TREASURY MANAGEMENT PRACTICES (2025-26)

Contents

TMP1 : RISK MANAGEMENT

General Statement

This organisation regards a key objective of its treasury management and other investment activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures covering all external investment including investment properties.

The Section 151 Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk; will report at least annually on the adequacy / suitability of the arrangements and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives. The reports will be in accordance with the procedures contained in TMP6 – Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This organisation regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Policy on the use of credit risk analysis techniques

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.

Credit ratings will be used as supplied from all three rating agencies - Fitch, Moodys and Standard & Poor's.

Treasury Management Consultants will provide regular updates of changes to all ratings relevant to the Council.

The responsible officer will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

This Council applies the creditworthiness service provided by MUFG Corporate Markets. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- ‘watches’ and ‘outlooks’ from credit rating agencies;
- CDS spreads that may give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned watches and outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands*:*

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

** the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.*

Credit ratings for individual counterparties can change at any time. The Executive Director Finance is responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury Management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.

This organisation will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -

- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

Maximum maturity periods and amounts that can be placed in different types of investment instrument together with their minimum credit rating requirements are as follows: -

Counterparty	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
Banks/Building Societies *	Yellow	£10m	5yrs
Banks/Building Societies	Purple	£10m	2 yrs
Banks/Building Societies	Orange	£10m	1 yr
Banks – part nationalised	Blue	£10m	1 yr
Banks/Building Societies	Red	£10m	6 mths
Banks/Building Societies	Green	£10m	100 days
Banks/Building Societies	No colour	Not to be used	
Council's banker (where "No Colour")	No colour	£2m	1 day
DMADF	UK sovereign rating	£10m	6 months
Local authorities	n/a	£10m	5yrs
	Fund Rating **	**Money and/or % Limit**	**Time Limit**
Money Market Funds CNAV	AAA	£10m	liquid
Money Market Funds LVNAV	AAA	£10m	liquid
Money Market Funds VNAV	AAA	£10m	liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£10m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£10m	Liquid

** 'Fund' ratings are different to individual counterparty ratings, coming under either specific 'MMF' or 'Bond Fund' rating criteria.

Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -

- Maximum amount to be placed with any one institution - £10m
- Group limits where a number of institutions are under one ownership – maximum of £14m

Country limits – This list is based on those countries which have sovereign ratings of AA- or higher (lowest rating from all three rating agencies) and also have banks operating in sterling markets which have credit ratings of green or above in the Link Group credit worthiness service (with the exception of Hong Kong and Luxembourg).

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- U.K.

(Per MUFG CM as at 25/11/2024)

* At its meeting of the 15th September 2009, full Council approved a recommendation to the effect that it;

'*authorises the use of institutions currently supported by the UK Government should its Sovereign rating be downgraded below the current requirement'*

this continues to form part of the strategy in 2025/26.

Environmental, Social & Governance (ESG) Considerations

The CIPFA Treasury Management Code 2021 now requires ESG to be incorporated into Treasury Management Practice 1, as follows "The organisation's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the organisation's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level."

The Treasury Management Code goes on to say "ESG issues are increasingly significant for investors and investment managers. This is better developed in equity and bond markets than for short-term cash deposits, and there is a diversity of market approaches to ESG classification and analysis. This means that a consistent and developed approach to ESG for public service organisations is currently difficult. Organisations are therefore recommended to consider their credit and counterparty policies in light of ESG information and develop their own ESG investment policies and treasury management practices consistent with their organisation's own relevant policies, such as environmental and climate change policies."

The prime consideration when assessing the suitability of counterparties and investments must continue to be Security, Liquidity and then Yield, in that order. Only then will ESG factors be considered. The Council does not invest in bond or equity markets, therefore there is currently a lack of data available on which to base ESG considerations relevant to the Council's investments. The main ratings agencies are increasingly including ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings. Therefore the incorporation of ESG risks is already being considered, to an extent, by the use of mainstream rating agencies. Our treasury advisors Link also continue to look at ways in which ESG factors can be incorporated into their creditworthiness assessment service, and they have advised clients that they will review the options and will update clients as progress is made. As the Council develops its environmental and climate change policies, including the net zero strategy, ESG investment policies and procedures can then be developed to align with these.

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

This organisation will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives. This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities or to ensure an adequate level of short-term investments to provide liquidity for the organisation.

Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day (credit balances that remain on the accounts at the close of business do not currently earn any interest). Borrowing or lending shall be arranged in order to achieve this aim.

Details of:

a. Standby facilities
Each financial day any unexpected surplus funds are transferred to the Reserve account which is available from the Council's main bank.

b. Bank overdraft arrangements
An authorised overdraft at 2% over the prevailing Bank Base rate has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts and is currently £50k.

c. Short-term borrowing facilities
The Council accesses temporary loans through approved brokers on the London money market. There is no approved borrowing limit for short term debt.

d. Insurance/guarantee facilities
There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.

e. Special payments
Notice to be given to the Treasury Team for all special payments.

1.3 Interest Rate Risk Management

This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting Requirements and Management Information Arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval, of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy if required.

Please refer to the Annual Treasury Management Strategy Statement for details of trigger points and other guidelines for managing changes to interest rate levels.

Policies concerning the use of instruments for interest rate management.

a. forward dealing
Consideration will be given to dealing from forward periods dependent upon market conditions. When forward dealing is more than 1 month forward then the approval of the Executive Director Finance is required.

b. callable deposits
The Council will use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

1.4 Exchange Rate Risk Management

This is the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

The Council will endeavour not to undertake expenditure/income transactions in a currency other than sterling. If unavoidable in rare circumstances, the value of the transaction will be nominal and should therefore have nominal impact due to exchange rate level fluctuations.

1.5 Inflation risk management

Inflation risk, also called purchasing power risk, is the chance that the cash flows from treasury instruments (such as investments) won't be worth as much in the future because of changes in purchasing power due to inflation.

The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

1.6 Refinancing Risk Management

This is the risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

This organisation will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over reliance on any one source of funding if this might jeopardise achievement of the above.

Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

a) the generation of cash savings at minimum risk;
b) to reduce the average interest rate;
c) to amend the maturity profile and /or the balance of volatility of the debt portfolio.

Rescheduling will be reported to the Audit and Governance Committee at the meeting immediately following its action.

Projected Capital Investment Requirements

The responsible officer will prepare a three to five year plan for capital expenditure for the Council. The capital plan will be used to prepare the revenue budget for all forms of financing charges. In addition, the responsible officer will draw up a capital strategy report which will give a longer term view.

The definition of capital expenditure and long term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years. It will also take into account affordability in the longer term beyond this three year period and assess the risks and rewards of significant investments to ensure the long-term financial sustainability of the authority

The Council will use the definitions provided in the Prudential Code for borrowing, capital expenditure, capital financing requirement, debt, financing costs, investments, net borrowing, net revenue stream, and other long term liabilities.

Capital Receipts Generated by the HRA

In 2012 the Government announced that it would allow a local authority to retain some Right to Buy Receipts (RTB) providing that it could demonstrate that it had spent a sufficient amount on replacement affordable housing. The Council has signed an agreement which allows us to retain any one-for-one receipts, provided that it ensures that sufficient resources are spent on the provision of social housing within a set period of time.

As an addition to this capital receipts generated from RTB sales are totaled at the end of each quarter, from this total deductions are made in respect of Transaction Costs, Allowable Debt, Local Authority Share, Government Share and Buy Back Allowance. Any receipts remaining after the five deductions are then available for reinvestment in replacement stock in line with the Government's New homes affordable rent policy via redistributed pooled receipts or by the Council under the agreement.

1.7 Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its Treasury Management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

This organisation will ensure that all of its Treasury Management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its Treasury Management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

References to Relevant Statutes and Regulations

The Treasury Management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. These are:

Statutes

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- S.I. 2004 no. 3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No. 2) Regulations 2004
- S.I. 2006 no. 521 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Localism Act 2011
- S.I. 2012 no. 265 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012
- S.I. 2012 No. 711 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012
- S.I. 2012 No. 1324 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012
- S.I. 2012 No. 2269 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 4) Regulations 2012
- S.I. 2013 no. 476 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2013
- S.I. 2015 no. 234 Accounts and Audit Regulations 2015
- There has not been an issue of a Local Authorities (Capital Finance and Accounting) (England) Regulations statutory instrument in 2005, 2011 and 2016

Guidance and codes of practice

- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2011
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2011
- CIPFA Prudential Code for Capital Finance in Local Authorities – guidance notes for practitioners 2013
- CIPFA Local Authority Capital Accounting - a reference manual for practitioners 2014 Edition
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2017
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2017
- CIPFA Prudential Code for Capital Finance in Local Authorities – guidance notes for practitioners 2013
- MHCLG Revised Guidance on Investments Feb 2017
- MHCLG guidance on minimum revenue provision – Feb 2017
- LAAP Bulletins
- IFRS - Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The UK Money Markets Guide
- Financial Conduct Authority's Code of Market Conduct
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2021
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021

Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

Investing: Local Government Act 2003, section 12
Borrowing: Local Government Act 2003, section 1

In addition, it will make available on request the following: -

a. The Council's Scheme of Delegation updated annually which states which officers carry out these duties;

b. the document which sets out which officers are the authorised signatories.

Required Information on Counterparties

Investments shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's Treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard & Poor's.

Statement on the Council's Political Risks and Management of Same

The responsible officer shall take appropriate action with the Council, the Chief Executive, and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

Monitoring Officer

The monitoring officer is the Head of Audit & Governance, Monitoring Officer; the duty of this officer is to ensure that the Treasury Management activities of the Council are lawful.

Chief Financial Officer

The Chief Financial Officer is the Executive Director of Finance; the duty of this officer is to ensure that the financial affairs of the Council are conducted in a prudent manner and to make a report to the Council if he has concerns as to the financial prudence of its actions or its expected financial position.

1.8 Operational risk, including fraud, error and corruption

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

This organisation will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its Treasury Management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Council will therefore:-

a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
b) Fully document all its Treasury Management activities so that there can be no possible confusion as to what proper procedures are.
c) Staff will not be allowed to take up Treasury Management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
d) Records will be maintained of all Treasury Management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

Details of Systems and Procedures to be Followed, Including Internet Services

Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- Loan procedures are defined in the Council's Financial Regulations.

Procedures

- Daily operational procedures and procedures to follow in the event of Internet Banking Failure, are maintained by the Treasury team.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained in the Treasury Management In-house excel database system.
- A written acknowledgement or email of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation.
- Confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Head of Finance for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the transaction arranged. A confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the Head of Finance for resolution.
- Contract notes for transactions carried out by the external fund manager(s) if used, will be received as executed and maintained.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The diary and Treasury Management In-house excel database system prompts the Treasury Staff that money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorization of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for Treasury Management transactions.
- Payments can only be authorised by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- The Treasury Management In-house excel database system can only be accessed by approved Treasury Management staff.
- There is adequate insurance cover for employees involved in Treasury management and accounting.
- If used Capital and interest withdrawals and capital injections in respect of monies managed by external fund managers could only be carried out in writing by the authorised signatories to the fund management agreement and notified to the fund manager(s).

Checks

- The bank reconciliation is carried out monthly from the internet banking system to the financial ledger.

- The Treasury system balances are proved to the balance sheet ledger codes at the end of each month and at the financial year end.
- Budget monitoring is carried out every month when a review is undertaken against the budget for interest earnings and debt costs.
- If using external fund managers, the valuations and investment income statements that would be received monthly from the Council's fund managers will be checked and retained for audit inspection. The authority will ensure that the external funds we invest in, are accounted for in accordance with proper accounting practices
- We will comply with the requirements of the Code of Practice on Local Authority Accounting and will account for the fund as Fair Value through Profit or Loss. As a result, all gains and losses and interest (accrued and received) will be taken to the Comprehensive Income and Expenditure Statement.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the Treasury Management In-house excel database system.
- The Treasury Management In-house excel database system automatically calculates periodic interest payments of PWLB and other long term loans. This is used to check the amount paid to lenders.
- Average weighted capital loans fund interest rates and debt management expenses are calculated monthly using information from the financial ledger and the Treasury Management In-house excel database system.
- These interest and expense rates are then used to calculate the principal, interest and debt management expense charges to the Loans Fund and the Housing Revenue Account recharge.

