Girls' Learning Trust

TREASURY MANAGEMENT AND INVESTMENT POLICY

Approved By: Trust Board
Approval Date: March 2025

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1. POLICY PURPOSE

The Trust recognises the importance of effective treasury management to safeguard its financial assets and support its strategic objectives. This policy sets out the principles and procedures for managing the Trust's cash resources and investments, ensuring compliance with the Academies Financial Handbook and other relevant regulations.

2. LEGISLATION AND GUIDANCE

This policy is developed in accordance with the requirements of the Academy Trust Handbook, issued by the Education and Skills Funding Agency (ESFA), which outlines best practices for managing cash reserves and investments to ensure financial sustainability and compliance.

The policy also adheres to the principles set out in Charity Commission guidance on investments, ensuring that funds are managed responsibly and in the best interest of the Trust.

Additionally, it complies with the Trustee Act 2000, which governs the responsibilities of trustees in making investment decisions, ensuring that risks are balanced, and public funds are safeguarded.

3. KEY PRINCIPLES

There are three distinct principles that underpin this this policy:

Managing Risks
Effective risk management protects the Trust's financial stability and ensures compliance with regulatory requirements. By safeguarding cash reserves and investments from market volatility and counterparty failures, the Trust can maintain a secure financial environment, which is crucial for its reputation and ability to deliver quality education.

Optimising Returns on Investments
Optimising investment returns maximises the Trust's financial resources, which can be reinvested into educational initiatives and strategic priorities. By balancing risk and reward, the Trust can secure higher returns while ensuring that funds remain safe, contributing to its long-term financial sustainability.

Ensuring Liquidity to Meet the Trust's Operational and Strategic Needs
Maintaining adequate liquidity is essential for the Trust to meet its day-to-day expenses and respond to unexpected opportunities or challenges. Sufficient liquid reserves ensure operational continuity, financial stability, and strategic flexibility, enabling the Trust to adapt to changing circumstances and pursue growth opportunities.

4. ROLES AND RESPONSIBILITIES

Trust Board: The Trust Board has overall responsibility for ensuring the proper management of the Trust's finances, including treasury management and investments. The Board approves this policy and any significant changes.

Finance Committee: The Finance Committee is responsible for reviewing the Treasury Management and Investment Policy on an annual basis and recommending it to the Trust Board for approval. The committee also monitors compliance with the policy and reviews performance against objectives.

Chief Executive Officer (CEO): The CEO is accountable for implementing the policy and ensuring that treasury management activities align with the Trust's strategic objectives.

Chief Financial Officer (CFO): The CFO, in coordination with the wider Finance Team, is responsible for managing the Trust's treasury activities, including cash flow forecasting, managing banking relationships, and overseeing investments.

5. TREASURY MANAGEMENT PRACTICES

Cash Flow Management

The Trust will maintain robust cash flow forecasting procedures to ensure sufficient liquidity is available to meet its operational and strategic needs. This includes:

- Preparing regular cash flow forecasts to monitor the timing and amounts of cash inflows and outflows.
- Identifying any potential cash shortfalls in advance to ensure timely action can be taken.
- Maintaining a minimum level of liquid cash reserves as determined by the Trust's reserve policy.
- Considering likely future expenditure, including payroll and capital commitments.

Investments

The Trust will invest surplus funds in accordance with the following principles:

- Security: The preservation of capital is the Trust's primary concern. All investments will be made with institutions with a high credit rating.
- Liquidity: Investments will be made in instruments that allow for sufficient liquidity to meet the Trust's cash flow requirements, based on a monthly assessment of need.
- Yield: Subject to the above, the Trust will seek to maximise the return on its investments.

The Trust will only invest in instruments and institutions approved by the Finance Committee. Investment decisions will be documented, and regular reviews of investments will be conducted to ensure they remain in line with the Trust's objectives and risk appetite.

Following the Banking Crisis in 2007/2008, The Bank of England have (through the FSA and latterly, the FCA and PRA) implemented changes to banking regulation and capital requirements of UK FCA registered banks to ensure the stability of the UK Banking system. As such, the Trust can only make cash deposits with institutions with a UK banking licence regulated by the FCA.

The Trust will only deposit funds with institutions with a UK banking licence regulated by the FCA and with a minimum rating of A. Institutions that have been approved by Finance Committee for the deposit and/or investment of GLT funds are those within the top 15 UK institutions by asset holdings.

- No more than £5m will be invested in a single institution with a very high investment grade
- No more than £2m will be invested in a single institution with a high investment grade

The Credit rating or Implied Credit Rating will be checked at the time of placing a deposit with a new institution.

For the avoidance of doubt, the Trust cannot invest in high-risk financial instruments, speculative ventures, or any investments that conflict with their charitable objectives or expose public funds to undue risk.

Risk Management

The Trust will adopt a prudent approach to managing the risks associated with treasury activities, including:

- Interest Rate Risk: Monitoring and managing exposure to interest rate fluctuations to minimise the impact on the Trust's finances.
- Credit Risk: Limiting exposure to counterparties by setting criteria for institutions in which funds can be invested.
- Market Risk: Regularly reviewing economic conditions and adjusting the Trust's investment strategy accordingly.

6. REGISTER OF DEPOSITS

The CFO will maintain a register of all deposits/investments. This will be made available for regular scrutiny via the Finance Committee and will include the following information:

- Institution with which deposit placed
- Date deposit placed
- Amount deposited
- Date of maturity
- Amount returned
- Rate of interest
- Interest earned