



Cabinet 11 February 2014

Recommendations of the Performance and Audit Scrutiny Committee: Treasury Management Code of Practice (Feb14/06)

1. Summary and reasons for recommendations

- 1.1 On 29 January 2014 the Performance and Audit Scrutiny Committee considered Report **E226**, which had been scrutinised by the Treasury Management Sub-Committee on 20 January 2014.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommend that all Councils adopt a Treasury Management Code of Practice based on the treasury management practices published in the CIPFA and guidance issued in their Code of Practice on Treasury Management.
- 1.3 Approval is sought for the adoption of the proposed St Edmundsbury Borough Council (SEBC) Treasury Management Code of Practice.

2. Recommendations

- 2.1 It is **RECOMMENDED** that:
 - (1) Subject to the approval of full Council, the Treasury Management Code of Practice, as contained in Appendix 1 to Report E226, be adopted; and
 - (2) any changes required to be made to the Treasury Management Code of Practice to be annexed to the Annual Treasury Management and Investment Strategy on an annual basis.

Contact details

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3. Corporate priorities

3.1 The recommendation meets the following, as contained within the Corporate Plan:

- (a) Corporate priority 3: *'Working together for an efficient Council'*.

4. Key issues

4.1 Following the Treasury Management Sub-Committee's consideration of Report E226 on 20 January 2014, the Head of Resources and Performance verbally reported to the Performance and Audit Scrutiny Committee on the Sub-Committee's consideration of the report and recommendation.

4.2 Following the recent move to a West Suffolk shared finance service, including a shared treasury management function, between St Edmundsbury Borough Council (SEBC) and Forest Heath District Council (FHDC) the opportunity has been taken to align, where possible, the two Councils' Treasury Management Code of Practice (Code). The new Codes still recognise that the two Councils continue to have different investment criteria and limits due to the different size investment portfolios and different external advisors/fund managers.

4.3 The alignment of the Code has resulted in many wording and format changes within the documents but the meaning behind the words remains the same. The new Code is in line with the CIPFA Code of Practice on Treasury Management and the guidance issued from the Department for Communities and Local Government (CLG).

Main Changes between the previous Code of Practice and the new Code of Practice

4.4 The changes to the Annual Treasury Management and Investment Strategy Statements 2014/2015 (see Report E270 contained elsewhere on this Cabinet agenda) have all been reflected in the Code. The Code also details the changes to delegated powers and responsibilities following the recent staff restructure and move to a shared service. It also provides further details regarding cashflow forecasting and overnight balances, for example introducing the following:

- (a) Daily treasury management procedures will aim to maintain a forecast consolidated balance (in the Council's current account) in the region of

£25,000 to £500,000. However, balances over £500,000 may be retained in the bank account if a maturing investment is being used to cover payments going out within the next week and the total interest lost, by retaining this money, does not exceed £50.00.

- 4.5 The Sub-Committee had examined the report in detail and asked a number of questions to which the Head of Resources and Performance provided comprehensive responses.
- 4.6 Members were informed that a comprehensive tendering process has been undertaken, in collaboration with a number of other Suffolk authorities who will be changing their banking arrangements from 1 April 2014, on a five year contract to Lloyds Bank Plc.
- 4.7 The Sub-Committee also noted that changes to the Annual Treasury Management and Investment Strategy have been reflected in the Treasury Management Code of Practice and suggest that in future changes to the Code of Practice could be reported through the Annual Treasury Management Investment Strategy by making reference to changes required to the Code as an annex.
- 4.8 The Performance and Audit Committee then considered the report and has put forward recommendations as provided in Section 2 above.

5. Other options considered

- 5.1 See Report E226 to Treasury Management Sub-Committee.

6. Community impact

- 6.1 See Report E226 to Treasury Management Sub-Committee.

7. Consultation

- 7.1 See Report E226 to Treasury Management Sub-Committee.

8. Financial and resource implications *(including asset management implications)*

- 8.1 See Report E226 to Treasury Management Sub-Committee.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

- 9.1 See Report E226 to Treasury Management Sub-Committee.

10. Legal and policy implications

- 10.1 See Report E226 to Treasury Management Sub-Committee..

11. Wards affected

- 11.1 All Wards.

12. Background papers

12.1 Report E226 to Treasury Management Sub-Committee: Treasury Management Code of Practice

13. Documents attached

None.

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