Emergency and Contingency Planning Arrangements Disaster Recovery Plan.
The Council has an established Disaster Recovery Plan that would be implemented in the event that the offices in which the Treasury Management team works, are rendered unusable or if the Treasury computer systems are inaccessible.

All members of the Treasury Management team are familiar with this plan and new members will be briefed on it.

The Treasury team has worked effectively from home from March 2020 as a result of the Covid 19 pandemic, with access to all systems and documents/records required.

All computer files are backed up on the server to enable files to be accessed from remote sites.

Insurance Cover Details

Fidelity Insurance
The Council has 'Fidelity' insurance cover with Zurich Municipal. This covers the loss of cash by fraud or dishonesty of employees. This cover is limited to £10m for named officers and £1m for other officers for any one event with £5k excess.

Officials Indemnity Insurance
The Council also has an 'Officials Indemnity' insurance policy with Zurich Municipal which covers loss to the Council from the actions and advice of its officers which are negligent and

without due care. This cover is limited to £1m for any one event with an excess of £1k for any one event.

Business Interruption
The Council also has a 'Business Interruption' cover as part of its property insurance with Zurich Municipal, in the sum of £6m for up to 3 years interruption.

1.9 Price Risk

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated Treasury Management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

This organisation will seek to ensure that its stated Treasury Management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Details of Approved Procedures and Limits for Controlling Exposure to Investments where Capital Value May Fluctuate (Gilts, CDs, Etc.)
CDs may be used, and they are not intended to be traded prior to maturity. Similarly investments in property funds are held on a long-term basis (minimum 5-10 years) and would not be sold at a loss. Gilts are not used, however, if considered appropriate they would be controlled through setting limits on investment instruments where the principal value can fluctuate. The limits would be determined and set through the Annual Investment Strategy.

TMP 1 SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified investments are **sterling** denominated investments of **not more than one-year maturity**, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.
These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account Deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration
3. A Local Authority, Parish Council or Community Council.
4. Pooled investment vehicles such as Money Market Funds (MMFs), that have been awarded a high credit rating of AAA by Standard and Poor's, Moody's or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society) and complies with the Link Group Credit Worthiness criteria.

Non-specified investments are any other type of investment (i.e. not defined as Specified above).

The identification and rationale supporting the selection of investments and the maximum limits to be applied are set out below.

	Minimum credit criteria / colour band	£ limit per institution	Max. maturity period
DMADF – UK Government	Yellow	£10m	6 months (max is set by DMO)
UK Government gilts	Yellow	£10m	5 years
UK Government Treasury bills	Yellow	£10m	364 days (max is set by DMO)
Bonds issued by multilateral development banks	Yellow	£10m	5 years
Money Market Funds CNAV	AAA	£10m	Liquid
Money Market Funds LVNAV	AAA	£10m	Liquid
Money Market Funds VNAV	AAA	£10m	Liquid
Local authorities	Yellow	£10m	5 years
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark pink / AAA	£10m	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light pink / AAA	£10m	Liquid
Term deposits with banks and building societies	Blue Orange Red Green No Colour	£10m	12 months 12 months 6 months 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	£10m	12 months 12 months 6 months 100 days Not for use
Gilt funds	UK sovereign rating	£10m	
Non-Specified Investments			
Property Funds - the use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources		£10m	Limit will be set based on level of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type
Wider Investment Funds - the use of these instruments can be deemed as capital expenditure and as such will be an application (spending) of capital resources		£10m	Limit will be set based on level of reserves and balances going forward and appropriate due diligence will be undertaken before investment of this type

TMP2 : PERFORMANCE MEASUREMENT

Evaluation and Review of Treasury Management Decisions

The Council has a number of approaches to evaluating Treasury Management decisions:

a. monthly / quarterly reviews carried out by the Treasury Management team;
b. reviews with our Treasury Management consultants;
c. annual review after the end of the year as reported to full Council;
d. half yearly / quarterly / other monitoring reports to committee / full Council;
e. comparative reviews;
f. strategic, scrutiny and efficiency value for money reviews.

Periodic reviews during the financial year

The Executive Director Finance holds a Treasury Management review meeting with the Treasury Management team every month to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.
This will include :

a) Total debt (both on-and off balance sheet) including average rate and maturity profile;
b) Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.

Reviews with our Treasury Management consultants

The Treasury Management team holds reviews with our consultants at least every 6 months to review the performance of the investment and debt portfolios.

Annual Review after the end of the financial year

An Annual Treasury Report is submitted to the Council each year after the close of the financial year which reviews the performance of the debt / investment portfolios. This report contains the following: -

a. total debt and investments at the beginning and close of the financial year and average interest rates;
b. borrowing strategy for the year compared to actual strategy;
c. investment strategy for the year compared to actual strategy;
d. explanations for variance between original strategies and actual;
e. debt rescheduling done in the year;
f. actual borrowing and investment rates available through the year;
g. comparison of return on investments to the investment benchmark;
h. compliance with Prudential and Treasury Indicators;
i. other.

Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year;

- CIPFA Benchmarking Club;
- Other.

Benchmarks and Calculation Methodology:

Debt Management

- Average rate on all external debt;
- Average rate on external debt borrowed in previous financial year;
- Average rate on internal borrowing;
- Average period to maturity of external debt;
- Average period to maturity of new loans in previous year.

Investment.

The performance of investment earnings will be measured against the following benchmarks:

a. in house investments
3 month SONIA

b. cash fund manager(s) ***if used***
3 month SONIA

Performance may also be measured against other local authority funds with similar benchmarks and parameters managed by other fund managers.

