

TREASURY MANAGEMENT POLICY STATEMENT

1. Code of Practice

- 1.1 The Council adopts the key recommendations of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.
- 1.2 The Council will create and maintain as the cornerstone for effective treasury management:
- A treasury management policy statement, stating the policies and objectives of its treasury management activities.
 - Suitable treasury management practices which set out the manner in which the Council will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- 1.3 The content of the policy statement and associated practices follow the recommendations contained in Sections 6 and 7 of the Code, subject where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key recommendations.
- 1.4 The Council will receive reports on its treasury management policies, practices and activities and as a minimum, an annual strategy and plan in advance of the year, together with an annual report after its close, in the form prescribed in the relevant practice statements.
- 1.5 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance and Management Committee and for the execution and administration of treasury management decisions to the Director of Corporate Services, who will act in accordance with the Council's policy statement and practices, together with CIPFA's Standard of Professional Practice on Treasury Management.

2. Policy Statements

- 2.1 This Council defines its treasury management activities as:

'The management of the authority's 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.'

- 2.2 This Council 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 the Council.
- 2.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques, within the context of effective risk management.
- 2.4 It is Council policy for long-term borrowing to be undertaken on a prudential basis under the principle of 'invest to save', i.e. the cost of the loan is met from the payback of the investment through generating cash savings or greater income (as set out in the Capital Investment Strategy).
- 2.5 However, it may be necessary to undertake short term borrowing due to the timing of cash flows. Borrowing of this nature will be kept to an absolute minimum through pro-active management of cash flows.
- 2.6 The Director of Corporate Services will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall maintain a lending list comprising time, type, sector and specific counterparty limits.
- 2.7 All investments will be made in accordance with the Council's Annual Investment Strategy and with the institutions identified in the Council's approved counterparty investment list.
- 2.8 The Director of Corporate Services will maintain suitable Treasury Management Practices (TMP's) which will set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.