# THE UNIVERSITY

# OF HUDDERSFIELD

# TREASURY MANAGEMENT POLICY

*References*

*TMPS - CIPFA "Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition*
*FRACU - CIPFA "A Model set of Financial Regulations for Academies, Colleges and Universities" 2013 Edition*

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*TREASURY MANAGEMENT POLICY STATEMENT*

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## *TREASURY MANAGEMENT POLICY STATEMENT*

### Overview

The University defines its treasury management activities as: TMPS Section 6

> "The management of the organisation's investments and 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".

The University 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, and any financial instruments entered into to manage these risks.

The University 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 value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

### 1 Introduction

This Treasury Management Policy Statement sets out the University's policy concerning the raising of capital finance and the investment of surplus funds. It also deals with the internal movement of surplus funds between accounts established by the University. This statement has been adopted by the University as part of its financial regulations. It covers the University and all its subsidiary undertakings. A copy has been forwarded to both internal and external auditors for information purposes. TMPS Section 4 Key Principle 1

### 2 Purpose

Treasury management comprises the management of all cash, money market investments and capital market transactions in connection with the cash and funding resources of the University and the control of associated risks. TMPS Section 1

All treasury management activities involve risk and potential reward. The policy of the University on borrowing is to minimise cost while maintaining the stability of the University's financial position by sound debt management techniques. The objective for lending purposes is to achieve the best possible return while minimising risk. All funds must be invested in secure and readily realisable investments.

### 3 Approved activities

The Director of Finance and the designated members of staff indicated in Appendix I, are authorised by Council, subject to the provisions of this Policy Statement, to:

(a) invest surplus funds of the University with the approved organisations defined in Appendix II of this document. Investments must be of the approved types defined in Appendix III of this document. Surplus funds available for investment are calculated in accordance with the guidance in Appendix V.

(b) borrow funds subject to the strategy agreed by Council.

The University will not undertake currency risk and accordingly will not borrow or deposit funds denominated in foreign currencies other than maintaining a Euro deposit account or accounts.

## 4 Formulation of treasury management strategy

**4.1** The University's explicit policy is to incorporate its academic, operational and financial strategies into one planning document. This five year Strategic Plan is approved by the University Council.

**4.2** The Director of Finance will prepare for the approval of Council:

(a) an Annual Financial Forecast (as required by HEFCE)

(b) a borrowing strategy covering medium term requirements.

**4.3** In preparing the Financial Forecast the Director of Finance will have regard to:

(a) the maintenance of the stable financial position of the University. He/she will ensure that the University has appropriate facilities available to meet its capital and interest repayments; for funding needs arising from uncertainties inherent in the planning process and from the timing and amount of cash flows;

(b) the current level of interest rates and forecasts of future changes in interest rates. He/she will prepare a recommendation for approval by Council of any new proposals to raise capital finance and the impact of forecast interest rates on these proposals. In addition he/she will indicate the maximum proportion of interest on borrowing which is subject to variable rates of interest;

(c) the policies contained in other planning documents within the University for example:

(i) the strategic/corporate plans
(ii) the revenue budget and capital programme
(iii) the estates strategy
(iv) working capital management, including debt collection policy and policy on creditor payments, including payroll; and

(d) the aggregate of all funds, loans and accounts operated by the institution.

**4.4** Based on the annual forecast, the Director of Finance will ensure that a rolling three month cash flow projection of short term surplus cash is prepared. Where applicable during the course of the year the Director of Finance will recommend amendments to the Financial Forecast to Council.

**4.5** The Director of Finance has the authority (as indicated at para 3 above) to carry out the University's strategy for depositing surplus funds and managing the cash flow of the University. In exercising these powers he/she will have regard to:

(a) the perceived credit risk associated with the approved organisations with which funds may be deposited or invested

(b) the effect of possible changes in interest rates on the cost of borrowing and the return from investing and

(c) the need to maintain adequate liquid funds to meet the University's obligations.

