

Treasury Management Policy and Practices and Annual Treasury Management Strategy

Recommendations:

- (i) that the Treasury Management Policies and Practices and the changes to Financial Regulations be approved;
- (ii) that the detailed schedules that supplement the Treasury Management Practices be approved;
- (iii) that the Annual Treasury Management Strategy be approved
- (iv) that the Chief Executive be given delegated authority to make changes to the constitution with regard to delegated powers to Committees and Officers to reflect the changes contained in the revised Financial Regulations and the revised Treasury Management Practices.

Background

1. At its meeting on the 10 February the Corporate Governance Committee reviewed the Treasury Management Policy, Treasury Management Practices including detailed schedules and the Annual Treasury Management Strategy. Following a detailed discussion it was concluded that although the general principles contained in all three documents were sound there were a number of detailed points that required clarification or correction.
2. The Treasury Management Policy and the Treasury Management Strategy were presented to the Police Authority on 12 February and the Authority resolved to delegate approval of the Treasury Management Policy and Practices and the Treasury Management Strategy to the Corporate Governance Committee.

Revised Treasury Management Policy and Practices and Annual Treasury Management Strategy.

3. Annex 1 shows the changes that have been made to the documents following the points raised by members of the Committee on 10 February. In addition Annex 2 to the Treasury Management Strategy (green paper) (the counterparty list) has been updated following recommendations from Devon County Council Investment Team. These are:
 - Santander to be classified as a UK bank (we have been advised that as they have a UK banking licence they should be classified as a UK bank);
 - Group limit removed for Nationwide Building Society
 - Leeds Building Society added to the list.

4. The revised documents are attached as follows:

- (i) Treasury Management Policy (pink paper)
- (ii) Treasury Management Practices including detailed schedules (yellow paper)
- (iii) Annual Treasury Management Strategy (green paper)

Amendments to Treasury Management Documents from Corporate Governance Committee Review

Treasury Management Policy - Financial Regulations Annex 1

Para 4 delete " and if a CIPFA member"

Treasury Management Policies and Practices

TMP 1 (detailed schedules) - the investment limits information is clarified to explain that the group limits include a parent company and any subsidiaries. (The purpose of the group limit is to prevent over concentration of the Police Authority's investments in any given group).

TMP 1 (detailed schedules) - clarifies the situation that occurs when the lending limit for a counterparty or is reduced and existing investments still have some time to run. Any temporary breach of the lending limits to be reported retrospectively to Resources Committee and included in the annual report to Corporate Governance Committee on the operation of the Treasury Management Practices.

TMP 1 (detailed schedules) – clarifies that the same counterparties may be used by the Devon and Cornwall Police Investment Fund and the external fund manager and that the maximum exposure to a counterparty is the sum of the individual or group limits for that counterparty for the Devon and Cornwall Police Investment Fund **and** the external fund manager. (see also paragraph 7.5 of Treasury Management Strategy)

TMP 5 – role of the Corporate Governance Committee is clarified

TMP 5 – now set outs what decisions can be delegated if the Treasurer is unavailable

TMP 6 - practices now set out that that all decisions made by the Treasurer with regard to new borrowing or lending or decisions that change to the counter party list should be reported retrospectively to Resources Committee

TMP9 – attempted money laundering to be reported to the Corporate Governance Committee by the Treasurer

Treasury Management Strategy

Paragraph 7.4 now sets out how funds are allocated between the Devon and Cornwall Investment Fund and the external fund manager

Paragraph 7.5 clarifies that the same counterparties may be used by Devon and Cornwall Police Investment Fund and the external fund manager and that the maximum exposure to a counterparty is the sum of the individual or group limits for that counterparty for the Devon and Cornwall Police Investment Fund **and** the external fund manager

Paragraph 7.10 replaces "Treasurer has advised the manager" with "Treasurer has instructed the manager"

Paragraph 7.19 - Authority to approve additions to the list of borrowers is delegated to Chair of Resources Committee and Chair of Corporate Governance Committee

General

Throughout the documents changes have been made to ensure that decisions are reported to individually identified members or a named committee (as appropriate)