Treasury Management Policy 2026-2027

Policy Details	
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1. Introduction

1.1 The college's financial regulations require the approval of a treasury management policy statement which set out policies and procedures for effective treasury management.

1.2 Accordingly, this document sets out:

a. A treasury management policy statement which states the policies and objectives of the college's treasury management activities.

b. Treasury management practices, which state the manner in which the college will seek to achieve those policies and objectives and prescribing how it will manage and control the activities.

2. Objectives

a. Maintains sufficient cash balances in its current account to meet day-to-day commitments.
b. Invests surplus cash to earn an acceptable rate of return using suitable platforms.
c. Ensures investments are made with institutions having a minimum BBB Fitch credit rating, with considerations for spreading risk.
d. Complies with the College Financial Regulations and prioritises the security of funds over revenue maximisation.
e. Maintains sufficient reserves to mitigate future risks without holding unnecessarily high levels of reserves.
f. Adheres to the Department for Education (DfE) managing public money guidance.

3. Treasury Management Policy

3.1 The college defines its treasury management activities as:

a. *"The management of the college's cash flows, its 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".*

3.2 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 organisation.

3.3 The 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 best achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

3.4 The Corporation delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance & Resources Committee and for the execution and administration of treasury management decisions to the Chief Finance Officer who will act in accordance with the college's policy statement and procedures.

4. Treasury Management Practices (TMP)

TMP 1 - Risk Management

4.1 General Statement

4.1.1 The Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the college's objectives in this respect, all in accordance with the procedures set out in *TMP 6 Reporting requirements and management information arrangements.*

4.2 Liquidity Risk Management

4.2.1 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 to it which are necessary for the achievement of its educational objectives.

4.3 Interest Rate Risk Management

4.3.1 The college will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with *TMP 6 Reporting requirements and management information arrangements.*

4.4 Credit and Counterparty Risk Management

4.4.1 The college regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques i.e. instruments, methods and techniques that are approved for use by the Finance & Resources Committee referred to in *TMP 4 Approved instruments, methods and techniques*. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

4.5 Refinancing Risk Management

4.5.1 The college will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the college as can reasonably be achieved in the light of market conditions prevailing at the time.

4.5.2 It will actively manage its relationship with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

4.6 Legal and Regulatory Risk Management

4.6.1 The college will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

4.6.2 The college recognises that future legislative or regulatory changes may impact on its treasury management activities, and so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

4.7 Fraud, Error and Corruption, and Contingency Management

4.7.1 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, and will maintain effective contingency management arrangements, to these ends.

4.8 Market Risk Management

4.8.1 This college will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sum it invests and will accordingly seek to protect itself from the effects of such fluctuations.

5. TMP 2 - Performance Measurement

5.1 The college is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements.

6. TMP 3 - Decision Making and Analysis

6.1 This college will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken at the time.

7. TMP 4 - Approved Instruments, Methods and Techniques

7.1 This college will undertake its treasury management activities by employing only those instruments, methods and techniques as approved by the Finance & Resources Committee, and within the limits and parameters defined in *TMP1 Risk Management.*

7.2 The college uses the following criteria to define what it considers to be reasonable investments:

a. No management fee or withdrawal fees
b. Interest rate equal to or higher than Bank of England base rate
c. No speculative, high-risk investments
d. Principal sums invested guaranteed

7.3 The following organisations are considered appropriate for college funds to be invested:

a. UK Clearing Banks
b. UK Building Societies
c. UK based financial institutions
d. Institutions regulated by and registered with the UK's Financial Conduct Authority

7.4 Investments shall be where the institution has the capacity to meet its commitments, this is considered to be:

a. Long term credit ratings of A (Standard & Poor's) or F1 (Fitch ratings)
b. Short term credit ratings of A-1 (Standard & Poor's) or F2 (Fitch ratings)
c. On call – regulated by the Financial Conduct Authority

7.5 Long term ratings are applicable for deposits equal to or greater than one year. Short term ratings are applicable for deposits of less than one year but greater than three months.

7.6 Forms of investment will be restricted to:

Fixed deposits

a. Deposits on call, seven-day notice or up to 30 days' notice.
b. Excess funds are to be invested in deposits (fixed or on call) with approved investment institutions for fixed term periods not exceeding 12 months. Individual investments will usually be for a period of 1 to 12 months for amounts up to £2 million. Investments of sums in excess of £2 million will only be made if compatible with the college's accommodation strategy and cash flow forecasts.
c. The Corporation Board is responsible for the authorisation of all investments in excess of £2 million and/or for periods in excess of one year.

