Policy:

FIN 007 - Treasury Management

Executive Director Lead	Executive Director of Finance
Policy Owner	Head of Financial Accounts
Policy Author	Head of Financial Accounts

Document Type	Policy
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Summary of policy
Best practice requires the Trust to have a formally approved Treasury Management Policy to ensure the assets of the Trust are used to achieve the most efficient use of its financial resources consistent with appropriate levels of risk, and that borrowing and investment decisions are subject to appropriate controls.

This document sets out how the Trust will manage its cash flows and investments and its relationships with financial institutions. It sets out the statutory framework for the Trust's treasury management decisions, the Trust's objectives in Treasury management and the policies and procedures covering treasury management within the Trust.

Target audience	Financial Accounts Staff, Executive Directors and Non-Executive Directors.

Keywords	Treasury Management, Cash-flow, Investments, Risk, Risk Management.

Storage & Version Control
Version 4 of this policy is stored and available through the SHSC intranet. This version of the policy supersedes the previous version 3 (v3) from September 2021. Any copies of the previous policy held locally should be destroyed and replaced with this version. Centrally held versions will be archived.

Version Control and Amendment Log

Version No.	Type of Change	Date	Description of change(s)
1.1	Review of policy	06/2015	Revised to reflect impact of new PDC calculation on cash balances, changes to department names, and updates to Authorised officers.
1.2	Policy update	08/2016	Update per Policy on Policies format.
2.0	Review on expiry of policy	09/2018	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
3.0	Review on expiry of policy	09/2021	Key changes are as follows: *Update per Policy on Policies format. *New policy summary. *Amended target audience. *Appendix G "Approved Investments and Borrowing Institutions" now merged into appendix C "Approved Institutions (Safe Harbour) and Investments". *The National Loans Funds' definition has been added into appendix C. *Removal of appendix H "Authorised Signatories and Limits" which is now included in section 6 "Duties", and in section 7 "Procedures". *Removal of appendix I "Treasury Management Practice Explained", which is now incorporated in various sections within the policy.
4.0	Review on expiry of policy	09/2024	Flowchart added. Section 7.5 added to outline Debtor and Creditor responsibilities of the Trust. Reference to HM Treasury guidance on managing public money. References to NHSE&I amended to NHSE. Clarified that only low risk investment opportunities will be considered and these generally have a low reward. Removed the reference to daily cashflows.

			S5.2.4 confirms that GBS on-line payments only require one active user to approve. Added in the role of Financial Accountant and their responsibility in terms of approving the bank transfer for investments

