

Carlisle City Council

Report to Audit Committee

Report details

Meeting Date:	28 September 2022
Portfolio:	Finance, Governance and Resources
Key Decision:	Not Applicable
Policy and Budget Framework	Yes
Public / Private	Public
Title:	Treasury Management Practices (TMPs)
Report of:	Corporate Director of Finance and Resources
Report Number:	RD37/22

Purpose / Summary:

This report provides the Audit Committee with the updated Treasury Management Practices following changes made to the Treasury Management Code of Practice and the Prudential Code.

Recommendations:

The Audit Committee is asked to note the update to the Treasury Management Practices used by the Council.

Tracking

Audit Committee:	28 September 2022
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1. Background

- 1.1. In the light of the recent changes made to the Treasury Management Code of Practice and the Prudential Code (early 2022), the Treasury Management Practices (TMPs) have been updated to reflect the current requirements. The TMPs are used as an internal operational document that sets out the Councils approach to treasury management activities and how it will manage the governance and operations of Treasury Management.
- 1.2 CIPFA recommends that all public service organisations adopt, as part of their standing orders, financial regulations or other formal policy documents appropriate to their circumstances, the following four clauses from the Treasury Management Code of Practice.
 - 1 This organisation will create and maintain, as the cornerstones for effective treasury and investment management:
 - a treasury management policy statement stating the policies, objectives and approach to risk management of its treasury management activities
 - suitable treasury management practices (TMPs) 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
 - investment management practices (IMPs) for investments that are not for treasury management purposes.

The content of the policy statement, TMPs and IMPs will follow the recommendations contained in Sections 6, 7 and 8 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the TM Code's key principles.

- 2 This organisation (i.e. full council) will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close in the form prescribed in its TMPs and IMPs.
- 3 This organisation delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Executive, and for the execution and administration of treasury management decisions to the Corporate Director of Finance and Resources, who will act in accordance with the organisation's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management.

4 This organisation nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

1.3 Therefore, the Audit Committee is being assured that the changes have been made to the TMPs to ensure they are in line with the relevant codes of practice and are relevant for the Council in terms of operational capacity. The updated TMPs are attached at **Appendix A**.

1.4 The main changes to the TMPs are as follows:

1.1.2 – paragraph added on Policy on the environmental, social and governance considerations

1.2 – Liquidity Risk Management – third bullet point added for ensuring an adequate level of short-term investments to provide liquidity for the organisation

1.5 - Paragraph added on inflation risk management

1.6.3 – enhanced paragraph on risks and rewards of significant investments and annual review of commercial investments (where appropriate)

1.7.1 – Updated references to relevant statutes and regulations

2.1.3 – Updated list of what reports are to include

3.1.3.2 – Updated list of considerations around borrowing and other funding decisions

8.1 – paragraph included on debt liability benchmark prudential indicator

10 – More detail on training, experience and qualifications of those involved in Treasury Management matters

2. Consultation

2.1 None

3. Conclusion and reasons for recommendations

3.1 The Audit Committee is asked to note the update to the Treasury Management Practices used by the Council.

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Appendices attached to report:

Appendix A – Updated Treasury Management Practices.

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

Corporate Implications:

Legal - Financial Procedure Rule 3.14 states that the Council has adopted CIPFA's Code of Practice for Treasury Management. No change is required to the FPR and accordingly it falls to Audit Committee to note the changes.

Property Services - none

Finance - Contained within the report

Equality - None

Information Governance – None

Treasury Management Practices

2022/23

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TMP1 RISK MANAGEMENT

The Corporate Director of Finance & Resources 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/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. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the Council under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (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 whom 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 in the schedule to this document. It 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.

1.1.1 Policy on the use of credit risk analysis techniques

1. The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
2. Credit ratings will be used as supplied from the following rating agencies – Fitch and Moodys
3. Treasury Management Consultants will provide regular updates of changes to all ratings relevant to the council.
4. The Corporate Director of Finance & Resources will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

Minimum ratings	Fitch	Moody's
Short term	F1	P1
Long term	A	A2

5. Credit ratings for individual counterparties can change at any time. The Head of Financial Services is responsible for applying approved credit rating criteria for selecting approved counterparties. Treasury management staff will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.
6. The Council will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. In addition to credit ratings it will therefore use other sources of information including: -
 - The quality financial press
 - Market data
 - Information on government support for banks
 - The credit ratings of that government support
7. Maximum maturity periods and amounts to be placed in different types of investment instrument are as follows: -

Organisation	Criteria	Max Amount	Max Period
Deposit with Banks and Building Societies (UK)	Minimum F1, or P1 short term backed up by A2 or A long term credit rating	£10m	3 Years
Deposit with Banks and Building Societies (overseas)	Sovereign Rating AAA, Minimum F1, or P1 short term backed up by A2 or A long term credit rating	£4m	3 Years
UK Local Authorities		£4m	3 Years
Money Market Funds	AAA long-term rating backed up with lowest volatility rating (MR1+)	£4m	1 year
Institutions which are not credit rated	Building Societies with assets in excess of £1bn	£2m	1 year
Property Funds	CCLA Property Fund	50% of total investments	No Maximum

8. Diversification: this organisation will avoid concentrations of lending and borrowing by adopting a policy of diversification. It will therefore use the following: -
 - Maximum amount to be placed with any one institution - £10m
 - Group limits where a number of institutions are under one ownership – maximum of £10m

1.1.2 Policy on the environmental, social and governance considerations

The Council's credit and counterparty policies should set out its policy and practices relating to environmental, social and governance (ESG) investment considerations. This is a developing area, and it is not implied that the council's ESG policy will currently include ESG scoring or other real-time ESG criteria at individual investment level.

1.2 Liquidity Risk Management

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/service objectives will be thereby compromised.

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/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 following reasons:

- To fund the current capital programme
- To finance future debt maturities, or
- To ensure an adequate level of short-term investments to provide liquidity for the organisation

1.2.1. Amounts of approved minimum cash balances and short-term investments

The Treasury Management section shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim.

1.2.2. Details of:

- a. Bank overdraft arrangements
A £100 overdraft at 2.5% over base rate has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts.
- b. Short-term borrowing facilities
The Council accesses temporary loans through approved brokers on the London money market. The approved borrowing limit for short term debt is £52.1m.
- c. Insurance/guarantee facilities
The Authority has a Fidelity Guarantee policy with Zurich Municipal Insurance. This provides cover to the value of £10,000,000, for designated officers, which includes all those involved in the treasury function. Cover of £1,000,000 applies to all other officers.
- d. Special payments
Any one-off payments to be made above £100,000 should be notified to the Treasury Management section at least 3 days before the transaction is required in order that Cash-flow can be secured.