8. TMP 5 - Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

8.1 The college considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

8.2 The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds and the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

8.3 If and when this college intends, as a result of lack of resources or other circumstances to depart from these principles, the Chief Finance Officer will ensure that the reasons are properly reported in accordance with *TMP 6 Reporting requirements and management information arrangements,* and the implications properly considered and evaluated.

8.4 The Chief Finance Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Chief Finance Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

9. TMP 6 - Reporting Requirements and Management Information Arrangements

9.1 The college will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

9.2 As a minimum, The Corporation will receive:

a. an annual report on the strategy and plan to be pursued in the coming year
b. an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and Treasury Management Practices.

9.3 The report will include:

a. Closing cash balances
b. Details of any investment activity during the year, which will include:

   i. Name of institutions
   ii. Amount invested
   iii. Date invested
   iv. Rate
   v. Number of days invested
   vi. Interest earned versus budget

10. TMP 7 – Budgeting, Accounting and Audit Arrangements

10.1 The college will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

10.2 The college will ensure that its auditors, and those charged with regulatory review, have access to all information and paper supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

11. TMP 8 – Cash and Cash Flow Management

11.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this college will be under the control of the Chief Finance Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Chief Finance Officer will ensure that that these are adequate. The Corporation will receive a monthly cash flow forecast as part of the management accounts.

12. TMP 9 - Money Laundering

12.1 The college is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that the staff involved in this, are properly trained.

13. TMP 10 - Staff Training and Qualifications

13.1 The college recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Chief Finance Officer will recommend and implement the necessary arrangements.

14. TMP 11 – Use of External Service Providers

14.1 The college recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Finance & Resources Committee.

15. TMP 12 - Corporate Governance

15.1 This college is committed to the pursuit of proper corporate governance throughout its services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

16. Definitions of Key Risks

16.1 Liquidity Risk

16.1.1 The risk that cash will not be available when it is needed, that ineffective Management of liquidity creates additional unbudgeted costs, and that the college's educational objectives will be thereby compromised.

16.2 Interest Rate Risk

16.2.1 The risk that fluctuations in the level of interest rates create an unexpected or unbudgeted burden on the college's finances, against which the college has failed to protect itself adequately.

16.3 Credit and Counterparty Risk

16.3.1 The risk of failure by a third party to meet its contractual obligations to the college under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on the college's capital or current (revenue) resources.

16.4 Refinancing Risk

16.4.1 The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue) and/or that the terms are inconsistent with prevailing market conditions at the time.

16.5 Legal and Regulatory Risk

16.5.1 The risk that the college itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the college suffers losses accordingly.

16.6 Fraud, Error and Corruption, and Contingency Management

16.6.1 The risk that the college fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

16.7 Market Risk

16.7.1 The risk that that, through adverse market fluctuations in the value of the principal sums that the college invests its stated treasury management policies and objectives are compromised against which effects it has failed to protect itself adequately.

17. Requirements for Managing and Controlling Treasury Management Risk

17.1 The college recognises that to effectively manage and control the treasury management risks and achieve the requirements set out in *TMP 1* it should have, as a minimum, the following:

a. An effective cash and cash flow forecasting monitoring system which will identify the extent to which the college is exposed to the effects of potential cash flow variations and shortfalls.

b. Reliable and informed sources of information and advice on the likely future courses of interest rates and inflation, to enable it to assess the extent to which movements in each of these may impact on the college, and to permit the effective management and control of its exposures to the same.

c. Well documented records of the standing of third parties it does or may deal with, and continuous access to independent sources of advice and information on the same.

d. Reliable records and forecasts of the terms and the maturities of its borrowings, capital, project and partnership funding, to allow it to plan the timing of, and successfully negotiate appropriate terms for, its re-financings.

e. Comprehensive documentation of the college's own legal powers and regulatory requirements, and of those of its counterparties, to allow it to assess the potential for illegal or irregular dealings in its treasury management activities.

f. Full analysis and records of the processes pursued in making treasury management decisions, and in executing transactions, to enable the college to create a successful audit trail, and to allow it to assess the need for contingency arrangements.

g. Comprehensive records of the college's contractual responsibilities and liabilities under treasury management contract with third parties, to enable it to fulfil its obligations there under.

Reliable information about the potential for fluctuations in the market value of its investments, borrowings and other financings, to allow an informed assessment of the potential for capital growth or capital reduction.

