College's cash flow and liquidity position
- preparing a rolling ~~3~~ two-year cashflow forecast (in line with College CFFR)
- seeking approval of the Finance & General Purposes Committee for institutions to be used for cash investments
- seeking the approval of the Governing Body for long term investments
- Obtaining the approval of the Funding Body where required.

The Head of Finance (or Deputy Head of Finance in her absence) is responsible for:

- the day-to-day monitoring of College cash balances and assisting in the preparation of a rolling 12-month cash flow projection
- the day-to-day management of short-term investments as agreed with the Executive Director of Finance and Operations.
- the day-to-day relationship with counterparties

2.5. Reporting requirements and management information arrangements

The Executive Director of Finance and Operations will:

- report on cash flow and the College's treasury management activities to the Senior Leadership Team and the Finance and General Purposes Committee;
- present a ~~3~~ two-year cash flow forecast to the Finance and General Purposes Committee at the beginning of each year that outlines the treasury management strategy for the following year and identifies any substantial change in activities that is anticipated.

2.6. Money laundering

The College is aware that it may be subject to attempts to involve it in transactions for the purposes of money laundering. The Executive Director of Finance and Operations will be notified by the Head of Finance of any large or unusual transactions. If the transaction is suspicious the Executive Director of Finance and Operations must inform the Governing Body and the Funding Body. In order to minimize the risk, the College will not accept cash payments in excess of ~~£5,000.~~ £1,000.

2.7. Corporate governance

The Executive Director of Finance and Operations will ensure that the treasury management function is undertaken with openness and transparency, honesty, integrity and accountability with due regard to the College's policy on Anti-Fraud, Bribery and Corruption. Treasury management will operate in accordance with the risk management principles and reporting requirements set out above.

The College will process personal data associated with treasury management activities in accordance with UK GDPR, the Data Protection Act 2018 and the College's Data Protection and Privacy Policies. Access to banking, investment and treasury management information will be restricted to authorised personnel and retained in accordance with the College's records management arrangements.