Policy Concerning Methods for Testing Value for Money in Treasury Management

Frequency and processes for tendering

Tenders are normally awarded on a 3 year basis with a rolling option to extend for 1 year at a time thereafter, if approved by the Cabinet. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

Banking services

The Council's banking arrangements are to be subject to competitive tender every 5 years or we would carry out benchmarking and seek to waive financial regulations if appropriate. If it is considered that there will be changes in the volume of transactions in the foreseeable future, a shorter contract period may be appropriate.
If tendering is not considered appropriate a specialist banking company must be appointed to ensure that the terms offered represent value for money.

Money-broking services

The Council will use money broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them.

Consultants'/advisers' services

This Council's policy is to appoint full-time professional Treasury Management consultants and separate leasing advisory consultants on an ad hoc basis.

Policy on External Managers

The Council does not currently employ full-time professional cash/external investment fund managers to manage a proportion or all of its cash, though should Fund Managers become an option, the Council will ensure that any company appointed would comply with the Local Authorities (Contracting Out of Investment Functions) Order 1996 [SI 1996 No 1883}.

The delegation of investment management to external managers would entail the following:

- Formal contractual documentation;
- Agreement on terms for early termination of the contract;
- Setting of investment instruments, constraints/parameters/conditions
- Setting of investment counterparty limits;
- Setting a performance measurement benchmark and a performance target;
- Frequency of performance reporting;
- Frequency of meetings with investment managers;

The Code of Practice places an obligation on the Council to monitor the performance of the fund managers.

TMP3 : DECISION-MAKING AND ANALYSIS

Funding, Borrowing, Investments and New Instruments/Techniques:

Records to be kept

The Treasury section has an Excel Database system in which all investment and loan transactions are recorded. The following records will be retained*:* -

- Daily cash balance forecasts;
- Money market rates obtained from brokers and counterparties;
- Dealing slips for all money market transactions;
- Brokers' confirmations for investment and temporary borrowing transactions;
- Confirmations from borrowing /lending institutions where deals are done directly;
- PWLB loan confirmations;
- PWLB debt portfolio schedules;
- Certificates for market loans, local bonds and other loans;
- Contract notes received from fund manager(s);
- Fund manager(s) valuation statements.

Processes to be pursued

- Weekly 'week ahead' planning document;
- Treasury team meet to discuss and agree investment options and record on investment decision log.
- Cash flow analysis;
- Debt and investment maturity analysis;
- Ledger reconciliation;
- Review of opportunities for debt restructuring;
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money);
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

Issues to be addressed

In respect of every Treasury Management decision made the Council will:

a) Above all be clear about the nature and extent of the risks to which the Council may become exposed;
b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained;
c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping;
d) Ensure that third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded;
e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

In respect of borrowing and other funding decisions, the Council will:

a) consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets to ensure that Its capital plans and investment plans are affordable, proportionate to the Council's overall financial capacity, and are within prudent and sustainable levels. This evaluation will be carried out in detail for three budget years ahead.

b) Less detailed evaluation will also be carried out over a longer period of years to ensure that plans continue to be affordable, proportionate, prudent and sustainable in the longer term.
c) not borrow to invest primarily for financial return.
d) not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so.
e) not borrow unless it is to finance the current capital programme or to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the Council.
f) increase its CFR and borrowing solely for purposes directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
g) undertake an annual review of any investments in commercial (debt for yield) schemes with a view to identify whether such assets should be sold to provide resources to finance capital expenditure plans or refinance maturing debt.
h) evaluate the economic and market factors that might influence the manner and timing of any decision to fund;
i) consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;
j) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
k) ensure that treasury management decisions are made in accordance with good professional practice

In respect of investment decisions, the Council will:

a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital.
c) ensure that any long-term treasury investment is supported by a business case.

TMP4 : APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and Treasury management techniques;
- managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- the use of external fund managers (other than Pension Fund);
- leasing

Approved Instruments for Investments

Contained within the Annual Investment Strategy.

Implementation of MIFID II Requirements

Since 3 January 2018, UK public sector bodies have been defaulted to 'retail' status under the requirements of MIFID II. However, for each counterparty it is looking to transact with (eg financial institution, fund management operator, broker), there remains the option to opt up to 'professional' status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and expertise and decision making processes in place in order to use regulated investment products.

MIFID II does not cover term deposits so local authorities should not be required to opt up to professional status. However some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, so opting up to professional status would be required.

For investing in negotiable investment instruments (eg certificates of deposit, gilts, corporate bonds), money market funds and other types of investment funds, which are covered by MIFID II, a schedule is maintained of all counterparties that the treasury management team are authorized to place investments with. Records are held of each counterparty where the Council has opted up to professional status, with details of permissions applied for, instrument and date received, and similarly a record is held of those counterparties/investments where there is no requirement to opt up to professional status.

Approved Techniques

- Forward dealing;
- LOBOs – lenders option, borrower's option borrowing instrument;
- The use of structured products such as callable deposits.

Approved Methods and Sources of Raising Capital Finance

Following the decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities, consideration will need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)

- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential).

On 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates - the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	**Fixed**	**Variable**
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP5 : ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential, for the purposes of the effective control and monitoring of its Treasury Management activities, for the reduction of risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of Treasury Management responsibilities.

The principle, on which this will be based is the clear distinction between those charged with setting Treasury Management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of Treasury Management decisions and the audit and review of the Treasury Management function.

If and when this organisation intends, as a result of lack of resources or other circumstances, to depart from these principals, the Section 151 Officer will ensure that the reasons are properly reported in accordance with TMP6 and the implications properly considered and evaluated.

The Section 151 Officer will ensure that there are clear written statements of the responsibilities for each post engaged in Treasury Management, and the arrangements for absence cover. He will also ensure that at all times those engaged in Treasury Management will follow the policies and procedures set out. The present arrangements are detailed in the schedule to this document.

The Section 151 Officer will ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in the schedule to this document.

