

Policy:

FIN 007 Treasury Management Policy

Executive or Associate Director Lead	Executive Director of Finance
Policy author/lead	Head of Financial Accounts
Feedback on implementation to	Head of Financial Accounts

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Target audience	Finance Department and Senior Budget Holders and Budget Managers.
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Keywords	Treasury Management, Cash-flow, Investments, Risk Management
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Policy Version and advice on document history, availability and storage

V 1.1 June 2015 - Revised Policy – the following changes were made to this policy;

- Addition of reference to the impact of 3.5% PDC charge on cash balances held.
- Amendment to Departments due to changes in department names
- Amendment to Authorised Signatory details due to changes in personnel
- Removal of reference to the prudential borrowing requirements in section 41 of the NHS Act 2006 which were repealed with effect from 1st April 2013 by the Health and Social Care Act 2012.
- Adjustment to the maximum limit of cash held with individual commercial banks.

V 1.2 August 2016 - Updated to reflect Policy on Policies

V 2 September 2018 – Revised on expiry of policy, to update key areas such as investment terms, values and general wording in the following sections:

Section 1 "Introduction"
Section 6 "Treasury Management Process" 6.1.1
Section 6.3 "Treasury Controls" 6.3.2
Section 6.4.3 "Investments"
Section 9.4 "Compliance Monitoring"
Section 12 "Contact details";
Appendix "H" updated authorised signatories list (section 1 and 2)
Appendix "G" all

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1 Introduction

- 1.1 NHS Foundation Trusts are public benefit corporations, with the principal role of providing healthcare services for the NHS in England. As such, boards of NHS Foundation Trusts need to ensure that surplus operating cash is invested in accordance with their duty to safeguard and properly account for the use of public money.

This policy aims to promote fiscal responsibility and prudent investments that do not compromise effective, efficient and economic delivery of services. It further aims to minimise potential reputational risks associated with investments and to promote investments that are in keeping with NHS Foundation Trusts reputation as beneficial and service-driven organisations.

- 1.2 This procedure applies to all employees of SHSC, any staff who are seconded to SHSC, contract and agency staff and any other individual working on SHSC premises.
- 1.3 In order to reflect the current climate on corporate governance issues, it is both appropriate and necessary to formally set out current treasury activities and establish a treasury risk management environment in which all objectives, policies and operating parameters are clearly defined and understood.
- 1.4 This policy follows the best practice advice issued by Monitor on “Managing Operating Cash in NHS Foundation Trusts” 2005.
- 1.5 Treasury Management basically refers to the set of policies, strategies and transactions that the Trust will adopt and implement to manage its cash resources, raise cash resources at acceptable cost and risk and reduce interest rate, foreign exchange and commodity price risks along with conducting its relationships with its financial stakeholders, who are mainly commercial banks.
- 1.6 SHSCFT is committed to:
- The achievement of the principles, values, rights, pledges and responsibilities detailed in the NHS Constitution, and
 - Ensuring they are taken account of in the production of its Policies, Procedures and Guidelines. This procedure supports the NHS Constitution by committing to use NHS resources responsibly and fairly and providing best value for taxpayer’s money.

2 Scope

2.1 This policy is for use within the Financial Accounts, Corporate Finance Department in the Trust.

2.2 This policy covers the following:-

- Overall Treasury Objectives
- Treasury Management
- Duties (Controls and Responsibilities)
- Specific details on
 - Attitude to risk
 - Key responsibilities
 - Bank relationships
 - Reporting

3 Definitions

3.1 Appendix I outlines the key terms used in Treasury Management and practise.

4 Purpose

4.1 The aim of this document is to provide guidance to all Sheffield Health and Social Care NHS Foundation Trust (SHSC) staff on Treasury Management policy and procedure.

4.2 It provides guidance for finance staff on the principles to apply.

5 Duties

5.1 The membership of the Board and Financial Accounts section are shown in Appendix H.

5.2 The key responsibilities are as follows:

Trust Board

- Approve external funding arrangements
- Approve overall treasury policy
- Delegation of responsibility for devising and implementing the Trust's detailed Treasury policy to the Director of Finance.
- Receives monthly reports and reviews the position constantly
- Approves the Trust's treasury procedures, controls and policies (see below).
- Review, critically appraise and evaluate the Treasury Policy and, where appropriate, the Trust's interest rate, foreign currency, funding and investment approaches, including permitted instruments, counterparties and authority levels.
- Review, critically appraise and evaluate any external funding arrangements including working capital facility within delegated authority.
- Initiates and controls the financial aspects of all the Trust's Business plans

Director of Finance

- Devise the Trust's treasury policy and implement this once approved. Maintain effective systems of financial control and detailed procedures for all aspects of Treasury Management.
- Monitor arrangements and bring any matters of importance to the attention of the Trust Board via the Finance and Investment Committee.
- Revenue implications of borrowing and investments are communicated and built into the Trust's financial plans
- Authorised officer to open new bank accounts

Financial Accounts Section

- Manage key banking relationships. Manage treasury activities within the agreed Policies and Procedures.
- Accurate and timely recording in the accounting records of all treasury transactions, including safekeeping of all counterparty documentation regarding investments, etc.
- Reporting of The Trust's treasury management position and performance in line with the requirements of Section 6.6 'Treasury Reporting'.
- Ensure that the Trust manages its working capital in an effective and efficient manner, investing any available surpluses and making working capital facility available in case of cash shortfall and report to the Finance, Information & Performance Committee.

6 Treasury Management Process

6.1 Overall Treasury Objectives

6.1.1 The overall treasury objectives are to support the Trust's operations by:

- Ensuring the most competitive return on surplus cash balances, within the agreed risk profile, achieving the best possible average rate of interest;
- Ensuring the availability of adequate working capital and flexible competitively priced funding at all times and exposure to different types of borrowing is at a prudent level;
- Identifying and managing the financial risks, including interest rate and foreign currency risks, arising from operational activities;
- Establishing continuous review of forecast of interest rates to provide the basis for Treasury Management decisions, and
- Ensuring compliance with all banking mandates and covenants.

6.1.2 The Trust's treasury activities will be undertaken in a manner to achieve the following key objectives:

<i>Managing Risk:</i>
Effective management of liquidity risk, by achieving optimum performance, both in terms of investment and borrowing money.
<i>Surplus Cash:</i>
Obtain the most competitive deposit rates using The Government Banking Service and a group of relationship banks, in line with deposit guidelines ratified by the Trust Board.
<i>Funding:</i>
Ensure the availability of flexible and competitively priced funding from alternative sources to meet the Trust's current and future requirements.
<i>Interest Rate Management:</i>
Maintain an interest rate structure which reduces the impact of changing interest rates on the income and expenditure account.
<i>Foreign Currency Management:</i>
Minimize any exchange rate movement risk by covering known foreign exchange exposures.
<i>Bank Relationships:</i>
Develop and maintain strong, long term relationships with the Trust's banks.

6.1.3 These objectives are targeted towards ensuring that the Trust is continually able to undertake and develop its activities without financing constraints.

6.1.4 Under no circumstances will the Trust enter into trading positions or undertake trading for purely speculative reasons.

6.2 Treasury Management

6.2.1 Treasury Management is the efficient management of liquidity and financial risks in a business and the actions to manage these risks will vary as their nature changes over time.

6.2.2 This Policy provides a clearly defined risk management framework and a reference point for those responsible for treasury operations. In order to fully realise the benefits it is essential that these policies are kept up to date to reflect any future changes or developments.

6.2.3 Further details on Treasury Management practice are provided at Appendix I - Treasury Management Practise Explained.

6.3 Treasury Controls

6.3.1 The treasury controls proposed in this policy are designed to ensure the Trust's treasury activities are undertaken in a controlled and proper manner.

6.3.2 The key components of the overall treasury operating environment include the following:

- Clearly defined roles and responsibilities in treasury activities for the Trust Board, the Director of Finance and the Financial Accounts Section. These are set out in Section 5;
- Regular reporting of treasury activities;
- Segregation of duties between those who make investments, those who initiate payments and those who account for treasury activities; and
- Strict limitations on the types of investments and the circumstances in which they may be utilised by the Trust.
- Controls on who can operate bank accounts and individual authorisation limits. (Refer to Appendix H - Authorised Signatories and Limits)

6.4 Attitude to Risk

6.4.1 Funding

- 6.4.1.1 The principal role of the Treasury function is to maintain liquidity to mitigate and manage risk and to ensure a competitive return within an acceptable risk profile.
- 6.4.1.2 The Trust will maintain a risk-averse approach to funding, recognising the on-going requirement to have committed funds in place to cover both existing business cash flows and to provide reasonable headroom for seasonal debt fluctuations and for its capital expenditure programme.
- 6.4.1.3 The key funding objective is to ensure the availability of flexible and competitively priced funding at all times to meet the Trust's current and future requirements.
- 6.4.1.4 It is not appropriate to arrange long-term specific debt without a specific need.

6.4.2 Borrowing

- 6.4.2.1 The Financial Accounts team will review the Working Capital Facility requirements of the Trust as part of the on-going monthly financial reporting. Should cash flow forecasting indicate a need for borrowing may arise, a report to Trust Board will be prepared which may recommend the establish off or utilisation of a Working Capital Facility, or borrowings of another type as appropriate to current economic conditions.
- 6.4.2.2 The Trust's general approach will be to utilise the most cost effective source of funds.
- 6.4.2.3 If borrowing is recommended, the Trust would initially would look to National Loans Fund interest rates via the Public Works Loan Board (www.dmo.gov.uk)

6.4.3 Investments

- 6.4.3.1 All cash balances should remain in a comparatively liquid form and all cash balances (and investments resulting from them) directly under the control of Trust should be realisable and have a maturity not exceeding three months.

6.4.3.2 Cash is usually held with Government Banking Service (GBS). Investments outside this are only placed with relationship banks defined as “safe harbour” within the document “Managing Operating Cash in NHS Foundation Trust” issued by Monitor in December 2005 and are in line with deposit limits agreed by the Trust Board. (See Appendix G - Approved Investment and Borrowing Institutions) The limits are £5 million with any one commercial bank and unlimited with the National Loans Fund which is classed as analogous to GBS.

6.4.3.3 Should commercial bank interest rates fall below 3.5% + current % of interest from GBS banks i.e. 3.89% it is not financially advantageous to invest in commercial bank accounts. This is due to the charge that the Trust will incur, of 3.5% on cash held in non-governmental banks on a daily basis plus the interest rate gained directly from GBS banks (0.39% for illustrative purposes).

6.4.4 Foreign Exchange Management

6.4.4.1 The Trust is exposed to minimal exchange rate movements, as all of its business is denominated in sterling. Where purchases are made for a small range of goods and services from overseas suppliers, the Trust purchases foreign currency at spot rate to settle these liabilities.