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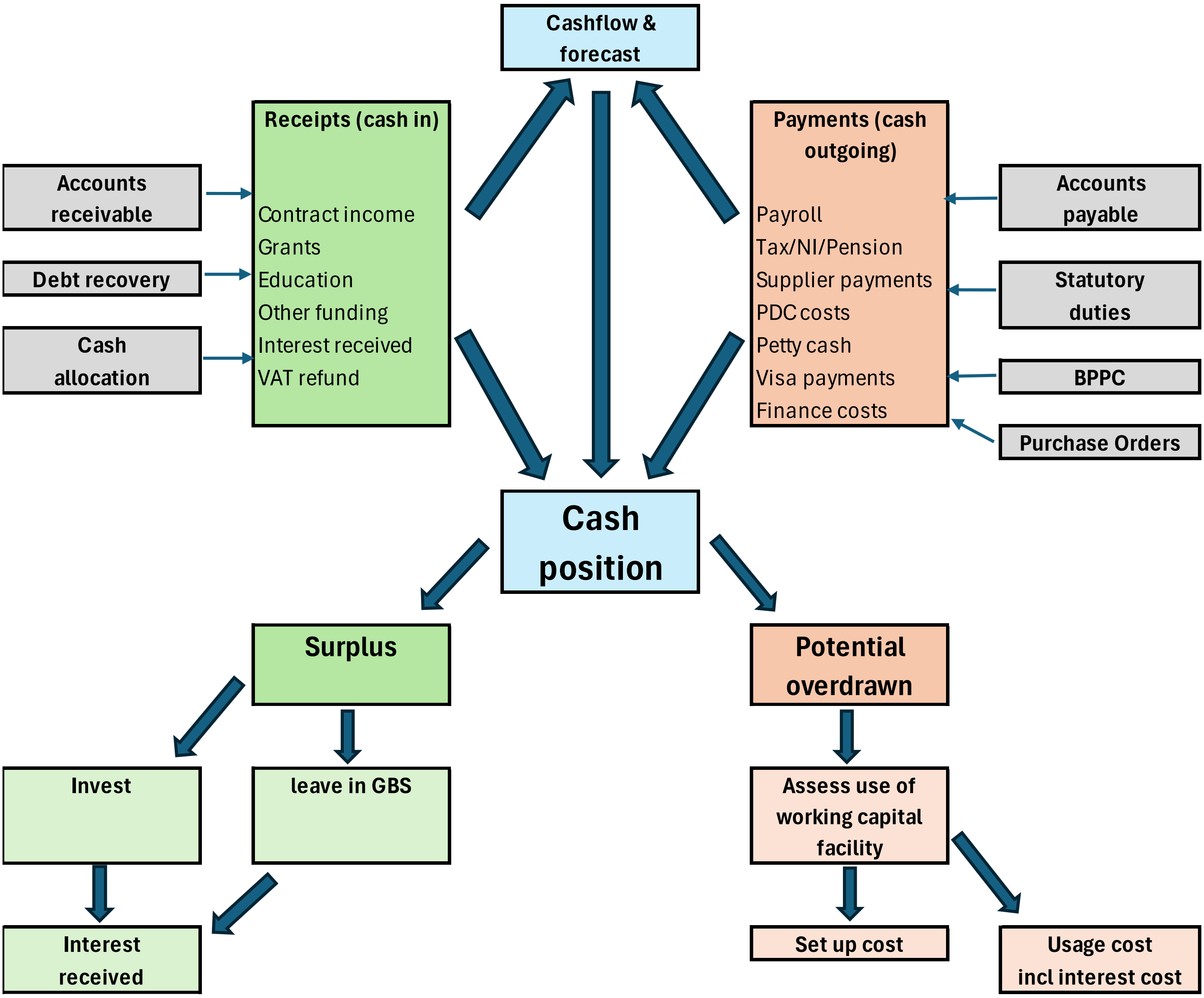
Flowchart – Treasury Management



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.

1.2 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.

1.3 To maintain good financial governance it is 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 and HM Treasury on 'Managing Public Money' issued May 2023.

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 SHSC 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 and it applies to Executive and Non-Executive Directors.

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 Purpose

3.1 This policy sets out the governance process on the investment of surplus cash and borrowing investment undertaken by the Trust in its capacity as an NHS Foundation Trust. The policy applies for the investment of surplus cash and does not cover investments in Shares, Subsidiaries or Joint Ventures.

3.2 The aim of this document is to provide guidance to officers involved in Treasury Management as to the framework within which they should operate and to provide a system against which compliance can be monitored.

4 Definitions

Treasury Management: Treasury management generally refers to the set of policies, strategies, and transactions that a company adopts and implements to manage its cash resources, to raise finance at acceptable cost and risk, and to reduce interest rate, foreign exchange, and commodity price risks, as well as in the conduct of its relationships with its financial stakeholders (mainly banks).

Cash-flow: Cash flow is the net amount of cash and cash equivalents being transferred into and out of a business. Cash received represents inflows, while money spent represents outflows.

Investments: the act of investing has the goal of generating income and increasing value over time. An investment can refer to any mechanism used for generating future income. Investment opportunities in the NHS are limited and only low risk should be considered. This is then likely to offer fairly low risk and reward ie a marginally better interest rate.

Risk: NHS England (NHSE) defines risk as the probability of an adverse outcome that is different from the expected outcome and the potential impact of such an income

Risk Management: risk management is the process of identification, analysis, and acceptance or mitigation of uncertainty in investment decisions.

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.

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.

Exchange Rate risk: risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Trust's finances.

Inflation risk: risk that the prevailing levels of inflation cause an unexpected unbudgeted burden on the Trust's finances.

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.

Safe Harbour: all investments must be invested in safe harbour products as defined
by Monitor's "Managing Operating Cash in NHS Foundation Trusts". This requires that there must be adequate safety and liquidity, the risk profile is tolerable, and funds are available on short notice.

5 Treasury Management

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.

5.1 Overall Treasury objectives

5.1.1 The objectives of a Treasury function are to support the Trust's operations and development 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.

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

Managing Risk:
Effective management of liquidity risk, by achieving optimum performance, both in terms of investment and borrowing money.
Surplus Cash:
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.
Funding:
Ensure the availability of flexible and competitively priced funding from alternative sources to meet the Trust's current and future requirements.
Interest Rate Management:

Maintain an interest rate structure which reduces the impact of changing interest rates on the income and expenditure account.
Foreign Currency Management:
Minimize any exchange rate movement risk by covering known foreign exchange exposures.
Bank Relationships:
Develop and maintain strong, long-term relationships with the Trust's banks.

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

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

5.2 Treasury Controls

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

5.2.2 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 Team. These are set out in Section 6.
- Regular reporting of treasury activities.
- Segregation of duties between those who make investments, those who initiate payments and those who account for treasury activities.
- 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 as designated by the Board of Directors and individual authorisation limits as per the approved bank mandate.

5.2.3 All transactions are recorded within the financial ledger system and are supported by an instruction/confirmation.

5.2.4 All payment instructions/confirmations require two authorised signatories, in accordance with approved bank mandates if paper based. Alternatively, if the payment is made via the Government Banking Service (GBS) online banking system then 1 approved user will act as signatory.

5.2.5 Mandates will be reviewed periodically and if updated sent to all counterparties.

5.2.6 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.

5.3 Treasury Reporting

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. The following reports are produced to meet these criteria.

5.3.1 Monthly reports

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

- Analysis of monthly cash flow (actual, plan, variance, and forecast)
- Liquidity ratios including current assets:current liabilities
- 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

5.3.2 Cash Flow Forecasting

Cash flow forecasting provides details of payments and receipts in the year, together with opening cash balances and forecast closing net position, based on the Trust's Integrated Business plan.

5.3.2.1 This information, combined with known trends is used to forecast cash flow on a monthly basis, and to identity 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.

5.3.2.2 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.

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

5.3.2.4 Any anticipated cash surpluses and cash requirements must be adequately planned to ensure that the Trust maximises its investment income and minimises its financing costs.

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

5.4 Attitude to Risk

5.4.1 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.

5.4.2 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 and PDC payments.

5.4.3 It is not appropriate to arrange long-term specific debt without a specific need.

5.4.4 Under no circumstances will the Treasury function be authorised to enter into any transaction relating to general equities, derivative products or to undertake trading for purely speculative reasons as these are specifically prohibited by NHSE. Examples of prohibited transactions include investments linked to other trade instruments or foreign exchange, index-linked investments, private equity or venture capital investments, equity or commodity related investments, leveraged investments, hedge funds or derivative products such as futures, options or swaps.

6 Duties

6.1 The key responsibilities are as follows:

6.1.1 **Trust Board**

- Approve external funding arrangements.
- Approves banking arrangements.
- Agrees the list of employees who are authorised to make short term borrowings on behalf of the Trust.
- 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, counter parties 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.

6.1.2 **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 Performance Committee.
- Revenue implications of borrowing and investments are communicated and built into the Trust's financial plans.
- Authorised officer to open new bank accounts.
- Manage key banking relationships.

6.1.3 **Financial Accounts Team**

- Maintains keep banking relationships and 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 5.3 '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 and Performance Committee.

7 Procedures

7.1 Banking relationships

7.1.1 Maintenance and operation of Trust Bank Accounts is delegated to the Director of Finance (Scheme of Delegation Section 7 [2]. Standing Financial Instructions Para 5).

7.1.2 The Trust Board of Directors shall approve the banking arrangements.

7.1.3 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.

7.1.4 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.

7.1.5 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.

7.1.6 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. The Trust has no influence over the main GBS account as this contract arrangement is managed nationally by NHSE and HM Treasury.

7.1.7 The Deputy Director of Finance on behalf of the Director of Finance will be responsible for managing all banking relationships to achieve ultimately the optimum benefit from these to the Trust.

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

7.1.9 Bank Accounts:

a) **Commercial General Account** – Sheffield Health & Social Care NHS Foundation Trust.
Only Petty Cash, CHAPS, Foreign Drafts, standing orders, credit card payments 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 approved bank mandate.

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 transfer out of the account could be made. This requires completion of a written request requiring any two signatories from the approved bank mandate (all values).

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).

7.1.10 All transactions are recorded within the financial ledger system and are supported by an instruction/confirmation.

7.1.11 All payment instructions/confirmations will require two authorised signatories, in accordance with approved bank mandates.

7.1.12 Mandates will be reviewed periodically and if updated sent to all counterparties.

7.2 Investments

7.2.1 All cash balances should remain in a comparatively liquid form and all cash balances (and investments resulting from them) directly under the control of the Trust should be realisable and have a maturity not exceeding 6 months for the NLF FTD and 3 months for commercial institutions.

7.2.2 Cash is usually held with 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 C - 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.

7.2.3 Should commercial bank interest rates fall below the Department of Health and Social Care (DHSC) PDC Dividends charge, plus the interest paid from GBS banks; it would not be 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.

7.2.4 The investment authorisation form will require two signatures from the following list:

Chief Executive
Deputy Chief Executive
Executive Director of Finance
Deputy Director of Finance

Once approved the online bank transfer will be actioned by one of the following:

Head of Financial Accounts or
Capital Accountant or
Financial Accountant

7.3 Borrowing

7.3.1 The Deputy Director of Finance 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 of or utilisation of a Working Capital Facility, or borrowings of another type as appropriate to current economic conditions.

7.3.2 The Trust's general approach will be to utilise the most cost-effective source of funds.

7.3.3 If borrowing is recommended, the Trust would initially look to National Loans Fund interest rates via the Public Works Loan Board (www.dmo.gov.uk)

7.3.4 The Board of Directors are responsible for the approval of funding arrangements including loans and working capital facility.

7.3.5 If the Trust enters situations where funding arrangements have financial covenants attached to them, a regular review of the Trust performance against these covenants will be carried out. If any potential problems are identified, they will be brought to the attention of the Board of Directors.

7.3.6 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.

7.3.7 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

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.

7.4 Working Capital Facility Account

7.4.1 A Working Capital Facility account is purely to draw down cash to support working capital should there be a need at some future date.

7.4.2 Authorised signatures on the Bank Mandate to withdraw working capital facility are both Chief Executive & Director of Finance.

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

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

7.5 Debtors and Creditors

7.5.1 The Accounts Receivable and Cash Management personnel sit within the Financial Accounting team. They will allocate any unallocated cash and chase payment on a monthly basis, in order to maximise the availability of cash.

7.5.2 Checks will be made to ensure accrued income is kept to a minimum so that the Trust pro-actively raises sales invoices in a timely manner to generate the cash as soon as possible in terms of contract and invoicing agreements.

7.5.3 The Trust manages the aged debt and will utilise an external debt recovery agent where statements, phone calls and letters issued by the Trust do not result in debts being paid. The Head of Financial Accounts (or in their absence the Financial Accountant) will agree the use of the external debt recovery agent.

7.5.4 Payment to suppliers is automated, subject to PO (Purchase Order) and Non-PO invoices being approved for payment on the system. Weekly payment runs to suppliers are approved by the Head of Financial Accounts (or in their absence the Financial Accountant or Capital Accountant) to ensure that payments are not being made ahead of payment terms thus ensuring the cash position is maximised whilst still adhering to Better Payment Practice Code (BPPC) performance.

8 Development, Consultation and Approval

The version 4 (V4) of this policy has been reviewed by the Head of Financial Accounts in line with existing guidance from NHS England and Improvement (formerly Monitor), “Managing Operating Cash in NHS Foundation Trusts – 2005” (no new version has been issued to date) and HM Treasury on ‘Managing Public Money’ issued May 2023.

The Finance Senior Management Team including one Board member have been consulted with regards to the content and scope of this revised version.

9 Audit, Monitoring and Review

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) Review of policy to ensure it reflects current NHS financial environment	Review, audit	Head of Financial Accounts	Annual	Head of Finance	Head of Financial Accounts	Head of Financial Accounts
B) Review of compliance against existing policy	Regular financial systems audits	Head of Financial Accounts	Monthly	Head of Finance	Head of Financial Accounts	Head of Financial Accounts

Policy documents should be reviewed every three years or earlier where legislation dictates or practices change. The policy review date is September 2027.

10 Implementation Plan

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

10.2 Changes to the policy will be communicated via email to all staff as per the Dissemination Plan in section 11.

Action / Task	Responsible Person	Deadline	Progress update
Upload new policy onto intranet and remove old version	Communications Team	*October 2024*	
Make team aware of new version of the policy	Head of Financial Accounts	*October 2024*	

11 Dissemination, Storage and Archiving (Control)

Version	Date added to intranet	Date added to internet	Date of inclusion in Connect	Any other promotion/ dissemination (include dates)
1.1	June 2015	June 2015		
1.2	September 2016	September 2016		
2.0	October 2018	October 2018		
3.0	December 2021	December 2021		
4.0	October 2024	n/a		

12 Training and Other Resource Implications

12.1 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.

12.2 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.

13 Links to Other Policies, Standards (Associated Documents)

13.1 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.

13.2 Please also refer to HM Treasury on 'Managing Public Money' issued May 2023.

14 Contact Details

Title	***Name***	***Phone***	***Email***
Head of Financial Accounts	Carl Twibey	0114 271 8008	carl.twibey@shsc.nhs.uk
Capital Accountant	Dave Spooner	0114 241 7363	dave.spooner@shsc.nhs.uk
Financial Accountant	Amber Green	0114 226 1942	amber.green@shsc.nhs.uk

Appendix A

Equality Impact Assessment Process and Record for Written Policies

Stage 1 – **Relevance** - Is the policy potentially relevant to equality i.e. will this policy potentially impact on staff, patients or the public? This should be considered as part of the Case of Need for new policies.

NO – No further action is required – please sign and date the following statement. **I confirm that this policy does not impact on staff, patients or the public.**	***I confirm that this policy does not impact on staff, patients or the public.*** Name/Date: Carl Twibey / 04/09/2024	**YES,** Go to **Stage 2**

Stage 2 Policy Screening and Drafting Policy - 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 and Flow Chart.

Stage 3 – **Policy Revision** - Make amendments to the policy or identify any remedial action required and record any action planned in the policy implementation plan section

SCREENING RECORD	Does any aspect of this policy 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**
Marriage or Civil Partnership	**No**		

Please delete as appropriate: - Policy Amended / Action Identified (see Implementation Plan) / no changes made.

Impact Assessment Completed by:
Carl Twibey, Head of Financial Accounts - 04/09/2024

Appendix B

Review/New Policy Checklist

This checklist to be used as part of the development or review of a policy and presented to the Policy Governance Group (PGG) with the revised policy.