The delegations to the Section 151 Officer in respect of Treasury Management are set out in the schedule to this document. He will fulfill all such responsibilities in accordance with the Council's policy statement and TMPs and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

Allocation of responsibilities

(i) Full Council

- receiving and reviewing reports on Treasury Management policies, practices and activities;
- approval of annual treasury management strategy;
- approval of capital strategy;
- approval of amendments to the organisation's adopted clauses, Treasury Management policy statement and Treasury Management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;

(ii) Cabinet

- receiving and reviewing treasury management policy statement and treasury management practices and making recommendations to the full Council;

- receiving and reviewing regular monitoring reports and making recommendations to the full Council;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit and Governance Committee

- reviewing the Treasury Management policy and procedures and making recommendations to the responsible body.
- receiving and reviewing regular monitoring and making recommendations to the Cabinet.

Principles and Practices Concerning Segregation of Duties

The following duties must be reviewed by separate officers:

Dealing	Negotiation and approval of deal. Receipt and checking of broker's confirmation note against Treasury operations diary. Reconciliation of cash control account. Bank reconciliation
Accounting Entry	Production of transfer note. Processing of accounting entry
Authorisation/Payment of Deal	Entry onto system. Approval and payment.

Treasury Management Organisation Chart

Executive
Director Finance
I
Assistant Director
Finance
I
Head of Finance
I
Accountancy
Assistant

Statement of the Treasury Management duties/responsibilities of each Treasury post

The Responsible Officer - Section 151 Officer

The responsible officer is the person charged with professional responsibility for the Treasury Management function and in this Council is the Executive Director Finance. This person will carry out the following duties: -

- recommending clauses, Treasury Management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;

- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- the responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments;
- the responsible officer may delegate his power to borrow and invest to members of his staff. The Executive Director Finance, Head of Finance, and Accountancy Assistant must conduct all dealing transactions, or staff authorised by the responsible officer (i.e. Assistant Director Finance and Operations Accountant) to act as temporary cover for leave/sickness. All transactions must be authorised by at least two of the named officers above;
- the responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible;
- prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations;
- it is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The UK Money Markets Code (formerly known as the Non Investment Products Code) for principals and broking firms in the wholesale markets;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
- ensuring that due diligence has been carried out on all treasury and non financial investments and is in accordance with the risk appetite of the authority;

▪ ensuring that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;

▪ ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;

▪ ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;

▪ provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees ensuring that members are adequately informed and understand the risk exposures taken on by an authority;

▪ ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above;

▪ creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following -

    a. Risk management (TMP1), including investment and risk management criteria for any material non-treasury investment portfolios;

b. Performance measurement and management (TMP2), including methodology and criteria for assessing the performance and success of non-treasury investments;

c. Decision making, governance and organisation (TMP5), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

d. Reporting and management information (TMP6), including where and how often monitoring reports are taken;

e. Training and qualifications (TMP10), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

The Treasury Management Team

Executive Director Finance (and in their absence, Assistant Director Finance)

The responsibilities of this post will be: -

a) monitor compliance with the Treasury Procedures Document;
b) ensure appropriate division of duties;
c) produce periodic activity reports and reviews;
d) monitor day to day compliance with the Treasury Management statement;
e) supervision of overall treasury function;
f) authorisation of Treasury transactions.

Head of Finance

a) execution of transactions;
b) adherence to agreed policies and practices on a day-to-day basis;
c) maintaining relationships with counterparties and external service providers;
d) supervising Treasury Management staff;
e) monitoring performance on a day-to-day basis;
f) submitting management information reports to the responsible officer;
g) Identifying and recommending opportunities for improved practices.

Accountancy Assistant

a) carry out activities in accordance with the Treasury Procedures Document;
b) ensure compliance with policies, limitations and directions;
c) carry out daily operational cash flow management and dealings in the market;
d) ensure that all treasury transactions have been entered onto the general ledger correctly via a monthly reconciliation.

As a key requirement of opting up to professional status under MIFID II, all of the above staff have worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged.

The Head of Paid Service (Executive Director Organisation)

The responsibilities of this post will be: -

a) ensuring that the system is specified and implemented;

b) ensuring that the responsible officer reports regularly to the Full Council / Cabinet / Audit and Governance Committee on Treasury policy, activity and performance.

The Monitoring Officer – Information Governance Manager

The responsibilities of this post will be: -

a) ensuring compliance by the responsible officer with the Treasury Management policy statement and Treasury Management practices and that they comply with the law;

b) being satisfied that any proposal to vary Treasury policy or practice complies with law or any code of practice;

c) giving advice to the responsible officer when advice is sought.

Internal Audit

The responsibilities of Internal Audit will be: -

a) reviewing compliance with approved policy and Treasury Management practices;

b) reviewing division of duties and operational practice;

c) assessing value for money from Treasury activities;

d) undertaking probity audit of Treasury function.

Absence Cover Arrangements

Adequate cover arrangements are in place to maintain the function, with 6 designated officers covering potential requirements.

Dealing Limits

There are no dealing limits for individual posts, due to the Investment Panel/three stage approval approach involving three nominated officers.

List of Approved Brokers

A list of approved brokers is maintained within the Treasury Team and a record of all transactions recorded against them. See TMP 11.

Policy on Brokers' Services

It is this Council's policy to rotate business between brokers.

Policy on Taping of Conversations

It is not this Council's policy to tape brokers' conversations.

Direct Dealing Practices

The Council will deal direct with counterparties if it is appropriate and the Council believes that better terms will be available. There are certain types of accounts and facilities where direct dealing is required, as follows;

- Business Reserve Accounts
- Call Accounts

- Money Market Funds.

Documentation Requirements

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

TMP6 : REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Council will ensure that regular reports are prepared and considered on the implementation of its Treasury Management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its Treasury Management activities; and on the performance of the Treasury Management function.

As a minimum Cabinet and Council will receive:

- An annual report on the planned strategy to be pursued in the coming year and the reporting of Prudential Indicators;
- A mid-year review;
- An annual report on the performance of the Treasury Management function including the performance against the Prudential Indicators, the effects of the decisions taken and the transactions executed in the past year and on any circumstances of non-compliance with the Council's Treasury Management policy statement and TMPs.

Cabinet will receive regular monitoring reports on Treasury Management activities and risks.