1.3 Interest Rate Risk Management

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 Council has failed to protect itself adequately.

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 requirements** and management information arrangements.

It will achieve this 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 should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The average yield on investments is monitored on a weekly basis and is used to project expected returns against budgets. Any deviation from the budget is reported to the Council's Executive.

Budgets are reviewed annually and will take account of future interest forecasts provided by the Council's Treasury Management advisors.

Upper limit for fixed interest rate exposure will be 100%

Upper limit for variable interest rate exposure will be 100%

1.3.2 Policies concerning the use of instruments for interest rate management.

- a. Forward dealing
Consideration will be given to dealing from forward periods dependent upon market conditions. When forward dealing is more than 12 months forward then the approval of the Executive is required.
- b. Callable deposits (England and Wales only)
The Council will use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments appended to the AIS.
- c. LOBOS (borrowing under lender's option/borrower's option)
Use of LOBOs are not considered as part of the annual borrowing strategy. All borrowing for periods more than 364 days must be approved by Council.

1.4 Exchange Rate Risk Management

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.

It will manage its exposure to fluctuations in exchange rates to minimise any detrimental impact on its budgeted income/expenditure levels.

1.4.1 Approved criteria for managing changes in exchange rate levels

At this time the Council does not get involved in any significant foreign currency transactions. These are limited to a small number of invoice payments and receipts.

1.5 Inflation Risk Management

The Council will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole Council's inflation exposures.

1.6 Refinancing Risk Management

The risk that maturing borrowings, capital, project, or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancing, both capital and current (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 are managed, with a view to obtaining offer 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.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

1.6.1 Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored to take advantage of any perceived anomalies in the yield curve. The reasons for any 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 the Council at the meeting immediately following its action / in the annual Review Report.

1.6.2 Projected Capital Investment Requirements

The Corporate Director of Finance & Resources will prepare a five-year plan for capital expenditure for the Council. The capital plan will be used to prepare a five-year revenue budget for all forms of financing charges.

Under the capital financing system, the definition of capital expenditure and long-term liabilities used in the Code will follow recommended accounting practice.

1.6.3 Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax.

It will also consider affordability in the longer term beyond this three-year period and assess the risks and rewards of significant investments to ensure the long-term financial sustainability of the authority. (CIPFA has not defined what longer term means but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium term financial planning, at a higher level of detail, is probably aimed at around a 10-year time frame and to focus on affordability.)

The Council will also undertake an annual review of commercial, (debt for yield), investments (where held) with a view to divest, where appropriate, to avoid or minimise additional external borrowing.

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, other long-term liabilities.

1.7 Legal and Regulatory Risk Management

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 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 affect with the organisation, particularly regarding 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 organisation.

1.7.1 References to Relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice, and the regulations of the Council. These are:

Statutes

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2004 8.3.04
- S.I. 2004 no. 3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No. 2) Regulations 2004
- S.I. 2006 no. 521 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2006
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Localism Act 2011
- S.I. 2012 no. 265 Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2012
- S.I. 2012 No. 711 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012
- S.I. 2012 No. 1324 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012

- S.I. 2012 No. 2269 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 4) Regulations 2012
- S.I. 2013 no. 476 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2013
- S.I. 2015 no. 234 Accounts and Audit Regulations 2015
- *There has not been an issue of a Local Authorities (Capital Finance and Accounting) (England) Regulations statutory instrument in 2005, 2011 and 2016*
- S.I. 2017 no. 536 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017
- S.I. 2018 no. 1207 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018
- Statutory Guidance on Investments 2018
- Statutory Guidance on MRP 2018
- 2019 No. 394 Exiting the European Union financial services: The Money Market Funds (Amendment) (EU Exit) Regulations 2019
- S.I. 2019 no. 396 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2019
- S.I. 2020 no. 1212 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020
- S.I. 2021 no. 611 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2021

Guidance and codes of practice

- CIPFA Local Authority Capital Accounting - a reference manual for practitioners' latest year Edition
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities and Guidance Notes revised 2021
- LAAP Bulletins
- IFRS - Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The UK Money Markets Code (issued by the Bank of England – it was formerly known as the Code of Market Conduct issued by the Financial Conduct Authority.)
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

1.7.2 Procedures for Evidencing the Council's Powers/Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation.

Investing: Local Government Act 2003, section 12

Borrowing: Local Government Act 2003, section 1

Required Information on Counterparties

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by Fitch and Moody's.

1.7.3 Statement on the Council's Political Risks and Management of Same

The Corporate Director of Finance & Resources shall take appropriate action with the Council, the Chief Executive, and the Leader of the Council to respond to and manage appropriately political risks such as change of majority group, leadership in the Council, change of Government etc.

1.7.4 Monitoring Officer

The monitoring officer is the Corporate Director of Governance & Regulatory Services; the duty of this officer is to ensure that the treasury management activities of the Council are lawful.

1.7.5 Chief Financial Officer

The Chief Financial Officer is the Corporate Director of Finance & Resources; 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 they have concerns as to the financial prudence of its actions or its expected financial position.

1.8 Operational risk, including, fraud, error, and corruption

This is the risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption, or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Council will ensure that it has identified the circumstances which may expose it to the 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, to these ends.

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 activities 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 the appropriate checks being carried out.

1.7.2 Details of Systems and Procedures to be Followed, Including Internet Services Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- Loan procedures are defined in the Council's Financial Regulations.

Procedures

- Procedures are in place for all treasury transactions and detailed procedures are shown at appendix 1.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained in the Accountancy Treasury Management folder.
- A written acknowledgement of each deal is sent promptly to the lending or borrowing institution where transactions are done directly with the organisation.
- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Head of Financial Services for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the Head of Financial Services for resolution.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The Treasury Management Cash Flow Spreadsheet prompts the Technical Finance Officer that money borrowed, or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution (see 1.1.1) that the Council invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorisation of all deals.
- The Council's bank holds a list of Council officials who are authorised signatories for treasury management transactions.
- No member of the treasury management team is an authorised signatory.
- Payments can only be authorised in a formal letter by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- The Treasury Management Cash flow spreadsheet can only be accessed by a password.
- There is adequate insurance cover for employees involved in loans management and accounting.

