

REPORT OF: FINANCIAL SERVICES MANAGER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATE: 20th MARCH 2018

Contact Details: Craig Finn
Tel. No: 01282 661014
E-mail: craig.finn@pendle.gov.uk

TREASURY MANAGEMENT PRACTICES AND SCHEDULES - UPDATE

PURPOSE OF REPORT

1. The purpose of this report is to seek approval for the updated Treasury Management Practices (TMPs) and Schedules following revision of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and Cross-Sectoral Guidance Notes on Treasury Management (the 'Code') in December 2017.

RECOMMENDATIONS

2. It is recommended that the updated Treasury Management Practices and Schedules are approved by the Committee.

REASONS FOR RECOMMENDATION

3. It is important to demonstrate that the Council is conforming to best practice in relation to Treasury Management as detailed in the CIPFA Code of Practice.

ISSUE

4. One of the Terms of Reference of the Accounts and Audit Committee is "*to deal with detailed matters arising, relating to the Council's accounts and audit procedures*". The Treasury Management Practices and Schedules show how the treasury management function is carried out in the Council. These documents were last reviewed and approved by the Committee in July 2017.
5. CIPFA published a revised Code of Practice in December 2017¹ and this Council has formally adopted the appropriate clauses as part of its treasury management activity and financial control framework.
6. For the purposes of the Code and accompanying guidance notes, CIPFA has adopted the following as its revised definition of treasury management activities, which now includes reference to 'borrowing':

¹ Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2017

*The management of the organisation's **borrowing**, investments, and cash flows, 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.*

7. The Code has the support of a wide range of organisations. In the case of local authorities in England and Wales, the Code has a particular significance under the provisions of the Local Government Act 2003. This requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in paragraph 24 require local authorities to have regard to this guidance.
8. CIPFA recommends that an organisation's treasury management practices (TMPs) include those of the following that are relevant to its treasury management powers and the scope of its treasury management activities:
 - TMP1 Risk management
 - TMP2 Performance measurement
 - TMP3 Decision-making and analysis
 - TMP4 Approved instruments, methods and techniques
 - TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
 - TMP6 Reporting requirements and management information arrangements
 - TMP7 Budgeting, accounting and audit arrangements
 - TMP8 Cash and cash flow management
 - TMP9 Money laundering
 - TMP10 Training and qualifications
 - TMP11 Use of external service providers
 - TMP12 Corporate governance
8. The TMPs listed in [Appendix A](#) set out the way in which policies and objectives will be achieved and how treasury management activities will be managed and controlled. The Committee last approved these in July 2017. The Schedules attached as [Appendix B](#) then demonstrates how the Council complies with each of the TMPs. It is considered timely to review and update them to reflect recent external developments in treasury management and internal operating practices.
9. The revised Code recognises investments that are not part of treasury management activity i.e. that are policy decisions taken *mainly* for financial or commercial benefit. The Council does not invest in financial assets and/or property primarily for financial return and therefore considers this inclusion currently as 'out of scope' and acknowledges this position within [Appendix A](#) – Treasury Management Practices Part 1: Main Principles.
10. The revised TMPs have been shared with the Council's Treasury Advisers, Link Asset Services, and any feedback received prior to this Committee will be shared at the meeting.

IMPLICATIONS

Policy

11. The revised TMPs at Appendix A support the delivery of the Treasury Management Strategy and Policy, presented annually to members in accordance with CIPFA's Code of Practice and good practice generally. The 2018/19 strategy is to be presented to the Executive and Council in March 2018.

Financial

12. There are no financial implications arising from the contents of this report.

Legal

13. There are no legal implications arising from the contents of this report.

Risk Management

14. In the current economic climate there is an inherent risk associated with treasury management. This review demonstrates that the Council has policies in place to minimize that risk. Future updates to the Treasury Management Code of Practice are likely to consider risk in this context and members will be advised of any significant changes accordingly.

Health and Safety:

15. There are no health and safety implications arising directly from the contents of this report.

Sustainability:

16. There are no sustainability implications arising directly from this report.

Community Safety:

17. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

18. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

Appendix A –Treasury Management Practices - Part 1: Main Principles

Appendix B –Treasury Management Practices – Part 2: Schedules

LIST OF BACKGROUND PAPERS: None