The Audit and Governance Committee will have responsibility for the scrutiny of Treasury Management policies and practices.

The Treasury Management indicators will be considered together with the Treasury Management indicators in the Prudential Code as part of the budget approval process.
The present arrangements and the form of these reports are detailed in the schedule below.

Annual programme of reporting

a) Annual reporting requirements before the start of the year: -
    - review of the organisation's approved clauses, Treasury Management policy statement and practices
    - treasury management strategy report on proposed Treasury Management activities for the year comprising of the Treasury Management strategy statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
    - capital strategy to cover the following:-
        i. give a long term view of the capital programme and treasury management implications thereof beyond the three year time horizon for detailed planning
        ii. an overview of treasury and non-treasury investments to highlight the risks and returns involved in each and the balance (proportionality) between both types of investments
        iii. the authority's risk appetite and specific policies and arrangements for non-treasury investments
        iv. schedule of non-treasury investments

b) Mid-year review

c) Quarterly monitoring or review

d) Annual review report after the end of the year

Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected Treasury activities for the forthcoming financial year. This strategy will be submitted to the Cabinet and then to the full Council for approval before the commencement of each financial year.

2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.

3. The Treasury Management Strategy Statement is concerned with the following elements:
   a) Prudential and Treasury Indicators
   b) current Treasury portfolio position
   c) borrowing requirement
   d) prospects for interest rates
   e) borrowing strategy
   f) policy on borrowing in advance of need
   g) debt rescheduling
   h) investment strategy
   i) creditworthiness policy
   j) policy on the use of external service providers
   k) any extraordinary Treasury issue
   l) the MRP strategy

4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios

The Annual Investment Strategy Statement

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive details of the Councils' Annual Investment Strategy which will set out the following:

a) The Council's risk appetite in respect of security, liquidity and optimum performance
b) The definition of high credit quality to determine what are specified investments as distinct from non specified investments
c) Which specified and non specified instruments the Council will use
d) Whether they will be used by the in house team, external managers or both
e) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
f) Which credit rating agencies the Council will use
g) How the Council will deal with changes in ratings, rating watches and rating outlooks
h) Limits for individual counterparties and group limits
i) Country limits

j) Levels of cash balances
k) Interest rate outlook
l) Budget for investment earnings
m) Use of a cash fund manager (if applicable)
n) Policy on the use of external service providers

The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

Policy on Prudential and Treasury Indicators

The Council approves before the beginning of each financial year a number of Treasury limits which are set through Prudential and Treasury Indicators.

The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the full Council

Quarterly and Mid Year Reviews

The Council will review its Treasury Management activities and strategy on a quarterly and half yearly basis. The mid-year review will go to Full Council. This review will consider the following: -

a) activities undertaken
b) variations (if any) from agreed policies/practices
c) interim performance report
d) regular monitoring
e) monitoring of Treasury Management indicators for local authorities.

The quarterly review will monitor the treasury management and prudential indicators as part of the authority's general revenue and capital monitoring. The Financial Healthcheck report is presented quarterly to Corporate Scrutiny and Cabinet.

Annual Review Report on Treasury Management Activity

An annual report will be presented to the Cabinet and then to the full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

a) transactions executed and their revenue (current) effects
b) report on risk implications of decisions taken and transactions executed
c) compliance report on agreed policies and practices, and on statutory/regulatory requirements
d) performance report
e) report on compliance with CIPFA Code recommendations, approved policies and practices, the member approved treasury management strategy and on statutory/regulatory requirements
f) monitoring of Treasury Management indicators

Management Information Reports

Management information reports will be prepared every month by the Head of Finance and will be presented to the Corporate Management Team (reports are not usually formally prepared for April and May).

These reports will contain the following information: -

a) budget monitoring information and predicted outturn variances;
b) summary of current investments and average interest rates;
c) summary of outstanding loans and interest rates.

Publication of Treasury Management Reports

Reports to the Audit and Governance Committee, Cabinet and Council are published on the Council's website.

TMP7 : BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Section 151 Officer will prepare and Council will approve and, if necessary, from time to time will amend, an annual budget for Treasury Management, which will bring together all of the costs involved in running the Treasury Management function together with associated income. The matters to be included will at minimum be those required by statute or regulation, together, with such information as will demonstrate compliance with TMP1, TMP2 and TMP4.

The Section 151 Officer will exercise effective controls over this budget and report upon and recommend any changes required in accordance with TMP6.

The Council will account for its Treasury Management activities, for decisions made and transactions executed in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Council's Treasury Management activities.

Budgets / Accounts / Prudential and Treasury Indicators

The Executive Director Finance will prepare a three year medium term financial plan with Prudential and Treasury Indicators for Treasury Management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Executive Director Finance will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

List of Information Requirements of External Auditors.

- Reconciliation of loans outstanding in the financial ledger to Treasury Management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision

- External fund manager(s) valuations (where used) including investment income schedules and movement in capital values.

Monthly Budget Monitoring Report

Monthly Budget Monitoring reports are produced for the Corporate Management Team from June onwards, whilst a quarterly budget monitoring report goes to Cabinet. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of Treasury Management activities are included within this report.

TMP8 : CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Section 151 Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis and the Section 151 Officer will ensure that these are adequate for the purpose of monitoring compliance with TMP1 and for the purpose of identifying future borrowing needs (using a liability benchmark where appropriate). The present arrangements for preparing cash flow projections, and their form, are set out in the schedule below.

Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

A debt liability benchmark will be created and monitored on a quarterly basis to inform a long-term view of liquidity requirements.

Bank Statements Procedures

The Council receives daily bank statements and a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc.

A formal bank reconciliation is undertaken on a monthly basis by the Accountancy Assistant.

Payment Scheduling and Agreed Terms of Trade with Creditors

Our policy is to pay creditors within 28 days of the invoice date and this effectively schedules the payments. Certificated payments to sub-contractors must be paid within 28 days. However, wherever possible the Council will endeavour to pay within 10 days to assist creditors' cash flow circumstances.

