



Arlingclose Ltd:  
Independent treasury management services

# Treasury Shorts - Workshop 1

## CIPFA Treasury Management Code, TM documentation

June 2024

The webcast will begin at 9:30am.



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**REC** ●



# What is Treasury Management?

## CIPFA (Chartered Institute of Finance and Accountancy) definition:

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

## Management of the Council’s

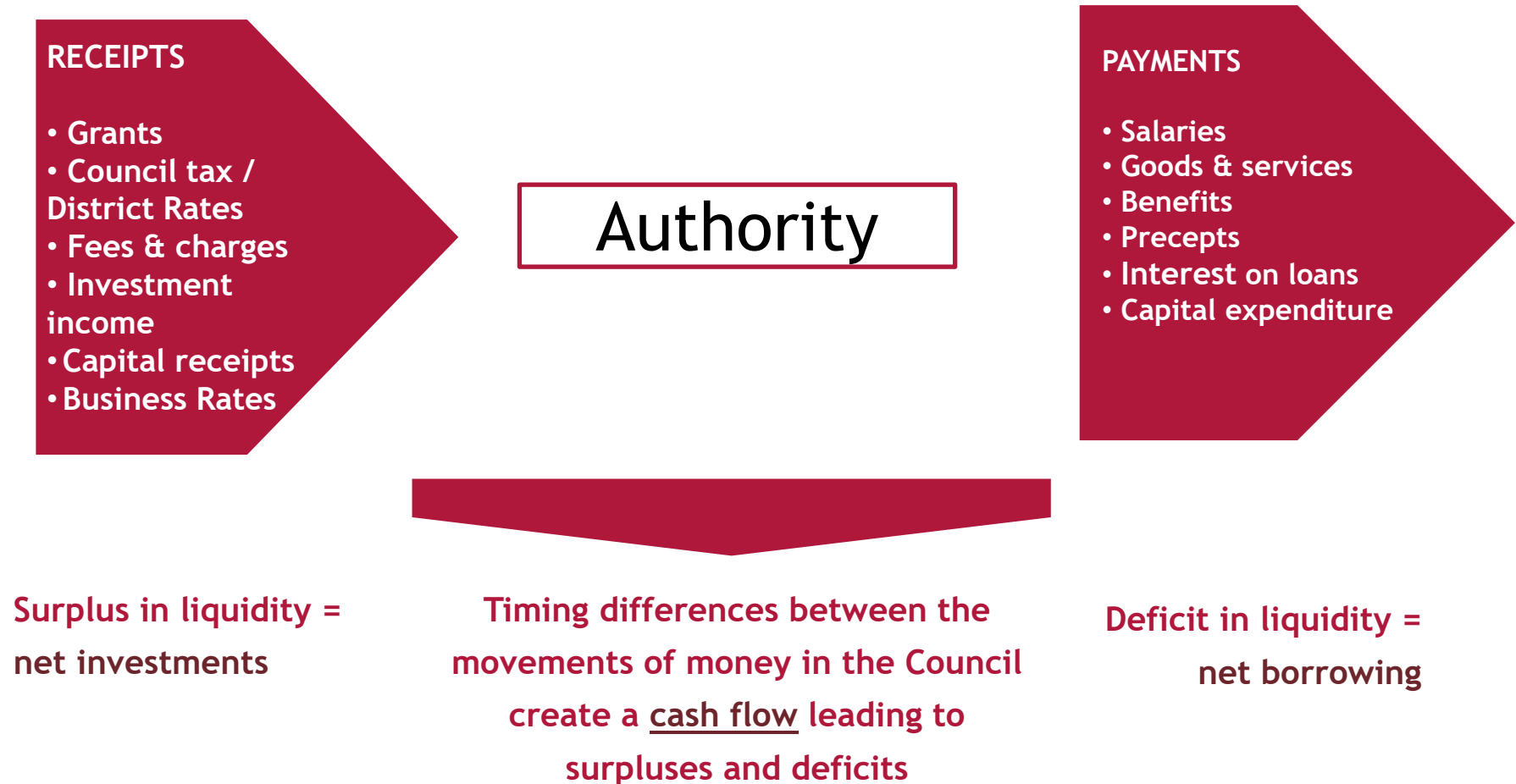
- Investments
- Cash flows
- Banking arrangements
- Money market transactions (short term)
- Capital market transactions (long term)

