

TREASURY MANAGEMENT PRACTICES

Avon Fire Authority

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TMP1 Risk Management

The Authority regards a key objective of its treasury management and other investment activities to be the security of the principal sums it invests. Accordingly, it will ensure robust due diligence procedures covering all external investment including investment properties.

The responsible officer (the Statutory Finance Officer) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

Credit and counter-party risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

The Authority regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

1.1.1 Policy on the use of credit risk analysis techniques

This Authority uses the lowest common denominator approach which uses the lowest minimum acceptable credit rating from any of the three rating agencies: -

Minimum ratings 1	Fitch, Moody's and Standard & Poor's
Short term	F1 (or equivalent)
Long term	A- (or equivalent)

	Fitch (or equivalent)	Money Limit £m	Time Limit
Banks 1 Higher Quality	AAA	£5m	5 years
Banks 1 Medium Quality	AA-	£2m	3 years
Banks 1 Lower Quality	A-	£1m	1 year
Banks 2 – part nationalised	n/a	£1m	1 Year
Limit 3 Category – Bristol City Council's banker (not meeting banks 1 / 2)	-	£100k	liquid
Other Institutions limit*		£10m	1 Year

DMADF	AAA	unlimited	1 year
Local authorities		£10m	5 years
Money Market Funds (Including CNAV, LVNAV, VNAV)	AAA	£10m	liquid

1.2 Liquidity Risk Management

This is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will be thereby compromised.

The Authority will ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.

The Authority will only **borrow in advance of need** where there is a clear business case for doing so and will only do so for the following reasons: -

- to fund the current capital programme
- to finance future debt maturities, or
- to ensure an adequate level of short-term investments to provide liquidity for the organisation.

1.2.1. Amounts of approved minimum cash balances and short-term investments

The Authority's main bank account is under the care of Bristol City Council, who are contracted under an SLA to undertake certain Treasury Management activities for the Authority. Bristol City Council monitor the overall cash position their group of accounts daily, which includes the main bank account of the Authority. Borrowing or lending shall be arranged by BCC in order to manage the pooled cash balance across all accounts under their care.

1.2.2. Details of:

- a. Bank overdraft arrangements
There is no individual overdraft facility on the Authority's main bank account. A gross £125m overdraft at 1% over base rate (net overdraft of £0m at 0.5% of limit) at has been agreed as part of the pooled banking services contract held by Bristol City Council, which includes the Authority's bank account.
- b. Short-term borrowing facilities
The Authority accesses temporary loans through approved brokers on the London money market. The approved borrowing limit for short term debt is £10m.
- c. Insurance/guarantee facilities
There are no specific insurance or guarantee facilities as the above arrangements are regarded as being adequate to cover all unforeseen occurrences.
- d. Special payments
24 hours' notice is required to be given to Bristol City Council for all special payments (CHAPS & foreign currency) above £100,000.

1.3 Interest Rate Risk Management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Authority will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be subject to the consideration and, if required, approval of any policy or budgetary implications.

1.3.1 Policies concerning the use of instruments for interest rate management.

- a. forward dealing
Consideration will be given to dealing from forward periods dependent upon market conditions. When forward dealing is more than 18 months forward then the approval of the Statutory Finance Officer is required.
- b. callable deposits
The Authority will use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments within the Treasury Management Strategy.
- c. LOBOS (borrowing under lender's option/borrower's option)
Use of LOBOs are not considered as part of the annual borrowing strategy.

1.4 Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

It will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

1.4.1 Approved criteria for managing changes in exchange rate levels

The Authority may have some exposure to exchange rate movements from time to time because expenditure or income is denominated in a foreign currency but these transactions will generally be small and will normally be converted out of or into sterling at the time of each transaction.

1.5 Inflation Risk Management

The effects of varying levels of inflation, insofar as they can be identified as impacting directly on its treasury management activities, will be controlled by the Authority as an integral part of its overall exposure to inflation.

The Authority will achieve the above objectives by the prudent use of its approved financing and investment instruments, methods and techniques primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates, exchange rates or inflation. The above are subject at all times to the consideration and, if required, approval of any policy or budgetary implications.

