

REVISED TREASURY MANAGEMENT PRACTICES

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REASON FOR THE REPORT

The CIPFA Code of Practice on Treasury Management in Public Services recommends the creation and maintenance of Treasury Management Practices (TMP's). The TMP's provide information on the responsibilities, decision-making and reporting arrangements in place for the treasury management function.

The CIPFA Code also recommends that a suitable committee receive reports on TMP's in order to improve the scrutiny process. This is now the second year these have been reported to Audit Committee.

RECOMMENDATION

That Audit Committee scrutinise and review the Treasury Management Practices, updated August 2010

INFORMATION

Following the collapse of the Icelandic banks in October 2008 there have been publications issued by CIPFA, Audit Commission and Communities and Local Government amongst others, relating to treasury management in the public sector. These culminated in a consultation document being issued suggesting the revisions of the CIPFA Treasury Management Code.

In September 2009, based on the proposed revisions within the consultation document, the TMP's were updated and brought to the Audit Committee for review. Following this the CIPFA Code was officially updated and published in November 2009, reflecting the proposed amendments included in the consultation document.

The TMP's are produced in a format prescribed by CIPFA and divided into twelve categories. Each category focuses on a specific area and includes principles and schedules giving details of how the Council addresses the issues in each category.

As a matter of course the TMP's are reviewed on a regular basis to make sure they are up to date and reflect current practices as well as ensuring compliance with the latest guidance. They are taken to Audit Committee annually for scrutiny and review.

Changes since the Audit Committee review of the TMP's in 2009, relate mainly to the renewal of the banking contract and the management of target cash balances, and include:

- TMP 1.2 – Amendment of cash flow target balance from a debit or credit balance of £250k to a balance between 0 and £600k credit.
- TMP 1.2 – Amendment to temporary borrowing overdraft limit and fees from £6m to £200k and fees from 1% to 2.55%, above Bank of England base rate.
- TMP 1.6 – Replacement of the Statement of Recommended Practice with the Code of Practice on Local Authority Accounting in the United Kingdom
- TMP 11 - The renewal of the banking contract with HSBC

BACKGROUND DOCUMENTS

None