

TREASURY MANAGEMENT POLICY STATEMENT

&

TREASURY MANAGEMENT PRACTICES

(Combined Principles & Schedules)

February 2026

TREASURY MANAGEMENT POLICY STATEMENT

The Council defines its treasury management activities as “the management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

TREASURY MANAGEMENT PRACTICES (TMPs) **FOR TREASURY INVESTMENTS**

Treasury Management Practices (TMPs) set out the manner in which Gedling Borough Council will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.

	Page
TMP 1 - Treasury Risk Management	4
TMP 2 - Performance Measurement	13
TMP 3 - Decision–Making and Analysis	15
TMP 4 - Approved Instruments, Methods and Techniques	17
TMP 5 - Organisation, Clarity, Segregation of Responsibilities and Dealing Arrangements	19
TMP 6 - Reporting Requirements and Management Information Arrangements	24
TMP 7 - Budgeting, Accounting and Audit Arrangements	27
TMP 8 - Cash and Cash Flow Management	28
TMP 9 - Money Laundering	29
TMP 10 - Training and Qualifications	33
TMP 11 - Use of External Service Providers	34
TMP 12 - Corporate Governance	35
TMP 13 – Treasury Management Practices for Non–Treasury Investments	36

TMP 1 - TREASURY RISK MANAGEMENT

The Council 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, are in place.

The responsible 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 and 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, all in accordance with the procedures set out in TMP6 (reporting requirements and management information arrangements).

1.1 Credit and counterparty risk management

1.1.1 This is the risk of failure by counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital project or partnership financing, particularly because of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or revenue resources.

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 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 at Appendix 1. The Council 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.

1.1.2 Policy on the use of credit risk analysis techniques:

- a) The Chief Financial Officer (CFO) will maintain a "counterparty list" and this will be monitored constantly. The CFO has delegated authority to amend the minimum criteria as he/she sees fit and will report any such amendments to Cabinet for information as necessary.
- b) The Council will use the MUFG Corporate Markets creditworthiness methodology, a sophisticated modelling approach combining credit ratings from the three main rating agencies (Fitch, Moody's and Standard & Poors) with overlays for credit watches and outlooks, credit default swaps, and sovereign ratings into a weighted scoring system for the selection of investment counterparties and maturity limits, as per the following colour coded bands:
 - Yellow 5 years (UK government debt or its equivalent);
 - Purple 2 years;
 - Blue 1 year (nationalised or semi nationalised UK banks only);

- Orange 1 year;
 - Red 6 months;
 - Green 100 days;
 - No colour not to be used.
- c) The Council will use approved UK counterparties subject to their individual credit ratings under the MUFG methodology. The Council may also use approved counterparties from countries with a minimum sovereign credit rating of AA-. Approved countries will be listed annually in an appendix to the Treasury Management Strategy Statement (TMSS) however the CFO has delegated authority to amend the minimum criteria as he/she sees fit and will report any such amendments to Cabinet for information as necessary.
- d) The Council will avoid concentrations of lending and borrowing by adopting a policy of diversification. The maximum amounts to be placed with any one institution or in any one classification of instrument will be listed annually in an appendix to the TMSS, however the CFO has delegated authority to amend limits as he/she sees fit, and will report any such amendments to Cabinet for information as necessary.
- e) Credit ratings for individual counterparties can change at any time. MUFG will provide regular updates of changes to all ratings relevant to the Council and treasury staff will add or delete counterparties to/from the approved counterparty list as appropriate.
- f) Ratings under the MUFG methodology will not necessarily be the sole determinant for the use of a counterparty. Other information sources used will include the quality financial press, market data, information on government support for banks and the credit ratings of that government support, together with any other information pertaining to the banking sector. This aims to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- g) The ultimate decision on what is prudent and manageable for the Council will be taken by the CFO under the approved scheme of delegation.

1.2 Liquidity risk management

- 1.2.1 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 Council's business and service objectives will thereby be compromised.

The Council will ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft or standby facilities to always enable it to have the level of funds available to it which are necessary for the achievement of its business and 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.

1.2.2 Amounts of minimum cash balances and short term investments

Treasury management staff will seek to minimise the net overall balance held in the Council's suite of accounts at the close of each working day. Lending and borrowing will be arranged in order to achieve this aim. Short term investments will be maintained at sufficient levels to meet the Council's needs over a three-month period.

1.2.3 Bank overdraft facilities

An overdraft facility of £50,000 is currently in place as part of the banking contract. Any overdraft is assessed on the overall net position on the Council's suite of bank accounts.

1.2.3 Short term borrowing facilities

The Council accesses temporary loans as needed through approved brokers on the London Money Market.

1.2.4 Insurance/guarantee facilities

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

1.2.5 Special payments

Directors and Assistant Directors will be asked to give treasury management staff advance notice of any significant payments that may affect liquidity and therefore lending and borrowing decisions.

1.3 Interest rate risk management

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

1.3.2 The Council 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 requirement and management information arrangements).

1.3.3 The Council will achieve these objectives 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 will always be subject to the consideration and, if required, approval of any policy or budgetary implications.

- 1.3.4 A statement of how interest rate exposure is managed and monitored will be given annually in the TMSS.