Checks

- The bank reconciliation is carried out daily from the bank statement to the financial ledger.
- A debt charge/investment income listing is produced every month when a review is undertaken against the budget for interest earnings and debt costs.

Emergency and Contingency Planning Arrangements / Disaster Recovery Plan

- In the event of the offices usually used for Treasury Management purposes being out of action, alternative arrangements are in place in the Business Continuity Plan to relocate the service to Morton Community Centre within 1 day of any event.
- All Treasury functions including access on online banking can be accessed by officers through home working arrangements

All computer files are backed up on the server to enable files to be accessed from remote sites.

1.7.3 Insurance Cover Details

Fidelity Insurance

The Council has 'Fidelity' insurance cover with Zurich Municipal Insurance. This covers the loss of cash by fraud or dishonesty of employees.

This cover is limited to £10m for nominated officers.

Professional Indemnity Insurance

The Council also has a 'Professional Indemnity' insurance policy with Zurich Municipal Insurance which covers loss to the Council from the actions and advice of its officers which are negligent and without due care. This cover is limited to £5m for any one event with an excess of £5,000 for any one event.

Business Interruption

The Council also has a 'Business Interruption' cover as part of its property insurance with Zurich Municipal Insurance

1.8 Price Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

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.

1.8.1 Details of Approved Procedures and Limits for Controlling Exposure to Investments Whose Capital Value May Fluctuate (Gilts, CDs, Etc.)

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Investment Strategy (which forms part of the Annual Treasury Management Strategy Statement).

TMP 2 PERFORMANCE MEASUREMENT

2.1 Evaluation and Review of Treasury Management Decisions

The Council has several approaches to evaluating treasury management decisions: -

- a. monthly reviews carried out by the treasury management team
- b. reviews with our treasury management consultants
- c. annual review after the end of the year as reported to full council
- d. quarterly monitoring reports to committee / full council
- e. comparative reviews
- f. strategic, scrutiny and efficiency value for money reviews

2.1.1 Periodic reviews during the financial year

The Corporate Director of Finance & Resources holds a treasury management review meeting with the Treasury Management section and the Council's Treasury Consultants every quarter to review actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This includes:

- a) Total debt (both on-and off-balance sheet) including average rate and maturity profile
- b) Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.

2.1.2 Reviews with our treasury management consultants

The treasury management team holds reviews with our consultants every 3-6 months to review the performance of the investment and debt portfolios.

2.1.3 Annual Review after the end of the financial year

An Annual Treasury Report is submitted to the Council each year after the close of the financial year which reviews the performance of the debt and investment portfolios. This report contains the following: -

- a. total debt and investments at the beginning and close of the financial year and average interest rates at the beginning and close of the financial year compared to the Capital Financing Requirement
- b. borrowing strategy for the year compared to actual strategy
- c. whether or not a decision was made to defer borrowing or to borrow in advance
- d. comment on the level of internal borrowing and how it has changed during the year
- e. assumptions made about interest rates
- f. investment strategy for the year compared to actual strategy
- g. explanations for variance between original borrowing and investment strategies and actual
- h. debt rescheduling done in the year
- i. actual borrowing and investment rates available through the year
- j. the performance and return of all investments by type of investment, evaluated against the stated investment objectives
- k. the Report shall identify investments where any specific risks have materialised during the year and report on any financial consequences of that risk; together with details of any remedial action taken. This includes reporting any short-term borrowing costs incurred to remediate any liquidity problem.
- l. the Report shall include details of any review of long-term investments, held by the authority, which was undertaken in the year in accordance with the Annual Investment Strategy.
- m. compliance with Prudential and Treasury Indicators

2.1.4 Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used may be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club

2.2 Benchmarks and Calculation Methodology:

2.2.1 Debt management

- Average rate on all external debt
- Average rate on 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
- Debt portfolio compared to the debt liability benchmark

2.2.1 Investment

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

- Average daily SONIA (Sterling Overnight Index Average)
- Backward-looking compounded SONIA (then choose the appropriate period for your portfolio, i.e., 7-day, 1, 3, 6 months etc)
- Forward-looking SONIA Term Reference Rate (then choose the appropriate period - note, these are only available for 1,3-,6- or 12-month periods)

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers.

2.3 Policy Concerning Methods for Testing Value for money in Treasury Management

2.3.1 Frequency and processes for tendering

Tenders are normally awarded on a 4-yearly basis with the option to extend if necessary. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.3.2 Banking services

The Council's banking arrangements are to be subject to market review every 5 years unless it is considered that there will be changes in the volume of transactions in the foreseeable future which renders a shorter period appropriate.

If tendering is not considered appropriate a specialist banking company must be appointed to ensure that the terms offered represent value for money.

2.3.3 Money-broking services

The Council will use money broking services to make deposits or to borrow and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices and quality of services.

2.3.4 Consultants'/advisers' services

This Council's policy is to appoint full-time professional treasury management consultants which will include leasing advice.

2.3.5 Policy on External Managers (Other than relating to Superannuation Funds)

The Council's current policy is not to use external fund managers.

TMP 3 DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

The Treasury section has a computerised spreadsheet-based system in which all investment and loan transactions are recorded. The following records will be retained:

- Daily Cash Balance forecasts
- Money market rates obtained by telephone from brokers
- Dealing slips for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations
- PWLB debt portfolio schedules.
- Certificates for market loans, local bonds, and other loans
- Contract notes received from fund manager(s)
- Fund manager(s) valuation statements

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g., monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

3.1.3 Issues to be addressed

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

- Above all, 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 the documentation is adequate both to deliver the organisation's objectives and protect its interests, and to deliver good housekeeping
- Ensure that third parties are judged satisfactory in the context of its creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

- consider the ongoing revenue liabilities created, and the implications for the organisation's future and budgets to ensure that its capital plans and investment plans are affordable, proportionate to the Council's overall financial capacity, and are within prudent and sustainable levels. This evaluation will be carried out in detail for five budget years ahead.
- Less detailed evaluation will also be carried out over a longer period of 25 years to ensure that plans continue to be affordable, proportionate, prudent, and sustainable in the longer term. (CIPFA has not defined what longer term means but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium term financial planning, at a higher level of detail, is probably aimed at around a 10-year time frame and to focus on affordability.)
- not borrow to invest primarily for financial return.
- not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so.