**4.6** The effective management and control of risk are prime objectives of the treasury management activities and responsibility for this lies with the Director of Finance. Appetite for risk forms part of the University's annual strategy, including any use of financial instruments for the prudent management of those risks, and is kept under review. Priority is given to security and liquidity when investing funds. TMPS Section 4 Key Principle 2

Risk Management can be defined as 'coordinated activities to direct and control an organisation with regard to risk'. FRACU Section 8

The priority is to protect capital rather than to maximise return.

**4.7** The pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools for responsible organisations to employ in support of business and service objectives. Within the context of effective risk management, this Policy and the University's practices reflect this. TMPS Section 4 Key Principle 3

## 5 Approved sources and methods for raising capital finance

**5.1** When seeking capital finance, the Director of Finance will prepare a proposal for Council. The content of such a proposal is summarised in Appendix VI.

**5.2** For each capital borrowing requirement, the Director of Finance will seek the approval of Council for his/her proposed sources and methods of finance. Such approval will take account of the following:

(a) the University's powers and rules

(b) statutory restrictions

(c) compliance with the university's borrowing strategy

(d) the requirements of the Memorandum of Assurance and Accountability with HEFCE, and

(e) terms and covenants of borrowing.

**5.3** Any borrowing shall be undertaken in the name of The University of Huddersfield. FRACU Section 15

## 6 Investing and depositing of surplus funds

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of the University's resources. The Director of Finance has delegated authority to invest the funds of the University in accordance with the terms of this Statement. He/she is authorised to deposit or invest funds only with the organisations which qualify subject to the conditions and to the limits set out in Appendix II and in accordance with the risk profile outlined in Appendix III. The Director of Finance is responsible for monitoring the creditworthiness of approved deposit takers using appropriate external sources of information including credit agency reports and limiting exposure below the approved limits where appropriate.

The factors to be taken into account when identifying surplus cash balances are outlined in Appendix V.

In line with the Trustee Act 2000, suitable advice should be taken in respect of investment into assets other than cash. This to be taken from an Independent Financial Adviser.

The agreed Investment Policy is set out in Appendix IV.

## 7 Interest rate exposure

The Director of Finance is responsible for monitoring the University's interest rate exposure and for determining the interest rate exposure strategy within the limits set by this Statement.

The principal factor governing the exposure of surplus funds to interest rate movements is the University's cash flow forecast. Where surplus funds are required to meet possible cash outflows in the near future they will necessarily be deposited for short-term periods which will ensure that funds are available. Where the forecast identifies funds that can be invested for longer periods in accordance with the factors in Appendix V, the Director of Finance is authorised to make investments in accordance with the risk profile outlined in Appendix IV.

## 8 Legal issues

Prior to entering into any borrowing or investment transaction it is the responsibility of the Director of Finance to satisfy him/herself by reference (if necessary) to the University's legal advisors that the proposed transaction does not breach any statute, the University's financial regulations, the requirements of the Memorandum of Assurance and Accountability with HEFCE or any terms and covenants concerning borrowing.

## 9 Use of external managers

The University may appoint external managers of the University's treasury positions. The terms of engagement of the external managers, which will set out in detail the matters for which the external managers are responsible together with the demarcation between external managers' responsibilities and those of the University's own staff, will be agreed by the Director of Finance under the authority of the University Executive and recorded as Appendix VII to this Statement. The terms of engagement will formally require the external managers to be bound by the requirements of this Statement.

External managers may be appointed with responsibility for day to day treasury matters, but the University will retain full responsibility for the safeguarding of its funds and for setting the treasury strategy. Consequently all the matters set out in this Statement would continue to apply to those areas of treasury management with which the external managers might deal including, in particular, the policy for interest rate exposure and credit policy, although it is recognised that the external managers would be consulted in drawing up the aspects of treasury policy relevant to their work.