1.4 Exchange rate risk management

- 1.4.1 This is the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council 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 and expenditure levels.

1.4.2 Approved criteria for managing changes in exchange rate levels

- a) From time to time the Council may have an exposure to exchange rate risk arising from the receipt of income, or the incurring of expenditure, in a currency other than sterling. In general, the Council will adopt a hedging strategy to add certainty to the sterling value of such transactions, ie. it will seek to eliminate the foreign exchange exposure as soon as it is identified.
- b) Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this hedging policy.
- c) Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance the currency will be held on deposit to meet this expenditure commitment.
- d) In the event the Council may receive any European grant funding, and making subsequent payments in Euros, the Council will operate an account with its bankers denominated in Euros.

1.5 Refinancing risk management

- 1.5.1 This is the risk that maturing borrowings, capital, project or partnership financing cannot be refinanced on terms that reflect the provisions made by the Council for that refinancing, both capital and revenue, and/or that the terms are inconsistent with prevailing market conditions at the time.

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

The Council 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.

1.5.2 Debt/other capital financing, maturity profiling, policies and practices

The Council will establish through its Prudential and Treasury indicators the maximum amount of debt maturing in any year.

Debt rescheduling will be considered, in conjunction with the Council's treasury advisers, 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 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 Cabinet at the meeting immediately following its action.

1.5.3 Projected capital investment requirements

The CFO will produce a three year plan for capital expenditure and this will be used to prepare revenue budgets for all forms of financing charges. In Addition, the CFO will draw up a capital strategy report which will give a longer term view.

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

1.5.4 Policy concerning limits on affordability and the revenue consequences of capital financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available or estimated for the future, together with the totality of its capital plans, revenue income and expenditure forecasts for the forthcoming year and the following two years, and the impact these will have on council tax. It will also take into account affordability in the longer term beyond the three year period.

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.

1.6 Legal and regulatory risk management

- 1.6.1 This is the risk that the Council 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 Council suffers losses accordingly.

The Council 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 Council, particularly with regard to duty of care and fees charged.

The Council 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 Council.

1.6.2 Compliance with statutes and legislation

The treasury management activities of the Council will fully comply with legal statute, guidance, Codes of Practice and the regulations of the Council (ie. its standing orders and financial regulations).

1.6.3 Evidencing the Council's powers and authorities to counterparties

The Council's powers to borrow and invest are contained within legislation:

Investment - Local Government Act 2003 section 12;
Borrowing – Local Government act 2003 section 1.

Lending will only be made to counterparties on the approved list, in accordance with 1.1.1 above.

1.6.4 Statement on the Council's political risks and the management of these

The Chief Executive and the Leader of the Council will respond to and manage appropriately political risks such as a change of majority group, leadership of the Council, or a change of government etc.

Treasury management policies and practices are designed to have maximum delegation to officer level to minimise political impact in such a technical area of finance. Action will always be taken in line with best professional practice and is subject to internal and external scrutiny.

1.6.5 Monitoring Officer

The Monitoring Officer is the Deputy Chief Executive and Monitoring Officer. The duty of this officer is to ensure that the Council's treasury management activities are lawful.

1.6.6 Chief Financial Officer

The CFO is the Chief Finance and Section S151 Officer. 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.

1.7 **Fraud, error and corruption, and contingency management**

1.7.1 The Council will ensure that it has identified "operational risk", ie. the circumstances which may expose it to 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.

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 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 appropriate checks being carried out.

1.7.2 Details of systems and procedures to be followed

Authority:

- The scheme of delegation to officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by an authorised person.
- Loan procedures are defined in the Council's financial regulations.

Procedures:

- The HSBCnet electronic banking system is used for all payments. Access is restricted to specified officers.
- All loan payments are made by CHAPS and are created and authorized by separate officers.

Investment and borrowing transactions:

- A detailed register of all loans and investments is maintained by the use of a spreadsheet. For reconciliation purposes, an extract is taken of this register at the end of each month.
- Written and/or electronic confirmations of all loans arranged are checked, and all discrepancies are immediately reported for resolution.
- Any transactions placed through a broker are confirmed by a broker note showing details of the loan arranged, and all discrepancies are immediately reported for resolution.

Regularity and security:

- Lending is only made to institutions on the approved counterparty list.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution.
- There is separation of duties as far as is reasonably practicable.
- There is adequate insurance cover for officers involved in loans management and accounting.

Calculations and checks:

- Every calculation of interest notified by a lender or borrower will be checked to the dealer's records.
- Full bank reconciliation is carried out monthly.
- Reconciliation of lending and borrowing transactions from the financial management system to the treasury management records is completed at least quarterly.

1.7.3 Emergency and contingency planning arrangements

Business continuity arrangements are as detailed within the Council's Business Continuity Plan, a copy of which will be maintained by the CFO.

1.7.4 Insurance cover details

The Council has Fidelity Guarantee insurance of £5m which provides cover for seven designated treasury management officers for the loss of cash resulting from fraud or dishonesty. There is no excess on this policy.

- Chief Financial Officer.
- Financial service Manager.
- Principal Accountant/Finance Business Partner.
- Senior Assistant Accountant.
- Assistant Accountant.

Official's Indemnity cover of £5m is also in place, which covers the Council for losses arising from the actions of, and advice given by, its officers where no charge is made for that advice. There is no excess on this policy. Professional

Indemnity insurance is in place only for specific services such as Planning, where a charge is made for advice

The Council has Business Interruption cover for the loss of revenue and additional expenses that may be incurred as a result of it not being able to function for a period of time.

1.8 Market risk management

- 1.8.1 The Council 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.
- 1.8.2 The Council will not engage in stock market and futures transactions in order to minimise the risk to the value of the principal sums it invests.

TMP 2 - PERFORMANCE MEASUREMENT

The Council is committed to the pursuit of value in its treasury management activity, and to the measurement of the value it adds in support of the Council's stated business or service objectives.

2.1 Evaluation and review of treasury management decisions

The Council has several approaches to the evaluation and review of its treasury management decisions to determine their impact on its finances.

2.1.1 Periodic reviews during the financial year

Weekly reviews of actual and forecast activity will be carried out by the treasury management team and the CFO or the designated Financial Services Manager.

2.1.2 Reviews with treasury advisers

All material treasury management decisions will be discussed with the Council's treasury advisers, and a formal review meeting with the advisers will be held at least annually.

2.1.3 Review reports on treasury management

Prior to the commencement of each financial year, a Treasury Management Strategy Statement (TMSS) will be presented to Cabinet and referred to Full Council for approval. This report includes:

- The Council's capital plans (including its Prudential Indicators);
- The minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- The treasury management strategy for the year (how investments and borrowings are to be organised), including treasury indicators;
- The investment strategy (the parameters on how investments are to be managed).

Following the end of the financial year, an Annual Treasury Management report will be presented to Cabinet and referred to Full Council for approval. This report includes:

- Total debt and investment at the beginning and close of the year.
- Average interest rates.
- Borrowing strategy for the year compared to actual strategy.
- Investment strategy compared to actual strategy.
- Explanations for variance between original and actual strategies.
- Debt rescheduling done in the year.
- Actual borrowing and investment rates available through the year.
- Comparison of return on investment to the investment benchmark.
- Compliance with Prudential and Treasury indicators.

- Any other items.

In addition, periodic update reports will be presented to Cabinet each year (which include a mid-year review), and periodic scrutiny and value for money reviews will be undertaken.

2.2 Benchmark and calculation methodology

2.2.1 Debt management

- Average rate on all external debt.
- Average rate on all 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.

2.2.2 Investment

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

- Sterling Overnight Indexed Average (SONIA) 3 Month
- Sterling Overnight Indexed Average (SONIA) 6 month backward looking

2.3 Policy concerning methods for testing value for money in treasury management

2.3.1 Banking services

The Council's banking arrangements will be retendered or renegotiated at least every three years to ensure that the level of prices reflects current market rates. If full tendering is not considered appropriate, soft market testing will be undertaken, or a specialist banking company appointed to ensure that the terms offered represent value for money. The process for advertising and awarding contracts will be in line with the Council's standing orders.

2.3.2 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 before using them. Such use is generally infrequent and is currently conducted via ICAP Europe Ltd on an ad-hoc basis only.

2.3.3 Consultants'/advisers' services

The Council's policy is to appoint full time professional treasury management advisers.

2.3.4 Policy on external managers

The Council's policy is not to appoint external investment fund managers.

TMP 3 - DECISION-MAKING AND ANALYSIS

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purpose of learning from the past, and for demonstrating that all issues relevant to those decisions have been taken into account.

3.1 Funding, borrowing lending and new instruments/techniques

3.1.1 Records to be kept

- Daily cash balance forecasts from the electronic banking system (HSBCnet);
- Investment rate notifications including Money Market Funds.
- Investment counterparty confirmations.
- Brokers' confirmations.
- PWLB loan confirmations and portfolio schedules.

3.1.2 Processes to be pursued

- Cashflow analysis.
- Debt and investment maturity analysis.
- Ledger reconciliation to treasury management records.
- Review of opportunities for debt restructuring (with treasury advisers).
- Review of borrowing requirement to finance capital expenditure.
- Performance information (budget against actual for interest paid and earned).

3.1.3 Issues to be addressed

In respect of every treasury management decision made, the Council will:

- Be clear about the nature and extent of the risks to which it may become exposed.
- Be certain about the legality of the decision reached, and the nature of the transaction, and that all authorities to proceed have been obtained.
- Be content that documentation is adequate to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping.
- Ensure that all third parties are judged satisfactory in the context of the Council's creditworthiness policies, and that limits have not been exceeded.
- Be content that the terms of any transaction 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:

- Consider the ongoing revenue liabilities created, and the implications for the Council's future plans and budgets.

- Evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- Consider the merits and disadvantages of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- Consider the alternative interest rates available, the most appropriate periods over which to fund.

In respect of investment decisions, the Council will:

- Consider the optimum period in the light of cashflow availability and the prevailing market conditions:
- 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.

TMP 4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Council will undertake its treasury management activities by using only approved instruments, methods and techniques, and within the limits and parameters defined in TMP1, Risk Management.

4.1 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 activity.
- Managing cashflow.
- Banking activities.
- Leasing.

4.2 Approved instruments for investment

Full details of all approved instruments for investment are given annually in the Treasury Management Strategy Statement (TMSS).

