

## APPENDIX 1

### CIPFA TREASURY MANAGEMENT CODE

1. The Council has formally adopted CIPFA's Code of Practice on Treasury Management 2021 and complies with the requirements of the Code as detailed in this Appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting which are summarised below:
  - maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.
  - Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives.
  - Presenting the Full Council with an annual TMSS statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report) a half year review report and an annual report (stewardship report) covering compliance during the previous year.
  - A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions. (see below)
  - Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Thurrock Council this role is undertaken by the Strategic Investment Advisory Panel which will be reporting to Cabinet.

### Treasury Management Practices (TMPs)

2. The Council is currently updating its TMPs, including Investment Management Practices in line with the revised Code. The current practices have been included in this revised Treasury Management Strategy within the relevant sections.

### Knowledge and Skills

3. The Council uses the knowledge and skills of its officers when considering treasury investment and borrowing decisions and where necessary it also relies on the expert knowledge of specialist external advisors.
4. Finance staff are professionally qualified to advise the Council on all areas of finance. Included within the team is an officer with specialist knowledge of treasury management. All finance staff undertake Continuous Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and attending specialist courses. Staff follow the Treasury Management Practices approved by Full Council. The complexity of the investment portfolio requires reliance on expert advisors where there is

shortfall of knowledge and skills within the finance team. The training needs of treasury management officers are periodically reviewed.

5. Training for Members on treasury management is being developed and will be open to all Members to assist in their understanding of the treasury management strategy.

### **Treasury Management Consultants**

6. The Council uses Link Group (Link Treasury Services Ltd) as its external treasury management advisors. They provide a range of services to the Council including:
  - technical support on treasury matters and capital finance issues
  - economic and interest rate analysis
  - debt services including advice on the timing of borrowing
  - debt rescheduling advice
  - generic investment advice on interest rates, timing and investment instruments
  - credit ratings and creditworthiness information.
7. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.
8. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.
9. The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment in energy renewables. The commercial type investments require specialist advisers, and the Council uses Camdor in relation to this activity.

### **Treasury Management Delegations and Responsibilities**

10. The respective roles of the Council, Strategic Investment Advisory Panel and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

#### **(i) Full Council**

- Approval of annual strategy, mid-year review and Annual Report

- Approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practice;

**(ii) Strategic Investment Advisory Panel with responsibility for scrutiny**

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

**(iii) The S151 (responsible) officer and Director of Finance**

- 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.
- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council
- ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing

- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (TM Code): -
  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
  - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
  - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
  - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury activity.