

## Appendix B – Treasury Management Policy Statement

1. South Yorkshire Pensions Authority defines its treasury management activities as the management of the organisation's investments and cash flows. It includes banking, money market funds and the effective control of the risks associated with those activities, and the pursuit of optimum performance and returns consistent with those risks.
2. The successful identification, monitoring and control of risk are 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 organisation and any financial instruments entered into to manage these risks.
3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving the proper level of liquidity and value for money in treasury management and to carrying out comprehensive performance measurement techniques within the context of effective risk management.
4. The Authority's strategy in relation to investments of the Fund's cash balances has the general objective to invest surplus cash prudently whilst managing risk effectively. The Authority's priorities in this respect are, in order of importance:
  - a. The security of capital; and
  - b. The liquidity of its investments.
5. The Authority will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The Authority has defined the list of approved investment instruments as set out in the following table.

Specified Investments	Minimum short term credit rating	Maximum limit per institution	Maximum maturity period	Notes
Term deposits with banks and building societies	F1	£40m-£50m	364 days	The lending limit per institution is £40m but is permitted to be increased to £50m in exceptional circumstances when short-term placing of excess funds pending market settlements is required.
Money Market Funds (CNAV / LVNAV)	AAA MMF Rating	£50m and up to 50% of total specified investments per money market fund		Money Market Funds are types of mutual funds that invest in low risk, short-term debt. The Funds allow the Authority to keep cash liquid while achieving a higher return than cash would.
Local authorities	UK Government	£25m	364 Days	Loans to local authorities are not subject to bail-in and there is generally a lower risk of insolvency, although they are not zero risk.  The environment in which Local Authorities work is currently a challenging one, with more Section 114 notices being issued. As an Authority we would do due diligence checks on Authorities and would never lend to an Authority that has issued a Section 114 notice.
DMADF UK Government	UK Government	Unlimited	6 months as set by the Debt Management Office	Should this facility be used for sums over £50m, such use will be reported to the next Authority meeting.