

STATEMENT OF TREASURY MANAGEMENT POLICY

Overview

The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code. The full Code is available for Members on request and identifies 3 key principles which organisations should apply:

- 1) formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of treasury management activities should be put in place,
- 2) effective management and control of risk are the prime objectives of Treasury Management and are the responsibility of the Council. Waverley's Treasury Management Strategy must make clear its appetite for risk, the use of which financial instruments are allowed for the prudent management of those risks and that priority is given first to security, then to liquidity and last to yield.
- 3) treasury management policies and practices should reflect that the pursuit of value for money is nevertheless important and performance measures are important and valid tools to be used in support of this.

Accordingly, the Council will create and maintain, as the cornerstones for effective Treasury Management:

- A treasury management policy stating the policies, objectives and approach to risk management of its treasury management activities.
- A treasury management strategy on at least an annual basis including approved treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve its policy objectives, and prescribing how it will manage and control those activities.

The content of the policy, strategy and TMPs will follow the recommendations contained in the Code, subject only to amendment where necessary to reflect the particular circumstances of this Council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

The Council will receive reports on its treasury management policy and practices and the Executive will receive reports on treasury activities and performance, including as a minimum, the annual strategy in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

The Council delegates responsibility for the regular monitoring of its Treasury Management Policy and practices to the Executive, and for the execution and administration of day to day treasury management decisions to the Director of Finance and Resources (Section 151 Officer) who will act in accordance with the Waverley's Policy, Strategy and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

The Council nominates the Corporate Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Overall policy:

Waverley Borough Council defines its treasury management objectives as:

The effective management of the Council'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 in order to ensure that financial resources are available at the right time to deliver the Council's service priorities.

Risk:

Waverley 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 organisation and any financial instruments entered into to manage these risks.

Value for money:

Waverley acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives and is therefore committed to the principles of achieving value for money in treasury management and to employing suitable performance monitoring arrangements within the context of effective risk management.

Borrowing:

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 source from which the borrowing is taken and the type of borrowing should ensure the Council is transparent and has flexibility and control over its debt.

Investment:

Waverley's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations.