Treasury Management Policy

Date of Policy Approval:	March 2020, reviewed March 2023
Owner of Policy:	Chief Finance Officer
Authorised By:	Bright Futures Board of Trustees
Policy Review Date:	March 2026
Distribution:	Bright Futures Executive Team & Finance Team Website & Intranet

This is a Trust-wide Policy

Bright Futures
EDUCATIONAL TRUST
The best *for* everyone, the best *from* everyone

Treasury Management Policy

Bright Futures Educational Trust is committed to the highest standards of work, openness, accountability, honesty and integrity. In order that it carries out its mission, long term goals and objectives it must secure its financial base. The "Treasury Management" function is the key function that will lead the organisation forward in doing so. Treasury Management "Policy", "Strategy" and "Activities" must be clearly defined, appropriate and communicated.

General Policy

Treasury management is defined as "the management of cash-flows, borrowings and investments, the management of the associated risks, and the pursuit of the optimum performance consistent with those risks. The analysis and reporting of treasury management activities must focus on the risk implications for Bright Futures Educational Trust.

The treasury management function is the function responsible for the management of Bright Futures Educational Trust's cash balances, investments and borrowings. The Trust Chief Finance Officer must ensure that surplus cash is properly invested and that Bright Futures Educational Trust's cash flow is sufficient to meet its liabilities.

Strategy

The treasury management strategy is to ensure the optimal return on all cash balances generated by Bright Futures Educational Trust within the constraints of this policy statement and ensuring above all else that the need to protect the capital sums invested is met. Bright Futures Educational Trust has a risk averse approach to investing funds on deposits.

Activities

The main activities of the Treasury Management Operation are:

- To monitor the bank balance of Bright Futures Educational Trust,
- To prepare monthly cash flow forecast statements for the organisation,
- To prepare and maintain an annual cash flow forecast,
- To arrange short- and long-term investments and borrowings as appropriate,
- To monitor and mitigate exposure to risk on those investments that Bright Futures Educational Trust may hold.

It is the responsibility of the Treasury Management Function to calculate from cash flow forecasts the extent to which surplus cash may be available for investment, or the extent to which there may be shortfalls, which may as a result require temporary borrowings.

The investment parameters and borrowing facilities must be duly authorised by the Trust Board.

Investments

The Treasury Management function must endeavour to ensure that investments made on behalf of Bright Futures Educational Trust are ethical in nature and take into consideration the Trust ethos, values and commitments.

Bright Futures will hold its surplus funds as cash or cash equivalents and will not invest in gilts, equities or other non-money assets that have market reactive pricing and may suffer diminution of value if liquidated in response to cash requirements rather than market conditions.

Bright Futures Educational Trust will invest funds which are surplus to its forecast cash needs for periods of up to six months. It will lend its surplus funds only to (or deposit them only with) UK incorporated institutions falling under the supervisory regime of the Financial Conduct Authority Ltd. and having a Fitch Ratings Short Term Rating of F1 or F1+. In order to diversify exposure, no more than one third of the Trust's cash balance will be deposited with any one institution.

The Trust will maintain a cash flow forecast that identifies the future need for liquidity required to meet its obligations and the amount and timing of temporary cash surpluses. The Trust will not normally lend or deposit its surplus funds externally for periods of longer than six months other than in accordance with a strategy approved at Board level.

The Trust will ensure through its cash-flow forecast and financial plan that it will have sufficient liquidity at all times to meet its payment obligations.