18. Methods for Achieving Best Value and Performance Measurement

18.1 By creating appropriate methods by which the performance of treasury management activities can be measured, the college can judge whether it is gaining best value from the resources devoted to these activities. Appropriate methods include:

a. Performance measurement

b. Best value reviews

18.2 Performance measurement is a process designed to calculate the effectiveness of a portfolio's or manager's investment returns or borrowing costs, and the application of the resulting data for the purposes of comparison with the performance of other portfolios or managers, or with recognised industry standards or market indices.

18.3 The benefits and applications of performance measurement to the college include:

a. Using past experience beneficially to future treasury management policies and practices.

b. By developing an appreciation of the factors influencing performance, improving the future processes of treasury decision-making.

c. Allowing the college to assess the potential for adding value through changes to the existing ways in which a portfolio is managed.

d. Demonstrating an awareness of the need to review regularly the value attached to the treasury management function and enhancing accountability.

e. Enhancing the information available to the college when seeking to review an existing manager's performance or when selecting a new manager.

f. Permitting an informed judgement and decision about the merits or otherwise of using new treasury management instruments or techniques.

18.4 Best value is a process by which the college can pursue continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness, including improvement in the college's accountability.

18.5 Best value reviews typically involve the production of a plan for reassessing fundamentally the way services are provided, and challenging why and how they are provided, comparing performance with others and consulting with users and other interested parties applying competition principles.

18.6 As regards best value in treasury management, questions the college might expect to ask itself include:

a. Is there evidence that by challenging the way the activity is undertaken it could be delivered in a more cost-effective and efficient manner?

b. Do comparisons with the performance of other organisations or with market data and indices suggest that the college could improve the value of its existing treasury management activities?

c. Do third parties, for example banks, brokers and investment managers with which the college deals, have suggestion on how improvements could be made?

d. Are there ways in which applying the principles of competition could benefit the college's treasury management activities, particularly through the use of external service providers such as investment managers and other financial institutions?

19. Decision Making and Analysis – Key Points for Consideration

19.1 In respect of every decision the college should:

a. Be clear about the nature and extent of risks to which it may become exposed.

b. Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.

c. Be content that the documentation is adequate both to deliver the college's objectives and protect the college's interests, and to deliver good housekeeping.

d. Ensure that third parties are judged satisfactory in the context of the college's creditworthiness policies, and that limits have not been exceeded.

e. Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

19.2 In respect of borrowing and other funding decisions, the college should:

a. Evaluate the economic and market factors that might influence the manner and timing of any decision to fund

b. Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships

c. Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding

d. Consider the ongoing revenue liabilities created, and the implications for the college's future plans and budgets

19.3 In respect of investment decisions, the college should:

a. Consider the optimum period, in the light of cash flow availability and prevailing market conditions

b. Consider the alternative investment products and techniques available, especially the implications of using any which may expose the college to changes in the value of its capital

20. Proposed Allocation of Responsibilities for Treasury Management Activities

20.1 The following is a list of the main tasks involved in treasury management and a suggested allocation of responsibilities:

a. **Corporation**

i. Receiving and reviewing reports on treasury management policies, practice and activities.

b. **Finance and Resources Committee**

i. Approval of / amendments to the college's Treasury Management Policy statement and treasury management practices.
ii. Approval of the division of responsibilities receiving and reviewing external and internal audit reports and acting on recommendations.

c. **Chief Executive Officer**

i. Authorise a new bank account to be opened.
ii. Authorise the closure of a bank account.

d. **Chief Finance Officer**

i. Recommending treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
ii. Submitting regular treasury management policy reports.
iii. Submitting budgets and budget variations.
iv. Receiving and reviewing the management information reports.
v. Revieing the performance of the treasury management function and promoting best value reviews ensuring the adequacy of responsibilities within the treasury function.
vi. Ensuring the adequacy of internal audit, and liaising with external audit, recommending the appointment of eternal providers recommending the appointment of external service providers.