6.4.5 Interest Rate Management

6.4.5.1 Should the Trust enter into long-term borrowings, it will maintain an interest rate structure which reduces the impact of rapidly increasing interest rates on its income and expenditure account.

6.4.6 Bank Relationships

6.4.6.1 The Trust’s approach is to develop long-term relationships with a core group of approved financial institutions. The benefit of this approach is to establish a high degree of confidence and commitment between the parties which will ultimately enable the Trust to place reliance on the support of its bankers.

6.4.7 Banking Covenant Compliance

6.4.7.1 In situations where funding arrangements are attached to financial covenants, a regular review of the Trust’s performance against these covenants should be included in the monthly treasury report so that potential problems can be identified at an early stage.

6.4.7.2 The Trust adopts a risk-averse strategy to all of its treasury management operations, and will enter into financing transactions purely on a 'need' basis, and not for speculative purposes.

6.5 Banking Relationships

6.5.1 The development and maintenance of strong banking relationships is a crucial factor in enabling the Trust to have confidence in the support of its bankers.

6.5.2 The provision of efficient cash management systems throughout the Trust ensures that banking requirements are serviced at the optimal cost. This section details the Trust's objectives in this area of treasury.

6.5.3 Objectives

- To ensure the cost paid for banking services is competitive.
- To minimise the cost of borrowings and maximise the return on cash surpluses within acceptable risk parameters by maintaining efficient cash management systems in the Trust.
- To manage the interest rate exposure of the Trust in accordance with defined policy.
- To manage any potential foreign exchange exposures of the Trust.
- To develop and maintain strong relationships with a number of key banks.
- To monitor and ensure compliance with banking covenants.

6.5.4 Overview

6.5.4.1 In order to achieve the above objectives, the Trust reviews, on a triennial basis, its banking arrangements and undertakes a tendering process at least every five years, in accordance with Trust Standing Financial Instructions, for the provision of commercial banking services to ensure value for money and quality of service, where commercial banking is being utilised.

6.5.5 Banking Relationships

6.5.5.1 The Financial Accounts Section of the Finance Department will be responsible for managing all banking relationships to achieve ultimately the optimum benefit from these to the Trust.

6.5.5.2 Nominated representatives from the Section will meet the Trust's commercial banks on a regular basis to discuss services provided and any new or improved products of potential interest to the Trust.

6.5.5.3 Relationships will also be fostered with certain of the banks from the authorized list at Appendix G - Approved Investment and Borrowing Institutions for the purposes of potential investment where it is financially advantageous.

6.5.6 Efficiency Management

6.5.6.1 The efficient management of all aspects treasury management will engender confidence between the Trust and its bankers and thereby will enable the procurement and maintenance of competitively priced banking services.

6.6 Treasury Reporting

6.6.1 The regular monitoring and reporting of treasury activities is crucial in allowing all relevant parties to be aware of transactions undertaken, appreciate the Trust's financial position and assess the on-going appropriateness of treasury objectives.

6.6.2 The following reports are produced to meet these criteria.

6.6.3 Monthly Report

6.6.3.1 Every month, a detailed Statement of Financial Position is prepared for the Trust Director of Finance for submission to the Trust Board. This report will contain the following information:

- Analysis of monthly cash flow (actual, plan, variance and forecast)
- Asset management ratios (to include asset utilisation with suitable comparisons)
- Analysis against Public Sector Payment Policy / Better Payment Practice Code
- Analysis of key movements in working capital and trend analysis
- Investment Returns and performance against targets
- Any borrowings by the Chief Executive and Finance Director from Trust's current Working Capital Facility (where in place) will be reported to the next available Board of Directors meeting

6.6.4 Cash Flow Forecasting

6.6.4.1 This details payments and receipts in the year, together with opening cash balances and forecast closing net position, based on the Trust's Integrated Business plan.

6.6.4.2 This information, combined with known trends is used to forecast cash flow on a monthly and daily basis, and to identify opportunities for investment, and to identify where short-term cash shortfalls are expected to occur in the monthly operating cycle.

Targets will be set for daily cash balances, margin of safety and investment returns

6.6.5 Review of Actual Cash Flow Against Forecast

6.6.5.1 Maintenance of a running cash book including actual and projected cash flow positions continuously enables comparison of actual cash flow against forecast to improve cash management.

6.6.5.2 Maintenance of the following twelve months' cash plan on a rolling basis will assist to develop strategies to manage peaks and troughs.

6.6.5.3 Any anticipated cash surpluses and cash requirements have to be adequately planned in order to ensure that the Trust maximises its investment income and minimises its financing costs.

6.6.5.4 On a daily basis, the cash balances and margin of safety in a suitable live environment is made available.

6.7 Complaints Procedure

6.7.1 In the event that an individual wishes to raise any concerns, these concerns must be raised in writing (either by email or letter) to the Complaints department at the following address, within 7 working days of the issue:-

Complaints Department
Sheffield Health and Social Care NHS Foundation Trust
Fulwood House
Old Fulwood Road
Fulwood
Sheffield
S10 3TH

6.7.2 The Financial Accountant will investigate the concern and provide a written reply within 14 working days of the receipt of the letter or e-mail. In the event that the debtor wishes to progress the matter further they must then write to the Director of Finance at the address above, who will then make a final decision.

