

**ANNEX 1**

Treasury Management Policy Statement

1. Overall Objective

The Treasury Management function should seek to ensure that at all times monies are available to the Authority to meet its operational requirements, and that in achieving this objective transactions involving the borrowing and lending of monies should seek to maximise the benefit, or minimise the cost, to the Authority in terms of interest earned or paid, whilst taking into account the security of any investment and its associated risks.

2. Responsibilities

The Chief Finance Officer is to be responsible for the day to day aspects of Treasury Management. In exercising his delegated powers the Chief Finance Officer must operate in accordance with the policies outlined in the remainder of this report.

He will also be responsible for ensuring that this Policy Statement is reviewed periodically and that any changes necessary are brought to the attention of the Authority.

3. Treasury Management Strategy

(a) Borrowing

The Authority may borrow for two reasons:

- (i) To fund its capital programme within the Prudential Code,

and

- (ii) temporarily pending the receipt of revenue monies.

The main source of any new long term borrowing is likely to be from either the Public Works Loans Board (PWLB) or the money market. The Chief Finance Officer will keep this under review.

It is consequently recommended that the approved sources of borrowing may be a mixture of PWLB loans and other loans, the mix to be determined by the Chief Finance Officer dependent upon the availability and cost of the options. No other form of borrowing will be used except for "operating leases" approved mainly for the provision of vehicles and plant.

(b) Lending Policies

This relates to the temporary loan of revenue funds/capital receipts pending their use. The timing of the main sources of the Authority's income are agreed with the Government with the aim of broadly matching expenditure.

However, it is anticipated that the Authority will have surplus cash to lend.

It is recommended that surplus funds are invested with Derbyshire County Council who will pay interest at an appropriate money market rate on this cash. This policy meets the Authorities objectives of ensuring a good return on its surplus funds while minimising risk, and is consistent with ODPM guidelines on investment strategy. As all lending is to Derbyshire County Council it qualifies as a specified investment. There will be no non-specified investments.

(c) Interest Rate Strategy

Short term interest rates will impact on the interest earned by the Authority on its deposits with the County Council. As these deposits could be significant the impact of interest rate changes could also be significant.

Longer term interest rates are more relevant for the funding of the capital programme.

Any new longer term borrowing will be determined according to its availability and interest rate levels.

4. Policy on External Managers

The day to day cash position of the Authority is to be monitored under the terms of the Service Level Agreement for the provision of financial services.