

TREASURY POLICY STATEMENT (TMPS)

1. Policy and Objectives of Treasury Management Activities

- 1.1 Definition of treasury management activities:
“The management of the organisation’s 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.”
- 1.2 Worcestershire County 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 authority.
- 1.3 Worcestershire County 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 best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2. Treasury Management Operation

- 2.1 The approved activities of treasury management operation are as follows:
 - Cash Flow (daily balances and longer term forecasting) to give an assessment of the authority’s future borrowing requirements and help in the timing and planning of borrowing and investment decisions.
 - Investing surplus funds in Approved Investments.
 - Short Term Borrowing.
 - Funding of capital payments through borrowing, capital receipts, grants, or leasing.
 - Management of debt and capital financing charges through debt restructuring and associated techniques.
 - Interest rate exposure management.
 - Dealing procedures with brokers, bank and PWLB.

3. Treasury Management Practices (TMPs)

- 3.1 The following set of TMPs have been adopted as recommended in The CIPFA Treasury Management in the Public Services – Code of Practice:

TMP 1 Risk Management

TMP 2 Best Value and performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 Money Laundering

TMP 10 Staff training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate Governance

- 3.2 A set of schedules have been produced to detail the systems and routines to be employed and the records to be maintained, for each of the TMPs.

4. Treasury Management Strategy

4.1 Borrowing

To delegate to the Director of Financial Services the use of any of the borrowing instruments/techniques listed in ‘TMP 4 – Approved instruments, methods and techniques’. The overall objective of the Council is to effect funding at the cheapest cost commensurate with future risk.

4.2 Investments

To delegate investment decisions to the Financial Services Directorate in accordance with 'TMP 1 – Risk Management', which states the approved organisations for investments. The Council's overall objective is to maximise the return on investments commensurate with the maintenance of capital security.