7 Dissemination, Storage and Archiving

7.1 This Policy will be maintained by the Financial Accounts team. Changes will be recorded on the Policy cover sheet in line with the Trust's Policy on Policies.

7.2 Implementation will be per the following Implementation Plan:

Objective	Task	Executive / Associate Director Responsibility	Timescale
Dissemination, storage and archiving	Post Version 1.3 on Trust intranet and remove prior versions	Phillip Easthope, Director of Finance	October 2018
	All SHSC staff email alert	Phillip Easthope, Director of Finance	October 2018
	Team Managers to ensure all staff have access to latest version of this policy	Phillip Easthope, Director of Finance	October 2018
	Financial Accounts Staff to archive former version of policy	Phillip Easthope, Director of Finance	October 2018

8 Training and other resource implications

8.1 Staff involved in Treasury Management processes are largely Finance staff, and will receive training as part of their daily duties via 1-2-1s and on-the-job training.

8.2 Staff involved in the process in any way, by virtue of their role either as a Budget Holder or in support of a budget holder, will receive individual training from the Corporate Finance team as required.

Objective	Task	Executive / Associate Director Responsibility	Timescale
Training and Development	Financial Accounts staff to provide support for staff requiring training	Phillip Easthope, Director of Finance	As required

9 Audit Monitoring and Review

- 9.1 The Trust's Internal Audit service provider will review compliance against this procedure.
- 9.2 Additionally the Trust's Financial Accounts team will provide the reporting requirements outlined in Paragraph 6.612; Treasury Reporting. This will be reported to SHSC Finance & Investment Committee and SHSC Trust Board within the monthly finance report to Board.
- 9.3 This procedure will be reviewed on a 3 yearly basis from the date of ratification, in 2018.

9.4 Compliance Monitoring

Monitoring Compliance						
Minimum Requirement	Process for Monitoring	Responsible Individual/group/committee	Frequency of Monitoring	Review of Results process (e.g. who does this?)	Responsible Individual/group/committee for action plan development	Responsible Individual/group/committee for action plan monitoring and implementation
A) Review of policy to ensure it reflects current NHS financial environment	Review	Corporate Finance – Financial Accountant	Three-yearly	Principal Accountant	Corporate Finance – Head of Financial Accounts	Corporate Finance – Head of Financial Accounts
B) Review of compliance against existing policy	Regular Financial Systems audits	Internal Audit	Annual	Head of Financial Accounts	Head of Financial Accounts	Head of Financial Accounts

10 Implementation Plan

10.1 This policy will be made available on the SHSC Staff intranet and the SHSC internet.

10.2 Changes to the policy will be communicated via email to all staff as per the Dissemination Plan in Section 7.

11 Links to other Policies, Standards and Legislation

11.1 This policy should be read alongside the Trust's Standing Financial Instructions, Paragraph 10 on External Borrowing and Investments. This policy provides further guidance on the requirements in Paragraph 10. It provides guidance as to the roles and responsibilities of staff for each element of the Treasury Management process.

11.2 Please also refer to Monitor's publication 'Managing Cash in NHS Foundation Trusts' 2005.

12 Contact Details

12.1 Contact the Head of Financial Accounts within the Finance Directorate with any queries.

<i>Title</i>	<i>Name</i>	<i>Phone</i>	<i>Email</i>
Head of Financial Accounts	Gabriel Recalde	2718803	Gabriel.recalde@shsc.nhs.uk

13 References

- SHSC Standing Orders, Reservation & Delegation of Powers & Standing Financial Instructions
- 'Managing Cash in NHS Foundation Trusts' 2005, Monitor

Appendix A - Version Control and Amendment Log

Version No.	Type of Change	Date	Description of change(s)
1.1	Update to historical policy	June 2015	Revised to reflect impact of new PDC calculation on cash balances, changes to department names, and updates to Authorised officers.
1.2	Review on expiry of policy	August 2016	Update per Policy on Policies format.
2	Review on expiry of policy	September 2018	Revised to update key areas such as investment terms, values and general wording in the following sections: Section 1 "Introduction"; section 6. "Treasury Management Process" 6.1.1; section 6.3 "Treasury Controls" 6.3.2; section 6.4.3 "Investments"; section 9.4 "Compliance Monitoring"; section 12 "Contact details"; Appendix "H" updated authorised signatories list inc in section 1 and 2; Appendix G

Appendix B - Dissemination Record

Version	Date on website (intranet and internet)	Date of “all SHSC staff” email	Any other promotion/ dissemination (include dates)
1.1	June 2015	June 2015	
1.2	September 2016	September 2016	
2	October 2018	October 2018	

Appendix C - Equality Impact Assessment Process for Policies Developed Under the Policy on Policies

Stage 1 – Complete draft policy

Stage 2 – Relevance - Is the policy potentially relevant to equality i.e. will this policy potentially impact on staff, patients or the public? If **NO** – No further action required – please sign and date the following statement. If **YES** – proceed to stage 3

This policy does not impact on staff, patients or the public (insert name and date)

Stage 3 – Policy Screening - Public authorities are legally required to have ‘due regard’ to eliminating discrimination , advancing equal opportunity and fostering good relations , in relation to people who share certain ‘protected characteristics’ and those that do not. The following table should be used to consider this and inform changes to the policy (indicate yes/no/ don’t know and note reasons). Please see the SHSC Guidance on equality impact assessment for examples and detailed advice this can be found at <http://www.shsc.nhs.uk/about-us/equality--human-rights>

	Does any aspect of this policy actually or potentially discriminate against this group?	Can equality of opportunity for this group be improved through this policy or changes to this policy?	Can this policy be amended so that it works to enhance relations between people in this group and people not in this group?
AGE	NO	NO	NO
DISABILITY	NO	NO	NO
GENDER REASSIGNMENT	NO	NO	NO
PREGNANCY AND MATERNITY	NO	NO	NO
RACE	NO	NO	NO
RELIGION OR BELIEF	NO	NO	NO
SEX	NO	NO	NO
SEXUAL ORIENTATION	NO	NO	NO

Stage 4 – Policy Revision - Make amendments to the policy or identify any remedial action required (action should be noted in the policy implementation plan section)

Please delete as appropriate: Policy Amended / Action Identified / no changes made.

Impact Assessment Completed by: Gabriel Recalde, Head of Financial Accounts Sept 2018

Appendix D - Human Rights Act Assessment Form and Flowchart

You need to be confident that no aspect of this policy breaches a person's Human Rights. You can assume that if a policy is directly based on a law or national policy it will not therefore breach Human Rights.

If the policy or any procedures in the policy, are based on a local decision which impact on individuals, then you will need to make sure their human rights are not breached. To do this, you will need to refer to the more detailed guidance that is available on the SHSC web site <http://www.justice.gov.uk/downloads/human-rights/act-studyguide.pdf> (relevant sections numbers are referenced in grey boxes on diagram) and work through the flow chart on the next page.

1. Is your policy based on and in line with the current law (including case law) or policy?

- Yes. No further action needed.
- No. Work through the flow diagram over the page and then answer questions 2 and 3 below.

2. On completion of flow diagram – is further action needed?

- No, no further action needed.
- Yes, go to question 3

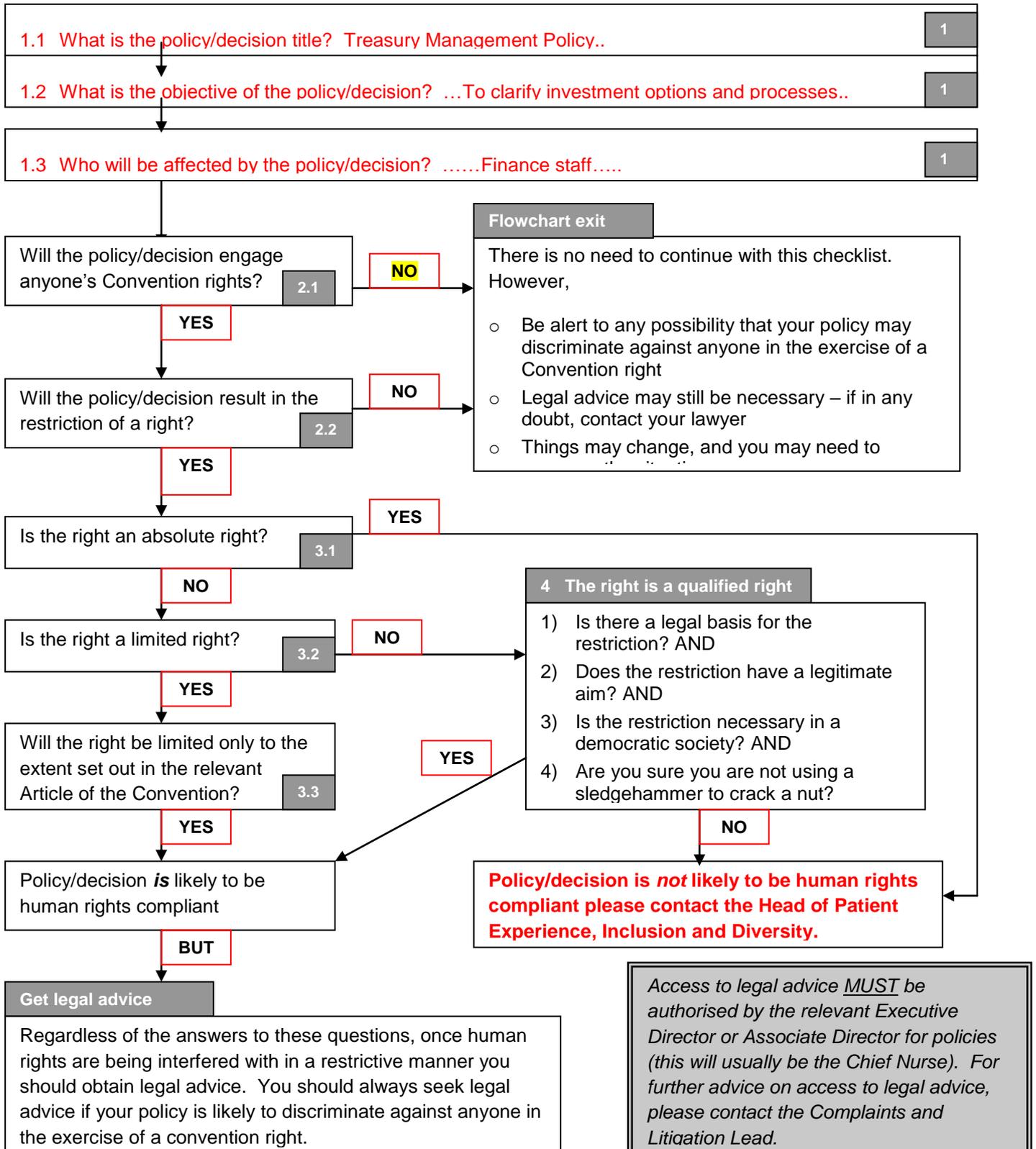
3. Complete the table below to provide details of the actions required

Action required	By what date	Responsible Person

Human Rights Assessment Flow Chart

Complete text answers in boxes 1.1 – 1.3 and highlight your path through the flowchart by filling the YES/NO boxes red (do this by clicking on the YES/NO text boxes and then from the Format menu on the toolbar, choose 'Format Text Box' and choose red from the Fill colour option).