1.6 Refinancing Risk Management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Authority for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

This Authority will ensure that its borrowing, private financing or partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

1.6.1. Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Authority will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year. The Authority will seek to limit refinancing exposure by ensuring that only a limited amount of loan debt will mature in any one year. This limit will be kept under review and reported annually as part of the Annual Treasury Strategy.

The responsible officer will by the 31 March of each year produce a long-term borrowing strategy detailing:

- The projected borrowing requirement for the subsequent year;
- The recommended source and period over which such borrowing is to be effected; and
- An assessment of the impact of this borrowing on the maturity profile.

All loan debt rescheduling will be reported to the Authority as part of the outturn report.

1.6.2. Projected Capital Investment Requirements

The responsible officer will prepare a three-year plan for capital expenditure for the Authority. The capital plan will be used to prepare a three-year revenue budget for loan charges of principal repayments, interest and expenses that will take account of the plans for capital expenditure, loan repayments and forecasts of interest rate changes.

In addition, the responsible officer will draw up a capital strategy report which will give a longer-term view.

The definition of capital expenditure and long-term liabilities used in the Code will follow recommended accounting practice as per the Code of Practice on Local Authority Accounting.

1.6.3. Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In considering the affordability of its capital plans, the Authority will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on Authority tax.

It will also consider affordability in the longer term beyond this three year period and assess the risks and rewards of significant investments to ensure the long-term financial sustainability of the authority. (CIPFA has not defined what longer term means but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium term financial planning, at a higher level of detail, is probably aimed at around a 10-year time frame and to focus on affordability in particular.)

The Authority will also undertake an annual review of commercial, (debt for yield), investments with a view to divest, where appropriate, so as to avoid or minimise additional external borrowing.

The Authority will use the definitions provided in the Prudential Code for borrowing (88), capital expenditure (89), capital financing requirement (90), commercial property (91), debt (92), financing costs (93), investments (95), net revenue stream (96), other long term liabilities (97), treasury management (98) and transferred debt (99).

The main source of borrowing for the Authority is the Public Works Loan Board (PWLB). The prudential indicators control the limits on revenue consequences.

1.6.4. PFI, Partnerships, ALMOs and guarantees

The Authority has entered into a Joint Training PFI Scheme, with a 50% share in the venture. Babcock Fire Training (Avonmouth) Limited are the contractor and will provide training until 31 March 2028. The equalisation fund, administered by Gloucestershire County Authority, is reviewed, and if necessary, contributions amended every three to five years with the intention that the balance of the fund at the end of the contract will be nil.

1.7 Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

This organisation recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

1.7.1. References to Relevant Statutes and Regulations

The treasury management activities of the Authority shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Authority. These are:

- CIPFA Treasury Management Code of Practice 2017;
- CIPFA Treasury Management Guidance Notes 2018;
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities;
- SI 2003 No 3146 Local Authorities (Capital Finance and Accounting) (England) Regulations and associated commentary;
- Capital Finance: Guidance on Local Government Investments (2018);
- Local Government Act 2003;
- CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code);
- The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.
- The Authority's Contract Procedure Rules;
- The Authority's Financial Regulations; and
- The Authority's Scheme of Delegation.

1.7.2 Procedures for Evidencing the Authority's Powers/Authorities to Counterparties

The Authority's powers to borrow and invest are contained in legislation.

Investing: Local Government Act 2003, section 12

Borrowing: Local Government Act 2003, section 1

In addition, it will make available on request the following: -

- a. the scheme of delegation for treasury management activities, contained in Constitution, which states the Statutory Finance Officer carry out these duties in line with the approved Treasury Management Strategy

Required Information on Counterparties

Lending shall only be made to counterparties on the Approved Lending list. This list has been compiled using advice from the Bristol City Councils treasury advisers based upon credit ratings supplied by Fitch, Moodys and Standard & Poors.

1.7.3. Statement on the Authority's Political Risks and Management of Same

The responsible officer shall take appropriate action with the Authority and the Chief Fire Officer to respond to and manage appropriately political risks such as change of the majority group, leadership etc.

1.7.4. Monitoring Officer

It is the duty of the Clerk & Monitoring Officer is to ensure specialist advice is provided, as required, to ensure that the treasury management activities of the Authority are lawful.

1.7.5. Chief Financial Officer

The Chief Financial Officer is the Statutory Finance Officer; the duty of this officer is to ensure that the financial affairs of the Authority are conducted in a prudent manner and to make a report to the Authority if he has concerns as to the financial prudence of its actions or its expected financial position.

1.8 Operational risk, including fraud, error and corruption

The risk that an organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

The Authority will therefore:-

- a) seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- b) Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- c) Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- d) Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

1.8.1. Details of Systems and Procedures to be Followed, Including Internet Services

Authority

- The Scheme of Delegation to Officers sets out the delegation of duties to officers.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- Loan procedures are defined in the Authority's Financial Regulations.

Procedures

- Bristol City Council process BACS runs on behalf of the Authority. Purchase invoices are individually approved by both budget holders and Finance at the Authority. Once an invoice is approved, it will be eligible for payment and picked up on the next available payment run created by Bristol City Council.
- CHAPS payments are completed by BCC following receipt of a request, approved by two authorised signatories from within the Authority.

Investment and borrowing transactions

- A detailed register of all loans and investments is maintained as part of the treasury management arrangements.
- A written acknowledgement of each deal is sent promptly to the lending or borrowing institution, as required.
- Written confirmation is received and checked against the dealer's records for the transaction.
- Any discrepancies are immediately reported to the Statutory Finance Officer for resolution.
- All transactions placed through brokers are confirmed by a broker note showing details of the loan arranged. Written confirmation is received and checked against the dealer's records for the transaction. Any discrepancies are immediately reported to the Statutory Finance Officer for resolution.
- Contract notes for transactions carried out by the external fund manager(s) will be received as executed and maintained.

Regularity and security

- Lending is only made to institutions on the Approved List of Counterparties.
- The Treasury Management manual system highlights that money borrowed or lent is due to be repaid.
- All loans raised and repayments made go directly to and from the bank account of approved counterparties.
- Counterparty limits are set for every institution (see 1.1) that the Authority invests with.
- Brokers have a list of named officials authorised to agree deals.
- There is a separation of duties in the section between dealers and the checking and authorization of all deals.
- The Authority's bank holds a list of Authority officials who are authorised signatories for treasury management transactions.
- No member of the treasury management team is an authorised signatory.
- Payments can only be authorised in a formal letter by an authorised signatory, the list of signatories having previously been agreed with the current provider of our banking services.
- There is adequate insurance cover for employees involved in loans management and accounting.

Checks

- The bank reconciliation is carried out monthly from the bank statement to the financial ledger.
- The treasury management spreadsheet balances are proved to the balance sheet ledger codes at the end of each month and at the financial year end. Working papers are retained for audit inspection.
- A debt charge/investment income listing is produced every time the debt charges / investment income is recalculated for budget monitoring purposes. A debt charge / investment income listing is also produced at the financial year end and this document is retained for audit inspection.
- We have complied with the requirements of the Code of Practice on Local Authority Accounting and will account for the fund as Fair Value through Profit or Loss. As a result, all gains and losses and interest (accrued and received) will be taken to the Comprehensive Income and Expenditure Statement.

Calculations

- The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the manual treasury management system.
- The spreadsheet calculates periodic interest payments of PWLB and other long-term loans. This is used to check the amount paid to lenders.
- Average weighted capital loans fund interest rates and debt management expenses are calculated monthly, if appropriate, using information from the financial ledger and the manual treasury management spreadsheet.

1.8.2. Emergency and Contingency Planning Arrangements Disaster Recovery Plan.

An electronic record is kept of all treasury management data.

If an electronic banking failure occurs:

- CHAPS payments can be given by instruction in person. Balances can also be obtained over the phone; and
- All computer files to be 'backed up' on service to enable files to be accessed from remote sites.

1.8.3. Insurance Cover Details

Fidelity Insurance

The Authority has a Fidelity Guarantee with the Fire & Rescue Indemnity Company (FRIC) covering both loss of cash by fraud and/or employee dishonesty. The standard limits for loss of money or for employee fraud are both at £5m aggregate with standard retention at £5,000.

Professional Indemnity Insurance

The Authority has Officials and Professional Indemnity with FRIC which covers loss to the Council from the actions and advice of its officers which are negligent and without due care. This cover has a standard limit of £5m aggregate plus one reinstatement for Officials Indemnity and £5m aggregate for Professional Indemnity, with standard retention for both at £5,000.

