



TREASURY MANAGEMENT POLICY

OVERALL PURPOSE

The aims of this policy are to provide clear guidance on the treasury management approach of West North West homes Leeds and which enables the Directors to -

- Gain reassurance that the treasury management function is being carried out by alignment to both Leeds City Council and CIPFA policy guidance
- Recognise the delegation of the treasury management function to the Chief Executive and to the Head of Finance and Corporate Services (the Section 151 Officer) of West North West homes Leeds
- Note the objectives of the treasury management function for this organisation
- To set out the routines that will be undertaken by the Head of Finance and Corporate Services, to forecast and monitor the level of surplus cash funds available to the organisation
- Ensure that any surplus cash funds are invested in a risk averse manner to optimise interest earned and to support overall attainment of the organisation's strategic objectives, namely Customers, Communities and Neighbourhoods, Homes, Business and People

INTRODUCTION

- A recognition of the importance of the treasury management function in safeguarding the cash funds of the organisation and in utilising surplus cash funds to generate an additional source of revenue income
- The need to ensure security of investment by using only financial institutions with a triple A (or other appropriate) credit rating, but to be mindful of other opportunities in the market place, which could further optimise returns
- A need to sense check the current procedure for investment of balances, with links to cash-flow and expenditure pressures in the short and medium term
- A request that the Internal Audit function of Leeds City Council review the current process of treasury management, as an element of this year's audit programme, to ensure the organisation is operating in line with Corporate guidance

- Formal approval of the responsibility for the Chief Executive, in conjunction with the Head of Finance and Corporate Services to invest balances on behalf of the company

PERFORMANCE MEASURES

- The Performance Framework to forecast cash requirements and surplus available over a rolling 12 month period and report this to the Directors of West North West homes Leeds, along with actual investment to date against budget, on a monthly basis

TREASURY MANAGEMENT POLICY

1.0 Statement of Intent

- 1.1 West North West homes Leeds will ensure this Treasury Management Policy Statement fully complies with the CIPFA Code of Practice, which recommends that all public service organisations adopt the following -
- A Statement of the policies and objectives of the Treasury Management Policy
 - Treasury Management practices that set out the manner in which the organisation will achieve those policies and objectives and prescribing how it will manage and control those activities
 - The Directors to be kept informed on the progress of Treasury Management practices and activities, through regular reports and an annual summation at the financial year end
 - The Directors to delegate the execution and administration of treasury management decisions to the Chief Executive and the Head of Finance and Corporate Services of this organisation

2.0 Outline of Service

- 2.1 West North West homes Leeds defines its treasury management activities as *“the management of the organisation’s cash flows, banking and money market transactions; the effective control of risks associated with those activities and the pursuit of optimum performance, commensurate with such risks.”*
- 2.2 This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of the treasury management function will be measured; accordingly, the reporting of activity will include a focus on the risk implications for West North West homes Leeds.

- 2.3 West North West homes Leeds acknowledges that effective treasury management will provide support towards the achievement of business and strategic objectives (a commitment will be made to the principle of achieving best value and returns from this function).
- 2.4 The objectives of treasury management can be defined as being –
- To keep under constant review, advice on investments
 - To ensure a risk averse approach to the optimisation of returns available on investment balances for West North West homes Leeds
 - To ensure an appropriate level of resources are always available to the organisation to meet financial commitments, by judicious forecasting of cash requirements and likely surplus funds over a 12 month period and the monitoring and reporting of the situation and returns on a monthly basis
 - To seek on a periodic basis, an objective view (via the Internal Audit function of Leeds City Council) on the approach taken on the handling of the investment portfolio
- 2.5 West North West homes Leeds will ensure that it will only lend up to a maximum of £15 million, for no longer than 12 months and to an institution with a triple A or excellent credit rating, but could also as an element of flexibility in the portfolio, invest up to £5 million for up to 3 months to an institution ranked as good (a number of these exist within the same group of companies, as parent or subsidiary).

3.0 Scheme of Delegation

- 3.1 It is proposed that delegated authority is given to the Chief Executive and the Head of Finance and Corporate Services of West North West homes Leeds, to approve investment decisions based on the forecast cash requirements of the organisation, but at the same time ensure, appropriate safeguards are in place, including strict segregation of duties.
- 3.2 It will also be the responsibility of the Head of Finance and Corporate Services to ensure an annual report on treasury management activity is reviewed by the Chief Executive and other members of the Management Team and provided to the Directors and where revisions are required to the existing policy, proper and formal communication is made.

4.0 Review

- 4.1 Leeds City Council have recognised that an external fund manager's expertise could be used on a wider investment portfolio, which may give further opportunities to supplement interest earned on the investment of revenue balances; whilst not currently being used, this situation will be kept under review (this would be following a tender exercise and submissions on target performance), but may not be appropriate to the smaller level of investment made by West North West homes Leeds.

Item 4.4
Appendix 1

- 4.2 This policy will be subject to annual review, but all aspects of lending will be reported to monthly meetings of the Directors; it is also proposed that the Internal Audit programme of works provides an opportunity for Officers to link with the corporate Treasury Management team to further explore best in class options for optimising investment balances.

