

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 approve the Treasury Management Practices included in this report.

Background

3. The CIPFA Treasury Management in the Public Services Code of Practice (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.
4. 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.
5. 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
6. 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.

Amendments to Treasury Management Practices

7. There are minimal changes to the 2019 TMP's. The amended TMP's are detailed below including the TMP number, the section of the TMP which has been amended and details of the change.

TMP1 – Risk Management

Section 2 (Liquidity & Risk Management) – **(d)** Bank Overdraft & Standby Facilities

Change - The Council withdrew the overdraft facility with NatWest and manages cash flow on a day to day basis by using money market funds as opposed to the overdraft facility.

Section 3 (Interest Rate Risk Management) – **(c)** Details of approved interest rate exposure limits.

Change - CIPFA no longer recommends setting upper limits on fixed and variable rate exposures, therefore this has been deleted.

The Council's advisors suggested a replacement indicator which sets upper limits on the one-year revenue impact of a 1% rate rise or fall in interest rates.

TMP8 – Cash and cash flow management

Schedule – **(c)** Monitoring, frequency of cash flow updates

Change - 2 new income streams have been included, which are:

- Rental income received from property portfolios
- Income from loans supporting service outcomes

TMP 11 - Use of external service providers

Schedule – **(d)** Consultants'/advisers' services

Change – New contract awarded with effect from 1 July 2019, dates amended for contract start and expiry date and payment due information.

Financial Implications

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

Background Papers:

Treasury Management Strategy Statement