- not borrow unless it is to finance the current capital programme or to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the Council.
- increase its CFR and borrowing solely for purposes directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- undertake an annual review of any investments in commercial (debt for yield) schemes with a view to identify whether such assets should be sold to provide resources to finance capital expenditure plans or refinance maturing debt.
- evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing, and private partnerships.
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
- ensure that treasury management decisions are made in accordance with good professional practice.

3.1.3.3 In respect of investment decisions, the Council will:

- Consider the optimum period, in the light of cash flow availability and prevailing market conditions
- Consider, if appropriate, the alternative investment products and techniques available, especially the implications of using any which may expose it to changes in the value of its capital.
- ensure that any long-term treasury investment is supported by a business case.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

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 activities.
- managing cash flow.
- banking activities.
- the use of external fund managers (other than Pension Fund)
- leasing

4.2 Approved Instruments for Investments

- As detailed in the Annual Investment Strategy

4.2.1 Implementation of MIFID II requirements

Since 3 January 2018, UK public sector bodies have been defaulted to “retail” status under the requirements of MiFID II. However, for each counterparty it is looking to transact with, (e.g., financial institution, fund management operator, broker), there remains the option to opt up to “professional” status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and experience and decision-making processes in place to use regulated investment products.

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

If investing in negotiable investment instruments is undertaken, (e.g., certificates of deposit, gilts, corporate bonds), money market funds and other types of investment funds, which are covered by MIFID II, a schedule will be required to be maintained of all counterparties that the treasury management team are authorised to place investments with. This will specify for each investment instrument and for each counterparty, whether the authority has been opted up to professional status. (N.B. some money markets funds will deal with both retail and professional clients.)

A file is to be maintained for all permissions applied for and received for opt ups to professional status specifying name of the institution, instrument, date applied for, and date received.

A separate file is to be maintained for confirmations that there is an exemption from having to opt up to professional status for a regulated investment, (e.g., to use a money market fund which will deal with retail clients). These files cross reference to the schedules below.

4.3 Approved Techniques

- Deposits with banks, building societies or local organisations (and certain other bodies) for up to 2 years (subject to credit ratings)
- Forward Dealing
- Gilts
- LOBOs – Lender option, borrower's option borrowing instrument
- The use of structured products such as callable deposits
- Triple A rated money market funds

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Council has several approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal Bond Agency	●	●
UK Infrastructure Bank	●	●
EIB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

- Government and EC Capital Grants
- Lottery monies
- PFI/PPP
- Operating leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations, and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

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

5.1 Allocation of responsibilities

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices, and activities
- approval of the annual treasury management strategy
- approval of the capital investment strategy

(ii) Executive / Scrutiny Panel

- approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment

(iii) Audit Committee

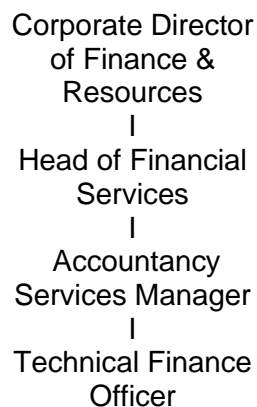
- reviewing the treasury management policy and procedures and making recommendations to the responsible body

5.2 Principles and Practices Concerning Segregation of Duties

The following duties must be undertaken by separate officers: -

Dealing	Negotiation and approval of deal. Receipt and checking of brokers confirmation note against loans diary. Reconciliation of cash control account. Bank reconciliation
Accounting Entry	Production of transfer note. Processing of accounting entry
Authorisation/Payment of Deal	Entry onto system. Approval and payment.

5.3 Treasury Management Organisation Chart



5.4 Statement of the treasury management duties/responsibilities of each treasury post

5.4.1 The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council is the Corporate Director of Finance & Resources (*This post is also the Council's S151 officer.*) This person will carry out the following duties: -

- a) recommending clauses, treasury management policy/practices for approval, reviewing the same 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 this policy to take the most appropriate 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 their power to borrow and invest to members of their staff. The Corporate Director of Finance & Resources, the Head of Financial Services, the Accountancy Services Manager and Finance Officer must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave/sickness. All transactions must be authorised by at least one of the first three named officers above.
- k) The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- l) Prior to entering any capital financing, lending, or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors 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 requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2 Corporate Director of Finance & Resources / Head of Financial Services / Accountancy Services Manager

The responsibilities of these posts will be: -

- a. execution of transactions in absence of Technical Finance Officer
- 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 the responsible officer
- g. identifying and recommending opportunities for improved practices

5.4.3 Technical Finance Officer

The responsibilities of this post will be: -

- 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. monitoring performance on a day-to-day basis
- e. identifying and recommending opportunities for improved practices

5.4.4 The Head of the Paid Service – the Chief Executive

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 full Council / Executive and Audit Committee on treasury policy, activity, and performance.

5.4.5 The Monitoring Officer – the Corporate Director of Governance & Regulatory Services

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 practice complies with law or any code of practice.
- c. Giving advice to the responsible officer when advice is sought.

5.4.5 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 treasury function.

5.5 Absence Cover Arrangements

The Technical Finance Officer will be the primary dealer. In the case of absence, the Accountancy Services Manager will take over the duties of primary dealer but will relinquish authority to authorise any transactions. In the absence of both the Technical Officer and Accountancy Services Manager, the Head of Financial Services will be responsible for dealing. In the absence of the Technical Officer, Accountancy Services Manager and Head of Financial Services, the Corporate Director of Finance & Resources will be responsible for dealing.

5.6 Dealing Limits

The following posts are authorised to deal: -

- Technical Finance Officer
- Accountancy Services Manager
- Head of Financial Services
- Corporate Director of Finance & Resources

There are no individual limits for posts in terms of dealing.

There are procedures in place that restrict the amounts that can be placed with counterparties when lending. In addition, there are limits in place on the HSBCnet that require HSBC to confirm with the Council whether sufficient funds are available to make any proposed payments.

5.7 List of Approved Brokers

The Council currently uses 2 broking services when required:

- ICAP
- Martin Brokers (UK)

5.8 Policy on Brokers' Services

It is this Council's policy to rotate business between brokers.

5.9 Taping of Conversations

It is not this Council's policy to tape brokers conversations

5.10 Direct Dealing Practices

The Council deals directly with counterparties if it is appropriate, and the Council believes that better terms will be available. Some deals are also arranged through brokers. There are certain types of accounts and facilities, however, where direct dealing is required, as follows.

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds.

5.11 Settlement Transmission Procedures

Funds are transferred electronically using the CHAPS or BACS system.

5.12 Documentation Requirements

For each deal undertaken a record is prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

5.13 Arrangements Concerning the Management of Third-Party Funds.

The Council holds several trust funds. Interest is given on credit balances at the average rate for internal balances for the year.

TMP 6 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual programme of reporting

- a) Annual reporting requirements before the start of the year: -
 - review of the organisation's approved clauses, treasury management policy statement and practices
 - treasury management strategy report on proposed treasury management activities for the year comprising of the Treasury management strategy statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
 - capital strategy to cover the following: -
 - i. give a long-term view of the capital programme and treasury management implications thereof beyond the three-year time horizon for detailed planning.
 - ii. an overview of treasury and non-treasury investments to highlight the risks and returns involved in each and the balance, (proportionality), between both types of investments.
 - iii. The authorities risk appetite and specific policies and arrangements for non-treasury investments
 - iv. Schedule of non-treasury investments
- b) Mid-year review
- c) Quarterly monitoring or review (paragraphs 43 and 44 of the Prudential Code)
- d) Annual review report after the end of the year

6.2 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Executive and then to Council for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement 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 instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) current Treasury portfolio position
 - c) borrowing requirement
 - d) prospects for interest rates
 - e) borrowing strategy
 - f) policy on borrowing in advance of need
 - g) debt rescheduling
 - h) investment strategy
 - i) creditworthiness policy
 - j) policy on the use of external service providers
 - k) any extraordinary treasury issues
 - l) the MRP strategy

The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable) and highlight sensitivities to different scenarios.

6.3 The Annual Investment Strategy Statement

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity, and optimum performance
- b) The definition of high credit quality to determine what are specified investments as distinct from non-specified investments
- c) Which specified and non-specified instruments the Council will use
- d) Whether they will be used by the in-house team, external managers, or both (if applicable)
- e) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- f) Which credit rating agencies the Council will use
- g) How the Council will deal with changes in ratings, rating watches and rating outlooks
- h) Limits of value and time for individual counterparties and groups
- i) Country limits
- j) Maximum value and maximum periods for which funds may be prudently invested
- k) Levels of cash balances and investments over the same time (as a minimum) as the authority's capital investment plans and how the use of internal borrowing and borrowing in advance will influence those levels
- l) Interest rate outlook
- m) Budget for investment earnings
- n) A review of the holding of longer-term investments
- o) Use of a cash fund manager (if applicable)
- p) Policy on the use of external service providers

6.4 The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.5 Policy on Prudential and Treasury Indicators

- 1. The Council approves before the beginning of each financial year several treasury limits which are set through Prudential and Treasury Indicators.
- 2. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the full Council

6.6 Quarterly and Mid-year review

The Council will review its treasury management activities and strategy on a quarterly basis. This review will consider the following: -

- a. activities undertaken
- b. variations (if any) from agreed policies/practices
- c. interim performance report
- d. regular monitoring
- e. monitoring of treasury management indicators for local authorities

The quarterly review will monitor the treasury management and prudential indicators as part of the authority's general revenue and capital monitoring.

6.7 Annual Review Report on Treasury Management Activity

An annual report will be presented to the Executive and then to Council at the earliest practicable meeting after the end of the financial year, but in any case, by the end of September. This report will include the following: -

- a. transactions executed and their revenue (current) effects
- b. report on risk implications of decisions taken and transactions executed
- c. compliance report on agreed policies and practices, and on statutory/regulatory requirements
- d. performance report
- e. report on compliance with CIPFA Code recommendations
- f. monitoring of treasury management indicators

6.8 Management Information Reports

Management information reports will be prepared every month.

These reports will contain the following information: -

- a. a summary of transactions executed (may want to add brokers used and fees paid) and their revenue (current effects).
- b. measurements of performance including effect on loan charges/investment income.
- c. degree of compliance with original strategy and explanation of variances.
- d. any noncompliance with Prudential limits or other treasury management limits

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/Regulatory Requirements

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

7.2 Sample Budgets / Accounts / Prudential and Treasury Indicators

The Corporate Director of Finance & Resources will prepare a five-year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Corporate Director of Finance & Resources will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators and will report upon and recommend any changes required in accordance with TMP6.

7.3 List of Information Requirements of External Auditors.

- 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 to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges report
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision
- External fund manager(s) valuations including investment income schedules and movement in capital values.

7.4 Monthly Budget Monitoring Report

Monthly Budget Monitoring reports are produced for the Senior Management Team whilst a quarterly budget monitoring report goes to Executive, Audit Committee and People Scrutiny Panel. The report is intended to highlight any variances between budgets and spend in order that the Council can assess its financial position. Details of treasury management activities are included within this report.

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared annually, monthly, and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

A debt liability benchmark will be created and monitored on a quarterly basis to inform a long-term view of liquidity requirements.

8.2 Bank Statements Procedures

The Council receives daily bank statements and a daily download of data from its bank. All amounts on the statement are checked to source data from Payroll, Creditors etc.

A formal bank reconciliation is undertaken daily.

8.3 Payment Scheduling and Agreed Terms of Trade with Creditors

Our policy is to pay creditors within 30 days of the invoice date, and this effectively schedules the payments. Certificated payments to sub-contractors must be paid within 30 days. It is current policy to assist local suppliers by paying invoices within 10 days.

8.4 Arrangements for Monitoring Debtors / Creditors Levels

The Corporate Director of Finance & Resources is responsible for monitoring the levels of debtors and creditors. Details are passed to the treasury team on a weekly basis to assist in updating the cash flow models.

8.5 Procedures for Banking of Funds

All money received by an officer on behalf of the Council will without unreasonable delay be passed to the service support team to deposit in the Council's banking accounts. Details are entered on the Cash Flow spreadsheet daily.

8.6 Practices Concerning Prepayments to Obtain Benefits

The Council has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the responsible officer.

TMP 9 MONEY LAUNDERING

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:

- Concealing, disguising, converting, transferring criminal property, or removing it from the UK (Section 327 Proceeds of Crime Act 2002).
- Entering or becoming concerned in an arrangement which you know, or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (Section 328 Proceeds of Crime Act 2002).
- Acquiring, using, or possessing criminal property (Section 329 Proceeds of Crime Act 2002).
- Investing the proceeds of crime into other financial products or the acquisition of property/assets.

Tipping off a person(s) who is or is suspected of being involved in money laundering in such a way as to reduce the likelihood of or prejudice an investigation. Although the term 'money laundering' is generally used to describe activities of organised crime, for most people it will involve a suspicion that someone they know, or know of, is benefiting financially from dishonest activities

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:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- 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 during their business or employment

9.3 The Money Laundering Regulations 2012, 2015 and 2017

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

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls, and procedures to mitigate and effectively manage the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify, and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions.

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. 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, this Council will do the following: -

- a. evaluate the prospect of laundered monies being handled by them
- b. determine the appropriate safeguards to be put in place
- c. require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- d. make all its staff aware of their responsibilities under POCA
- e. appoint a member of staff to whom they can report any suspicions. This person is the Corporate Director of Finance and Resources
- f. to ensure compliance is appropriately managed, this Council will require senior management to give appropriate oversight, analysis, and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.
- g. The officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures is the Corporate Director of Finance and Resources and it shall be a requirement that all services and departments implement this corporate policy 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 affected by following the procedures below.

The Council does not accept loans from individuals.

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 FSA website on www.fsa.gov.uk.

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

During 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 FSA register can be accessed through their website on www.fsa.gov.uk.

All transactions will be carried out by BACS or CHAPS for making deposits or repaying loans.

TMP 10 TRAINING AND QUALIFICATIONS

The Council recognises 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. It will therefore seek to appoint individuals 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 responsible officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

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

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements, including a knowledge and skills schedule, are detailed in the schedule to this document.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job, and it will be the responsibility of the Corporate Director of Finance and Resources to ensure that all staff under their authority receive the level of training appropriate to their duties. This will also apply to those staff who from time-to-time cover for absences from the treasury management team.

10.1 Details of Approved Training Courses

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

The Corporate Director of Finance & Resources will maintain records on all staff and the training they receive.

10.3 Approved Qualifications for Treasury Staff

The person specification for the Corporate Director of Finance & Resources, the Head of Financial Services, and the Accountancy Services Manager recommends that the posts are filled by CIPFA or other CCAB qualified individuals. The person specification for the Technical Finance Officer recommends that the post is filled by AAT/HND Accounting or equivalent qualification or part CCAB qualified.

10.4 Record of Secondment of Senior Management

Records will be kept of senior management who are seconded into the treasury management section to gain first-hand experience of treasury management operations.

10.5 Statement of Professional Practice (SOPP)

Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO 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.

10.7 Members charged with governance

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

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

This Council will employ the services of other organisations to assist it in the field of treasury management. It will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It 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.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

11.1.1 Banking Services

- a. Name of supplier of service is the HSBC Bank.
- b. Regulatory status – banking institution authorised to undertake banking activities by the FSA
- c. The Head Office address is:
3rd Floor, Capital Building, Hilltop Heights, London Road, Carlisle CA1 2NS Tel :- 08455 846695
The branch address is:
29 English Street, Carlisle, Cumbria, CA3 8JT, Tel: - 08457 404 404
- d. Cost of service is variable depending on schedule of tariffs and volumes
- e. Payments due monthly

11.1.2 Money-Broking Services

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

Broker	Telephone No.	Contact Name	Address
R P Martin Limited	0207 894 8698	Henry Street	Cone Churchill Place, Canary Wharf, London, E14 5RD Henry.Street@Martin-Brokers.com
ICAP	0207 532 3557	Tony Lunn	No 2 Broadgate, London, EC2M 7UR

11.1.3 Consultants'/Advisers' Services

Treasury Consultancy Services

The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its

approved lending list etc. The service will also include the provision of advice in relation to leasing and option appraisal.

The performance of consultants will be reviewed by the Corporate Director of Finance & Resources every year to check whether performance has met expectations.

- a) Name of supplier of service is Link Asset Services Limited. Their address is 40 Duke's Place, London EC3A 7NH Tel: 0871 664 6885
- b) Regulatory status: investment adviser authorised by the FSA
- c) Cost of service is £12,500 per year.

11.1.4 Credit Rating Agency

The Council receives notifications of credit ratings from its Treasury Consultants, Link Asset Services Ltd.

11.2 Procedures and Frequency for Tendering Services

As outlined in TMP2

TMP 12 CORPORATE GOVERNANCE

12.1 List of Documents to be Made Available for Public Inspection

- a. The Council is committed to the principle of openness and transparency in its treasury management function and in all its functions.
- b. It has adopted the CIPFA Code of Practice on Treasury management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.
- c. The following documents are available for public inspection: -

Treasury Management Policy Statement
 Treasury Management Strategy Statement
 Annual Investment Strategy
 Minimum Revenue Provision policy statement
 Annual Treasury Review Report
 Treasury Management monitoring reports (e.g., half yearly, quarterly)

Annual accounts and financial instruments disclosure notes
 Annual budget
 Annual Capital Programme
 Capital Investment Strategy
 Medium Term Financial Plan

Minutes of Council / Executive / Scrutiny Panel / Audit Committee meetings

Schedule of all external funds managed by the Council on behalf of others and the basis of attributing interest earned and costs of these investments.

Appendix 1

CASH MANAGEMENT - A GUIDE TO PROCEDURES

1. Introduction

- 1.1 Cash management as discussed in this document is but one aspect of the wider treasury management activity of the City Council.
- 1.2 The emphasis therefore on managing cash is on the flow of funds within the City Council as evidenced by movements in the bank balance. Cash management is a function that requires attention daily. Treasury management is also concerned with this day-to-day activity. However, the remit of Treasury management runs much wider. It embraces the longer term borrowing and investment requirements of the authority, the overall management of credit risk and the extent to which risk is related to the achievement of returns.

