

## POLICY AND FINANCE COMMITTEE

### TREASURY MANAGEMENT POLICY STATEMENT

#### 1. DEFINITION OF THE APPROVED ACTIVITIES OF THE TREASURY MANAGEMENT OPERATION

- 1.1 Responsibility for the activities of the treasury management operation has been delegated to the Finance Manager, who is the Responsible Financial Officer (RFO) under Section 151 of the Local Government Act 1972.
- 1.2 The activities of the treasury management operation cover the following:
  1. analysing internal and external information, cash flow management and methods of transmitting money, i.e. by cheques, bank transfers, Bank Automated clearing system (BACS), Clearing House Automated Payments System (CHAPS) and Direct Debit.
  2. investing temporary surpluses in approved investments and financing capital expenditure by approved borrowing instruments.
  3. ensuring that the repayment dates for the Council's borrowing are reasonably spread out. i.e. the borrowing profile.
  4. dealing with other financial institutions such as banks and the Public Works Loan Board. (PWLB)
  5. ensuring that effective security and controls are in place and an effective operation is reviewed and adhered to.
  6. ensuring that adequate banking arrangements are made and monitored for the Council.

#### 2. FORMULATION OF TREASURY MANAGEMENT STRATEGY

- 2.1 The Council will formulate a plan that covers the raising of capital finance if required to support delivery of specific approved capital projects.
- 2.2 Treasury management activities in the year including investment of surplus money and managing cash flow should be conducted in accordance with the Treasury Management Policy.

#### 3. DEFINITION OF APPROVED SOURCES OF BORROWING

- 3.1 The following list specifies which borrowing instruments the Council may use:
  - PWLB
  - Money Market Loans - Temporary (loans up to 364 days)
  - Local temporary borrowing
  - Bank Overdraft
  - Council's own internal funds (capital receipts and revenue balances)
  - Leasing

- 3.2 No other instrument other than those listed above may be used.

#### **4. APPROVED INSTRUMENTS FOR INVESTMENTS**

- 4.1 The Council will use short-term, i.e. from 1 to 364 days, cash deposits in sterling in approved financial organisations for investments. The Council may use a fund manager such as the CCLA to spread investments across multiple financial organisations so long as the maximum amount that can be invested with any one such financial organisation is £250,000 and all of the organisations satisfy the requirements set out in section 5.1.
- 4.2 The Council will consider longer term investments only as part of a wider investment strategy designed to enable specific planned future capital projects. Any such investments will require scrutiny and prior approval by the Council.

#### **5. DEFINITION OF APPROVED ORGANISATIONS FOR INVESTMENTS**

The following organisations constitute the counterparties with whom temporary investments will be made.

- 5.1 Banks or building societies which are UK clearing banks or which are incorporated in the UK and which have at least a short term credit rating of F1, according to FITCH the International Rating Agency, will be used for temporary investments
- 5.2 Other Local Authorities  
The Council may invest temporarily with all other local authorities. The maximum each one may borrow is £250,000 for up to 364 days.
- 5.3 Accidental Breach of Limits  
The Council will operate “daylight exposure”. This is a technique that ensures that in no circumstances can limits be exceeded. Normally, in calculating the amount of investment, the Finance Manager is entitled to assume that a sum due back from an organisation will be received on the due date before making a further investment with that organisation. If for some technical reason the repayment does not arrive in the Council’s bank account it is possible that, after a new investment is made with the same organisation, limits will be exceeded.

#### **6. POLICY ON DELEGATION**

- 6.1 The RFO is authorised by the Council to exercise the investment and borrowing powers of the Council in accordance with Council Policy, The Chartered Institute of Public Finance and Accountancy’s (CIPFA) Standard of Professional Practice on Treasury Management, and professional codes of practice.

- 6.2 The RFO may delegate the operations of Treasury Management to the Deputy Town Clerk and the Finance Officer in connection with the approved activities of Treasury Management.
- 6.3 The RFO has delegated authority to transfer funds of up to £50,000 from the investment account to the Imprest account (at any one time) and £100,000 between Imprest account and the investment accounts (at any one time), in order to maximise interest earnings whilst meeting contractual arrangements to pay suppliers. Any such transfers will be reported to the subsequent meeting of the Policy & Finance Committee.
- 6.4 Any changes to delegated powers will be approved by Policy and Finance Committee.

## **7. REVIEW REQUIREMENTS AND REPORTING ARRANGEMENTS**

- 7.1 The Finance Manager will report to the Policy and Finance Committee on Treasury Management as follows: -
  - October - for the annual report for the previous year.
  - Monthly - Statement of balances and proposed movements