### 10 Socially Responsible (Ethical) Investment Policy

The University will not invest directly into organisations whose values do not reflect those of the University in regard to social, environmental and humanitarian concern. These would for example include but not be limited to: human rights abuse; discrimination on grounds of race, gender, disability, age or religion; serious and persistent environmental damage; arms trading.

### 11 Delegation

The University has drawn up and approved a scheme of delegation for the operation of treasury policy, a summary of which is set out in Appendix I.

### 12 Review and reporting

The Director of Finance reports regularly to the Council Chairs' Group. A summary of matters included in the report and the frequency of reporting is set out in Appendix VIII of this statement. Other matters are drawn to the attention of the Council Chairs' Group as appropriate.

### 13 Systems and procedures

The Director of Finance maintains the treasury systems document at Appendix IX, which sets out the detailed systems and procedures that are in place to ensure delivery of the approved Policy. This document is filed centrally in the Financial Services Department, referenced as transfer\procedures\ treasury systems.doc

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### APPENDIX I - SCHEME OF DELEGATION FOR TREASURY POLICY

| Delegated power | Exercised by |
|---|---|
| Approval and amendment of Treasury Management Policy Statement | Council Committee Chairs' Group (excluding the Chair of Audit Committee) |
| Appointment of bankers and other professional advisers | University Council |
| Amendment of types of approved organisations and limits (Appendix II) | Council Committee Chairs' Group (excluding the Chair of Audit Committee) |
| Amendment of approved types of investment (Appendix III) | Council Committee Chairs' Group (excluding the Chair of Audit Committee) |
| Approval of annual financial forecast | Council |
| Approval of treasury systems document | Director of Finance/Deputy |
| Application of approved policy | Director of Finance/Deputy |
| Treasury dealing with counterparties: | |
| 'B' list investments | Director of Finance/Deputy |
| 'A' list investments | Director of Finance/Deputy/ Accounting Technician (financial activities) |
| Authorisation of cash transfers | Director of Finance/ Deputy Director of Finance, authorised bank mandate signatories |
| Borrowing and lending documentation | Director of Finance/Council |
| Bank and dealing mandates | Council |
| Authorisation of terms of reference of external managers | Director of Finance under the authority of the Vice-Chancellor, having taken advice from appropriate members of the Senior Management Team |

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### APPENDIX II - APPROVED ORGANISATIONS AND INVESTMENT LIMITS

"A" List Investments (see Appendix III for definition)

The maximum deposit with any one approved institution at any one time is:

- £8m for UK Clearing Banks or banks with a LT credit rating of AA- or above.
- £6m for banks with a LT credit rating of A or above
- £3m for Building Societies

This restriction does not apply to investment into UK Treasury Bills.

To qualify for entry as an approved organisation for A List investments, a financial institution should have a long term rating of at least A1 from Moody's or A from Standard & Poor's or A from Fitch Global or if a Building Society with no such credit rating should have Total Assets of at least £3bn.

"B" List Investments (see Appendix III for definition)

The Director of Finance is given authority to invest such sums of money as are defined in Appendix V into B List investments having first satisfied the Council Committee Chairs' Group (excluding the Chair of Audit Committee) that the investment objectives of the organisation concerned and restrictions (if any), including credit criteria, are acceptable.

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**APPENDIX III - APPROVED TYPES OF INVESTMENT**

The types of investment that may be represented in the portfolio include securities and money market instruments listed below (all denominated in sterling):

## 'A' list investments

a) **UK Treasury Bills**

b) **Banks and Building Societies** (see approved organisations in Appendix II)

i) Deposits with approved banks and building societies, maximum maturity at the discretion of the Director of Finance
ii) Certificates of Deposit issued by approved banks and building societies
iii) Corporate debt – issued by approved financial institutions (Appendix II) maximum maturity 5 years
iv) Floating rate notes – issued by approved financial institutions (Appendix II) maximum maturity 2 years

## 'B' list investments

**a) A balanced investment portfolio invested in the appropriate proportions, taking into account the liquid funds held in 'A' List Investments, to give rise to low to medium risk (see definition at c) below) overall (i.e. for the total amount of funds in the A List and the B List), in accordance with the Investment Policy set out in Appendix IV.**

