



MANAGEMENT OF FUNDS POLICY

Approved by Audit and Risk Committee: Feb 2021

Adopted by BLP Board: March 2021

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1. 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 Academies Financial 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

2. Legislation and guidance

The Academies Financial Handbook states that academy trusts are required to have an investment policy to:

- Manage, control and track their financial exposure
- Ensure value for money

This policy is based on the Academies Financial Handbook and guidance from The Charity Commission. This policy also complies with our funding agreement and articles of association.

3. Roles and responsibilities

3.1 Academy trustees

Academy trustees will ensure that investment risk is properly managed. When considering whether to make an investment, trustees will:

- Act within their powers to invest, as set out in our Articles of Association
- Exercise caution in all investments, reducing risk and ensuring that the trust acts with the utmost integrity
- Take investment advice from a professional adviser, as appropriate
- 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

Trustees will seek prior approval from the Education and Skills Funding Agency for investment transactions that are novel, contentious **and or repercussive**.

Novel transactions are those of which the academy trust has no experience, or are outside the range of normal business activity for the trust.

Contentious transactions are those which might give rise to criticism of the trust by Parliament, the public, and the media.

Repercussive transactions could cause repercussions elsewhere in the public sector

3.2 Audit and Risk Committee

Academy trustees delegate responsibility for the trust's investments to the audit and Risk committee.

The committee is responsible for:

- Controlling and tracking financial exposure
- Reviewing the trust's investments
- Reporting to trustees on investments

3.3 Finance Director

The Finance Director (FD) is responsible for producing cash flow forecasts and for making **day to day** decisions on investments. The FD also provides information to the finance **and audit** committees and academy trustees, as appropriate.

The Finance Director will report on the performance of any investment to the board.

Borrowing of funds

The BLP is not permitted to borrow without prior permission from the ESFA. The BLP does not currently envisage the need to borrow or operate an overdraft. Should this situation change the overdraft/borrowing can only be undertaken with approval of both the BLP Board and ESFA. No school or member of staff should enter into a loan or credit agreement.

4. Investment of funds

A return on working capital should be optimised whilst allowing easy access to funds.

In balancing risk against return the Brigshaw Learning Partnership policy is clearly geared towards avoiding risk rather than maximising return.

The BLP will operate an interest-bearing current account with a bank approved by the BLP Board and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency (cash buffer) for unexpected payments. Sufficient contingency (cash buffer) is deemed to be £60,000 (average weekly payment runs).

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

We only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 weeks.

Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization.

5. Credit risk

Credit risk will be minimised by ensuring that funds are spread across a range of institutions as appropriate. The limits of funds invested with approved institutions will be approved at least annually by the BLP Board (through adoption of this policy) and more frequently subject to market conditions.

6. Cash flow forecasts

Cash flow and current account balances will be monitored regularly by the Finance Director to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

The Finance Director will prepare a monthly cash flow report to highlight expected cash balances throughout the year. This will indicate which balances may be invested and give early warning of any need to seek approval to borrow.

7. Approved institutions for investment

Security of investment is paramount. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Appendix A attached provides a list of approved banks which are recognised as high quality investment counterparties at the date of approval of this policy. **The list of approved banks will be reviewed annually (as a minimum)**

The Chief Education Officer will take external treasury management professional advice as needed to ensure timely amendments are brought to the BLP Board should the assessed strength of these institutions be downgraded or should it be felt appropriate to incorporate new institutions. For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch and or Moody to show good credit quality.

To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 initial deposit (not including compounded interest). Whilst this exceeds the protection limit of £85,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

8. Limits and authority

The BLP Board reserves the power to:

- Give prior approval to the opening of new bank current accounts;
- Amend the list of approved institutions;
- Give prior approval to any bank deposit with a maturity date greater than three months;
- Give prior approval to any investment product other than a bank deposit.
- Delegate authority to the CEO to place deposits in the name of The Brigshaw Learning Partnership, at approved institutions, subject to the agreed limit in section 8. These deposits should be authorised by a relevant second authoriser as set out in the Academy scheme of Financial Delegations. Deposits will be confirmed in writing after the event by the bank.
- Authorised cheque/bank transfer signatories of the BLP are set out in the Scheme of Financial Delegations. Any changes in the authorised signatories must be approved by the Board.

9. Register of deposits/investments

The CEO with support from the FD will maintain a register of all deposits/investments held which will record:

Institution with which the deposit was made;

- Date deposit was placed;
- Amount deposited;

- Date of maturity;
- Amount returned;
- Interest earned;
- Rate of interest obtained;
- Authorisation for the transaction.

10. Recording and monitoring

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

11. Monitoring, Evaluation and Review

The Finance Director monitors the implementation of this policy. The BLP will review this policy bi-annually to assess its implementation and effectiveness.

APPENDIX A

LIST OF APPROVED INSTITUTIONS FOR INVESTMENT

The following banks are authorised for the short term investment of Academy funds:

Citibank
Lloyds Bank
HSBC Bank PLC
Leeds Building Society
Barclays Bank
Santander UK Plc
Royal Bank of Scotland
~~Skipton Building Society~~
Yorkshire Building Society
National Westminster Bank