

## **Appendix B**

### **TREASURY MANAGEMENT POLICY STATEMENT**

#### **1. Introduction and Background**

- 1.1. The Council's Treasury Management Policy Statement follows the recommendations set out in Section 6 of CIPFA's *Treasury Management in the Public Services: Code of Practice* (2021).
- 1.2. Full Council has delegated responsibility for ensuring effective scrutiny of reports on treasury and investment policies, practices and activities, and the implementation and regular monitoring of the Council's treasury management activities to the Council's Governance Scrutiny Group.
- 1.3. Full Council will receive an annual strategy in advance of the year
- 1.4. Reports on its treasury management policies, practices and activities and an annual report after its close, will be scrutinised by Governance Scrutiny Group.
- 1.5. The Governance Scrutiny Group will in addition receive an update on progress against the strategy at quarters 1,2 and 3 and a final outturn position report (Quarter 4).

#### **2. Treasury Management Activities**

- 2.1. The Council defines its treasury management activities as:

*"The management of the Council's borrowing, investments and cash flows, including 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. The prime objectives of the Council's treasury management activities are the effective management and control of financial risks.

#### **3. Statement of Policies**

##### **Risk management**

- 3.1. 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 Council, and any financial instruments entered into to manage these risks.

### Value for money

3.2. This Council acknowledges that effective treasury management will provide support for 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.

### Borrowing policy

3.3. 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 Council will set an affordable borrowing limit each year in compliance with the *Local Government Act 2003* and will have regard to the *CIPFA Prudential Code for Capital Finance in Local Authorities* when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the treasury management strategy report each year.

### Investment Policy

3.4. The Council's primary objective for the investment of its surplus funds is to protect the principal sums invested from loss (the security of capital) and to ensure adequate liquidity so that funds are available for expenditure when needed. Yield earned on investments is an important but secondary to security and yield considerations.

3.5. The Council will have regard to the MHCLG Guidance on Local Council Investments and will approve an investment strategy each year as part of the treasury management strategy. The strategy will set criteria to determine suitable organisations with which cash may be invested, limits on the maximum duration of such investments and limits on the amount of cash that may be invested with any one counterparty.

### Policy on Environmental, Social and Governance issues (ESG)

3.6. Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will (in accordance with treasury advice) prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.