

**POLCFO 15 Treasury Management Policy**

**FIN09 Treasury Management Policy**

All College policies and procedures adhere to the guidelines and ethos of Equality and Diversity.

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| Clan | √ | MyNCLAN |  | Website |  |

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# Policy

* 1. This policy sets out the College’s policy concerning all Treasury Management activities undertaken by the College, including the administration of Student Support Funds.
  2. Treasury Management comprises the management of all cash and funding resources of the College and the control of associated risks.
  3. New College Lanarkshire is a body, incorporated by Statute, with charitable status and is mainly financed by public funds. It is, therefore, unable to make speculative investments. However, the concept of “Value for Money” means that the College should attempt to secure value and maximize its income from whatever short-term cash balances that it may have.

# Purpose

* 1. The reason for the establishment and subsequent reviews of this Policy are:
* the merger of Motherwell, Cumbernauld and Coatbridge Colleges (completed on 1st April 2014) required a single policy to be formed from the three legacy policies;
* that on 1st April 2014, the College (in common with all FE Colleges in Scotland) became a General Public Body (termed as the “ONS Reclassification”) and, as such, must comply with the direction of the Scottish Public Finance Manual (SPFM);
* part of the ongoing cyclical review of policies and procedures and required further review for alignment with Strategy 2025.

# Aims

* 1. The aims of this policy are:
* To ensure that effective Treasury Management supports the achievement of the College’s Strategic and Operational Plans;
* To ensure that the Treasury Management function is undertaken with openness and transparency;
* To ensure that there is a clear distinction between those members of staff charged with setting Treasury Management policies, particularly with the execution and transmission of funds, and the recording and administering of Treasury Management decisions.
  1. The identification, monitoring and control of risk are the prime criteria by which the effectiveness of the College’s Treasury Management activities will be measured.

# Scope

The College will operate Treasury Management activities with reference to:

* The College strategic plan
* The College’s operational plans
* The revenue budget
* The capital budget
* Cash flow forecasts; and
* Working capital management

# Borrowing and Capital Finance

* 1. Under the provisions of the SPFM, College’s may not enter into new loan arrangements after 1st April 2014.
  2. With regards to any pre-April 1st 2014 continued borrowing (overdrafts, commercial loans, loans from Scottish Funding Council (SFC) and Lennartz agreements), repayment of the capital element is not part of SPFM budgetary control but the College must ensure that it has available cash resources outside of grant or grant-in-aid to make the necessary payment.
  3. Where a finance lease is used for the purposes of investment in capital equipment, this shall be considered to be borrowing within the terms of this policy.

# College Bank Accounts

6.1 The Finance Committee will provide strategic direction and the Finance Department oversee the operation of the College’s banking and investment accounts. The use of any new banks for transaction processing or for the placing of short-term investments must be within the Government Banking Framework and approved by the Finance Committee.

6.2 Bank accounts will be operated in line with the College’s Financial Regulations.

6.3 Interest due on Student Support Funds must be credited to the respective bank account and be made available to learners as specified in the guidance issued by SFC and the Student Awards Agency for Scotland (SAAS).

# Appointed bankers

7.1 As a matter of good practice, the College will, on an on-going basis, review the service arrangements with its appointed bankers to ensure that value for money is being achieved.

7.2 It is noted that, as a result of ONS Reclassification, the College moved to the Government Banking Service from 2016/17. Banking arrangements should not, therefore, be extended or amended without express prior agreement with the Scottish Government.

# Investing and Depositing of Excess Funds

8.1 The ONS Reclassification requires that Colleges request cash on a monthly basis from SFC. Supplementary to this, Colleges should not request cash in advance of need. It follows that there will be little excess funds to deposit or invest (compared to the pre-ONS position). However, for the purposes of completeness, the following will apply.

8.2 The Chief Resources Officer has authority to invest excess funds in interest bearing accounts and fixed term investments within the Government Banking Service framework, whilst ensuring that the College has sufficient cash available to meet its commitments in the short term. Such accounts must be operated in line with the Financial Procedures and Regulations; all transfers between bank accounts will require two signatories to authorise.

8.3 The College will not expose itself unnecessarily to currency risk and will therefore not make investments denominated in any currency other than Pounds Sterling unless where it is a requirement of any Grant. All excess funds will be invested in UK based banks regulated by the Financial Services Authority (FSA) subject to the Government Banking Service framework.

8.4 Subject to the Government Banking Service framework, the Finance Committee will approve the use of any new banks for the purposes of investing excess funds. The Financial Controller will periodically review the market to ensure that the College is receiving a reasonable return on its investments and will also periodically review the credit ratings of the financial institution’s funds are deposited with.

8.5 The Financial Controller will report bank balances and investments to each meeting of the Finance Committee. This will normally be done through the Management Accounts.

# Systems and Procedures

9.1 The Chief Resources Officer shall maintain appropriate systems, procedures and documentation to administer Treasury Management within this policy. These systems will be subject to periodic review by the College’s Internal Auditors as part of the Annual Audit Needs Assessment.

9.2 Any advance funding requested from the SFC will be notified to the Board and the Finance Committee, subject to agreement.

# Intercompany transfers

10.1 This refers to the transfer of cash balances between parent and subsidiary, New College Lanarkshire and Amcol Scotland Ltd.

Subject to agreement, any intercompany transfers over £500k will require Finance Committee approval and Board notification. Four weeks’ notice should be given and repayment will be agreed upfront.

10.2 Amcol will retail working capital of £800,000.

# Linked Policies/Related Documents

* 1. New College Lanarkshire Value for Money Policy.

# Relevant Legislation/Guidance

12.1 Scottish Funding Council - National Policy: Childcare funds for further and higher education students in Scotland’s Colleges.

12.2 Student Awards Agency for Scotland: Higher Education Undergraduate and Postgraduate Discretionary Funds Guidance.

* 1. Scottish Funding Council: National Policy for Further Education Bursaries
  2. Scottish Public Finance Manual
  3. APUC Framework
  4. Money Laundering Regulations
  5. Any other relevant Legislation / Guidance

# Version Control

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| **Version** | **Version date** | **Sections updated** |
| V1 | Aug 2014 | Original version of document |
| V2 | June 2018 | Reviewed, no change |
| V3 | December 2021 | Updated brand logo. Chief Financial Officer and Financial Controller |
| V4 | February 2022 | Updated document for relevant legislation |
| V5 | January 2023 | Reviewed, no change. |
| V6 | February 2024 | Chief Resources Officer replaces Chief Financial Officer |
| V7 | February 2025 | Review and add Intercompany section |