## Effective control of the associated risks

## Pursuit of optimum performance

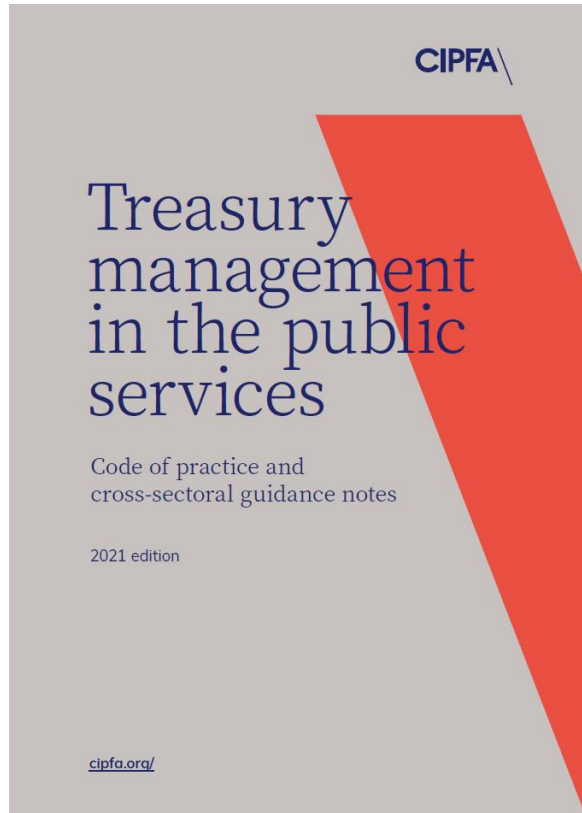
- Within the context of effective risk management

# What is Treasury Management?

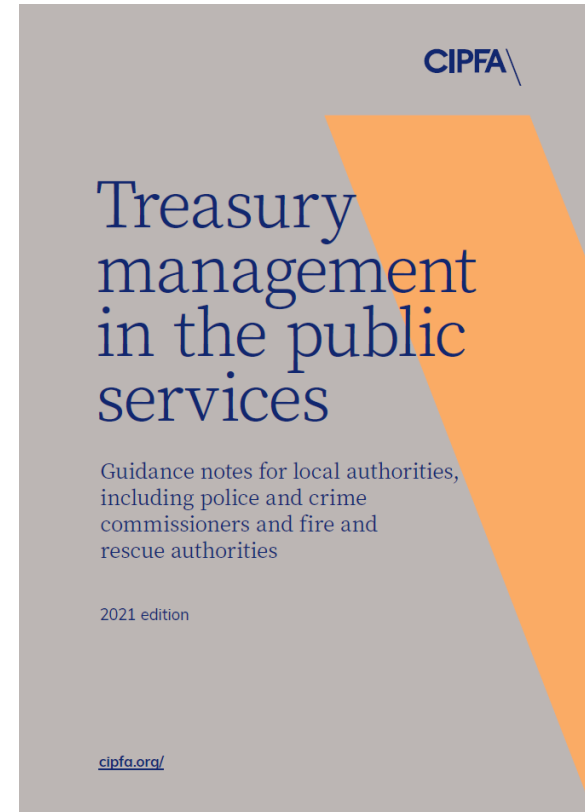


# CIPFA's Code of Practice for Treasury Management in the Public Services

Code (2021 edition)



Guidance Notes (2021 edition)



