TREASURY MANAGEMENT POLICY

1.   Introduction

1.1   This document seeks to set out the University's treasury management policy which has been drawn up after consideration of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

1.2   The CIPFA published 'Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance notes (2021 Edition) includes a number of broad guidelines and recommendations which are followed and adopted by Higher Education Universities.

1.3   The recommendations of the above Code are numerous and CIPFA recommends that Universities should implement it in a manner most appropriate to its circumstances.

2.   What is Treasury Management?

2.1   Treasury Management should be operated in relation to:

   ¾ the University's strategic plan;
   ¾ the revenue budget and capital programme;
   ¾ the estates strategy
   ¾ working capital management, including debt collection and policy on creditor payments, including payroll;
   ¾ cash flow forecasts

   It covers the following key areas:

   Cash flow management

2.2   Managing day-to-day cash balances at the bank, investing surplus funds as required and cash flow forecasting and management.

   Investing cash deposits

2.3   The investment of surplus funds in short-term cash deposits (up to a maturity of 12 months) to maximise investment income. This version of the treasury management policy does not include the investment of longer-term fixed income, equities or other non-cash investments.

   Borrowing

2.4   This requires compliance with the Universities regulator's (the Office for Students) rules regarding approval for any secured or unsecured loans that go beyond the general consent levels set out in the financial memorandum.

   Foreign Exchange

2.5   The international nature of operations results in a number of foreign exchange transactions that could result in foreign exchange gains or losses. Currently at the University these are relatively small transactions.
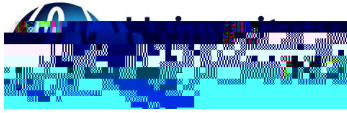
3.   Treasury Management Policy

3.1   The University defines its treasury management activities as:

        "The management of its cash flows, its banking, money market and capital market
        transactions; the effective control of risks associated with those activities; and the pursuit of
        optimum performance consistent with those risks".

3.2   It 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 its
        risk implications.

3.3   It 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.
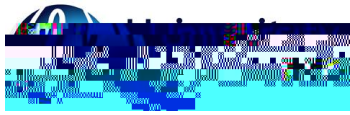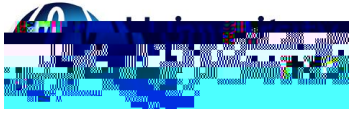

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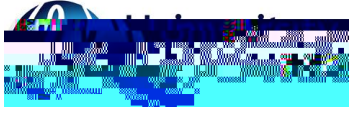
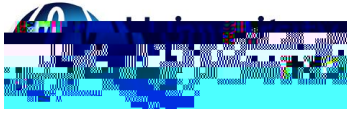4.3.5   Credit and counterparty risk management – The University
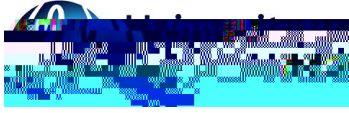
4.6   The University's Head of Procurement produces a Value for Money and Annual Report to

agreed and documented and subjected to regular review. I

Inflation risk

- ¾ The effects of inflation in so far as they impact on treasury management activities will be taken into account by the University as part of the annual budget calculation, including the effect of fees for areas such as tuition, accommodation and research.

Credit and counterparty risk

- ¾ The University regards a prime objective of its treasury management activities to be the security of the amounts invested.
- ¾ Accordingly, the Governing Body is responsible for the appointment of the University's bankers and other professional financial advisors (such as investment managers) on the recommendation of the Finance and Development Committee. The appointment shall be for a specified period after which consideration shall be given by the Finance and Development Committee to competitively tender the service.
- ¾ Approved counterparties. All traditional UK clearing banks are considered to be approved counterparties since all are regulated by the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA). Any counterparty should also be a member of the Financial Service Compensation (FSCS). A limit of funds to be invested long-term and outside of Barclays' Treasury Deposits with any one approved counterparty of £10 million has been set and approved by the Finance and Development Committee as part of this Treasury Management policy. This level may be exceeded at the discretion of the Pro Vice Chancellor (Finance & Resources).

Cash and cash flow management

- ¾ A Cash flow projection is prepared on a monthly basis and the bank reconciliation is performed on a daily basis.
- ¾ The figures used for the calculation of daily cash transactions will be those supplied by Lloyds Bank via Lloyds Link and Barclays Bank via B.Net.
- ¾ Creditor terms – the University's policy is to pay 30 days after receipt of goods or services. In some instances, this may be varied e.g. where staged payments have been agreed and the overall payment terms are periodically reviewed to ensure that they adhere to both best practice as well as efficient cash management operation.
- ¾ Debt management – the University is committed to collecting monies due in a prompt and efficient way. Invoices are generally due within 30 days of the invoice date. Full details of the UoW's debt management policy in relation to tuition and accommodation fees can be found on Policies and Procedures.