Business Interruption

The Authority also has Business Interruption cover with FRIC as part of its £50m combined Property and Business Interruption insurance with standard retention at £5,000.

1.9 Price Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

1.9.1. Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (Gilts, CDs, Etc.)

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Investment Strategy.

TMP 2 PERFORMANCE MEASUREMENT

The Authority is committed to the pursuit of best value in its treasury management activities, and to the use of performance methodology in support of this aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of on-going analysis of the value it adds in support of the Authority's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives and of the scope for other potential improvements. The performance of the treasury management function will be measured using appropriate criteria and benchmarks.

2.1 Evaluation and Review of Treasury Management Decisions

The Authority has a number of approaches to evaluating treasury management decisions: -

- a. periodic reviews carried out by the finance team
- b. reviews with our treasury management consultants (if appointed)
- c. annual review after the end of the year as reported to Fire Authority
- d. half yearly / quarterly / other monitoring reports to committee / Fire Authority

2.1.1 Periodic reviews during the financial year

The Statutory Finance Officer periodically reviews actual activity against the Treasury Management Strategy Statement and cash flow forecasts.

This will include :

- a) Total debt (both on-and off balance sheet) including average rate and maturity profile
- b) Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.

2.1.2 Reviews with our treasury management consultants

The Authority has not appointed treasury management consultants at this time. Should there be an increase in investment and borrowing activity, the Authority will reconsider this approach. The Statutory Finance Officer will hold periodic reviews with consultants, if appointed, to review the performance of the investment and debt portfolios.

2.1.3 Review reports on treasury management

An Annual Treasury Report is submitted to the Authority each year after the close of the financial year which reviews the performance of the Authority against the Treasury Management Strategy. This report contains the following: -

- a. total external debt (gross external borrowing plus other long term liabilities such as finance leases) and average interest rates at the beginning and close of the financial year compared to the Capital Financing Requirement
- b. borrowing strategy for the year compared to actual strategy
- c. whether or not a decision was made to defer borrowing or to borrow in advance
- d. comment on the level of internal borrowing and how it has changed during the year
- e. assumptions made about interest rates
- f. investment strategy for the year compared to actual strategy
- g. explanations for variance between original borrowing and investment strategies and actual
- h. debt rescheduling done in the year
- i. actual borrowing and investment rates available through the year
- j. the performance and return of all investments by type of investment, evaluated against the stated investment objectives

- k. the Report shall identify investments where any specific risks have materialised during the year and report on any financial consequences of that risk; together will details of any remedial action take. This includes reporting any short term borrowing costs incurred to remediate any liquidity problem.
- l. the Report shall include details of any review of long-term investments, held by the authority, which was undertaken in the year in accordance with the Annual Investment Strategy.
- m. compliance with Prudential and Treasury Indicators
- n. other

In addition, half yearly reports will be submitted to the Authority and quarterly reports to the Policy and Resources Committee (reporting by exception) to provide updates on the above.

2.2 Benchmarks and Calculation Methodology:

2.2.1 Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average rate on internal borrowing
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year
- Debt portfolio compared to the debt liability benchmark

2.2.2 Investment

Bristol City Council manage the day-to-day investment of the cash balances of the Authority. Each month Bristol City Council pay the Authority an interest at a rate of average daily SONIA across the month less 25 basis points on the average bank balance across that month.

Therefore, the performance of in-house investment earnings will be measured against the following benchmarked against average daily SONIA.

Consideration will also be given to benchmarking performance against other local authority funds.

2.3 Policy Concerning Methods for Testing Value for money in Treasury Management

2.3.1 Frequency and processes for tendering

Tenders are normally awarded for a period of up to five years with the option to extend for two years, subject to approval via the appropriate governance processes. The process for advertising and awarding contracts will be in line with the Authority's Contract Procedure Rules.

2.3.2 Banking services

The Authority's banking arrangements are under the care of Bristol City Council. As part of the processes performed by Bristol City Council, the banking arrangements are subject to competitive tender every 5 years unless it is considered that there will be changes in the volume of transactions in the foreseeable future which renders a shorter period appropriate.

If tendering is not considered appropriate a specialist banking company must be appointed to ensure that the terms offered represent value for money.