**b)** Investments to include, but not be limited to:

Fixed Interest Funds
Individual Corporate Bonds
UK Equity Funds
International Equity Funds
Zero Dividend Preference Shares
Hedge/Absolute Return Funds
Property
Currency/Cash
Private Equity
Commodities
Structured Products
Infrastructure
Alternative Investments

**c) Low to Medium risk investors** have a medium-low risk tolerance and are likely to be concerned about the possibility of losing money, but do not want to completely ignore the possibility of making higher returns. They probably want greater returns than are offered by bank accounts and other low risk investments and therefore are prepared to accept some fluctuation.

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### APPENDIX IV – INVESTMENT POLICY

This investment policy refers solely to B List Investments as defined in Appendix III

- The overall investment objective of the monies to be invested.
  The objective is to provide a target return of RPI (Retail Prices Index) plus 4% over a rolling period of least 10 years.

- Ownership
  The investment is to be invested by The Trustees of The University of Huddersfield.

- Suggested implementation
  A Medium risk strategy should be adopted via a diversified portfolio providing exposure to a portfolio of multiple asset classes including but not limited to Fixed Interest (Government & Corporate Debt – UK & Global), Equity (UK & Global), Property, Hedge/Absolute Return Funds, Private Equity, Commodities, Alternative Investments and Cash.

  Medium risk investors have a medium risk tolerance, and would probably prefer investments to fluctuate less and make more modest returns than risk losing money for higher returns. However, they are probably prepared to accept some fluctuation in order to make higher returns than exclusively low risk investments.

- The income and/or capital requirements
  The investment is to be geared towards growth; no income is required at this stage.

- The liquidity requirement including dates of planned expenditure
  Capital from the investment portfolio should be available if the need arose.

- The marketability of the investments
  The type of investment should not have any contractual penalties beyond the expected investment term, and the underlying assets/funds should be tradable within type to maintain an appropriate allocation over time.

- The time horizon
  The Trust's investment portfolio is expected to run for at least ten years.

- The residence and tax status
  Both the Trust and the Trustees are now, and are likely to continue to be UK resident for tax purposes.

- Any Socially Responsible Investment (SRI)/Ethical constraints
  The University of Huddersfield has a defined policy whereby it will not invest directly into organisations whose values do not reflect those of the University in regard to social, environmental and humanitarian concern.  These would for example include but not be limited to; human rights abuse; discrimination on the grounds of race, gender, disability, age or religion; serious and persistent environmental damage; and arms trading.

- Reporting
  Quarterly investment reports will be required from the Investment Fund Manager. The performance of the investment portfolio & manager will be reviewed on a regular basis by an Independent Financial Adviser (IFA) giving due regard to benchmarks and peer groups and an annual summary report produced for presentation annually. This will include a check by the IFA as to the current overall asset allocation of both the A and B investments to ensure that the overall equity exposure remains within acceptable parameters.

- Financial Review
  At least six monthly face to face reviews with the IFA to include performance update, valuation and evaluation. This may include a joint meeting with the Fund Manager.

- Benchmarking & Monitoring
  The portfolio will be monitored by the IFA in conjunction with ARC (Asset Risk Consultants) who will produce quarterly performance reports. The investment manager will be benchmarked using their own internal composite index and external peer group via the ARC Steady Growth Private Client Index which is the most suitable as this is in line with the overall views of investment risk.

  Asset Risk Consultants (ARC) are an independent specialist consulting firm with over fifteen years' experience in conducting independent performance assessments of private equity portfolio managers and currently assist in the monitoring of more than 6,000 private client portfolios.

  By working with ARC, the IFA ensures that the University retains its independence from the Fund Manager by receiving independent third party portfolio analysis.

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### APPENDIX V – FACTORS TAKEN INTO CONSIDERATION WHEN IDENTIFYING SURPLUS FUNDS FOR INVESTMENT

The University generates liquid funds which may be surplus to immediate requirements by generating a surplus beyond its expected needs.

The overall level of liquid funds is determined by 3 factors. The first two are key components of the University's Strategic Plan:

E4: To generate sufficient cash to meet strategic investment plans and economic contingency – a minimum 10% of annual turnover as a margin for sustainability and investment.

E5: To maintain financial strength – to remain in the top ten among mainstream HEIs in the HESA Security Index.

The third factor is a cash flow forecast incorporating planned estate and other capital expenditure showing the minimum expected monthly and annual cash balance.

The liquid funds held by the University which may be considered to be surplus to immediate requirements and therefore available for investment are in two categories:

A Those which may need to be realised for short to medium term operational needs.

B Those which may not need to be realised in the longer term.

The minimum level of liquid funds which may be considered to fall into Category B, is the level necessary to maintain objective E5 above, on the basis that liquid funds will not be allowed to fall below this threshold in the foreseeable future and expenditure will be controlled accordingly with that objective.

The minimum level of liquid funds which may be considered to fall into Category A, is the minimum level necessary to meet the University's short-term operational objectives and is determined by the level required to meet the expenditure needs of the cash flow forecast, which in turn is driven by objective E4. In practice this will be at least 20 days of expenditure. Cash generated that is surplus to these minimum requirements <u>may</u> fall into Category B, if the longer term cash flow forecast demonstrates that there is no need to hold these funds for Category A purposes; and subject to the overall risk assessment below.

A review will be undertaken on an annual basis by the Director of Finance in conjunction with determining the affordability of the 15 year Estate Capital Plan. This is approved at the July meeting of Council alongside the University's Financial Forecast for the following 3 years. That review will also determine the projected level of Category A and Category B liquid funds which will be required for the following 12 months, taking the factors above into account. The overriding factor in this review will be the University's risk appetite, which is currently set at low/medium for the entire holding of liquid funds. This is derived from holding Category A funds (low risk) in equal proportion to Category B funds (medium risk). All other things being equal therefore, the level of Category A funds and level of Category B funds will be equal based upon projected balances in 12 months' time, so long as this leaves sufficient A funds in place for the university's short term needs.

In order to eliminate as far a possible the undue regular movement of funds in and out of Category B driven by such a review which may be detrimental to investment performance, the final figure on which the split between A funds and B funds is to be determined will be the lower of the combined value of liquid assets held at 31 July in any given year and the forecast figure 12 months hence.

Category A funds will then be invested as A List investments and Category B funds as B List investments in accordance with Appendix III.

The split between A and B Funds will be constantly reviewed, but there is a grace period of 15 months before any action is required in order to enable annual forecasting to be completed. There is also a 5% tolerance before action is required, so a split of 45%/55% in favour of either A or B investments is considered to be acceptable within the overall risk tolerance. This is subject to a further check on the level of risk being carried by the investment allocation in Category B to ensure that the equity proportion is not overweight in overall terms. This is unlikely to happen because the prudent policy of taking the lower of current and forecast balances means that at any one time the investment into B funds will be a maximum of 50% of total funds and in practice will be less. It is likely however that this prudent policy will result in fixed interest funds being overweight which means that the overall risk profile will usually be at the lower end of the Low/Medium spectrum.

Some discretion is allowed to the Director of Finance in managing the respective portfolio balances in order to ensure that any temporary movement or weighting does not impact adversely on investment performance.

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### APPENDIX VI - MATTERS TO BE INCLUDED IN A PROPOSAL TO SEEK FINANCE FOR A MAJOR CAPITAL PROJECT

1. The borrowing requirement and its purpose.

2. The proposed lender.

3. The arrangements for draw down of the facility.

4. The term of the loan.

5. The repayment structure and arrangements for prepayment of the facility.

6. The interest rate or margin applied to the facility and the associated payment schedule.

7. The hedging arrangements for the facility.

8. Responsibility for arrangement fees and legal costs.

9. The security applied to the facility. The Director of Finance will consider the following:

    a) the value of assets already held as security on existing capital projects.

    b) the requirements of the MAA with HEFCE.

    c) statutory requirements and the University's own powers and rules.

    d) restrictions on the University's use of its property assets required by covenants.

    e) the maximum level of assets that should be provided as security without risking the overall stability of the University.