4.2.1 Implementation of MIFID11 requirements

Since 3 January 2018, UK public sector bodies have defaulted to “retail status” under the requirements of MIFID 11. However, for each counterparty it is looking to transact with there remains the option to opt up to “professional status”, subject to meeting certain requirements and having in place the appropriate levels of knowledge, experience, and decision-making processes in order to use regulated investment products.

MIFID 11 does not cover term deposits so local authorities should not be required to opt up to a professional status. However, some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, therefore opting up would be required.

Where necessary the Council will opt up to professional status in order to be able to deal with a particular counterparty.

4.3 Approved techniques (only with guidance from treasury advisers)

- Forward dealing up to 364 days.
- LOBOs – lenders option, borrowers option borrowing instrument.
- Use of callable deposits.

4.4 Approved methods and sources of raising capital finance

- 4.4.1 Finance will only be raised in accordance with the Local Government Act 2003. Within this limit the Council has a number of approved methods and courses of raising capital finance (F = fixed, V = variable):

On balance sheet:

• PWLB	F	V
• Municipal Bond Agency (but generally only lend to upper tier)	F	V
• European Investment Bank (EIB)	F	V
• Market (long-term)	F	V
• Market (temporary)	F	V
• Market (LOBOs)	F	V
• Stock issues	F	V
• Local (temporary)	F	V
• Local bonds	F	
• Overdraft		V
• Negotiable bonds	F	V
• Internal (capital receipts and revenue balances)	F	V
• Commercial paper	F	
• Medium term notes	F	
• Leasing (not operating leases)	F	V
• Deferred purchase	F	V

Other methods of financing:

- Government and EC capital grants.
- Lottery monies.
- PFI/PPP.
- Operating leases.

- 4.4.2 All forms of funding will be considered, dependent upon the prevailing economic climate, regulations and local factors. The CFO has delegated powers in accordance with Standing Orders, Financial Regulations, and the Scheme of Delegation to Officers, and the Treasury Management Strategy is to take the most appropriate form of borrowing from the approved sources.

- 4.4.3 Borrowing will only be done in sterling.

4.5 Investment Limits

The Annual Investment Strategy forms part of the Treasury Management Strategy Statement (TMSS) and this sets out the limits and guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

The annual TMSS sets out borrowing limits.

TMP 5 - ORGANISATION, CLARITY, SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

The Council considers it essential that there is clarity with regard to treasury management responsibilities, and that treasury management activities are managed in a fully integrated manner. This is for the purpose of effective control and monitoring of treasury management activities, for reducing the risk of fraud or error, and for the pursuit of optimum performance.

A clear distinction will be made between those charged with setting treasury management policies and strategies, and those charged with implementing and controlling them, 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 the Council intends, as a result of lack of resources or other circumstances, to depart from its approved treasury management practices, the Chief Financial Officer will ensure that the reasons are properly reported in accordance with TMP6 (reporting requirements and management information arrangements), and the implications properly considered and evaluated.

The Chief Financial Officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The Chief Financial Officer will also ensure that there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The Chief Financial Officer will fulfill all responsibilities in accordance with the Council's Treasury Management Policy Statement and its Treasury Management Practices (TMPs).

5.1 Allocation of responsibilities - the Council's scheme of delegation

5.1.1 Full Council is responsible for:

- Receiving and reviewing reports on treasury management policies, practices and activities.
- Approval of the annual strategy (TMSS).
- Annual budget approval.

5.1.2 Cabinet is responsible for:

- Approval of, and amendments to, the Council's adopted clauses, treasury management policy statement and treasury management practices (TMPs)
- Budget consideration and virement approval
- Approval of the division of responsibilities
- Receiving and reviewing regular Treasury Management monitoring reports (the scrutiny role), and acting on recommendations

5.1.3 Audit Committee is responsible for:

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body through the internal audit process.

5.1.4 The Chief Financial Officer (S151 Officer) is responsible for:

- Recommending clauses, treasury management policy/practices for approval, reviewing these 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.
- The appointment of external service providers.
- Approving the selection of external service providers and agreeing terms of appointment.

Implicit in the December 2017 changes to the Prudential and Treasury Management Codes was a major extension of the function of the S151 role, especially in respect of non-financial investments (which CIPFA has defined as being part of treasury management). The S151 officer role is also now responsible for:

5.2 **Principles and practices concerning segregation of duties**

The segregation of duties will be determined by the Chief Finance and section 151 Officer. Treasury management duties will be segregated as far as is practicable in a small section. In particular, the posting of bank statement transactions in respect of treasury management to the Financial Management System will, whenever possible, be undertaken by an officer independent of the dealing process, and reconciliation of lending and borrowing transactions to the financial management ledger will be carried out by an officer not routinely involved with daily dealing transactions.

5.3 **Treasury Management organisation chart**

- Chief Finance and S151 Officer – the “responsible officer”;
- Financial Services Manager.
- Principal Finance Business Partners.
- Assistant Accountant.

5.4 **Statement of the treasury management duties and responsibilities**

5.4.1 The Responsible Officer:

The responsible officer is the person charged with professional responsibility for the treasury management function and at Gedling this is the Chief Finance and S151 Officer.

The strategic responsibilities of the responsible officer are:

- a) Recommending clauses, treasury management policies and practices for approval, reviewing these regularly, and monitoring compliance.
- b) Submitting regular treasury management policy reports.
- c) Submitting budgets and budget variations;
- d) Receiving and reviewing management information reports
- e) Reviewing the performance of the treasury management function.
- f) Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- g) Ensuring the adequacy of internal audit, and liaising with external audit.
- h) Recommending the appointment of external service providers.
- i) The responsible officer has delegated powers through the Treasury Management Policy to take the most effective form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- j) The responsible officer may delegate his power to borrow and invest to members of his staff. The Financial Services Manager, Principal Accountant and Assistant Accountant (or staff authorised by the responsible officer to act as temporary cover for leave or sickness) must conduct all dealing transactions. All transactions must be authorised.
- k) The responsible officer will ensure that the Treasury Management Policy is adhered to, and if it is not, will bring the matter to the attention of Elected Members as soon as possible.
- l) 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 Monitoring Officer, the Council's legal team and external advisers, as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's financial regulations.
- m) It is also the responsibility of the responsible officer to ensure that the Council complies with the Non-Investment Products Code (formerly known as the London Code Of Conduct) for principals and broking firms in the wholesale markets.

The operational responsibilities of the responsible officer are:

- 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 Cabinet.
- g) Identifying and recommending opportunities for improved practices.

These operational responsibilities may also be delegated to the Financial Services Manager and to other members of the treasury management team.

5.4.2 The Head of the Paid Service:

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 Cabinet and Full Council on treasury policy, activity and performance.

5.4.3 The Monitoring Officer:

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 practices complies with the law and any Code of Practice.
- c) Giving advice to the responsible officer when advice is sought.

5.4.4 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 the treasury function.

5.5 Dealing limits

Assistant Accountant - up to £1m per counterparty (cumulative);
Financial Services Manager – Deal up to the money market limits (£5m Aberdeen & Black Rock)
Responsible officer – is the only officer that can authorise dealings of over £5m.

5.6 Absence cover arrangements

Three officers are trained for day-to-day dealing transactions to ensure cover for leave and sickness. The two Financial Services Managers and the Chief Financial Officer are able to authorize these transactions. Dealing limits apply to cover arrangements as per 5.5 above.

5.7 Direct dealing practices

In general, the Council deals directly with its counterparties for investments. Rates are obtained daily from creditworthy counterparties selected via the

MUFG Corporate Markets methodology (see 1.1.1 above). The most favourable will be selected, following consideration of cashflow requirements and CHAPS transmission fees (Clearing House Automated Payments System).

5.8 Brokers services

Brokers will be used when cost effective compared with direct dealing, and for temporary borrowing. (Also see 11.1.2, external service providers). It is not the Council's policy to record brokers' conversations.

5.9 Settlement transmission procedures

All counterparties are to be given instructions as early as possible on the day of maturity (on occasion it may be possible to give the instruction prior to the date of maturity for planning purposes). All Council investments are to be returned by CHAPS direct to the Council's nominated bank account, and all repayments of borrowing by CHAPS to the lender's nominated bank account.

5.10 Documentation requirements for deals arranged

For each deal arranged, record will be kept, and these should include:

- Counterparty.
- Amount.
- Start date.
- Maturity date.
- Rate.
- Amount of interest due.
- Counterparty confirmation (direct dealing);
- Broker confirmation (where appropriate).

5.11 Arrangements concerning the management of third-party funds

Any third-party funds held will be treated as if they were part of the Council's cash management arrangements, unless specific exceptions are required.

5.12 Variance & Escalation Processes for Dealings

1. Weekly Plan

- A cash-flow projection and recommended actions will be circulated by the Treasury Officer the week prior
- These suggested actions will then be reviewed and approved by the Financial Services Manager.
- Dealers may execute transactions within agreed parameters and the approved plan without further escalation.

- Regular communication throughout the week will be maintained with the dealers and Financial Services Manager

2. Variance Triggers

Further approval from the Financial Services Manager (or delegated senior officer) must be sought if:

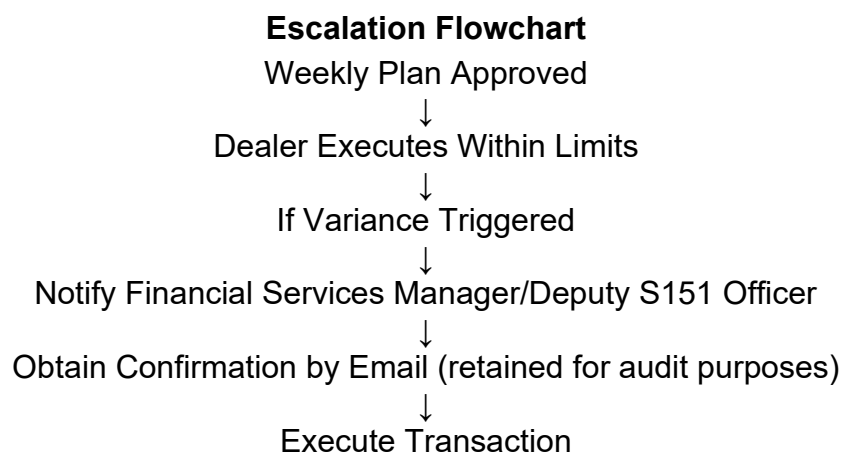
- Cash Balance Variance: actual balance differs by the lower of **£100,000** or **15% of projected balance**.
- Action Change: Switching from placing funds to redeeming funds (or vice versa).
- Instrument or Counterparty Change: Transaction involves a different instrument or counterparty not listed in the approved weekly plan i.e. DMO to Blackrock MMF.

