

## **TREASURY MANAGEMENT STRATEGY 2020/21**

### **ANNEX B – Treasury Management Policy Statement 2020/21 - 2022/23**

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#### **1. Introduction**

- 1.1 Treasury management is undertaken in accordance with the CIPFA Code of Practice for Treasury Management in the Public Services (“the TM Code”). This Code has been reviewed and updated following recent developments in the marketplace and the introduction of the Localism Act 2011 for English local authorities. The updated code was issued in December 2017 with a requirement that it should be fully implemented by the 1<sup>st</sup> April 2019.

#### **2. Key Principles – the Code identifies three key principles:**

- 2.1 The Council should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- 2.2 The Council’s policies and practices should make clear that the effective management and control of risk are prime objectives of its treasury management activities and that responsibility for these lies clearly within it. The Council’s appetite for risk should form part of its annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.
- 2.3 The Council acknowledges that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools to employ in support of business and service objectives; and that within the context of effective risk management, treasury management policies and practices should reflect this.

#### **3. Clauses Formally Adopted**

- 3.1 The Council adopts the following four clauses recommended by CIPFA:

1. This Council will create and maintain, as cornerstones of its 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.
  - The content of the policy statement and treasury management practices will follow the recommendations contained in Sections 6 and 7 of

the Treasury Management Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the Council materially deviating from the Treasury Management Code's key principles.

2. The Council's Executive 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 treasury management practices. The annual strategy is approved by Full Council.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Treasury Management Panel, and for the execution and administration of treasury management decisions to the Director of Resources (Section 151 Officer), who will act in accordance with the Council's policy statement and treasury management practices, and as a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council nominates the Tourism, Economy and Communities Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

#### **4. Treasury Management Policy Statement**

- 4.1 In accordance with the TM Code, the Council defines treasury management activities as:

“The management of the council's borrowing, 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.”

- 4.2 'Investments' in the definition above covers all the financial assets of the Council, as well as other non-financial assets which the Council holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment management and risk management framework under the Treasury Management Code. The risk management processes are detailed in the Investment Property Strategy.

- 4.3 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 value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4.4 Further details about the Council's approach to borrowing are included in Annex C, and in respect of its approach to investments are included in Annex D and the separate Capital Strategy Report for 2020/21.