e. **Finance Manager**

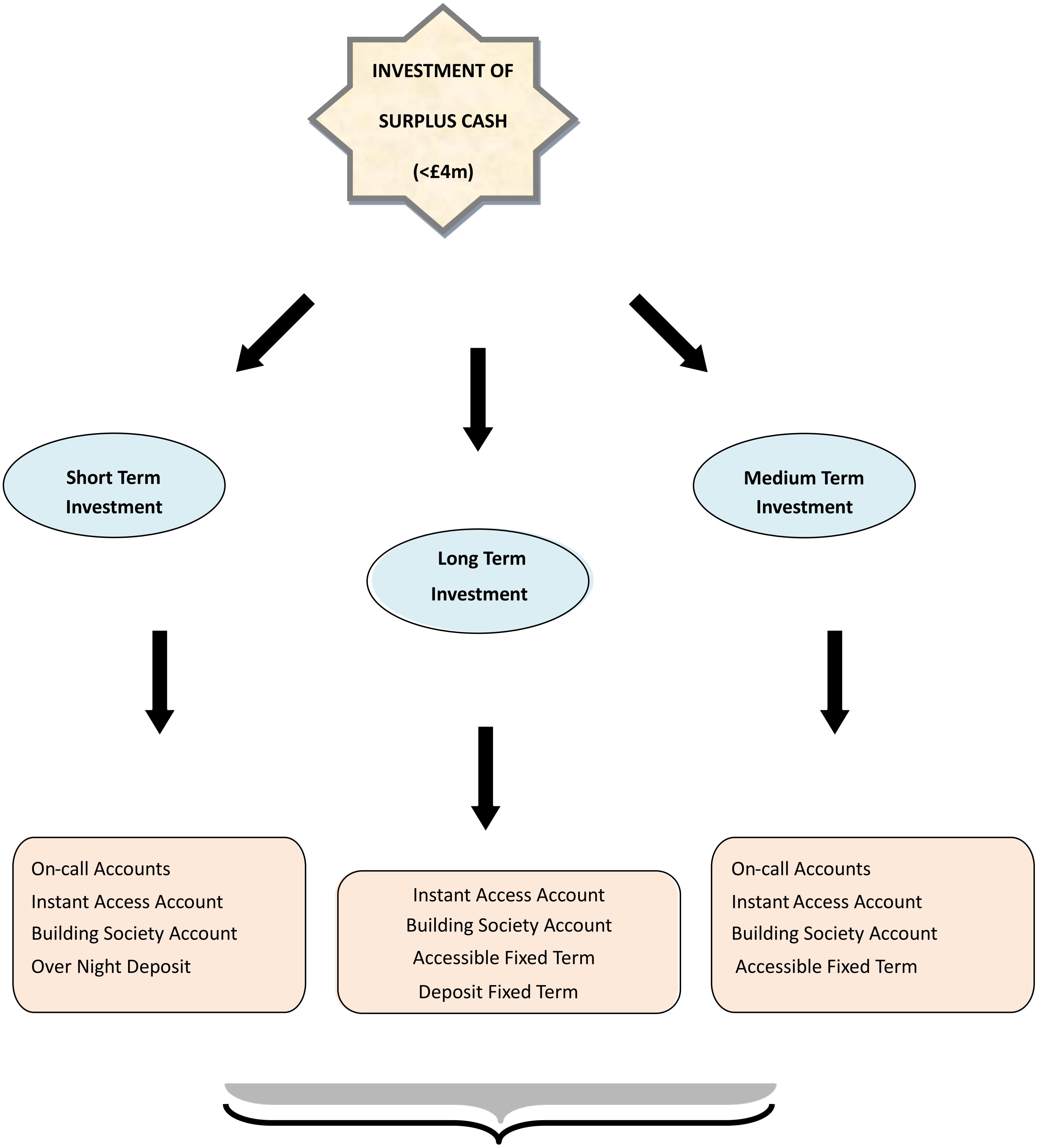
i. Execution of transactions.
ii. Adherence to agreed policies and practices on a day-to-day basis.
iii. Maintaining relationships with third parties and external service providers.
iv. Monitoring performance on a day-to-day basis.
v. Submitting management information reports to the Chief Finance Officer.
vi. Identifying and recommending opportunities for improved practices.