3. Escalation Procedure

- Notify Financial Services Manager immediately via email or Teams, providing:
 - Updated cash-flow/projected balance
 - Rationale for variance
 - Proposed revised action
- **No transaction is to be executed until written approval is received.**

4. Documentation

- All variance notifications and approvals retained
- Any breaches or errors recorded in the Exception Log and reported in the annual Treasury Activity report



TMP 6 - 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 the transactions executed in pursuit of those policies, on the 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.

6.1 Annual Programme of reporting

- a) Prior to the start of each financial year:
 - A review of the approved clauses, treasury management policy statement and practices will be undertaken.
 - The Treasury Management Strategy Statement (TMSS) will be prepared for approval by Full Council. This report will include the proposed treasury management activities for the year and will include the Annual Investment Strategy and the Minimum Revenue Provision Policy Statement (see 6.2 below);
 - A Capital Strategy report will be prepared to give a longer-term view of the capital programme and the treasury management implications thereof, beyond the three year time horizon for detailed planning.
- b) Quarterly Treasury Activity reports will be prepared. This exceeds the minimum requirement for a mid-year review (see 6.3 below).
- c) An Annual Review report will be prepared after the year-end (see 6.4 below).

6.2 Treasury Management Strategy Statement (TMSS)

- a) The TMSS sets out the specific expected treasury activities for the forthcoming year. It will be submitted to Cabinet for referral to Full Council for approval before the commencement of the financial year. The formulation of the TMSS involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For example, the Council may postpone borrowing if fixed rate interest rates are expected to fall, or to borrow early if they are expected to rise.

The TMSS will cover the following elements:

- Prudential and Treasury indicators.
- Current treasury portfolio position.
- Borrowing requirement.
- Prospects for interest rates.
- Borrowing strategy.
- Policy on borrowing in advance of need.
- Debt rescheduling.

- Investment strategy.
- Creditworthiness policy.
- Policy on the use of external service providers.
- Any other treasury issues.
- The MRP policy statement.

The TMSS will establish the expected move in interest rates against alternatives and highlight sensitivities to different scenarios.

- b) The Annual Investment Strategy, included in the TMSS, will set out the following:
- The Council's risk appetite in respect of security, liquidity and optimum performance.
 - The determination of what are specified investments, as distinct from non-specified investments and which specified and non-specified instruments the Council will use.
 - Investment limits.
 - Creditworthiness policy.
 - The investment strategy for the forthcoming year.
 - Investments defined as capital expenditure.
 - Provision for credit related loss.
 - Policy on the use of external service providers.
- c) The Minimum Revenue Provision policy statement, included in the TMSS, will set out how the Council will make revenue provision for the repayment of its borrowing using the four options for so doing.
- d) A number of treasury limits are set through the Prudential and Treasury Indicators, and these will be incorporated into the TMSS for approval by Full Council.

6.3 Periodic reporting of treasury management activity

Periodic reports of treasury management activity will be considered by Cabinet and referred to Full Council for approval. This exceeds the minimum requirement for a mid-year review, and each report will include:

- Treasury management activity undertaken.
- Variations from agreed policies and practices.
- Performance reporting.
- Monitoring of treasury indicators.

6.4 Annual review of treasury management activity

An Annual Report of treasury management activity will be considered by Cabinet and referred to Full Council for approval at the earliest practicable meeting after the end of the financial year. This report will include:

- Transactions executed and their revenue effects.

- Reporting on the risk implications of decisions taken and transactions executed.
- Reporting on compliance with agreed policies and practices, statutory and regulatory requirements and Codes of Practice.
- Performance reporting.
- Monitoring of treasury indicators.

6.5 Management information reports

In addition to the formal reporting above, management information will be prepared daily and summarised weekly in such format as directed by the Chief Financial Officer.

TMP 7 – BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory and regulatory requirements

The Council's accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain, which is represented 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 the Council's treasury management activities.

7.2 Budgets, accounts, Prudential and Treasury indicators

The responsible officer will prepare a five-year medium term financial plan which will include the costs of running the treasury management function, together with associated income. Effective control will be exercised, with budget monitoring reports considered by Cabinet on a periodic basis (either 3 monthly or 4 monthly). The responsible officer will also prepare Prudential and Treasury indicators for treasury management for the forthcoming financial year, and provisional estimates for the following two years. The responsible officer will monitor performance against Prudential and Treasury indicators and report upon them, and recommend any changes required, in accordance with TMP6.

7.3 Information requirements of external auditors

Treasury management information required by the external auditors will include:

- 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.
- Calculation of the consolidated interest rate and debt management rate.
- Interest accruals calculation.
- Calculation of loans debtors and creditors.
- Treasury Management Strategy Statement (TMSS).
- Quarterly reviews of treasury management activity and Prudential Code indicators.
- Annual Treasury Report.
- Calculation of the Minimum Revenue Provision.

TMP 8 - CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of Gedling Borough Council will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes.

8.1 Arrangements for preparing cashflow statements

Cashflow projections are prepared annually, monthly and daily, based on previous years' records adjusted for known changes in levels of income and expenditure and changes in payments and receipts dates. These projections are supplemented on an ongoing basis as additional information is received.

8.2 Bank statement procedures

Bank statements are available daily online and income and expenditure is analysed using source data from creditors and payroll etc. Reconciliation of cheques and BACS outstanding is undertaken daily and formal bank reconciliation is done monthly.

8.3 Payment scheduling and agreed terms of trade with creditors

The Creditors team manages the terms of trade and provides the treasury management team with details of the amount and timing of BACS payments. The value of cheques due to be cleared in the forthcoming two days is available from the Council's electronic banking system.

8.4 Procedures for the banking of funds

All money received by officers on behalf of the Council will be deposited without delay into the Council's bank account. A security carrier is used to collect income from the Civic Centre and the leisure centres, and income is also transferred electronically via direct debits, standing orders, telephone payments and internet payments.

TMP 9 - MONEY LAUNDERING

Money laundering is the term used for a number of offences involving the integration of the proceeds of crime into the mainstream economy. TMP 9 forms the basis of the Council's overall policy on 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. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

The purpose of the Money Laundering Policy is to:

- Establish internal procedures to help forestall and prevent money laundering.
- Make those staff most likely to be exposed to, or suspicious of, money laundering situations aware of any requirements and obligations placed on the authority, and on them personally by the Proceeds of Crime Act and the Terrorism Act.
- To give targeted training to those staff considered to be the most likely to encounter money laundering.
- To make arrangements to receive and manage the concerns of staff about money laundering and their suspicion of it, to make enquiries, and to make reports where necessary.

9.1 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:

- a) Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland.
- b) Being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property;
- c) 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:

- a) Failure to disclose money-laundering offences.

- b) Tipping off a suspect, either directly or indirectly.
- c) Doing something that might prejudice an investigation – for example, falsifying a document.

9.2 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.

9.3 The Money Laundering Regulations 2007, 2012 and 2015

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to:

- a) Appoint a nominated officer.
- b) Implement internal reporting procedures.
- c) Train relevant staff in the subject.
- d) Establish internal procedures with respect to money laundering.
- e) Obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

In December 2007 the UK Government published the Money Laundering Regulations 2007, which replaced the Money Laundering Regulations 2003.

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2007, 2012 and 2015. 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, the Council will do the following:

- a) Evaluate the prospect of laundered monies being handled by it;
- b) Determine the appropriate safeguards to be put in place. A flag will be set on cash payments of £1,000 or more will not be receipted without Council staff intervention. A record will be kept of all cash transactions of £1,000 or more,

and procedures will be implemented to ensure that the retention of records is in compliance with the Council's document retention policy.

- c) Require staff engaged in treasury management, and any other staff handling money received by the Council, to make themselves aware of their personal and legal responsibilities for money laundering awareness. Furthermore, all staff will be made aware of the Council's Whistle-Blowing policy, and the provisions within it. Appropriate training will be provided where necessary.
- d) Make all its staff aware of their responsibility under the Proceeds of Crime Act.
- e) Appoint an Officer to whom all staff may report any suspicions. This officer will be the "Money Laundering Reporting Officer" (MLRO), and at Gedling Borough Council is the Chief Finance Officer. If any suspicious transactions are reported to the MLRO, he will request the Financial Services Manager to investigate the case and to make a disclosure to the Serious Organised Crime Agency (SOCA) if appropriate.
- f) Ensure compliance with money laundering regulations is appropriately managed. The Council will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work or product types, systems for monitoring compliance with procedures, and methods of communicating procedures and other information to personnel.
- g) Appoint an officer to be responsible for the creation and monitoring of the implementation of a corporate anti-money laundering policy and procedures. At Gedling Borough Council, this is the Chief Finance Officer, and it shall be a requirement that all Services and Departments implement these corporate policies and procedures.

9.5 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:

- a) It is not the Council's policy to accept loans from individuals.
- b) 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 at www.fca.gov.uk.
- c) When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its treasury activities, the Council will only lend money to, or invest 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 www.fca.gov.uk. All transactions for making deposits or repaying loans will be carried out by CHAPS.

TMP 10 - STAFF TRAINING AND QUALIFICATIONS

The Council recognises that treasury management staff, and Members charged with governance of the treasury management function, will need appropriate levels of training in treasury management due to its increasing complexity. Treasury management staff will receive training relevant to the requirements of their duties, at the appropriate time. This may be by way of approved training courses or by on-the-job training. It is the responsibility of the Deputy Chief Executive and the Chief Finance Officer to ensure that all treasury management staff receive the appropriate level of training, and this will also apply to those staff who cover absences of the treasury management team.

10.1 Details of approved training courses

Treasury management staff will attend an Introduction to Treasury Management course provided by the Council's treasury advisers, and will update this, as a minimum, every 5 years.

10.2 Records of training received by treasury staff

Records of the training received by treasury management staff will be kept by the S151 Officer).

10.3 Career development and succession arrangements

Career development will be identified by use of the Council's Personal Development Review (PDR) scheme. Career succession arrangements will follow the Council's recruitment policy.