Once the flowchart is completed, return to the previous page to complete the Human Rights Act Assessment Form.



Appendix E - Development, Consultation and Verification

This policy was developed by the Finance Directorate. It is written in line with general NHS principles and accounting guidance.

Consultation:

The Finance Senior Management Team was consulted on the policy in February 2015.

The Finance and Investment Committee and Audit Committee reviewed the policy in April 2015.

The Executive Directors Group ratified the updated policy in June 2015.

The previous update in August 2016 changed the format of the policy, not the substantive content, to meet the Policy on Policies.

The current update in September 2018 is a revised version to provide more context, definitions and background to the previous versions.

Appendix F - Policies Checklist

Please use this as a checklist for policy completion. The style and format of policies should follow the Policy template which can be downloaded on the intranet (also shown at Appendix G within the Policy).

1. Cover sheet

All policies must have a cover sheet which includes:

- The Trust name and logo
- The title of the policy (in large font size as detailed in the template)
- Executive or Associate Director lead for the policy
- The policy author and lead
- The implementation lead (to receive feedback on the implementation)
- Date of initial draft policy
- Date of consultation
- Date of verification
- Date of ratification
- Date of issue
- Ratifying body
- Date for review
- Target audience
- Document type
- Document status
- Keywords
- Policy version and advice on availability and storage

2. Contents page

3. Flowchart

4. Introduction

5. Scope

6. Definitions

7. Purpose

8. Duties

9. Process

10. Dissemination, storage and archiving (control)

11. Training and other resource implications

12. Audit, monitoring and review

This section should describe how the implementation and impact of the policy will be monitored and audited and when it will be reviewed. It should include timescales and frequency of audits. It must include the monitoring template as shown in the policy template (example below)

Monitoring Compliance Template						
Minimum Requirement	Process for Monitoring	Responsible Individual/group/committee	Frequency of Monitoring	Review of Results process (e.g. who does this?)	Responsible Individual/group/committee for action plan development	Responsible Individual/group/committee for action plan monitoring and implementation
A) Describe which aspect this is monitoring?	e.g. Review, audit	e.g. Education & Training Steering Group	e.g. Annual	e.g. Quality Assurance Committee	e.g. Education & Training Steering Group	e.g. Quality Assurance Committee

13. Implementation plan

14. Links to other policies (associated documents)

15. Contact details

16. References

17. Version control and amendment log (Appendix A)

18. Dissemination Record (Appendix B)

19. Equality Impact Assessment Form (Appendix C)

20. Human Rights Act Assessment Checklist (Appendix D)

21. Policy development and consultation process (Appendix E)

22. Policy Checklist (Appendix F)

Appendix G - Approved Investment and Borrowing Institutions

1. Approved Institutions (Safe Harbour)

“Safe Harbour” means that NHS Foundation Trust boards do not need to undertake an individual investment review for these investments nor will NHS Improvement require a report on them as part of its risk assessment process, since they are deemed to have sufficiently low risk and high liquidity.

The emphasis of this advice is to ensure adequate safety (i.e. manageable risk profile) and liquidity (i.e. accessibility of funds at short notice). Securities that are considered sufficiently safe and liquid to be in safe harbour meet all of the criteria below:

- Meet permitted rating requirement issued by a recognised rating agency;
- Are held at a permitted institution;
- Have a defined maximum maturity date;
- Are denominated in sterling, with any payments or repayments for the investment payable in sterling;
- Pay interest at a fixed, floating, or discount rate; and
- Are within the preferred concentration limit.

These investments include (but are not limited to) money market deposits, money market funds, Government and local authority bonds and debt obligations, certificates of deposit, and sterling commercial paper, provided that they meet the criteria below.

Term	Advice
Recognised rating agency	Only the following are recognised rating agencies* : <ul style="list-style-type: none">• Standard & Poor’s;• Moody’s Investors Service Ltd; and• FitchRatings.
Permitted rating requirement	The short-term rating should be at least: <ul style="list-style-type: none">• A-1 Standard & Poor’s rating; or• P-1 Moody’s rating; or• F1 FitchRatings.
Permitted institutions	Permitted institutions include: <ul style="list-style-type: none">• Institutions that have been granted permission, or any European institution that has been granted a passport, by the Financial Services Authority to do business with UK institutions provided it has an investment grade^{2**} credit rating of A1/A+ issued by a recognised rating agency; and• The UK Government, or an executive agency of the UK Government, that is legally and constitutionally part of any department of the UK Government, including the UK Debt Management Agency Deposit Facility.

