



<p>Treasury Management Policy V.8 – 10.19</p>

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Related Documents

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Translation Statement

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Compliance

This policy has been drafted to ensure that it complies with current legislation and industry good practice.

Equality & Diversity

Fyne Homes is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer we are also committed to equality and diversity within our workforce. Our goal is to ensure that these commitments, reinforced by our Values, are embedded in our day-to-day working practices.

Openness & Confidentiality

Fyne Homes believes that its members, tenants and other interested parties should have access to information on how it conducts itself. This means that unless information requested is considered commercially sensitive or personally confidential it will be made available on request.

Data Protection

Fyne Homes recognises the importance of data protection legislation, including the General Data Protection Regulation, in protecting the rights of individuals in relation to personal information that we may handle and use about them, whether on computer or in paper format. We will ensure that our practices in the handling and use of personal information during the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer.

Index

1. Aims and Objectives	4
2. Links to Vision and Strategic Priorities.....	4
3. Legal Framework	4
4. Cashflow	4
5. Investment Strategy.....	4
6. Borrowing.....	5
7. Risk Management.....	5
8. Management.....	6
9. Reviewing Process	6

Treasury Management Policy

1. Aims and Objectives

The policy aims to ensure the Association has in place sound management systems for its finances which ensure that the Association maximises returns whilst minimising risk.

The Treasury Management operations of Fyne Homes Ltd will be in accordance with the best practice as recommended by The Scottish Regulator and the Chartered Institute of Public Finance and Accountancy. (CIPFA).

Investment strategy will be determined in conjunction and in parallel with borrowing strategy.

The Committee of Management delegates the Treasury Management operations of the Association to the Chief Executive

The Management Committee will monitor and review Treasury Management strategy and operations.

The Chief Executive will manage the Treasury Management operation in accordance with the agreed strategy and the Head of Business Services will report to the Management Committee Meetings with quarterly reports.

2. Links to Vision and Strategic Priorities

2.1 This policy aims to fulfil the needs of the Association's Strategic Priorities in particular maximise efficiency to provide value for money for our tenants and stakeholders.

3. Legal Framework

3.1 Scottish Housing Regulator Regulatory Framework

4. Cashflow

4.1 The Chief Executive is delegated the responsibility of ensuring the Association at all times has sufficient liquid funds to meet current liabilities.

5. Investment Strategy

5.1 Surplus cash balances will be invested where they achieve the best return commensurate with security and liquidity.

5.2 Investments will only be made with registered United Kingdom Banks and Building Societies or within Treasury Bonds.

5.3 Surplus cash balances will be used to fund cash flow in place of short-term borrowing where the opportunity cost is less than the cost of borrowing.

5.4 Investment may also be made in property other than housing, provided that these investments show a real return using cost benefit analysis over the opportunity costs of lost investment in any of the other sources available to the Association.

5.5 Investments not available "on call" will not exceed 50% of liquid assets.

6. Borrowing

6.1 When raising Capital Finance the Association aims to seek value for money at minimum risk.

6.2 The Association will only raise Capital Finance from registered United Kingdom Banks, Building Societies and Credit Unions.

6.3 In raising Capital Finance the Association will seek the best value for money by taking into account all economic factors, including interest rates, charges, amount of security required, penalties for early repayment and other conditions attached to the loans.

6.4 A Loan Portfolio of fixed and variable rate finance will be sought, the ratio of fixed to variable interest rates being decided by the Management Committee who will take into account prevailing forecast trends being maximum 75% and minimum 25%

6.5 The Management Committee will determine limits to borrowing from any one source.

6.6 The Association recognises that the proper use of derivatives can be a useful tool in addressing interest rate risks on existing variable rate borrowing particularly where an Association seeks to achieve a greater balance between its fixed and variable rate debt. In addition, derivatives offer a further option in interest risk management on new loan facilities being agreed.

6.7 The range of derivative transactions which can be entered into is limited to caps, collars and interest swaps. With regards to swaps the Association may only enter into a swap transaction where the interest profile is being switched from variable to fixed.

6.8 Speculative trading in derivative contracts is not permissible.

6.9 There must be an underlying debt for every derivative contract being entered into. The Association may only enter into derivative contract with a British Clearing Bank.

7. Risk Management

7.1 The Association recognises the need for actual free reserves to be available to offset the effects of risk events which may materialise.

7.2 Risk cover is required for the appraisal, planning and contract stage of the development programme.

8. Management

- 8.1 The management of the investment borrowing strategy will be delegated to the Chief Executive. Investments with Banks, Building Societies and Treasury Bonds will be made by the Chief Executive in accordance with this policy and all investments will be reported to each Management Committee meeting.
- 8.2 Investment in property will require the authorisation of the Management Committee.
- 8.3 The raising of Capital Finance will be negotiated by the Chief Executive who must then report to the Management Committee to obtain their authorisation to enter into the borrowing.
- 8.4 A fully detailed Loan Portfolio will be reported quarterly to the Management Committee Meeting.
- 8.5 The Treasury Management operation will be reviewed by the Management Committee at least every 3 years.

9. Reviewing Process

- 9.1 This policy will be reviewed in line with the respective current Fyne Homes' policies, and/or where a change in legislation arises.
- 9.2 If there is a procedural delay in the policy revision then the relative legislation in force at the time will prevail.

Version number	Revision Date	Part of doc revised	Reason for revision	Approved by