

REPORT OF: CHIEF FINANCIAL OFFICER

TO: ACCOUNTS AND AUDIT COMMITTEE

DATE: 26^h JULY 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 re-designations within Financial Services and changes to the Council's governance arrangements.

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 Chartered Institute of Public Finance and Accountancy (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 March 2018.
5. CIPFA recently updated the practical guidance publication for Local Authority (and Police) Audit Committees¹ and this update is included elsewhere on this agenda.
6. CIPFA published a revised Treasury Management Code of Practice in December 2017² and this Council has formally adopted the appropriate clauses as part of its treasury management activity and financial control framework.

¹ Audit Committees: Practical Guidance for Local Authorities and Police 2018 Edition

² Treasury Management in the Public Services - Code of Practice and Cross-Sectoral Guidance Notes 2017

7. 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 March 2018. The Schedules attached as [Appendix B](#) then demonstrate how the Council complies with each of the TMPs. It is considered timely to review and update them to reflect officer re-designations, changes to internal operating practices and wider Council governance arrangements i.e. movement from Executive to Committee system.
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.

IMPLICATIONS

Policy

10. 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 was presented to the Executive and Council in March 2018. Following the change in governance arrangements, the annual strategy will be presented to Policy and Resources Committee and Council.

Financial

11. There are no financial implications arising from the recommendation(s) within this report.

Legal

12. There are no legal implications arising from the recommendation(s) within this report.

Risk Management

13. 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 minimise

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:

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

Sustainability:

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

Community Safety:

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

Equality and Diversity:

17. 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