- | | |
|-----------------------|---|
| Maximum maturity date | <ul style="list-style-type: none"> • The maximum maturity date for all investments should be 3 months. • The maturity date for any investment should be before or on the date when the invested funds will be needed. |
| Maximum investment | <ul style="list-style-type: none"> • The maximum investment with one institution is £5,000,000, although unlimited balances can be invested with the Government Banking Service or the National Loans Fund. • Surpluses above £5,000,000 should be invested across a number of permitted institutions to spread the investment risk. • Investment limits should be set for permitted institutions based on their credit rating and net worth. These limits should be reviewed annually and reset if there is a change in either the credit rating or the net worth of the financial institution. If an institution is either downgraded or put on credit watch by a recognised rating agency, the decision to invest with them should be reviewed. • Investments with permitted institutions should not exceed the set limit at any time. |

Investments that do not fulfil the criteria for safe harbour are higher risk instruments and include bonds, equities, commodities and products based on them, derivative products such as futures, options and swaps and contracts for differences, investments linked to other trade instruments, index-linked investments, private equity or venture capital investments, leveraged investments, hedge funds and foreign currency-linked investments.

For the purpose of calculating the liquidity ratio used in deriving the financial risk rating of NHS Foundation Trusts, investment of surplus operating cash in safe harbour investments will be treated as cash.

NHS foundation trusts do not need to report investments in safe harbour to Monitor under the Compliance Framework (published in March 2005, and available on Government's website

<https://www.gov.uk/government/publications/nhs-foundation-trusts-managing-operating-cash>

Appendix H - Authorised Signatories and Limits

Opening of new Bank Accounts

Maintenance and operation of Trust Bank Accounts is delegated to the Director of Finance (Scheme of Delegation Section 4. Para 2. Standing Financial Instructions Para 5).

The Trust Board shall approve the banking arrangements.

Once authorisation has been obtained bank documentation is completed and signed by any two authorised signatories.

All payments and investments have to be authorised by two Authorised Banking Signatories as detailed below. Payments should also not be made without prior approval of the appropriate authorised budget holder.

1 Government Banking Service

a) Payments (including internal transfers (Book transfers))

An Individual Payment of £1,000,000 or more – two signatures from the following list (at least one of which should be the Director of Finance). For all payments less than £1,000,000, any two signatures from the following list.

Executive Director of Finance
Deputy Director of Finance
Principal Accountant
Head of Financial Accounts
Head of Management Accounts

b) Domestic Funds Transfer / Book Transfers

An Individual Payment of £1,000,000 or more – two signatures from the following list (at least one of which should be the Director of Finance). One of which approves the payment online (access to banking online restricted to those starred) after it being prepared online by the Payment team. For all payments less than £1,000,000, any two signatures from the following list. One of which approves the payment online (access to banking online restricted to those starred) after it being prepared online by the Payment team.

Executive Director of Finance
Deputy Director of Finance
Principal Accountant
Head of Financial Accounts*
Head of Management Accounts

c) Faster Payments (Over £4,999, less than £100,000¹)

Two signatories required from the following list. One of which approves the payment online (access to banking online restricted to those starred) after it being prepared online by the Payment team. With the exception of Salary Advances, where pre-approval from VPS is obtained (who hold approval from

¹ Payments over £100,000 are not possible via Faster Payment.

the budget manager) and one signatory from below approves online after it's been prepared online by the VPS team.

Executive Director of Finance
Deputy Director of Finance
Principal Accountant
Head of Financial Accounts
Head of Management Accounts

**d) NLFTDF (National Loans Funds - Temporary Deposit Fund)
Investments**

Two signatures from the following list, one of which must be either Chief Executive or Executive Director of Finance.

Chief Executive
Executive Director of Finance
Deputy Director of Finance
Principal Accountant
Head of Financial Accounts
Head of Management Accounts

2 COMMERCIAL BANKING RELATIONSHIPS – BANK ACCOUNTS

a) Commercial General Account – Sheffield Health & Social Care NHS Foundation Trust

Only Petty Cash, CHAPS, Foreign Drafts, standing orders and ad hoc cheques payments are made from this account. (Petty Cash drawn through a Security Company). Budget holder approval required first. Income receipted into Cashiers is also deposited into this account.

For cheque production, an individual payment of up to £4,999 requires 1 signatory. Over £4,999 requires any two signatories from the following list.

Deputy Director of Finance
Principal Accountant
Head of Financial Accounts
Head of Management Accounts

The General account operates a pooled balances system with the Liquidity Manager Account (previously known as the Business Reserve Account). Any cleared funds are automatically transferred into the Liquidity Manager Account (interest earning).

b) Commercial Liquidity Manager (previously Business Reserve) Account – Sheffield Health & Social Care NHS Foundation Trust

There are no payments made from this account. It is interest bearing and is used to fund the transfer of funds to the General Account and to the Salaries and Wages Account as required.

Should the account have surplus balances, a transfers out of the account could be made. This requires completion of a written request requiring any two signatories from the list below (all values).

Deputy Director of Finance

Principal Accountant
Head of Financial Accounts
Head of Management Accounts

The General account operates a pooled balances system with the Liquidity Manager Account (previously known as the Business Reserve Account). Any cleared funds are automatically transferred into the Liquidity Manager Account (interest earning).

3 INVESTMENT OF SURPLUS CASH BALANCES

- a) Investment is only allowed with approved institutions which have an appropriately high score within the IBCA rating system. Usually A1 Moody's Investors Service or A+ Standard & Poor's score.

Consideration will also be given to Credit Default Swap rates. Economic and political conditions should be a factor in investment decisions.

