

## **Appendix C - Summary of proposed changes to Financial Procedure Rules in relation to Treasury Management**

### **Recommended clauses for adoption in Financial Procedure Rules**

#### **Current FPRs – Section 2.6**

##### **2.6 TREASURY MANAGEMENT FRAMEWORK**

2.6.1 Cabinet will approve and maintain a Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities based upon the relevant CIPFA Codes.

2.6.2 The Cabinet will receive reports on its treasury management policies, practices and activities. These reports will incorporate the prudential borrowing limits and performance indicators. Cabinet will receive an annual strategy and plan in advance of the year, and an annual report after its close in the form prescribed in the Treasury Management Practices.

2.6.3 The Chief Finance Officer has the delegated authority to undertake all borrowing on behalf of the Council in line with the Treasury Management Strategy agreed by the Council each year and will report all activity to Lead Members on a quarterly basis and on at least an annual basis to the Cabinet.

#### **CHANGE TO:**

##### **2.6 TREASURY MANAGEMENT FRAMEWORK**

2.6.1 The Council 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 Treasury Management Code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Treasury Management Code's key principles.

2.6.2 Full Council will receive reports on its treasury and investment management policies, practices and activities, including, as a minimum, approving 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.

2.6.3 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the officer designated as the Chief Finance Officer/s.151 officer (the Responsible Officer), who will act in accordance with the Council's policy statement, TMPs and IMPs, and if they are a CIPFA member, CIPFA's Standard of Professional Practice on treasury management. This officer has the delegated authority to undertake all borrowing on behalf of the Council in line with the approved annual strategy and plan. Any decision not in accordance with the approved annual strategy and plan must be taken to Full Council for approval.

2.6.4 The Council nominates the Audit and Corporate Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies. This committee will receive the draft annual strategy and plan in advance of approval by Full Council and receive the mid-year review and outturn report for review before submission to Full Council.

2.6.5 The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past and for accountability. Further detail on record keeping is contained in the agreed strategy and plan.

2.6.6 The Responsible Officer will ensure there is a clear separation of functions between those charged with setting treasury management policies and those individuals responsible for implementing and controlling the policies, particularly with regard to execution and transmission of funds, recording and administering of treasury management decisions and the audit and review of the treasury management function. The Responsible Officer will ensure that those officers tasked with treasury management functions are professionally competent and that there is effective deputising arrangements in place. The Responsible Officer will ensure that those tasked with approving, reviewing or scrutinising policies, strategies and plans have access to training to support with this role. Those individuals with a responsibility for treasury management have a personal responsibility to highlight any training needs and to participate in learning and development activities.

2.6.7 The Council will not borrow to invest for the primary purpose of financial return. Where the Council makes investments for service or commercial purposes including property or other financial assets primarily for financial return, the Council will apply an appropriate investment risk management approach and follow its investment management practices.