10. Details of any undertakings/covenants relating to the facility.

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### APPENDIX VII - TERMS OF ENGAGEMENT OF EXTERNAL MANAGERS

Council is responsible for the appointment of bankers and other professional financial advisers (including investment managers). The appointment shall be for a specified period after which consideration shall be given by Council to competitively tendering the service. FRACU Section 15.2

The Client Agreement with Union Fund Management Ltd dated 19 February 1998 was approved by Planning and Resources Committee on 19 March 1998 and by the University Council on 2 April 1998 and signed by the University's Director of Finance on 6 April 1998.

(Union Fund Management Ltd changed its name to Royal London Cash Management Ltd from 31 December 2001.)

The Client Agreement with Tilney Investment Management Ltd dated 22 May 2002 was approved by the Finance sub-committee of the Planning and Resources Committee on 21 March 2002 and signed by the University's Director of Finance on 28 May 2002. Tilney transferred its cash management operations to Singer and Friedlander Investment Management Limited on 5 November 2007. Their Terms of Engagement were signed by the University's Director of Finance on 1 November 2007. The Singer and Friedlander cash management service was transferred to Epic Asset Management Limited and their Discretionary Investment Management agreement was signed by the Director of Finance on 17 October 2008. European Wealth Management Group were appointed on 5 July 2012 and their Institutional Investment Management Agreement was signed by the Director of Finance on 25 July 2012.

A Client Charter was signed with Robertson Baxter on 20 October 2014.

A Form of Appointment was signed with Schroders Private Banking on 5 December 2012.

The original documents are held by the Director of Finance.

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### APPENDIX VIII - MATTERS TO BE INCLUDED IN REPORTS TO THE COUNCIL COMMITTEE CHAIRS' GROUP

**Periodic reports to Council**

1. Quarterly management accounts incorporating:

   Analysis of current outstanding loans, deposits and investments. (Quarterly)

   Cash flow compared with budget and commentary on variances. (Quarterly)

2. Commentary on surplus medium-term investments (Annually).

3. Commentary on treasury operations for the period. (Annually).

4. Matters in respect of which the Treasury Management Policy Statement, the annual financial strategy or the treasury systems document have not been complied with. (As they arise).

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**APPENDIX IX - TREASURY MANAGEMENT SYSTEMS DOCUMENT**

The Director of Finance is responsible, on behalf of the University Council, for liaising with the institution's bankers in relation to the institution's bank accounts. Only the Director of Finance may open or close a bank account for dealing with the institution's funds. All bank accounts shall be in the name of the institution or one of its subsidiary companies. FRACU Section 15.3

All automated transfers on behalf of the institution, such as BACS or CHAPS, must be authorised in the appropriate manner and on the basis approved by the Council Committee Chairs' Group. Details of authorised persons and limits are outlined below.

The Director of Finance is responsible for ensuring that all bank accounts are subject to regular reconciliation and that large or unusual items are investigated as appropriate.

## 1. Delegation

1.1 The Director of Finance maintains the bank mandate. The University Council approves the bank mandate. Minor changes, such as change of name, are actioned by a letter signed in accordance with the mandate. The Accounting Technician (Financial Activities) keeps a copy on file for reference during daily activities.

1.2 The scheme of delegation for the application of the treasury policy is set out in the Treasury management policy document, Appendix 1.