Arrangements for Monitoring Debtors / Creditors Levels

The Head of Revenues is responsible for monitoring the levels of debtors and the Operations Accountant is responsible for monitoring the levels of creditors. Details of creditor payments are passed to the Treasury team on a weekly basis to assist in updating the cash flow models.

Procedures for Banking of Funds

All money received by an officer on behalf of the Council will without unreasonable delay be deposited in the Council's bank account.

Practices Concerning Prepayments to Obtain Benefits

The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the responsible officer.

TMP9 : MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. The Council will, therefore, maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that all staff involved are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed below.

Proceeds of Crime Act 2002
Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

The Terrorism Act 2000
This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

The Money Laundering Regulations 2012, 2015 and 2017
Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to do the following:-

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls and procedures in place to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions

Local Authorities
Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA, but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly this Council will do the following: -

a) evaluate the prospect of laundered monies being handled by them;
b) determine the appropriate safeguards to be put in place;
c) require every person engaged in Treasury Management to make themselves aware of their personal and legal responsibilities for money laundering awareness;
d) make all its staff aware of their responsibilities under POCA;
e) appoint a member of staff to whom they can report any suspicions. This person is the Head of Audit and Governance, Monitoring Officer;
f) in order to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel;
g) The officer responsible for the creation and monitoring of the implementation of corporate anti money laundering policy and procedures is the Head of Audit and Governance, Monitoring Officer, and it shall be a requirement that all services and departments implement this corporate policy and procedures.

Procedures for Establishing Identity / Authenticity Of Lenders
It is not a requirement under POCA for local authorities to require identification from every person or organisation it deals with. However, in respect of Treasury Management transactions, there is a need for due diligence and this will be effected by following the procedures below.

The Council does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on https://www.fca.org.uk/

When repaying loans, the procedures as set out below will be undertaken to check the bank details of the recipient.

Methodologies for Identifying Deposit Takers
In the course of its Treasury activities, the Council will only deposit or invest money with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA register can be accessed through their website on https://www.fca.org.uk/.

All transactions will be carried out by CHAPS for making deposits or by CHAPS (or Direct Debit in the case of the PWLB) for repaying loans.

TMP10 : TRAINING AND QUALIFICATIONS

This organisation recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

The responsible officer will ensure that board/council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements, including a knowledge and skills schedule, are detailed in the schedule to this document.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Section 151 Officer to ensure that all staff under his authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the treasury management team.

Details of Approved Training Courses
Treasury Management staff and members will go on courses provided by our Treasury Management consultants, CIPFA, money brokers etc.

Records of Training Received by Treasury Staff
Records will be maintained on all staff and the training they receive.

Record of Secondment of Senior Management
Records will be kept of senior management who are seconded into the treasury management section in order to gain first-hand experience of treasury management operations.

Statement of Professional Practice (SOPP)

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

2. Other staff involved in Treasury Management activities who are members of CIPFA must also comply with the SOPP.

Member training records
Records will be kept of all training in Treasury Management provided to members.

Members charged with governance

Members charged with governance also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP11 : USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for the Treasury Management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of Treasury Management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. Terms of appointment will be properly agreed, documented and subject to regular review. It will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer, and details of the current arrangements are set out in the schedule below.

Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This Council will employ the services of other organisations to assist it in the field of Treasury Management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house Treasury Management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury Management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press/websites
- Market data
- Information on government support for banks
- The credit ratings of that government support

Banking Services

a) Name of supplier of service is Lloyds Bank.
b) Regulatory status – banking institution authorised to undertake banking activities by the FCA
c) The branch address is:
17, George Street, Tamworth, Staffordshire, B79 7LW
Tel :- 01827 316695
d) Contract commenced November 2014 for an initial period of 5 years which has subsequently been extended for further 12 month periods.
e) Cost of service is variable depending on schedule of tariffs and volumes
f) Payments due quarterly
g) Early Termination can be executed with immediate effect in writing if either party is in breach of the agreement as specified in the original agreement.

Money-Broking Services

The Council will use money brokers for temporary borrowing and investment and long term borrowing. It will seek to give an even spread of business amongst the approved brokers. The performance of brokers is reviewed by the Head of Finance regularly to see if any should be taken off the approved list and replaced by another choice and she will make appropriate recommendations to change the approved brokers list to the Executive Director Finance. All of the following brokers are authorised and regulated by the Financial Conduct Authority.

Name of broker	**Address and tel. no**.
ICAP Europe Ltd	No 2 Broadgate, London, EC2M 7UR 020 7532 3550
Tradition (UK) Ltd	Beaufort House, 15 St. Botolph Street, London, EC3A 7QX 020 7422 3566
King & Shaxson Ltd	1st Floor Cutlers Court, 115 Houndsditch, London, EC3A 7BR 020 7426 5950
MUFG Corporate Markets	51 Lime St, London, EC3M 7DQ 020 3823 3912
R P Martin	5 Churchill Place, London, E14 5RD 020 7894 7700
Imperial Treasury Services	5 Port Hill, Hertford, SG14 1PJ 01992 945550
BGC Brokers	5 Churchill Place, London, E14 5HU 0207 894 7742

Treasury Consultancy Services

The Council will seek to take expert advice on interest rate forecasts, annual Treasury Management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc.

The performance of consultants will be reviewed by the Executive Director Finance every 6 months or via the half yearly strategy meetings to check whether performance has met expectations.

a) Name of supplier of service is MUFG Corporate Markets, 51 Lime St, London, EC3M 7DQ, Tel: 020 3823 3912
b) Regulatory status: investment adviser authorised by the FCA
c) Contract commenced 15th September 2014 (with Capita Asset Services – Capita Group sold the treasury solutions arm of its business to the Link Group in 2017, and then to MUFG Corporate Markets in 2025) for an initial period of 3 years with an option to renew for a further 12 months on a rolling basis.
d) Cost of service is £13,310 for the year September 2024 to September 2025.

e) Payments due yearly in advance.

Leasing Consultancy Services

Our Treasury Consultants MUFG Corporate Markets provide leasing advice upon request as part of their contract.

Credit Rating Agency

The Council receives a credit rating service through its Treasury Management consultants, the costs of which is included in the consultant's annual fee.