2. Banking Terms and Arrangements

- 2.1 Central to the effective management of cash is an appreciation of the City Council's banking arrangements and the means of reporting bank information. The City Council's bankers and banking details are:
HSBC 29 English Street, Carlisle, CA3 8JT
Sort Code: 40-16-22

	<u>Account No</u>	<u>Title</u>
Bank Accounts:	60217468	Collection Account
	51025813	Payments Account
	71275984	Council Tax/NNDR

- 2.2 It will be noted that the City Council has three separate bank accounts:

- i) The Collection Account (A/C No 60217468) is the one that is normally used for receipt of income except that relating to Council Tax or NNDR. All transactions relating to investments are processed via the Collection Account.
- ii) The Payments Account (A/C No 51025813) is used to finance most payments made by the City Council. It is funded by transfers from the Collection Account.
- iii) The Council Tax/NNDR Account (A/C No 71275984) is used to receive payments of Council Tax together with receipts of NNDR. The regular precept payments to Cumbria County Council and Cumbria Police Authority are made via this account.

- 2.3 All three separate accounts should each be kept in credit or a 1% turn rate charge will be applied. Any decisions relating to investment or borrowing will be made according to the position of all three accounts.

3. Bank Reporting Procedures

- 3.1 It follows therefore that the first task each day must be to determine the City Council's bank balance as at the close of business on the previous banking day. The balances are obtained by accessing HSBC's internet banking service, HSBCNet. This is usually done by the person undertaking the Treasury Management function for the day (usually the Technical Finance Officer) but can be done by anyone with appropriate access to HSBCNet.
- 3.2 Access to HSBCNet is through a unique username and a passcode generated by a key fob assigned to everyone. Access to the system is assigned through various security levels.

3.3 The balance report can be accessed as follows:

After logging onto HSBCnet

Select:

'Reports and Files' (Tab)

'Reports and Files Download'

The reports in this area automatically run each day. Select the 'Pending Transaction Report' which runs at approx. 6:00am. Click on Download next to the report, which will download a spreadsheet into Excel.

How to Record Macros for the Daily Treasury Transaction Figures from HSBCnet

To format the data within the above spreadsheet, record the following Macros to run each time this report is downloaded.

With the report open click on the View Tab and select Macro from the toolbar and Record Macro.

Name the Macro 'TreasuryFiguresHSBCnet' and store in the Personal Macro Workbook. This will now record the actions to format the data, and perform the sequence each time the Macro is run.

1. From Page Setup select Landscape and Fit to 1 page.
2. Highlight the whole of the worksheet (by clicking in the top left corner), click between columns A & B to extend the cells to their full width.
3. Delete Column D, Ledger Balance (Opening) as this is not used.
4. Format cells B2 to B4 (highlight & right click) Category – 'Fraction'.
5. Split the sort code and account number with a space in cells B2 to B4.
6. Highlight D5 to I5, click auto sum, font size 14 and Bold.
7. Format cells D2 to I5 (highlight & right click) Number, Decimal places: '2' and tick use 1000 separator (,).
8. Highlight row 1, select Bold and Underline from the Toolbar.
9. Insert a new row at 2 and 6.
10. Highlight C3 to C5 and select Bold from the Toolbar.
11. Insert the following Header/Footer from Page Layout/Page Setup.
 - Custom Header (Centre Section) 'Treasury Management – Daily Figures From HSBCnet'.
 - Custom Footer (Left Section) &[Date] space, space &[Time]. (Centre Section) 'Pending Transaction Report'.
12. Stop Recording Macro.

4. Cash Management Strategy - Banking Considerations

- 4.1 The essential target within cash management is to achieve as low a level of bank balance as possible at the end of each day.
- 4.2 The City Council's normal overdraft limit is £100. If the City Council exceeds this limit, the cost of the excess over £100 is charged at Base Rate plus 2.5%. Such a situation will rarely occur unless through error e.g. the failure of a counter-party or their bankers to transfer funds to the City Council on the day in question. However should this happen and it is necessary to claim compensation, the extra cost of overdrafts over £100 must be taken into account.

- 4.3 If, in contrast, the City Council is in credit at the end of the day, there is obviously no direct charge from the bank. However, there is an opportunity cost through loss of investment interest.

5. Cash Management Strategy - Forecasting the Balance

- 5.1 The print out of the daily bank balance via HSBCNet (see para 3.1) includes both the cleared balance at the close of the previous day and a forecast of the balance at the end of the day in question.
- 5.2 The cleared balance at the end of the previous day is used to calculate the daily overdraft charge (if appropriate). In that sense it is only of historic interest but it should also be compared to the balance that was forecast in the office for the previous day. The two figures (even to the nearest thousand pounds) will not often coincide but the variations should be within £10,000-£15,000. More often than not the actual cleared balance will be more favourable than that forecast (hence if in doubt, lend out) due to:
- a) Receipt during the day of cheques drawn on accounts held at HSBC English Street, Carlisle.
 - b) Receipt of miscellaneous credits and Giro payments during the day.

Sometimes the balance will be worse than expected due to:

- a) Carlisle City Council cheques being paid in over the counter at HSBC English Street, thereby clearing on the day.
- 5.3 Major variations, especially adverse ones, should be investigated to establish the cause. A major variation is one in excess of £50,000.
- 5.4 The next step is to forecast the bank balance at the end of the day in question. The HSBCNet printout will produce a forecast based on the information it is aware of i.e.
- a) cleared balance b/fwd (Cr or Dr)
 - b) cheques clearing (Cr)
 - c) credits clearing (Cr)

Offset by:

- d) cheques in (Dr)

To this forecast the following must be added

- e) maturing investments. These will include accrued interest, which needs to be taken into account. Details should already be set out in the cash flow spreadsheet (see below).
 - f) other payments in or out due to be actioned on the day and not already included in the projected end of day figures
- 5.5 These sums will all be entered in the cash flow spreadsheet (K/Treasury Management/Carlisle Cash Flow Model (revised) 2010-11). This document is used to forecast cash movements up to 2 years ahead by way of entering major cash flows in and out of the authority. It is the duty of the person in charge of day to day cash management (normally the Technical Finance Officer) to keep this spreadsheet up to date by noting these cash flows as and when they become known.

6. Cash Management Strategy - Forecast Overdrawn Balance

- 6.1 Once the end of day cash balance has been forecast, the next step is to determine the action to be taken if any.

