



**Cumberland
Council**

Treasury Management Policy Statement

Introduction

- (i) The Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2021 Edition) (the Treasury Code) recommends that public service organisations put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.
- (ii) The policy statement which follows sets out the Council's policies, objectives and approach to risk management of its treasury management activities. The manner in which the Council will seek to achieve those policies and objectives, and how it will manage and control its treasury activities, are set out in the Council's Treasury Management Practices (TMPs).
- (iii) The content of the Council's policy statement follows the recommendations contained in sections 6 of the Treasury Code subject only to amendments necessary to reflect the particular circumstances of the Council. These amendments will not result in the Council materially deviating from the Code's key principles.

Treasury Management Policy Statement

1. This Council defines its treasury management activities as:
The management of the organisation'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. 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.
3. This 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.
4. The Council's primary policy objective in relation to its investment activity is the security of principal sums it invests in priority to liquidity (second) and yield (third). The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and its risk appetite. Yield will only determine investment decisions when deciding between two or more investments satisfying security and liquidity objectives.
5. The Council will seek to minimise the cost of borrowing and create stability and certainty of its debt servicing costs whilst retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. The Council will achieve this through the prudent use of fixed-rate and variable rate debt instruments. It will also seek to take advantage of opportunities to reschedule its debt portfolio to generate savings in interest costs and address risk exposures.
6. 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. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

7. Full Council will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs.
8. Under the Council's Constitution the Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management.
9. As set out in Part 2 of the Council's Constitution (Responsibility for Functions), the Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Catherine Bell
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