FP01 Treasury Management Policy

Approved: 13 August 2025

Review Type	☐	**New**	☐	**Minor Review/ No Change**	☒	**Major Review**
Reason for review	☒	**Review Date 13/08/2025**	☐	**Legislative / Regulator Change**	☒	**Other**
Other notes:	**Updated in June 2022 based on the Model Treasury Policy produced by SFHA which is structured around the 12 Treasury Management Practices (TMP) set out in the CIFA Code.** **Added summary at appendices relating to reporting, limits and delegated authority.29/08/2022 revised re guidance from Allia C&C** **Current update to separate the Treasury policy from the treasury procedure and practices.**					

Title of Policy	Treasury Management
Approved by	Performance & Audit Committee
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Owner	Director of Finance and Business Services
Author	Jim Aird
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Lead Directorate	Resources and Finance
Stakeholders	☐ Partnership Forum ☐ Human Resources ☐ ICT ☐ Staff Forum ☐ Property ☐ Other ☒ Finance ☐ BR24 ☐ Operations ☐ Business Development
Scottish Social Housing Charter Outcomes and Standards this policy helps to achieve	☐ Outcome 1 ☐ Outcome 6 ☐ Outcome 11 ☐ Outcome 2 ☐ Outcome 7 ☐ Outcome 13 ☐ Outcome 3 ☐ Outcome 8 ☐ Outcome 14 ☐ Outcome 4 ☐ Outcome 9 ☒ Outcome 15 ☐ Outcome 5 ☐ Outcome 10
Care Standards this policy helps to achieve	☐ Standard 1 ☐ Standard 2 ☐ Standard 3 ☐ Standard 4 ☒ Standard 5

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1. Policy statement

1.1. This policy will ensure that:

- Bield Housing & Care(Bield) will manage and control its treasury management activities and that it will monitor and manage its exposure to risk in order to achieve the aims of the Business Plan
- Suitable treasury management practices (TMPs) setting out the manner in which Bield will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities
- Investment management practices (IMPs) for investments that are not for treasury management purposes.
- Provide clarity on our approach to Treasury Management for our customers, colleagues, and Board members
- Emphasise the importance of risk management in treasury management
- Encourage value for money and the use of appropriate and practical performance indicators
- Assists regulators and auditors of public service organisations
- Treasury Management activities are managed and controlled in a manner that complies with the best practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) code.

1.2. We will work to the three Key Principles as set out in section 4 of the CIPFA Code, specifically:

i) Key principle 1
Organisations should put in place formal and comprehensive objectives, policies and practices, strategies, and reporting arrangements for the effective management and control of their treasury management.

ii) Key principle 2
Organisation's policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including the use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

iii) Key principle 3
Organisations should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

2. Scope of Policy

2.1. Bield's Treasury Management policy provides:

- Regulatory requirements of Treasury Management
- Key responsibilities of the Board and Senior Managers
- Treasury management activities
- Treasury Risk Management
- New Borrowing
- Reporting and management information requirements
- Professional advice

2.2. This Policy should be read in conjunction with the following Bield Policies, Procedures and guidance:
- Scheme of Delegation
- Financial Regulations
- Fraud Policy
- Treasury Management Practices

2.3. Regulatory and Legislative requirements.

This policy has taken the following into account:

- SHR's Treasury Management – Revised Regulatory Guidance
- Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised May 2021).
- CIPFA Treasury Management Code as contained in the Recommended Practice publication dated December 2021

3. Responsibilities

3.1. The Board has overall responsibility for treasury management in accordance with the organisation's underlying scheme of delegation. Specific responsibilities are contained within Bields Treasury Management Practices. The Board is responsible for ensuring effective scrutiny of the treasury strategy and policies and delegates the regular monitoring of these to the Audit Performance and Risk Committee (APR)

3.2. The APR Committee will consider reviews of the Treasury Management Policy and related strategy and will monitor performance against those strategic plans. It will also review bank loans and any other necessary action to ensure funds for investment and management, and to maintain adequate reserves and recommend to Board for approval.

3.3 The Chief Executive will prepare and implement the Treasury Management Policy and ensure adequate funds are in place, and that all covenants are adhered to.

3.4 The Director of Finance and Business Services will manage and monitor treasury management ensuring that there are effective Treasury Management Practices in place. Independent advice from Bield's treasury advisors will assist the Director of Finance and Business Services make recommendations to Chief Executive to support the delivery of our Business Plan. The Director of Finance and Business Services will ensure that there are adequate internal controls and that the Finance team has the required level of expertise, knowledge and skills providing regular training to keep them up to date.

4. Treasury Management

4.1 Bield defines its treasury management activities as **"The management of Bield's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."**

4.2 Liquidity Risk Management

4.2.1 Bield will ensure that its liabilities will always be met when due and will ensure adequate liquidity is always available to meet unexpected expenditure requirements that may arise from time to time.

4.2.2 The Annual Treasury strategy, included as part of the suite of documents supporting the Business Plan, will propose liquidity maintenance requirement for the following financial year,

subject to the overriding requirement that Bield's available liquidity should not, at any time, fall below the level specified below.

4.2.3 Liquid Funds - a minimum balance of £3 million. Liquid funds are defined as the aggregate of:

- Cash held in current bank accounts or on instant access deposit with principal bankers;
- Any undrawn available overdraft facilities and revolving credit facility.

4.2.4 Where surplus funds are required to meet cash outflows in the near future, they must be deposited with approved financial institutions for periods that will ensure funds are available as required. The amount deposited at any time are detailed in the treasury practices. This will be the responsibility of the Director of Finance and Business Services to:

- Monitor the credit standing of approved financial institutions to ensure a minimum Short-Term credit rating of A2 or equivalent
- That funds are put on deposit between 1 and 12 months based on cash flow projected
- Maximise the return on deposits by monitoring the available interest rates
- The only exceptions to these limits will be the organisation's clearing bankers with whom deposits in excess of this amount may be made for up to 14 days from the date of unexpected funds and for sinking funds or funds held in escrow by direction of a lender pending completion of security arrangements.

4.2.5 Cash flow projections will be prepared on a regular and timely basis to ensure that Bield operates with the agreed liquidity level and manages short-term excess funds.

4.2.6 Delegated authority to borrow funds already in place sits with the Chief Executive. The amount of borrowings required will be dictated by business cash flow requirements and proposed development expenditure. The exact amount of borrowings required will vary from time to time but will be at least sufficient to meet all liquidity requirements.

4.2.7 The procedure to follow when drawing down loans is set out in Bield's treasury procedures documents included in the Financial Regulations.

4.3 Interest rate & inflation risk management

4.3.1 Bield will monitor the organisation's interest rate risk paying due regard to:

- current levels of interest rates and inflation compared with historic trends
- anticipated future trend movements
- the impact on revenue of estimated movements in interest rate and inflation trend
- sensitivity of the revenue account to movement in interest rates and inflation
- policy and/or budgetary implications.

4.3.2 Bield will manage its exposure to short term fluctuations in interest rates with a view to achieving optimum funding costs to support its strategic objectives and manage interest rate risk in line with its Board approved risk appetite for Treasury.

4.3.3 The long term effects of varying levels of inflation and interest rates will be managed by Bield as an integral part of its Treasury strategy which is approved by the Committee annually.

4.3.4 Bield will achieve these objectives by the prudent use of its approved financing and hedging instruments, methods and techniques, primarily to create stability and certainty of surpluses in line with Bield's financial strategy, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates or inflation. The above are subject, at all times, to the consideration and, if required, approval of any policy or budgetary implications.

5. New Borrowing

5.1 Capital Finance (new borrowing)

5.1.1 The Chief Executive is responsible for and undertakes all borrowing activities on behalf of Bield. No new commitment to borrow funds may be entered into without the specific approval of the Board.

5.1.2 In the case of all proposed new borrowing, the Director of Finance and Business Services with the support of external Treasury Advisors, will prepare a report to recommend to the Chief Executive the following minimum information:

- the name(s) of the proposed lender(s) with a brief description of their experience, understanding of the social housing market and perceived market standing
- where applicable, the proposed lender(s) credit ratings
- details of the interest bases permitted under the proposed facility
- the basis and level of the lender's interest rate margin
- details of arrangement and other fees, legal costs, valuation fees etc.
- details of financial covenant requirements and any other restrictive undertakings required together with an assessment the organisation's ability to comply therewith
- details of security arrangements
- comparison with other offers and a cost benefit analysis
- compliance with the organisation's borrowing strategy and policy
- arrangements for drawings funds
- details of any independent financial, legal or other advice received; and
- any other matters that will assist the Board in arriving at its decision, with particular attention to highlighting the relevant risks.

5.2 Terms & conditions of capital finance

5.2.1 It is the responsibility of the Chief Executive to ensure that all new borrowing is effected on the most competitive terms possible and available in the markets. The organisation will endeavour to ensure that any financial covenants entered into with any lender are consistent with those for existing borrowing arrangements where they remain in place and are in line with the market at the time of arranging.

5.2.2 Bield will maintain minimum levels of covenant compliance in excess of the levels imposed by loan agreements at all times. Anticipated levels of compliance and internally set compliance targets will form an integral element of the annual review of the Business Plan.

5.3 Collateral (security)

5.3.1 Bield will maintain the minimum level of asset cover required by lenders. At the same time, the organisation will endeavour to ensure that borrowing arrangements permit maximum flexibility to release and substitute collateral assets and to grant floating charges only as a short-term measure pending the completion of fixed charge security.

6. Complying with the Law and Good Practice

6.1. As a Registered Social Landlord (RSL), we are regulated by the Scottish Housing Regulator (SHR). The SHR's statutory objective is to safeguard and promote the interests of current and future tenants, homeless people, and other people who use services provided by social

landlords. In developing our policy, we have taken account of good practice, including that developed by the Scottish Housing Regulator.

6.2. The SHR uses the outcomes and standards in the Charter to assess the performance of social landlords. The key outcomes that have been considered in the development of this policy are:

Outcome 13	Customers receive services of continually improving value for rent and other charges they pay.
Outcome 14	We strike a balance between the level of service provided the cost of services and how far current and prospective customers can afford them.
Outcome 15	Customers get clear information on how rent and other money is spent, including details of any individual items of expenditure above agreed thresholds.

6.3. The SHR Regulatory Standards which govern Treasury Management include:

RS 3.1 The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times.

RS 3.2 The governing body fully understands the implications of the treasury management strategy it adopts, ensures this is in the best interests of the RSL and that it understands the associated risks

RS 3.5 The RSL monitors, reports on, and complies with any convents it has agreed with funders. The governing body assesses the risks of these not being complied with and takes appropriate action to mitigate and manage them.

6.4. SHR guidance contains the regulatory expectation that an RSL will comply with the CIPFA Code.

6.5. As a provider of care, we are regulated by the Care Inspectorate. The Care Inspectorate uses Health and Social Care Standards to assess the performance of care providers.

7. GDPR

7.1. We will treat all personal data in line with our obligations under the current data protection regulations and our Privacy Policy. Information regarding how all data will be used and the basis for processing your data is provided in our Customer Fair Processing Notice.

8. Sustainability statement

8.1. We are committed to reducing our impact on the environment through proactive selection of investments which support a sustainable and ethical business model.

8.2. Where possible, we will consider investments in funds that have a positive environmental impact.

9. Risk Management

9.1. In considering risk management we will design, implement and monitor all arrangements for the identification, management, and control of treasury management risk, will report at least annually on the adequacy/suitability of this policy, and will report as a matter of urgency, the circumstances of any actual or likely difficulty in achieving our objectives as set out in this policy.

10. Review Of Policy

10.1. This policy will be reviewed every 3 years or earlier as required to reflect any changes in the Business Plan and minimise any risk exposure.

Appendix 1 Equality Impact Assessment

1	**Title of Policy to be assessed**: Treasury Management			
2	**Date: 13/08/2025**			
3	**Lead Officer/Manager: Jim Aird**			
4	**EQIA Team (who will be involved): N/A**			
5	**Director/Manager: Paula Rice**			
6	**Is the function or policy existing, new, or review? Review**			
7	**Set out the aims/objectives/purposes/outcomes of the function or policy, and give a summary of the service provided:** The purpose of this policy is to Set out our approach to treasury management Ensure we comply with relative treasury management best practice. **The policy applies to all Bield colleagues**			
7a	**Who should benefit from the policy (target population):** All tenants will benefit from the prudent management of Bield's finances.			
7b	**Linked policies, functions: Are there any other functions, policies or services, which might be linked with this one for this exercise? Please list.** **N/A**			
8	**State whether the policy will have a positive or negative impact across the following factors and provide initial comments/observations.**			
	Age: Older people, people in the middle years, young people, and children. **Disability:** includes physical disability, learning disability, sensory impairment, long-term medical conditions, mental health problems. **Maternity and civil partnership** **The policy will have no impact on people expecting or recently giving birth or within a civil partnership** **Race:** Minority ethnic people (includes Gypsy/Travellers, non-English speakers). **Religion or belief:** includes people with no religion or belief. **Sex:** Women, men, and transgender people (include issues relating to pregnancy and maternity). **Gender reassignment:** The process of changing or transitioning from one gender to another. **Sexual orientation:** Lesbian, gay, bisexual, and heterosexual people. **People in remote, rural, and/or island locations** **People in different work patterns:** e.g. part-/full-time, short-term, job share, seasonal **People who have low literacy** **People in different socio-economic groups** (includes those living in poverty/people on a low income)			
	Population groups	**Positive Impact**	**Negative Impact**	**Comments**
	Age	**N/A**	**N/A**	
	Disability	**N/A**	**N/A**	

	Maternity and civil partnership	**N/A**	**N/A**	
	Race	**N/A**	**N/A**	
	Religion or belief	**N/A**	**N/A**	
	Sex and Gender reassignment	**N/A**	**N/A**	
	Sexual orientation	**N/A**	**N/A**	
	People in remote, rural, and/or island locations	**N/A**	**N/A**	
	People in different work patterns	**N/A**	**N/A**	
	People who have low literacy	**N/A**	**N/A**	
	People in different socio-economic groups	**N/A**	**N/A**	
9	**What evidence do you have for the statements you have made above? Focus on:** • Needs and experiences; • Uptake of services; N/A • Levels of participation. N/A			
10	**From the evidence set out what actions, if any, will you take where the negative impact has been identified:**			

Population groups	**Proposed action**	**How will it address the negative impact?**
Age	**Ensure large print version is available**	**Remove barrier or small font**
Disability:	**Ensure easy read version is available**	**Remove barrier of complex language**
Maternity and civil partnership	**N/A**	**N/A**
Race	**N/A**	**N/A**
Religion or belief	**N/A**	**N/A**
Sex and Gender reassignment	**N/A**	**N/A**
Sexual orientation	**N/A**	**N/A**
People in remote, rural, and/or island locations	**N/A**	**N/A**
People in different work patterns	**N/A**	**N/A**
People who have low literacy	**Ensure easy read version is available**	**N/A**
People in different socio-economic groups	**N/A**	**N/A**

Briefly explain how the policy contributes to our equality and diversity values by answering the following questions:

• How will it provide equality of access to services, information, and employment?
• Does it or could it celebrate diversity?

	• Will it or could it promote good relationships within and between communities? • How will it provide good quality, inclusive services? N/A
Any additional information, questions, or actions required? Please explain.	
	Sign off: **As Director I am satisfied with the results of this EIA** **The findings will be referred to within Service Plans and target set. The Action Plan will be reviewed annually within Business planning reporting.** **Signature:** **Date:**

Speaking your language - we are happy to translate our policies on request.

يمكن ترجمة سياساتنا عند الطلب.
إذا كنت بحاجة إلى مساعدة ، فيمكننا توفير مترجم

Nasze zasady mogą być przetłumaczone na żądanie.
Jeśli potrzebujesz pomocy, możemy zapewnić tłumacza

我们的政策可以应要求翻译。
如果您需要帮助，我们可以提供翻译

ہماری پالیسی کا ترجمہ پر درخواست کا جاسکتا کیا ہے۔
آپ اگر کی مدد کو ضرورت تو ہو ہم ایک ترجمان فراہم
کرسکتے ہیں