

### Treasury Management Policy Statement

#### 1 Summary

- 1.1 The Council's treasury management activities adhere to the principles of best practice, which include the adoption of the Treasury Management in the Public Services: Code of Practice (the Code) produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code was recently updated in November 2011, with a greater focus on risk management and significance of capital security as the Council's primary objective in relation to investments.
- 1.2 Whilst the Treasury Management Policy Statement does not normally go to Members as it tends not to change from one year to the next, the recent revisions to the Code mean that it should be presented to Members this year. In particular, the Treasury Management Policy Statement is required to make reference to the Council's high level approach to borrowing and investment.
- 1.3 The Council's updated Treasury Management Policy Statement is presented in sections 2 and 3 of this Appendix for approval by Members.
- 1.4 **This Appendix recommends to the County Council that:**
  - **This revised Treasury Management Policy Statement be adopted with immediate effect.**

#### 2 Background

- 2.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 2.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury 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 Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

- 2.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 2.4 Whilst the Council assumes full responsibility for the implementation and monitoring of its treasury management policies and practices, it delegates the execution and administration of treasury management decisions to the County Treasurer who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 2.5 The Council nominates its Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### **3 Policies and Objectives of Treasury Management Activities**

- 3.1 The Council defines its treasury management activities as:

“The management of the organisation'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.”
- 3.2 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 organisation, and any financial instruments entered into to manage these risks.
- 3.3 This 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 value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.
- 3.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
- 3.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.