



**BDMAT**  
Birmingham Diocesan  
Multi-Academy Trust

# Treasury Policy

**Issued: January 2018**  
**Reviewed March 2021**  
**Next Review Due: Spring 2024**



## **1.0 CONTEXT**

The Trust has significant cash balances arising from:

- 1.1 Unrestricted reserves
- 1.2 Capital balances
- 1.3 Timing differences between grant receipts and payroll and PAYE payments
- 1.4 Designated reserves held for future purposes.

## **2.0 OBJECTIVES**

- 2.1 This Policy has been developed to safeguard the interests of BDMAT and to maximise the returns to the Trust with the minimum of risk. It provides clear guidelines under which investments can be made.

## **3.0 RESPONSIBILITIES OF THE BOARD**

When considering investments, the Board 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 particularly if using unfamiliar investment techniques;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser
- ensure that security takes precedence over revenue maximisation
- ensure that all investment decisions are in the best interests of the Trust and would command broad public support
- review the Trust's investments and investment policy regularly

## **4.0 OUTLINE OF POLICY**

The policy for investment will cover all of the following criteria:

- 4.1 We are risk averse to preserve the principal sum.
- 4.2 We forecast cash on a short and long-term basis to identify level of funds available for investment.
- 4.3 We ensure that sufficient funds are available to deal with day-to-day requirements

and that a contingency of £0.5m is built in before funds are placed for more than one month. Sufficient funds must always be available (even if this will result in interest being forfeited) to cover 1 months salaries.

4.4 We identify a range of instruments which can be invested in.

4.5 We restrict investment to sterling-based products and allow no foreign exchange risks.

## **5.0 CLAIMS FROM DfE**

Capital and Implementation grants must be managed such that, as far as is possible, funds are received from DfE in advance of invoice payments being made.

## **6.0 MANAGEMENT**

6.1 The responsibility for the identification and placement within the policy lies with the CFOO who must recommend all investments for Board approval within the scope of the policy.

6.2 Investment of funds (other than movements between Lloyds current accounts) must be formally authorised by the CEO and Chief Finance and Operations Officer (CFOO).

6.3 All new investment accounts or other vehicles must be approved by the Finance and Resources Committee prior to opening.

## **7.0 SIZE OF INVESTMENTS**

7.1 No individual investment shall exceed £500,000 without prior approval from the Chair of the Finance & Resources Committee.

7.2 No more than £2m shall be held with any one counterparty (excluding balances in the Lloyds current and deposit accounts).

## **8.0 CREDIT RATINGS**

All investments shall carry at least ONE of the following minimum recognised Credit Ratings:

- Standard and Poors A2 Prime 1 F2
- Moody's Fitch A+ A1 A A-

## **9.0 CURRENCY**

9.1 All investments shall be UK based and be denominated in Sterling.

## **10.0 MATURITIES**

Can be from one month and up to three years but must on average be no more than one year overall.

## **11.0 APPROVED INVESTMENTS**

The following shall be the only Approved Investments that can be invested in:

- a) Interest bearing current account
- b) Bank demand deposits
- c) Bank term deposits / Money Market Deposits
- d) Certificates of deposit
- e) Commercial paper
- f) Medium term notes
- g) UK Government gilts
- h) Corporate Bonds

## **12.0 APPROVED COUNTERPARTIES**

The following list of counterparties shall be the only parties through which investments are made:

- a) Lloyds TSB

The use of any other counterparties shall be subject to prior Board approval.

### **13.0 REPORTING**

Reports of investment activity shall be tabled at each meeting of the Finance and Resources Committee showing individual investments (who, rate, maturity), average maturity, rate of return against target.