- 6.2 If the balance is forecast to be overdrawn, a judgement needs to be made as to whether or not to recall other sums invested to meet the shortfall. The assumption is made here that the City Council will have a sum of money invested that can be recalled for this purpose. Such money will have been invested overnight or on call or with a Money Market Fund.
- 6.3 However it may be worth looking ahead in case a cash inflow is expected. It may be that recalling a modest sum of money (especially bearing in mind the marginal cost of an overdraft/turn rate) is not worth it if it simply means incurring extra cost to lend out a similar sum the following day. A worksheet is located in the cash flow spreadsheet that allows comparison of different scenarios and takes into account bank and overdraft charges.
- 6.4 If it is decided to recall some money, it is necessary to contact the relevant money broker or if dealing direct the other counter-party stating your requirement for a full or partial repayment. If it is a partial repayment you will also need to decide if you require interest to be repaid as well as principal. You need to make any request to recall monies prior to noon on the day in question. It is then the duty of the counter-party to send the money back to Carlisle City Council.

7. Cash Management Strategy - Forecast Balance in Hand

- 7.1 Alternatively the cash forecast may indicate a balance in hand at the end of the day. If the balance is in the range Nil-£50,000 in hand it is unlikely any action will be required. However in view of the opportunity cost of being in credit at the bank, there is perhaps a greater imperative to act, even if the forecast balance is relatively modest, when this balance is a credit rather than a debit. The decision then needs to be taken as to with whom to invest, how much and for what period.
- 7.2 The Treasury management Strategy Statement, which includes the Investment Strategy, is approved by Council in February of each year. The Statement sets out the policy framework for treasury management operations in the financial year ahead. Appendix B of the statement deals with Investment Policy and in particular it details the type of counter-party with whom the City Council may deposit funds. For both through regulation and through policy, the City Council limits its exposure to any one institution by type, size and period. The limits are set out in the statement and it is imperative that they are observed in all respects.
- 7.3 For some years, indeed ever since the City Council became primarily an investor in the short term money market, the City Council has adopted the same basic strategy for short term investment. This strategy involves keeping a limited amount of money (up to approx. £1m) in liquid form while the remainder of the cash is placed for longer fixed periods.
- 7.4 Retention of some liquid funds is clearly advisable to act as a buffer against day to day variations in the cash position and to enable the bank balance to be kept as low as possible. Money Market Funds and Call accounts are especially attractive for this purpose.
- 7.5 For these reasons the bulk of the City Council's investments tend to be lent out for periods of (usually) 3-6 months but sometimes for shorter terms and also for longer time spans but not usually for longer than 364 days. Although local authorities are not actually forbidden from lending in excess of 364-day periods, the accounting treatment required under current regulations for such investments when the investment matures effectively prohibits such a course of action.

7.6 On any particular day, there is little to be lost by placing surplus funds on an overnight basis. There may be surplus cash in the market as a whole which makes longer-term investments unattractive to a lender and/or there may be little demand from borrowers.

7.7 However the bulk of the City Council's funds will be lent out for a fixed period and this should normally be the preferred option assuming that basic liquidity needs have been met. Lending out for a period will usually generate a higher rate (unless there is a heavy expectation that interest rates will fall) and the fixed period will produce a certainty in both yield and in future availability. What is desirable is that so far as possible the investment is fixed to mature on a date when it is known that funds will be required be they precepts, NNDR payments etc. For this reason it is essential to check with the cash flow spreadsheet to be aware of future requirements and in turn it is essential that this spreadsheet be completed as far in advance as is reasonably practical.

8. Dealing in the Market

8.1 City Council's funds can be placed via money brokers. At present this authority is served by two brokers:

<u>Title</u>	<u>Short Title</u>	<u>Location</u>
Garban Intercapital	(ICAP)	London
Martin Brokers (UK)	(Martins)	London

8.2 Some deals are placed direct with institutions as this can yield a more competitive rate.

9. Transmission of Funds

9.1 Once a deal has been agreed, it is now necessary to arrange for the transfer of the relevant funds. This is carried out by means of the HSBCNet payment system. Each payment requires two levels of transaction:

1. Input
2. Authorise

9.2 Authorising a payment can only be undertaken by one of the following:

Alison Taylor	Corporate Director of Finance & Resources
Steven Tickner	Head of Financial Services
Emma Gillespie	Accountancy Services Manager

9.3 Current capabilities for undertaking each level of transaction are:

Issued to	System Admin	Prepare	Authorise Payments	Authorise Stop Cheques	Download Statement	Enquire
					File	
Kate Short	Y	Y	N	N	Y	Y
Steven Tickner	Y	N	Y	Y	N	Y
Marion Konopka	Y	Y	N	N	Y	Y
Jenny Musgrave		Y	N	N	Y	Y
Gosia Rome		Y	N	N	Y	Y
Irene Hammond		Y	N	N	Y	Y
Kristian Moffat		N	N	N	Y	Y
Emma Gillespie		N	Y	Y	N	Y
Alison Taylor		N	Y	Y	N	Y

- 9.4 Those persons who are able to perform two functions can only perform one for each transaction e.g. Alison Taylor cannot place and authorise the same payment etc. The ability of three people to input payments, and three to authorise should normally provide sufficient cover for holidays, sickness etc.
- 9.5 Dual authorisation is in place for configuration changes and must be carried out by 2 of the designated System Administrators.

10. Recording of Transactions

- 10.1 It is important that the details of any transaction that has been undertaken are immediately and carefully recorded by the person making the deal. Conversations with brokers are routinely taped on their part, partly in case disputes ever arise over the precise terms of a deal.

- 10.2 The Council does not tape telephone conversations however, prompt and accurate recording of the relevant details is clearly of prime importance. These details will comprise:

Date
 Principal Sum
 Interest Rate
 Name of Counterparty
 Banking Details of Counterparty
 Type and Duration of Investment
 Name of Broker (if any)

As part of the dealing transaction these details should be verbally repeated back to the broker (or counter-party if dealing direct) as a first confirmation of what has been agreed.

- 10.2 These details should then be passed to a member of the Systems Team for input to HSBCNet

11. Delegation

- 11.1 Day to day dealing in the money market is carried out by the Technical Finance Officer working within the guidelines set out in the Treasury Management Strategy Statement. In the absence of the Technical Finance Officer, the Accountancy Services Manager would carry out the dealing duties and in the absence of the Accountancy Services Manager, the Head of Financial Services would carry out the dealing duties. Should all these persons be absent the Corporate Director of Finance & Resources would take dealing decisions. Inputting of payments will normally be carried out by one of the members of the Systems team.

Money Market Fund Procedure

Detailed procedures on accessing these accounts are kept confidentially and internally