Procedures and Frequency for Tendering Services

See TMP2

TMP12 : CORPORATE GOVERNANCE

This organisation is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its treasury management activities will be undertaken with openness and transparency, honesty, integrity and accountability.

This organisation has adopted and has implemented the key principles of the TM Code.

This, together with the other arrangements detailed in the schedule to this document, is considered vital to the achievement of proper corporate governance in treasury management, and the responsible officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

List of Documents to be made available for Public Inspection

a. The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

b. It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

c. The following documents are available for public inspection: -

Treasury Management Policy Statement
Treasury Management Strategy Statement
Annual Investment Strategy
Minimum Revenue Provision Policy Statement
Treasury Management Mid-year Review
Annual Treasury Review Report
Treasury Management monitoring reports (quarterly)
Annual accounts and financial instruments disclosure notes
Annual budget
Medium Term Capital Programme
Capital Strategy
Minutes of Council / Cabinet / committee meetings

TMP 13: MANAGEMENT PRACTICES FOR NON-TREASURY INVESTMENTS

This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

The Council will ensure that all of its investments are covered in the capital strategy and/or investment strategy, and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The Council maintains a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure.

The following TMPs will apply with regard to non-treasury management investments:-

TMP1 - Risk management - including investment and risk management criteria for material non-treasury investment portfolios

The relevant aspects of TMP 1 will be applied when considering non-treasury investments.

With regard to the specific non-treasury investments:

Property funds

An exercise was undertaken with our external advisors MUFG Corporate Markets to shortlist and interview potential fund providers. Our assessment criteria included whether the fund was UK based; the mix of property in their portfolio (eg not too heavily weighted to retail); the type of current investors already in the fund; past performance; future plans and potential for growth, etc. It was decided that investments would be spread over the six property funds in the final shortlist, and that the timing of investments would depend on the relative performance of each fund and our ability to access the secondary market/make a saving on entry to the fund.

At its meeting in July 2020, members of the Corporate Scrutiny Committee considered the Capital Outturn report for 2019/20, and concluded that a review should be carried out before any further investments in property funds were made, due to the uncertainties around Brexit and the cornonavirus pandemic. This review was carried out and reported to Audit & Governance committee in October 2020, who subsequently recommended to Cabinet that any further investments in property funds be deferred, with a further review during Spring 2021, when the situation should be clearer, to inform investment plans. Council subsequently approved the investment of the remaining budgeted funds on 21st September 2021.

Commercial/industrial property portfolio

It has been recognised during development of the Council's corporate capital strategy that a review of non-treasury investments such as under the Council's commercial and industrial property and that whole-life costing/ asset viability models are required. Procedures for performance monitoring have been established, and a risk register around corporate asset management is also to be developed. An action plan has been established to progress these issues, which is monitored on a quarterly basis as part of the Asset Strategy Steering Group meetings.

Council Owned Companies

In setting up the Solway Ltd Local Authority Trading Company (LATC), a detailed appraisal was undertaken with external legal, tax and financial modelling advice obtained. Should another company be established in the future, the same advice would be sought.

TMP2 - Performance measurement and management - including methodology and criteria for assessing the performance and success of non-treasury investments
The relevant aspects of TMP 2 will be applied when considering non-treasury investments.

With regard to the specific non-treasury investments:

Property Funds

Performance information is received from each fund on a monthly/quarterly basis and a monitoring spreadsheet has been established to track income received and growth in the funds. Income generated is reported to CMT monthly and to Members quarterly as part of regular financial healthcheck reports, as well as in the regular Treasury Management reports presented to Cabinet and Council (three each year). Performance management/monitoring will also be undertaken with reference to the financial press and Link Group advice.

Commercial/industrial property portfolio

Under the action plan being pulled together during development of the corporate capital strategy, a process for monitoring performance of commercial and industrial property is being developed, and reporting on a routine and exception basis to be implemented.

TMP5 - Decision making and analysis - including a statement of the governance requirements for decision-making in relation to non-treasury investments, and arrangements to ensure that appropriate professional due diligence is carried out to support decision making

The relevant aspects of TMP 5 will be applied when considering non-treasury investments.

With regard to the specific non-treasury investments:

Property Funds

Subject to regular reports to Cabinet and Council, and Scrutiny by Audit and Governance Committee.

Commercial/industrial property portfolio

Any future investments/additions to the Council's commercial and industrial property portfolio will be subject to the approval of Cabinet and Council.

TMP6 - Reporting and management information - including where and how often monitoring reports are taken

The relevant aspects of TMP 6 will be applied when considering non-treasury investments.

With regard to the specific non-treasury investments:

Property Funds

Subject to regular reports to Cabinet and Council, and Scrutiny by Audit and Governance Committee as previously set out - monthly Financial Healthcheck report to CMT; quarterly Healthcheck reports to Cabinet; and Treasury Management reports (Annual Strategy; Mid-Year Review and Outturn) to Cabinet, Council, and Audit & Governance (Scrutiny).

Commercial/industrial property portfolio

Under the action plan being pulled together during development of the corporate capital strategy, a process for monitoring performance of commercial and industrial property is to be developed, and reporting on a routine and exception basis to be implemented.

TMP10 - Training and qualifications - including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

The relevant aspects of TMP 10 will be applied when considering non-treasury investments.

Treasury Management staff are either AAT or CCAB qualified and the three CCAB qualified staff must complete the annual CPD requirements of their professional accountancy bodies. Training courses run by CIPFA and seminars and updates provided by MUFG Corporate Markets are also attended.

With regard to non-treasury investments, the Council employs qualified and experienced staff such as accountants, solicitors and surveyors. It is fully supportive in providing access to courses both internal and external to enable those staff to complete their Continuing Professional Development (CPD) requirements.

The Council ensures that its Members are qualified to undertake their governance role by providing training opportunities and access to workshops, etc. Members are also required to undertake a self-assessment against the required competencies as set out in CIPFA's 'Effective Scrutiny of Treasury Management' assessment tool.

The Council also procures expert advice and assistance such as financial and legal advice as and when required.