

Portfolio Holder Decision – CIPFA Treasury Management Code Consultation - Warwickshire County Councils response

Portfolio Holder	Portfolio Holder for Finance and Property
Date of decision	29 March 2021
	Signed

Decision taken
<p>(1) To approve the County Council’s response to the CIPFA consultation on Treasury Management Code, as detailed at Appendix 2.</p> <p>(2) To authorise the Strategic Director for Resources to update the draft response, prior to its submission to CIPFA, subject to any amendments being consistent with the approved framework.</p>

Reasons for decisions
<p>Local authorities in England, Scotland and Wales are required to “have regard” to the Treasury Management Code, first published by CIPFA in 2001. The code provides a basis for organisations to create clear treasury management objectives, and to structure and maintain sound treasury management policies and practices.</p> <p>The Treasury Management Code was last updated in 2017 and since then there have been many changes in the public service landscape. These changes include the impact of the Covid-19 pandemic, an increasing requirement for greater disciplines and skills within Treasury Management and in the complexity of transactions, as well as the rise in the extent of commercial non-treasury investment activity.</p> <p>The consultation affects public service organisations including local authorities. It is in the interest of The Council to acknowledge and respond, where appropriate, to the changes suggested as the impact of these changes will affect Treasury Management practice.</p> <p>The closing date for responses is 12 April 2021.</p>

Background information

The Treasury Management Code Consultation addresses several different aspects of the current code. Appendix 1 includes the full guidance, notes and questions provided by CIPFA for this consultation.

The scope of this consultation covers; the training and qualifications required within the Treasury Management practice followed by officers (questions 1 to 4); the introduction of Environmental, Social and Governance (ESG) Risk Management into the Treasury Management Code (question 5); introduction of guidance to have a dedicated committee for Treasury activities (question 6); and finally the change of Treasury Management indicators to remove “maturity structure of borrowing” (question 7).

Training

CIPFA are suggesting documentation of a formal and comprehensive knowledge and skills schedule for the acquisition and retention of treasury management skills within the Council. The Council agree with this approach but have highlighted the importance of key competencies rather than specific requirements, to allow for variety and flexibility within roles.

Environmental Social and Governance (ESG)

CIPFA suggest an addition of a section relating to ESG into Treasury Management Practices (TMP). Whilst ESG is important to the Council, we have queried whether or not it fits best with TMP or would be best covered elsewhere.

Governance

A requirement for organisations to have dedicated treasury committees has been suggested in this consultation. The Council has responded that appropriate level of governance should be in place but additional layers should be to support the current Treasury Management team and not be an additional reporting or administration overhead.

Indicators

CIPFA have suggested the removal of “maturity structure of borrowing”, in line with a Liability Benchmark Indicator being introduced (this is subject to another current CIPFA consultation). The Council does not believe the liability benchmark indicator covers some of the useful functionality of the existing indicators and therefore disagrees with this change.

Financial implications

There are likely to be resource implications as a result of the proposed changes made to the Treasury Management Code. Specifically, the additional workload brought on by additional reporting requirements (ESG, governance, training requirements). Until the consultation concludes and final recommendations are known, it will not be possible to quantify these implications.

Environmental implications

There are no environmental implications as a result of this report.

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Assistant Director	Assistant Director Finance
Lead Director	Strategic Director for Resources
Lead Member	Portfolio Holder for Finance and Property

Urgent matter?	<i>No</i>
Confidential or exempt?	<i>No</i>
Is the decision contrary to the budget and policy framework?	<i>No</i>

List of background papers
None

Members and officers consulted and informed
Portfolio Holder – Councillor Peter Butlin Legal – Jane Pollard Finance – Andrew Felton, Chris Norton Democratic Services – Isabelle Moorhouse Councillors – Warwick, Singh Birdi, Boad, O’Rourke & Falp