		Tick to confirm
	Engagement	
1.	Is the Executive Lead sighted on the development/review of the policy?	✓
2.	Is the local Policy Champion member sighted on the development/review of the policy?	✓
	Development and Consultation	
3.	If the policy is a new policy, has the development of the policy been approved through the Case for Need approval process?	n/a
4.	Is there evidence of consultation with all relevant services, partners and other relevant bodies?	✓
5.	Has the policy been discussed and agreed by the local governance groups?	Previous versions
6.	Have any relevant recommendations from Internal Audit or other relevant bodies been taken into account in preparing the policy?	✓
	Template Compliance	
7.	Has the version control/storage section been updated?	✓
8.	Is the policy title clear and unambiguous?	✓
9.	Is the policy in Arial font 12?	✓
10.	Have page numbers been inserted?	✓
11.	Has the policy been quality checked for spelling errors, links, accuracy?	✓
	Policy Content	
12.	Is the purpose of the policy clear?	✓
13.	Does the policy comply with requirements of the CQC or other relevant bodies? (where appropriate)	✓
14.	Does the policy reflect changes as a result of lessons identified from incidents, complaints, near misses, etc.?	n/a
15.	Where appropriate, does the policy contain a list of definitions of terms used?	✓
16.	Does the policy include any references to other associated policies and key documents?	✓
17.	Has the EIA Form been completed (Appendix 1)?	✓
	Dissemination, Implementation, Review and Audit Compliance	
18.	Does the dissemination plan identify how the policy will be implemented?	✓
19.	Does the dissemination plan include the necessary training/support to ensure compliance?	✓
20.	Is there a plan to i. review ii. audit compliance with the document?	✓
21.	Is the review date identified, and is it appropriate and justifiable?	✓

Appendix C

Approved Institutions (Safe Harbour) and Investments

The following is an extract from the Monitor publication 'Managing Operating Cash in NHS Foundation Trusts' - https://assets.publishing.service.gov.uk/media/5a7ce51040f0b6629523c72c/Managing_cash_final.pdf

Monitor was an executive non-departmental public body of the Department of Health, responsible between 2004 and 2016 for ensuring healthcare provision in NHS England was financially effective. Monitor was merged with the NHS Trust Development Authority to form NHS Improvement on 1 April 2016, which has now joined with NHS England to form NHS England and NHS Improvement (NHSE&I). The Managing Operating Cash in NHS Foundation Trusts paper has not been superseded and is still in use.

"Safe Harbour" means that NHS Foundation Trust boards do not need to undertake an individual investment review for these investments, nor will NHS England & 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*: • Standard & Poor's; • Moody's Investors Service Ltd; and • Fitch Ratings.
Permitted rating requirement	The short-term rating should be at least: • A-1 Standard & Poor's rating; or • P-1 Moody's rating; or • F1 Fitch Ratings.
Permitted institutions	Permitted institutions include: • 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 grade2** 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	• The maximum maturity date for NLF investments should be 6 months. The maximum maturity date for investments outside GBS 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	• 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 NHS England & Improvement 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

National Loan Fund
The National Loan Fund is a service being offered by the HM Treasury since 2013/14. The National Loans Fund (NLF) Temporary Deposit Facility (TDF) is operated by the Exchequer Funds and Accounts Team (EFA) of HM Treasury and exists to enable UK Government bodies (including NHS foundation trusts) to invest surplus funds arising from operating activities and earn a market rate of interest while avoiding the risks of commercial banks and keeping the funds within the Government Banking Service (GBS).

The Department of Health have confirmed that any balances held in a NLF account will be treated as part of the GBS balance in the PDC calculation. Interest rates available from an NLF are changeable on a daily basis and FT’s must contact Treasury to find out the interest rate being offered on that day.

Minimum deposits are £1m in an NLF and funds must be deposited for a period of 7 days to 6 months.