1.3 The scheme of delegation for the operation of the Lloyds Link facility for transmission of funds and for enquiring about the position of the University's bank accounts is set out below.

| Security level | Duties | Responsible person |
|---|---|---|
| Auditor | • Review the users and access rights on the system.<br>• Review log each month<br>• Test check sample transactions<br>• Raise any concerns with line manager | Financial Systems Development and Support Officer |
| Manager | • Set up users and access rights | Management Accountant |
| User | • Make transactions | Treasury Accountant<br>School Support Accountant |
| Authoriser 1 | • Provide one level of security. | Director of Finance<br>Deputy Director of Finance |
| Authoriser 2 | • Provide a second level of authorisation. | Risk Assessment Manager<br>Head of Procurement |

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**2 Cash flow**

2.1 The Accounting Technician (Financial Activities) maintains a cash flow spreadsheet, which is filed as Accounting Technicians/CathB/treasury/cash. This is a three month rolling projection. The interval for the first month is 1 day. The interval for the subsequent months is 1 week. This spreadsheet is updated daily.

**2.2** To update the spreadsheet:

2.2.1 **UHHEC Current account.** Enquire via Lloyds Link ‘Yesterday’s Balance – Long’ report and input the ‘Clearing Today’ figure in the current day column and the ‘Clearing Tomorrow’ figure in the next day column. Appendix (i) gives details of how to access Lloyds Link.

2.2.2 **AM Investment account.** Enquire via Lloyds Link ‘Yesterday’s Balance – Long’ report and input the ‘Closing Ledger Balance’ figure in the current day column and any ‘Clearing Tomorrow’ figure in the next day column.

2.2.3 **Tuition fees and other income.** Enquire via Lloyds Link ‘Today’s Statement’ report and input the Total Income in the current day column.

2.2.4 **HEFCE and TTA.** Input income due from HEFCE and TTA from the schedules provided by the funding bodies. Enquire via Lloyds Link ‘Today’s Statement’ report to ensure there is no double counting with amounts included in the Total Income.

2.2.5 **Salaries.** Input estimated amounts for salaries in the week containing 21$^{st}$ of each month. Change the estimates to the actual amount payable using data from the payroll posting analysis provided by payroll around 19$^{th}$ of each month.

2.2.6 **Teachers’ Pension.** Input estimated amounts for the Teachers’ Pension Fund in the week containing 25$^{th}$ of each month. Change the estimates to the amount payable using data from the payroll posting analysis. These amounts are payable in the same month as the pay date.

2.2.7 **Tax and NI and WYPF.** Input estimated amounts for Tax and NI and WYPF (West Yorkshire Pension Fund) in the week containing the Wednesday before 19$^{th}$ of each month. Change the estimates to the actual amount payable using data from the payroll posting analysis. These amounts are payable in the month following the pay date.

2.2.8 **BACS/DD.** Enquire via Lloyds Link ‘Today’s Statement’ report and input the ‘Direct Debit debits’ figure in the current day column. Input estimated BACS pay runs at £500,000 each Wednesday. Update this amount to actual from information from the Purchase Ledger staff.

2.2.9 **Barclaycard.** Direct debits are taken on the 7$^{th}$ of the month. The total can be found on the Barclaycard monthly statements available from the Barclaycard website.

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**2.3** Make a decision about the amount to be deposited based on the balance shown on the spreadsheet. The amount is a matter of judgement. Err on the side of prudence if in any doubt.

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Treasury Management | | | | | | | | | |
| 2 | 14-Jun | 14-Jun | 15-Jun | 16-Jun | 17-Jun | 18-Jun | 19-Jun | 20-Jun | 21-Jun | 22-Jun |
| 3 | | WED | THU | FRI | SAT | SUN | MON | TUE | WED | THU |
| 4 | INCOME | | | | | | | | | |
| 5 | HEC CURRENT A/C 1482770 | | | | | | | | | |
| 6 | AM INVESTMENT A/C 0290428 | 490,631 | | | | | | | | |
| 7 | T FEES & OTHER INCOME | 100,360 | | | | | | | | |
| 8 | HEFCE | | 1,332,210 | | | | | | | |
| 9 | TDA | | | | | | | | | |
| 10 | | | | | | | | | | |
| 11 | EXPENDITURE | | | | | | | | | |
| 12 | SALARIES | | | | | | | | (4,200,000) | |
| 13 | TAX/NI & PENSIONS | | | | | | | | (850,000) | |
| 14 | Barclaycard | | | | | | | | | |
| 15 | BACS/DD | (438,347) | | | | | | | | |
| 16 | Market deposits | | | | | | | | | |
| 17 | | 152,644 | 1,484,854 | 1,484,854 | 1,484,854 | 1,484,854 | 1,484,854 | 1,484,854 | (3,565,146) | (3,565,146) |
| 18 | | | | | | | | | | |

