

1.0 Treasury Management Practices (TMP)

The TMPs are defined within the Code of Practice on Treasury Management as areas of best practice. These are defined below and we have adopted practices in line with them.

1.1 TMP1 - TREASURY RISK MANAGEMENT

The Section 151 Officer shall design, implement and monitor all arrangements for the management and control of treasury management risk, report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect.

Credit and Counterparty Risk

The Council 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 whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4.

Liquidity Risk

The Council will ensure adequate cash resources, borrowing arrangements, and overdraft or standby facilities to enable the Council to have the level of funds available which are necessary for the achievement of its service objectives.

The Council 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

Interest Rates

The Council will manage its exposure to fluctuations in interest rates with a view to containment of its interest costs, or securing its interest revenues, in accordance with the amounts provided in the budgetary arrangements.

This will be achieved by prudent use of 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.

Exchange Rates

Management of the Council's exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

It should be noted that the Council does not deal in foreign currencies.

Refinancing of Debt

All borrowing, private financing and partnership arrangements will be negotiated, structured and documented, and the maturity profile of debt will be managed with a view to obtaining 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.

The council currently has no portfolio of debt and therefore no review is required.

Legal and Regulatory

The council will comply with statutory power and regulatory requirements for all treasury activities. The Council will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

The Council will seek to minimise the impact of future legislative or regulatory changes on its treasury management activities so far as it is reasonably able to do so.

Fraud, Error and Corruption, and Contingency Management

The Council will ensure that it has identified circumstances which may expose the Council to the risk of loss through fraud, 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

Market Risk

The Council seeks to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of principle sums it invests and will accordingly seek to protect its self from the effects of such fluctuations.

1.2 TMP2 - PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of value for money in its treasury management activities and to the use of performance methodology in support of that aims, within the framework set out in its treasury management policy statement.

Performance will be measured against the 7 day LIBID (London Interbank Bid) rate and reported to the Executive and Audit Committee.

1.3 TMP3 - DECISION-MAKING AND ANALYSIS

Full records will be maintained of the Council's treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purpose of learning from the past and to demonstrate that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account. The issues to be addressed and processes and practices to be pursued in reaching decisions are contained within our procedural documents.

1.4 TMP4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Only approved instruments, methods and techniques will be used. These are as follows:

Internal Cash Flows

- Cash Deposits into instant access savings account
- Fixed term deposits – through brokers with organisations on our counter party list.
- Fixed term loans – through brokers with organisations on our counter party list.

Externally Managed Funds

- Any approved instruments as specified in the local authorities (capital finance) (approved Investments) regulations 1990 and subsequent amendments.

1.5 TMP5 - ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

Treasury management activities will be properly structured in a clear and open fashion and a

rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.

The principles on which this will be based is a 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 principles, the Section 151 Officer will ensure that the reasons are properly reported and the implications properly considered and evaluated.

The Section 151 Officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The Section 151 Officer will fulfil all such responsibilities in accordance with the Council's policy statement and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

1.6 TMP6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Regular reports will be prepared for consideration by the Executive on:

- the implementation of its treasury management policies
- the effects of decisions taken and the transactions executed in pursuit of those policies
- the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and the performance of the treasury management function

The Executive will receive:

- an annual report on the strategy and plan to be pursued in the forthcoming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMPs

Where variances occur between budgeted investment income and in year projections of income differ, these will be reported to the Executive through the quarterly budget monitoring reports.

The Audit Committee will have responsibility for the scrutiny of treasury management policies and practices.

Included in the annual strategy will be the treasury management indicators as detailed in the sector specific guidance notes for CIPFA.

1.7 TMP7 - BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Section 151 Officer will maintain an annual budget for Corporate Finance, which will include all of the costs involved in running the treasury management function, together with associated

income.

The Section 151 Officer will exercise effective controls over this budget, and will report upon and recommend any changes required.

The Council will account for its treasury management activities in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements.

1.8 TMP8 - CASH AND CASH FLOW MANAGEMENT

All Council monies shall be aggregated for treasury management purposes and will be under the control of the Section 151 Officer. 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 purposes of monitoring compliance with TMP1 *Liquidity risk management*.

1.9 TMP 9 - MONEY LAUNDERING

The Council is alert to the possibility that it may become the subject of an attempt to involve it in transactions involving the laundering of money. Accordingly, procedures for verifying and recording the identity of counterparties and reporting suspicions are in place involved in this area are properly trained.

1.10 TMP 10 - STAFF TRAINING AND QUALIFICATIONS

The Council 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.

The Council will seek to appoint individuals to the treasury management function 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 Section 151 Officer will recommend and implement the necessary arrangements.

The Section 151 officer will ensure that Council members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

1.11 TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS

The Council recognises that responsibility for treasury management decisions remains with the organisation 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

Where services are subject to formal tender or re-tender arrangements, Council Standing Orders and Financial Regulations plus legislative requirements will always be observed. The monitoring of such arrangements rests with the Section 151 Officer.

TMP 12 - CORPORATE GOVERNANCE

The Council 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 activities will be undertaken with openness and transparency, honesty, integrity and accountability.

Once the Council has adopted and implemented the key recommendations of the Revised Code.

This, together with the other arrangements detailed in the schedules, are considered vital to the achievement of proper corporate governance in treasury management, and the Section 151 Officer will monitor and, if and when necessary, report upon the effectiveness of these arrangements.