

**Key Areas of Change in the revised Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (“the Code”).**

The revised “code” has emphasised a number of key areas which have been taken into account in the Treasury Management Strategy and are highlighted in the 15 points as follows:

- a) All councils must formally adopt the revised Code and four clauses,
- b) The strategy report will affirm that the effective management and control of risk are prime objectives of the Council’s treasury management activities,
- c) The Council’s appetite for risk must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out,
- d) Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organization,
- e) Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support,
- f) Councils need a sound diversification policy with high credit quality counterparties and should consider setting country, sector and group limits,
- g) Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities,
- h) The main annual treasury management reports MUST be approved by full Council,
- i) There needs to be, at a minimum, a mid year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved,
- j) Each council must delegate the role of scrutiny of treasury management strategy and policies to a specific named body,
- k) Treasury management performance and policy setting should be subjected to scrutiny,
- l) Members should be provided with access to relevant training,
- m) Those charged with governance are also personally responsible for ensuring they have the necessary skills and training,
- n) Responsibility for these activities must be clearly defined within the organization,
- o) Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Council.