## 3 Dealing procedures

**3.1** All Money Market transactions are carried out through the University's Fund Managers who are Royal London Cash Management Ltd and European Investment Management.

## 4 Evidence of deals

**4.1** Each fund manager sends a monthly portfolio detailing all transactions.

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**5 Transmission procedures**

**5.1** Use the balance on the cash flow spreadsheet to decide whether funds should be invested or whether funds should be recalled. The target is to maintain the total of funds invested at >95% of total surplus funds.

**5.2** All transactions must be processed before 11.00 a.m.

**5.3** The scheme of delegation in 1.2 above must be strictly adhered to.

**5.4 To invest surplus funds**

5.4.1 Use Lloyds Link to make payments to each fund manager. Appendix (i) details the procedure.

5.4.2 Phone each fund manager to let them know the funds have been sent.
RLCM 020 7506 6626
European Investment Management 020 7293 0750

5.4.3 Update the record of transactions in Accounting Technicians/CathB/treasury/stmt

**5.5 To recall surplus funds**

5.5.1 Request amounts back from each fund manager by telephone.

5.5.2 Update the record of transactions in Accounting Technicians/CathB/treasury/stmt

**6 Limits to decision making**

The scheme of delegation defines which people can perform investment transactions and provides for cover arrangements. No monetary limits to decision making are in place.

**7 Reporting arrangements**

**7.1** Provide information about funds invested and interest earned to the Financial Accountant each month.

**7.2** Update the summary of performance by each fund manager each quarter ready for the report to the University’s Finance Committee.

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**Appendix (i)**

**1 Lloydslink procedures**

**1.1** Lloydslink can be used to view and print information about the University's bank accounts, including statements, to make CHAPS payments and to make inter-account transfers.

**1.2 To obtain bank balances and statements**

1.2.1 Log into Lloydslink.

1.2.2 Cash management/statements and balances

1.2.3 Select Yesterday's Balance – Long or yesterday's statement or today's statement as required

1.2.4 Use the Closing Ledger balances to update the spreadsheet in Accounting Technicians/CathB/bankacc/bankbal

**1.3 To make Inter-account transfers**

1.3.1 Select inter-account transfers from the main menu.

1.3.2 Select a new transfer

1.3.3 Select the account from and the account to. Input the amount.

1.3.4 Select submit icon which looks like a phone

**1.4 To make CHAPS payments**

1.4.1 Log into Lloydslink

1.4.2 Select payments/launch payments/payments management/create new/start from blank/CHAPS (faster payments can be used for values below £100,000). Populate the fields, save and publish. Obtain authorisation. Export and submit batch.

| POLICY SIGN-OFF AND OWNERSHIP DETAILS | |
|---|---|
| **Document name:** | Treasury Management Policy |
| **Version Number:** | V1.0 |
| **Equality Impact Assessment:** | |
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| **Author:** | Director of Finance |
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| **Compliance Checks:** | Regular reporting to University Council |
| **Related Policies/Procedures:** | |

| REVISION HISTORY | | | |
|---|---|---|---|
| **Version** | **Date** | **Revision description/Summary of changes** | **Author** |
| V1.0 | July 2017 | Major Policy review.<br>*Previous versions of this Policy are held by Finance. Please note this is Version 1.0 under the new Policy Framework.* | Director of Finance |