APPENDIX 1: **Bank / Institution Assessment Template**

No.	Bank Name / Institution	Type of Investment	Interest Rate	Period of Investment	Investment Amount	Clauses / Covenants	Advantages / Disadvantages	Risk Assessment
1	**Example**	Fixed Term Deposit	2.5%	12 Months	£1,000,000	No management fee 30-day notice period	Adv: Investment is guaranteed Dis: Penalty for instant access	Bank Rating – AAA Low risk
2	**Example**	Fixed Term Deposit	2.25%	12 Months	£1,000,000	No management fee 60-day notice period	Adv: Investment is guaranteed Dis: long notice period	Bank Rating – AA+ Low risk
3	**Example**	Fixed Term Deposit	2.5%	12 Months	£1,000,000	No management fee No access period	Adv: Investment is guaranteed Dis: No instant access	Bank Rating - AA Medium risk
Rationale for selection			The successful bank has been able to meet the College requirements of either instant access or a short notice period with guaranteed funds at the end of a 12-month period along with the highest possible rate of return.					
Successful Bank / Institution			**Example**					

Uploaded to SharePoint June 2025

APPENDIX 2: Investment Principles Flowchart



All funds in excess of £4m and / or for periods in excess of 12 months require Corporation approval

Equality and Diversity Statement & Impact Assessment

USP College is committed to equality of opportunity. The aim is to create an environment in which people treat each other with mutual respect, regardless of: age, disability, family responsibility, marital status, race, colour, ethnicity, nationality, religion or belief, gender, gender identity, transgender, sexual orientation, trade union activity or unrelated criminal convictions. This form should be used by managers and policy owners within their area of responsibility to carry out Equality and Diversity Impact Assessments (EDIAs) in relation to protected characteristics including, but not limited to: Age, Disability, Gender reassignment, Marriage and civil partnership, Pregnancy and maternity, Race, Religion and belief, Sex, Sexual orientation. The word 'policy' is taken to include strategies, policies, procedures and guidance notes; both formal and informal, internal and external.

1. Name of Policy

Treasury Management Policy

2. Which of the following groups could be affected by this policy?
(Tick all that apply)

Students	√
Staff	√
Wider Community	√

3. Complaints

Have complaints been received from anyone with one or more protected characteristic about the service provided? If yes then please give details.

4. The Impact

Four possible impacts should be considered as part of the assessment:

a. **Positive Impact -** Where the policy might have a positive impact on a particular protected characteristic.
b. **None or Little Impact –** Where you think a policy does not disadvantage any of the protected characteristics.
c. **Some Impact –** Where a policy might disadvantage any of the protected characteristics groups to some extent. This disadvantage may be also differential in the sense that where the negative impact on one particular group of individuals with protected characteristic is likely to be greater than on another.
d. **Substantial Impact –** Where you think that the policy could have a negative impact on any or all of the protected characteristics. This disadvantage may be also differential in the sense that the negative impact on one particular protected characteristic is likely to be greater than on another.

Thought-provoking questions, which might help come to a decision about the impact of a policy on individuals with protected characteristics:

e. Does policy outcomes and service take up differ between people with different protected characteristics?
f. What key information do we have? Does data or engagement with people with protected characteristics give insights into areas of disadvantage, which relate to the policy area?
g. If the policy is likely to have a negative impact on individuals, sharing particular characteristics what steps can be taken to mitigate these effects?
h. Will the policy deliver practical benefits for certain groups?
i. Does the policy miss opportunities to advance equality of opportunity and foster good understanding/ relationships between groups?
j. Do other policies need to change to make this policy more effective?
k. Are there any elements of the policy that could be unlawful under the Equality Act 2010?

Use the guidance provided above and complete the following table: **(Please Tick √)**

Gender/Age	Positive Impact	No or Little Impact	Some Adverse Impact	Substantial Adverse Impact
Gender		√		
Age		√		
Disability	Positive Impact	No or Little Impact	Some Adverse Impact	Substantial Adverse Impact
Visually Impaired		√		
Hearing impaired		√		
Physical Disability		√		
Specific Learning Difficulties		√		
Global Learning Difficulties		√		
Autistic Spectrum Disorder		√		
Any other disability – Various		√		
Other Factors	Positive Impact	No or Little Impact	Some Adverse Impact	Substantial Adverse Impact
Race		√		
Culture		√		
Religious Belief		√		
Sexual Orientation		√		
Gender Reassignment		√		
Marriage/Civil Partnership		√		
Pregnancy /Maternity /Paternity		√		

Please comment on any areas where some or substantial impact is indicated. Any resulting actions must be added to the below action plan.

5. Is there anything that cannot be changed?

What cannot be changed?	Can this be justified?	If so, how?
Not applicable		
E.g., Disabled people can be treated more favorably under the Disability Discrimination Act 2005. If a policy appears to treat disabled people more favorably than other equality groups, the disadvantage may be justifiable		

Please list the main actions that you plan to take as a result of this assessment in your area of responsibility. (Continue on separate sheets as necessary)

Action Plan: