



## Treasury Management

<b>Policy Reference:</b>		F03	
<b>Effective date:</b>	September 2022	<b>Review date:</b>	September 2025
<b>Approved by P&amp;PRG:</b>	July 2022	<b>Approved by Finance Sub-Committee</b>	August 2022
<b>Owner:</b>	Stuart Green	<b>Job Title:</b>	Director of Finance
<b>To be issued to:</b>		Board of Management Ark Management All Staff (with Treasury Management responsibility)	
<b>Method of Delivery:</b>		Email Policy	

### Version Control

Date	Owner	Version	Reason for Change
July 2022	Stuart Green	2	Alignment of current policy to Treasury Management guidance issued by the SFHA in February 2022

### Summary of Changes

Section	Change
3	Policy statement updated to align to SFHA guidance, setting out the cornerstones for effective treasury and investment management, including the production of management practices, and clear lines of review by the Finance and Audit sub-committees.
7	Treasury management definition updated to align to SFHA guidance, with a key focus on risk implications for Ark.



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# Treasury Management

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## 1.0 Ark's Values

Arks values are true to the core purpose of the organisation and the services we deliver. They determine our behaviours towards one another and what we should expect in our relationships with one another. Working within the following values will guide and help us deliver our vision and mission of Ark being an organisation where everyone is equal:

### Trust

We have confidence in our people to deliver excellent services and trust in them to do so. We will develop trusting and honest relationships and our customers will feel assured that they can rely on us to deliver.

### Respect

We treat everyone fairly and we listen. We are respectful of each person with whom we come into contact and expect our people to respond professionally and treat others as they would wish to be treated.

### Understanding

We will operate with empathy and compassion and approach each situation with an open mind. We will question and challenge to ensure we achieve the right outcomes for customers and our people.

### Equality

We believe everyone is equal and expect our people to create positive experiences where everyone feels valued and included.

### Integrity

We will do the right thing and take responsibility for our actions. We will work together to uphold the highest standards of behaviour and practice.

## 2.0 Purpose

This policy is intended to ensure that the treasury management activities of Ark are managed and controlled appropriately, and in a manner that complies with best practice, as set out in the CIPFA Code of Practice for Treasury Management in the Public Services ("the Code") and in line with the expectations of the Scottish Housing Regulator ("SHR") as set out in the Standards of Governance and Financial Management.

## 3.0 Policy Statement

Ark will create and maintain, as the cornerstones for effective treasury and investment management:

- A treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities;
- Suitable treasury management practices (“TMPs”) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities; and
- Investment management practices (“IMPs”) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs follow the recommendations of the CIPFA Code, subject only to amendment where necessary to reflect the particular circumstances of Ark. Such amendments will not result in Ark materially deviating from the CIPFA Code’s key principles.

The Board of Management will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in its TMPs and IMPs.

Ark’s Board of Management delegates responsibility for the regular monitoring of its treasury management policies and practices to the Finance Sub-Committee, and for the execution and administration of treasury management decisions to the Executive Team, who will act in accordance with the organisation’s policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA’s Standard of Professional Practice on treasury management, or other relevant professional standards.

## 4.0 Scope

This policy, and the procedures which support it, apply to members of Ark’s Board of Management (including subsidiaries), Senior Leadership Team, and all other Ark employees with treasury management responsibilities.

## 5.0 Legal/Regulatory Framework

This policy and the supporting procedures comply with the Scottish Housing Regulator Regulatory Standards, Scottish Social Housing Charter, Standard 13 ‘Value for Money’, and the CIPFA Code of Practice – Treasury Management in Housing Associations.

## 6.0 Responsibilities

### 6.1 Board of Management

Ark's Finance Sub-Committee, through powers delegated to it from Ark's Board of Management, is responsible for consideration and approval of this policy, and for ensuring that its decisions are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

Ark's Audit Sub-Committee will also advise the Board on issues of risk, control and governance, including:

- Monitoring and reporting to the Board on financial and other control systems and satisfy the Board that the system of internal controls is sufficient to manage the risk of failure to achieve the policies, aims and objectives of the Group; and
- Reviewing the satisfactory operation of the Group risk management processes.

### 6.2 Executive Team

Ark's Executive Team is responsible for ensuring that this policy is reviewed in accordance with Ark's schedule for review of policies, or sooner if required. The Executive Team is responsible for ensuring that its decisions, and that the decision of officers, are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

### 6.3 Senior Leadership Team

Ark's Senior Leadership Team is responsible for review of the policy, and for ensuring that its decisions, and that the decision of officers, are taken in accordance with relevant legislation, regulatory expectations, training and guidance.

### 6.4 Managers

Ark Managers with treasury management responsibility will be responsible for the effective implementation of this policy within their area of responsibility, as required. They must also ensure that relevant members of their staff, through induction and team meetings, familiarise themselves with this policy and comply with its provisions as well as undertake any training implemented as part of the rollout of this policy.

### 6.5 All Staff

All Ark employees with treasury management responsibility are required to familiarise themselves with this policy and comply with its provisions as well as undertake any training implemented as part of the rollout of this policy.

## 7.0 Treasury Management

### 7.1 Definition

Ark defines its treasury management activities as the management of the organisation's borrowing, investments and cash flows, including 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.

Ark regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for Ark and any financial instruments entered into to manage these risks.

Ark acknowledges that effective treasury management will provide support towards the achievement of its business and strategic objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

### 7.2 Commercial Investments

Ark will develop a Commercial Investments Procedure, which will be based around the guidance published by OSCR. At a minimum, this procedure will require the Board of Management to:

- Confirm the investment is within the scope of Ark's Rules and governing documents;
- Decide on the overall investment mandate and objectives for Ark;
- Agree the balance between risk and return that is right for Ark - this may include a wide range of factors that will impact on return including environmental, social and governance factors, as well as the risks identified in the OSCR guidance;
- Invest any permanently endowed funds in a way that helps the short and long-term aims of Ark;
- Select, remunerate and appraise any external investment manager;
- Take appropriate advice on the taxation implications of the approach adopted; and
- Consider whether to adopt an ethical, socially responsible or mission related approach to investment and ensure that it can be transparently observed and appropriately justified.

The procedure will include clear statements on:

- The scope of its investment powers;
- Ark's investment objectives;
- Ark's attitude to risk;
- How funds available for investment are calculated, when their return is projected and how this aligns with Ark's liquidity needs;

- Respective responsibilities of the Board of Management, Finance Sub-Committee and management for investment decisions;
- How investments will be managed and benchmarks and targets set by which performance will be judged; and
- Reporting requirements for investment managers.

## 8.0 Related Policies & Procedures

This policy should be read in conjunction with the following policies and procedures:

[F01]	Financial Regulations Policy
[F03a]	Treasury Management Practices Procedure
[F03b]	Investment Management Practices Procedure

## 9.0 Equality Impact Assessment (EIA)

No potential equalities issues have been identified in relation to the development of this policy, and consequently an EIA has not been completed.

## 10.0 Data Protection Impact Assessment (DPIA)

No data protection implications have been identified in relation to the development of this policy, and consequently a DPIA has not been completed.

## 11.0 Stakeholder Consultation

- Ark Board of Management;
- Ark Executive Team;
- Ark Senior Leadership Team; and
- Ark Policy & Procedure Review Group.

## 12.0 Monitoring and Review

### 12.1 Monitoring

Ark's Executive and Senior Leadership Teams will monitor implementation of this policy, and its supporting procedures on an ongoing basis.

### 12.2 Review

This policy will be reviewed within 3 years from the date of approval by the Finance Sub-Committee, in accordance with Ark's policy review framework and approval process.