10.4 Approved qualifications for treasury management staff

CCAB, AAT, or equivalent.

10.5 Statement of professional practice (SOPP)

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

Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.6 Member training records

Records will be kept of all training in treasury management provided to Members. Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS

The Council will employ the services of other organisations to assist it in the field of treasury management. In particular, external advisers will be used to provide specialist advice in this ever more complex area. The Council will however ensure that it fully understands what services being provided, and that they meet the Council's needs, especially in terms of being objective and free from conflicts of interest. Evaluation of the costs and benefits of services provided will be undertaken, and the terms of appointment and the methods by which value is to be assessed will be agreed and documented and will be subject to regular review. Where services are subject to formal tender or re-tender arrangements, legislative requirements will be observed.

The Council 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.

11.1 Banking services

- a) The current supplier is HSBC.
- b) The account is based at the Arnold Branch, 104 Front Street, Arnold Nottingham NG5 7EG.
- c) The regulatory status is a banking institution authorised to undertake banking activities by the Financial Conduct Authority (FCA).
- d) The current contract commenced on 1 April 2025 and runs to 31 March 2028.
- e) The cost of service is based on a schedule of tariffs and is therefore dependent upon on volumes. The estimated cost is £14,200 per annum.
- f) Payments for services are generally due monthly.
- g) The Council may terminate the contract at any time by giving one month's notice.

11.2 Money-broking services

Where necessary the Council will use money brokers for the purpose of arranging temporary borrowing, however such use is infrequent and is currently conducted via ICAP Europe Ltd on an ad-hoc basis only.

11.3 Treasury management consultancy services

- a) The current supplier is MUFG Corporate Markets (previously Link).
- b) The address is 65 Gresham Street, London EC2V 7NQ.
- c) The regulatory status is an investment adviser authorised by the FCA.
- d) The current contract commenced on 5 January 2025 and runs to 4 January 2028.
- e) The estimated cost of the service is £11,500 per annum

11.4 Credit rating agency

The Council receives a credit rating service through its treasury management consultants, the cost of which is included in the consultant's fees (above).

TMP 12 – CORPORATE GOVERNANCE

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

The Council has adopted the CIPFA Code of Practice on Treasury Management and has implemented key recommendations on developing Treasury Management Practices (TMPs), formulating a Treasury Management Policy Statement and implementing other principles of the Code.

The following documents available for public inspection:

- a) The Treasury Management Policy Statement.
- b) The Treasury Management Strategy Statement (TMSS) incorporating the Annual Investment Strategy and the Minimum Revenue Provision policy statement.
- c) Periodic treasury management monitoring reports (in excess of the minimum requirement)
- d) Annual treasury outturn report:
- e) Statement of Accounts and financial instruments disclosure notes.
- f) Annual budget
- g) Three-year capital plan and Capital Strategy.
- h) Minutes of Council and Cabinet meetings

TMP 13 - TREASURY MANAGEMENT PRACTICES FOR NON-TREASURY INVESTMENTS

The Prudential Code and the CIPFA Treasury Management Code of Practice, CIPFA indicate that non-treasury investments will not be managed by the treasury management team, but that their function will be to collate summary information to include in the Annual Treasury Management report.

The Council recognises that investments taken for non-treasury management purposes require careful investment management. Such investments include loans supporting service outcomes, investments in subsidiaries, and those in investment property portfolios.

The Council's annual Treasury Management Strategy Statement (TMSS) will cover all its investments, and will set out, where relevant, specific policies and arrangements for non-treasury investments. It will include, where appropriate, a summary of existing material investments, subsidiaries, joint ventures, and liabilities including financial guarantees and contingent liabilities, and the Council's risk exposure. It will be recognised that the risk appetite for non-treasury activities may differ from that for treasury management.

CIPFA suggests that the Council should replicate, for non-treasury investments, TMPs1-12 above (for treasury investments) under TMP13 "as far as is relevant, practical and applicable", in particular TMPs 1,2,5,6 and 10. TMP13 will accordingly be expanded if exposure to non-treasury investments is planned in the future.

Commercial investment has been deemed unviable following HMT's confirmation that PWLB borrowing cannot be used for debt-for-yield investments.

Should it become appropriate, with regard to TMP1.1, treasury risk management, the Council will be clear as to the nature of each non-treasury investment and will record:

- a) Service investments.
- b) Commercial investments taken for mainly financial reasons, eg.
 - Property inside the borough area
 - Property outside the borough area
 - Investments in subsidiaries
 - Investments local authority owned companies
 - Council owned commercial or industrial estates
- c) Loans to other bodies.
- d) Loan guarantees.

The Council will also be clear as to the powers used for each non-treasury investment and will record the following information:

- a) Name of investment.

- b) Date the investment made.
- c) Any costs associated with the investment.
- d) Expected income.
- e) Approval details.
- f) Legal powers used.
- g) Purpose (eg. Income generation).
- h) Service (where relevant).

The following will also be documented:

- a) The extent to which the capital is placed at risk.
- b) The impact of any potential losses on the financial sustainability of the Council.
- c) Dates for periodic review, to take account of changes in market or other conditions.
- d) The name of the officer responsible for each non-treasury investment and its periodic monitoring.