Domestic Funds Transfer from GBS

An Individual Payment of £1,000,000 or more – two signatures from the following list (at least one of which should be the Director of Finance). One of which approves the payment online (access to banking online restricted to those starred) after it being prepared online by the Payment team. For all payments less than £1,000,000, any two signatures from the following list. One of which approves the payment online (access to banking online restricted to those starred) after it being prepared online by the Payment team.

Executive Director of Finance
Deputy Director of Finance
Principal Accountant
Head of Financial Accounts
Head of Management Accounts

A brief report will be provided to the Trust Board should there be occasion to invest surpluses which will outline the investment review and decision making process. A limit of £5,000,000 per commercial bank applies. (Unlimited for transfers to the National Loans Fund.)

4. WORKING CAPITAL FACILITY ACCOUNT²

² These rules apply when a Working Capital Facility is in place. This may not always be the case if it is approved by the Board that the facility is not required.

A Working Capital Facility account is purely to draw down cash to support working capital should there be a need at some future date. The Trust is not expecting to have any transactions in this account.

Authorised signatures on the Bank Mandate to withdraw working capital facility

Both Chief Executive & Director of Finance.

A brief report and authorisation to withdraw will be provided to the Trust Board should there ever be a requirement to use this facility.

The need for a working capital facility is reviewed and agreed via Audit Committee on an annual basis.

5. DELEGATION OF RESPONSIBILITY FOR BORROWING

Per Standing Financial Instructions Para 10, The Director of Finance will advise the Board concerning the Trust's ability to pay dividend on and repay Public Dividend Capital and any proposed new borrowing, within the limits set by the Terms of authorisation and reviewed annually by the Independent Regulator. The Director of Finance is also responsible for reporting periodically to the Board concerning the PDC debt and all loans and overdrafts.

The Board will agree the list of employees (including specimens of their signatures) who are authorised to make short term borrowings on behalf of the Trust. This must contain the Chief Executive and the Director of Finance. Any short term borrowings must be with the authority of two members of the following, one of which must be the Chief Executive or the Director of Finance.

Chief Executive

Director of Finance

Deputy Director of Finance

In order to carry out these duties, the Chief Executive will receive from the Director of Finance a monthly finance report incorporating details on:-

- Working capital performance monitoring
- Investment highlights
- Review and update of current investment tactics
- Review of borrowing requirements, funding plans and interest rate strategy

Appendix I - Treasury Management Practise Explained

1. RISK MANAGEMENT

The Trust will achieve the objectives it has set within Risk Management by the prudent use of its approved financing and investing instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, at the same time will aim to take advantage of the changes in interest rates, subject to approval by a scrutiny committee.

The way the Trust will handle the specific type of risks are outlined below:-

Liquidity risk

Risk that cash will not be available when it is needed, and that ineffective management of cash will create additional costs to the Trust.

The Trust will ensure that it has adequate though not excessive cash resources, borrowing arrangements/overdraft/ stand by arrangements to enable it to have at all times, the level of funds for the achievement of its service objectives (eg. funds for salaries and other creditors to be paid in time). The Trust operates a cash flow forecasting model that allows for accurate planning for treasury management.

Interest Rate risk

Risk that fluctuations in the levels of interest rates create an unexpected unbudgeted burden on the Trust's finances, against which the Trust has failed to protect itself adequately

If the Trust is in a position whereby it has to borrow funds in the short or long term, the Trust will have to manage its exposure to fluctuations in interest rates with a view to containing its costs or securing its interest revenues in accordance with its budgetary plans.

Exchange Rate risk

Risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Trust's finances.

The Trust has very little exposure to foreign exchange, other than the Euro/USD. The Trust occasionally pays suppliers in USD/Euro and these transactions are done through the Commercial bank and the amounts when charged are entered into the General Ledger by manual journals. The Bank uses the exchange rate applicable on the date of the transaction.

Inflation risk

Risk that the prevailing levels of inflation cause an unexpected unbudgeted burden on the Trust's finances

The effects of varying levels of inflation, in so far as they can be identified as impacting on treasury management activities will be managed by the Trust as part of its overall financial framework

Market risk

Risk that through adverse market fluctuations in the value of the principal sums the trust invests, its agreed Treasury Management policies and objectives are compromised, and against which, it has failed to protect itself.

The Trust will ensure that the agreed treasury management policies objectives are not compromised by avoiding investments where the market values will fluctuate (e.g. Gilts etc.)

2. BEST VALUE PERFORMANCE MANAGEMENT

The Trust is committed to the pursuit of best value in its treasury management activities, and the use of performance measurement in support of that aim. To this end, the Trust will continually review its treasury management function. The treasury management function will be the subject of ongoing analysis of the value it adds in support of the Trust's corporate objectives and will be the subject of regular examination.

3. DECISION MAKING AND ANALYSIS

The Trust 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 all reasonable steps were taken to ensure that all issues relevant at that time were taken into account in arriving at the decision.

4. ORGANISATION, CLARITY AND SEGREGATION OF DUTIES/ RESPONSIBILITIES

The Trust considers it essential, for the purposes of effective control and monitoring of treasury management activities, for the reduction of the risk of fraud and error, that its treasury management activities are structured and managed in a fully integrated manner, and that all the time, there is clarity of treasury management responsibilities.

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 the execution of transmission of funds, recording and administering treasury management decisions and the audit of treasury management function.

5. STAFF TRAINING AND QUALIFICATIONS

The Trust 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.

6. CORPORATE GOVERNANCE

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