

## **INVESTMENTS INTO THE NYCC SCHOOL LOAN SCHEME**

### **1.0 PURPOSE**

- 1.1 To detail the terms and conditions of the investment into the School Loan Scheme by NYCC maintained schools and Pupil Referral Services.

### **2.0 BACKGROUND**

- 2.1 Schools with surplus balances can chose to deposit some of their balance into the schools loan scheme and earn interest at a level that is expected to exceed slightly, the interest the school could otherwise earn.
- 2.2 NYCC currently operates an investment pool with several other public sector organisations in which NYCC's own cash balances and those of the other organisations are merged together to form a combined investment pool. Investments made by schools will form part of this investment pool.

### **3.0 INVESTMENT IN LOANS SCHEME**

- 3.1 Schools with surplus balances can choose to invest funds within the Schools Loans Scheme. All funds invested within the loans scheme will form part of the Investment pool operated by NYCC. Investments must be for a minimum of £10k and for a minimum period of 12 months.
- 3.2 Investments are made on behalf of the overall investment pool - individual tailored investments are not made for the separate participating schools.
- 3.3 NYCC's investment priorities are in line with those of the Council – firstly the security of capital and secondly the liquidity of investments. The highest return (yield) is sought on investments only when proper levels of security and liquidity are achieved. The investment risk appetite of NYCC is low in order to give priority to the security of investments. All investments are made in accordance with the Treasury Management Strategy which is approved by the County Council on an annual basis.
- 3.4 Any loss incurred by NYCC as a result of default by a bank / building society counterparty would be apportioned between NYCC and other members of the pool, in proportion to the total surplus cash funds at the time of default.
- 3.5 There will be two windows for making deposits and recalling money from the scheme these will be from the 1st – 31st May and 1st – 31st October. Deposits will be by cheque or BACS made payable to North Yorkshire County Council. Money recalled will be paid back to the school by BACS transfer.
- 3.6 Schools may in an emergency request a recall of funds from the scheme outside of the prescribed window. However, early withdrawal will incur a penalty equating to 30 days interest.
- 3.7 Interest will be paid at the end of each financial year based on the average interest rate NYCC earned on its balances.

# INVESTMENTS INTO THE NYCC SCHOOL LOAN SCHEME - TERMS AND CONDITIONS

## INTERPRETATION

1. In this Agreement the following words and expressions shall have these meanings:

<b>Early withdrawal</b>	An event described in clause 6.
<b>Investment</b>	School surplus balance held within the investment pool operated by NYCC
<b>NYCC</b>	North Yorkshire County Council.
<b>School</b>	The School or Pupil Referral Service named on the Investment form.

2. When this Agreement refers to natural persons it shall also be taken as referring to companies, corporations, partnerships, firms, joint ventures, trusts and any other type of organisation whether or not the law treats them as legally separate entities and vice versa.
3. Where this Agreement is signed by more than one person as partners, each person who signed the Agreement will be jointly and severally liable.
4. This Agreement is not intended to give any third party any benefit under the Agreement or the right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

## THE AGREEMENT

### 1.0 The Investment

- 1.1 The investment will form part of the overall investment pool operated by NYCC. These aggregated balances are invested in accordance with the agreed Investment Strategy.
- 1.2 Any loss incurred by NYCC as a result of default by a bank / building society counterparty would be apportioned between NYCC and other members of the pool, in proportion to the total surplus cash funds at the time of default.
- 1.3 Money deposited with the loan scheme will be paid back to the school by BACS transfer on maturity.
- 1.4 Only school balances can be accepted into the investment pool. Funds cannot be accepted from third parties, e.g. school charity funds.

### 2.0 Preconditions to investing in the Loan scheme

- 2.1 Deposits and recalls can only be made within the specified window
- 2.2 The minimum deposit is £10k and for a minimum period of 12 months
- 2.3 An Investment Form should be completed by the school and returned with a cheque, payable to North Yorkshire County Council. Alternatively a BACS transfer can be sent for the value of the investment. The Chair of Governors or the Headteacher on behalf of the Chair of Governors, should authorise the Investment Form.

### 3.0 Payment of Interest

3.1 Interest will be paid at the end of each financial year based on the average interest rate NYCC earned on its balances.

### 4.0 Responsibility of the School

4.1 The School accept responsibility for:

a) Providing NYCC with:

- all necessary co-operation in relation to this Agreement; and
- all necessary access to such information as may be required by NYCC;

in order to render the Services, including but not limited to School Data, security access information and software interfaces, to the School's relevant business applications;

b)

c) carry out all other School responsibilities set out in this Agreement in a timely and efficient manner. In the event of any delays in the School's provision of such assistance as agreed by the parties, NYCC may adjust any timetable or delivery schedule set out in this Agreement as reasonably necessary.

### 5.0 Early Withdrawal

5.1 The School may request recall of funds from the scheme outside the prescribed window. Any recall request must give a minimum of 14 days notice prior to funds being returned, except in exceptional circumstances. A penalty equivalent of 30 days interest will be levied for early withdrawal of funds.