

CASH AND LIQUIDITY MANAGEMENT POLICY

1. INTRODUCTION

This Cash and Liquidity Management Policy covers the University's cash and cash equivalents, access to cash through Bank Overdrafts or Revolving Credit Facilities (RCF's) and the convertibility of assets into cash to meet operating and financial needs of the University. It also sets the minimum liquidity target for the University.

Cash and cash equivalents being defined as cash that is accessible within 35 days-notice and held with banks, investment advisors or equivalent financial institutions. Cash and cash equivalents shall exclude any funds held by the University that are ring-fenced or encumbered for other purposes, which include (for example) any funds specifically set aside under the Keele Residential Funding agreement, any funds that are held for a specific purpose or any funds that support the endowment reserve.

1.1 Purpose

The policy exists to provide a framework under which the University seeks to achieve its cash and liquidity management goals. The goals include providing sufficient liquidity to support the cash flow needs of the annual operating cycle and returning a suitable yield based on the universities risk appetite. This includes operating expenses, repayment of loans and finance leases, pension contributions and any irregular investment or financing needs.

1.2 Scope

The University needs to ensure it has sufficient access to cash during normal and stressed liquidity environments. This can be met with a combination of internal (cash and cash equivalents) and external (overdrafts and RCF's) cash sources. The policy should always be applied and incorporates minimum targets for the University to adhere to.

2. POLICY

The University should hold a minimum of:

1. A "Minimum Liquidity Target" of £15m in cash and cash equivalents excluding overdrafts and RCF's; and
2. A "Cash Days Target" of 30 days of cash and cash equivalents to cover the University's total forecast cash outgoings in that future period based on the latest monthly cash flow forecast from the Finance Directorate.

This review shall be done monthly by the Finance Directorate. If the University is found to have fallen below either the Minimum Liquidity Target or the Cash Days Target, then a review will be undertaken to establish what corrective action (if any) is required.

3. ROLES AND RESPONSIBILITIES

The policy applies to the University as a whole, and the Chief Financial Officer has strategic oversight of the policy. This is an internal policy, and there are no external compliance issues.

Business Review Committee would be responsible for review and monitoring of the policy.

Please contact Tim Collier (Associate Director of Finance) for any questions about this policy.

4. RELATED POLICIES AND PROCEDURES

The University has a “Treasury Investment Management Policy and Procedure” and an “Ethical Investments Code of Practice” that should be read in conjunction with this Policy.

5. REVIEW, APPROVAL & PUBLICATION

The policy should be reviewed by Finance with consideration and approval by the Business Review Committee every three years, with updates provided to this Committee as required. The policy will be published on the University Policy Zone.

6. ANNEXES

There are no annexes for this Policy

7. DOCUMENT CONTROL INFORMATION

Document Name	Cash and Liquidity Management Policy
Owner	Finance
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Related University Policy Documents	Treasury Investment Management Policy and Procedure Ethical Investments Code of Practice
<i>For Office Use – Keywords for search function</i>	