

Annex A

TREASURY POLICY STATEMENT

2017/2018

1 Introduction & Background

- 1.1 The Treasury Management Code of Practice requires local authorities to produce a Treasury Management Strategy and Policy Statement on an annual basis.
- 1.2 The Council adopted the original CIPFA Code of Practice on 13th February 2002, and this resolution is carried through to the revised Code. Therefore, the Treasury Policy Statement for 2017/18 has been prepared in compliance with the revised Code.
- 1.3 Accordingly, the Council will create and maintain the following key documents in accordance with the revised Code of Practice and other relevant guidance:
 - Treasury Management Policy Statement, outlining the key objectives of its treasury management activities;
 - Treasury Management Strategy Statement including the Annual Investment Strategy setting out the specific expected treasury activities for the forthcoming financial year;
 - Treasury Management Practices (TMP's) setting out the manner in which the Council will seek to achieve its objectives, and prescribing how it will manage and control those activities;
 - Treasury Management Prudential Indicators as prescribed within the Prudential and Treasury Management Codes.
- 1.4 The Council will receive reports on its treasury management activities, including as a minimum, an annual strategy for the forthcoming year, an annual report after year end and interim quarterly reports.
- 1.5 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Full Council, and for the execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's Policy Statement and the CIPFA Code of Practice.
- 1.6 The Council nominates the Treasury Management Panel and the Audit Committee as being responsible for ensuring the effective scrutiny of the treasury management strategy and policies.
- 1.7 The Treasury Management Panel will meet on a quarterly basis to monitor and review the Councils implementation of the Treasury Management Strategy and Policy. The Audit Committee will receive reports through which it will gain assurance regarding the effective implementation of the Strategy and Policy.
- 1.8 Internal Audit consider on an annual basis carrying out a regulatory review of the treasury management function including probity testing. This decision is made on a risk-based strategy and discussed and agreed with management.

2. Policies and Objectives of Treasury Management Activities

2.1 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.”

2.2 Approved activities of the Treasury Management operation cover:

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing cash flow;
- Banking activities;
- Leasing; and
- Managing the risk associated with the Council’s treasury management activities.

2.3 The 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 include their risk implications for the organisation.

2.4 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 best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.5 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 Section 151 Officer has delegated powers to select the most appropriate form of capital financing (including leasing arrangements) from the approved sources. The source from which the borrowing is taken and type of borrowing should allow the Council transparency and control over its debt.

2.6 The Council’s primary objective in relation to investment remains the security of capital. The liquidity of the Council’s investments and the yield earned remain important but secondary considerations.

2.7 The Annual Investment Strategy details the categories of investment the Council will invest in, maturity periods and criteria for selecting investment counterparties. Any revisions to these criteria will require Council approval.