

Treasury Management Policy Statement

- 1.1 The Council defines its treasury management activities as:
- The management of the Council's investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 1.2 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 focus on their risk implications for the Council, and any financial instruments entered into to manage those risks.
- 1.3 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.
- 1.4 The Council's capital expenditure plans are regarded as the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators which are designed to assist Member overview and confirm capital expenditure plans.
- 1.5 The Council's borrowing strategy is to use only the following approved sources of long term borrowing:
- Public Works Loans Board (PWLB)
 - Any institution approved for investment
 - Any bank or building society approved by the Financial Services Authority (FSA)
- Borrowing limits are determined by prudential indicators which represent a control on the maximum level of borrowing permitted and limits need to be set or revised by the full Council. The maturity structure of borrowing will be kept broad to allow flexibility in the structuring of debt. This will ensure control over the Council's exposure to risk from having to pay back significant amounts of debt all at the same time.
- 1.6 The Council's investment strategy has regard to the Department for Communities and Local Government (DCLG) Guidance on Local Government Investment and the 2011 revised CIPFA Treasury Management in the Public Services Code of Practice and Sectoral Guidance Notes. The Council's investment priorities will be:
- Security; then
 - Liquidity; then
 - Return
- Investments will be made with reference to cash flow requirements and the outlook for short term interest rates (i.e. rates for investments up to 12 months).