

Treasury Management Practices

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Purpose of the Report

1. To request members of the Audit Committee approve the attached Treasury Management Practices (TMPs).

Recommendation

2. Audit Committee is recommended to:
 - a) Note the TMPs have been reviewed and updated to reflect both organisational changes and the requirements of updated Codes of Practice, in particular the new TMP 13 concerning Non-Treasury Investments.
 - b) Approve the Treasury Management Practices included in this report.

Background

3. The CIPFA Treasury Management in the Public Services Code of Practice (the Code) was revised in December 2017. The Code has been reviewed and updated following recent developments in the marketplace and the introduction of the Localism Act 2011 for English local authorities.
4. The Code requires the setting out of the responsibilities and duties of members and officers, allowing a framework for reporting and decision making on all aspects of treasury management.
5. As in previous versions, the Code recommends the creation and maintenance of suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
6. The recommended Treasury Management Practices for South Somerset District Council comprise:
 - TMP 1: Risk management
 - TMP 2: Performance measurement
 - TMP 3: Decision-making and analysis
 - TMP 4: Approved instruments, methods and techniques
 - TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements
 - TMP 6: Reporting requirements and management information arrangements
 - TMP 7: Budgeting, accounting and audit arrangements
 - TMP 8: Cash and cash flow management
 - TMP 9: Money laundering
 - TMP 10: Training and qualifications
 - TMP 11: Use of external service providers

TMP 12: Corporate governance

TMP 13: Management Practices for Non-Treasury Investments

7. TMP 13 is a new TMP which has been included as a result of the revision to the Code in December 2017. The TMP is concerned with “non-treasury investments”, examples of which are:
 - Loans supporting service outcomes
 - Investments in subsidiaries
 - Investment property portfolios
8. The Treasury Management Practices principles and schedules document follows the same format as previous years in that the schedules supporting these practices are at a higher level giving an overview of the processes to be followed. The detail specifying the systems and routines to be employed, the records to be maintained in fulfilling the Council’s treasury functions and any other documents supporting the processes are held at an operational level within an operations manual.
9. The Treasury Management Practices principles and schedules document includes highlighted text; the highlighted text identifies the major changes to the TMP’s. As detailed in the recommendations, the major changes are required in order to comply with the updated Code of Practice and to incorporate organisational changes.

Financial Implications

10. There are no financial implications in accepting this report and the associated recommendations.

Background Papers:

Treasury Management Strategy Statement