# Investment Guidance

## Individual to each jurisdiction

- England** ~ Department for Levelling Up Housing and Communities (DLUHC) **Statutory Guidance on Local Government Investments** (3<sup>rd</sup> edition) effective 1<sup>st</sup> April 2018
- Treasury investments: requirement to prioritise **security, liquidity and yield** in that order
- Scotland** ~ **Scottish Government Consent - The Investment of Money by Scottish Local Authorities** issued April 2010 which permits authorities to make investments, subject to the conditions in the consent, under the Local Government Investments (Scotland) Regulations 2010.
- Treasury investments: invest in a way that **minimises the risk to the capital sum and optimises the return on the investment consistent with those risks**
- Wales** ~ Welsh Government's **Statutory Guidance on Local Government Investments** effective 1<sup>st</sup> April 2020
- Treasury investments: requirement to prioritise **security, liquidity and yield** in that order
- Northern Ireland** ~ Department of the Environment (DoE) **Guidance on Local Govt Investments for District Councils in Northern Ireland** effective April 2012
- Prudent investment policy: prioritise achieving **security, then liquidity**, following which it will be reasonable to consider what yield can be obtained consistent with these priorities.

# Key Principles of Treasury Management

**INVESTMENT**

**Security**

**Liquidity**

**Yield**

**BORROWING**

**Prudence**

**Affordability**

**Sustainability**

**Proportionality**

# Treasury Management Practices (TMPs)

CIPFA recommends that your document includes TMPs relevant to the Authority's treasury management powers and scope of TM activities

TMP 1 Risk management

TMP 2 Performance measurement

TMP 3 Decision-making and analysis

TMP 4 Approved instruments, methods and techniques

TMP 5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP 6 Reporting requirements and management information arrangements

TMP 7 Budgeting, accounting and audit arrangements

TMP 8 Cash and cash flow management

TMP 9 (Anti) Money laundering

TMP 10 Training and qualifications

TMP 11 Use of external service providers

TMP 12 Corporate governance

There are also IMPs (Investment Management Practices) for investments made for service or commercial reasons: risk management, decision making, reporting arrangements, performance measurement and training and qualifications.

# Treasury Management Reports

## Forward Looking Reports:

- **Capital Strategy:** a summary document outlining the Council’s capital expenditure plans and core borrowing and investing activities. Includes prudential indicators. Approved by full council (or equivalent).
- **Treasury Management Strategy Statement (TMSS):** a more detailed document on the Council’s ‘traditional’ treasury management activities. Covers topics such as sources of borrowing and investment counterparties and limits. Includes prudential treasury management indicators. Approval can be delegated.
- **Investment Strategy (England Only):** covers the Council’s investments including ‘traditional’ treasury management investments but with more emphasis on other investments made for service and/or commercial reasons. Approved by full council (or equivalent).
- Wales and Northern Ireland have additional requirement in their TMSS to cover service and/or commercial investments. This should be approved by full council (or equivalent).

## There are two backward looking reports each year:

- **Mid-year and end of year** reports detailing what treasury management activity has taken place, including on adherence to the forward-looking strategies. Received by full council (or equivalent).

## Other reports:

- Prudential indicators including the liability benchmark are reported on quarterly as part of quarterly budget monitoring reporting. Approval can be delegated.
- The Council must maintain a Treasury Management Policy Statement and Treasury Management Principles and Schedules.

# Workshops and dates in this series

Session		Topics	
1	Tues 25 <sup>th</sup> June	9.30 am	CIPFA Treasury Management Code, TM documentation
2	Wednesday 26 <sup>th</sup> June	9.30 am	Treasury Management Risks - TMP 1 (overview)
3	Tues 2 <sup>nd</sup> July	9.30 am	<b>Borrowing:</b> Sources and Types of Loans, HM Treasury's PWLB Lending Facility
4	Tues 2 <sup>nd</sup> July	2.00 pm	<b>Investments:</b> Credit Risk management (Bail-in risk, credit ratings and other metrics); Lending to Financial Institutions and Local Authorities; Money Market Funds
5	Wednesday 3 <sup>rd</sup> July	9.30 am	Liquidity Risk Management, Cash Flow and its Forecasting. Dealing - Transacting with Other Local Authorities

All 'Treasury Shorts' webcasts will be available on our website after the event