

Subject: Treasury Management Practices **Status:** For Publication

Report to: Audit and Accounts Committee **Date:** 29th June 2010
Cabinet 29th July 2010

Report of: Head of Finance & Property Services

Portfolio

Holder: Finance & Resources

Key Decision: No

Forward Plan General Exception Special Urgency

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is for Members to approve and recommend for wider Member approval by Cabinet and Council the Council's Treasury Management Practices.

2. CORPORATE PRIORITIES

- 2.1 The matters discussed in this report impact directly on the following corporate priorities:-
- Delivering quality Services to our customers
 - Providing value for money services

3. RISK ASSESSMENT IMPLICATIONS

- 3.1 All the issues raised and the recommendations in this report involve risk considerations as set out below:
- Failure to comply with legal statute, Codes of Practice and regulations of the Council
 - Financial risk as a result of exposure to treasury management practices.

4. BACKGROUND AND OPTIONS

4.1 The Councils Treasury Management Practices governs the way we manage our investments. It will be reviewed on an annual basis to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code. The Code identifies 12 areas where statements of treasury management practices (TMP) should be developed to implement the full requirements of the Code. They are as follows:

- 4.1.1 TMP1 Risk management
- 4.1.2 TMP2 Performance management
- 4.1.3 TMP3 Decision - making and analysis
- 4.1.4 TMP4 Approved instruments, methods and techniques
- 4.1.5 TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements
- 4.1.6 TMP6 Reporting requirements and management information arrangements
- 4.1.7 TMP7 Budgeting, accounting and audit arrangements
- 4.1.8 TMP8 Cash and cash flow management
- 4.1.9 TMP9 Money laundering
- 4.1.10 TMP10 Training and qualifications
- 4.1.11 TMP11 Use of external service providers
- 4.1.12 TMP12 Corporate governance

4.2 CIPFA defines treasury management as “the management of an organizations cash flows, its banking, money market and capital market transactions: the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with those risks”.

4.3 Treasury management is concerned with how organisations manage their cash resources and its scope covers borrowing, investment and hedging instruments and techniques. Risk is inherent in all treasury management activities and it is necessary to balance risk and return. In the public services it is generally considered that the priority is to protect capital rather than maximize return.

4.4 The aim of this code is to provide a basis for the Council to create clear treasury management objectives and policies. These will need to be supported by sound practices, including reporting of performance, hence the development of the 12 TMPs.

4.5 The Councils response to the Code and its own TMPs are describe in Appendix 1.

COMMENTS FROM STATUTORY OFFICERS:

5. SECTION 151 OFFICER

5.1 Financial matters are noted in the report

6. MONITORING OFFICER

6.1 There are no material implications

7. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

7.1 There are no material implications

8. CONCLUSION

8.1 Adoption of the TPMs will ensure compliance with the Code and reduce the Councils exposure to financial risk.

9. RECOMMENDATION(S)

9.1 That the Cabinet approves the Treasury Management Practices.

10. CONSULTATION CARRIED OUT

10.1 Not applicable.

11. COMMUNITY IMPACT ASSESSMENT

Is a Community Impact Assessment required No

Is a Community Impact Assessment attached No

12. BIODIVERSITY IMPACT ASSESSMENT

Is a Biodiversity Impact Assessment required No

Is a Biodiversity Impact Assessment attached No

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Background Papers	
Document	Place of Inspection
CIPFA Code of Practice on Treasury Management	Finance