2.3.3 Money-broking services

The Authority will use money broking services in order to make deposits or to borrow and will establish charges for all services prior to using them.

An approved list of brokers will be established which takes account of both prices and quality of services.

2.3.4 Consultants'/advisers' services

This Authority's policy is not to appoint full-time professional treasury management consultants. However, should the Authority's investment activities increase and the requirement for more specialist advice increase, consideration would be given to the appointment of professional treasury management consultants or advisors.

2.3.5 Policy on External Managers (Other than relating to Superannuation Funds)**Either**

The Authority's policy is not to appoint external investment fund managers.

TMP 3 DECISION-MAKING AND ANALYSIS

The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:

3.1.1 Records to be kept

The Finance Team has computerised treasury management arrangements. A member of the Finance Team will enter details of all transactions carried out into the system.

The record will have the following details relative to each loan or investment:

- Dealer or Broker
- Counterparty
- Interest Rate
- Repayment Date
- Term of Loan
- Loan Type
- Commission
- Transfer arrangements
- Basis on which a particular deal was judged to be the correct one

The following records will be retained :-

- Dealing slips for all money market transactions
- Brokers' confirmations for investment and temporary borrowing transactions
- Confirmations from borrowing /lending institutions where deals are done directly
- PWLB loan confirmations

3.1.2 Processes to be pursued

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger reconciliation
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc).

3.1.3 Issues to be addressed.

3.1.3.1. In respect of every treasury management decision made the Authority will:

- a) Above all be clear about the nature and extent of the risks to which the Authority may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Authority's objectives and protect the Authority's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the Authority's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.

3.1.3.2 In respect of borrowing and other funding decisions, the Authority will:

- a) consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets to ensure that its capital plans and investment plans are affordable, proportionate to the Authority's overall financial capacity, and are within prudent and sustainable levels. This evaluation will be carried out in detail for three budget years ahead.
- b) not borrow to invest primarily for financial return.
- c) not borrow earlier than required to meet cash flow needs unless there is a clear business case for doing so.
- d) not borrow unless it is to finance the current capital programme or to fund future debt maturities, or to ensure an adequate level of short-term investments to provide liquidity for the Authority.
- e) increase its CFR and borrowing solely for purposes directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose.
- f) undertake an annual review of any investments in commercial (debt for yield) schemes with a view to identify whether such assets should be sold to provide resources to finance capital expenditure plans or refinance maturing debt.
- g) evaluate the economic and market factors that might influence the manner and timing of any decision to fund.
- h) consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships.
- i) consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.
- j) ensure that treasury management decisions are made in accordance with good professional practice.

3.1.3.3 In respect of investment decisions, the Authority will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Authority to changes in the value of its capital;
- c) ensure that any long-term treasury investment is supported by a business case.

TMP 4 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

The Authority will undertake its treasury management activities by employing only those instruments, methods and techniques detailed below, and within the limits and parameters defined in TMP1 Risk Management.

4.1 Approved Activities of the Treasury Management Operation

- borrowing;
- lending;
- debt repayment and rescheduling;
- consideration, approval and use of new financial instruments and treasury management techniques;
- managing the underlying risk associated with the Authority's capital financing and surplus funds activities;
- managing cash flow;
- banking activities;
- the use of external fund managers (other than Pension Fund)
- leasing.

4.2 Approved Instruments for Investments

Investments will be with those bodies identified by the Authority for its use through the Annual Investment Strategy.

Please see the Annual Investment Strategy published within the Treasury Management Strategy.

4.2.1 Implementation of MIFID II requirements

Since 3 January 2018, UK public sector bodies have been defaulted to “retail” status under the requirements of MiFID II. However, for each counterparty it is looking to transact with, (e.g. financial institution, fund management operator, broker), there remains the option to opt up to “professional” status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and experience and decision making processes in place in order to use regulated investment products.

MIFID II does not cover term deposits so local authorities should not be required to opt up to professional status. However, some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, so opting up to professional status would be required.

The Authority has not applied to opt up to professional status for any transactions.

For investing in negotiable investment instruments, (e.g. certificates of deposit, gilts, corporate bonds), money market funds and other types of investment funds, which are covered by MIFID II, a schedule will be maintained of all counterparties that the treasury management team are authorised to place investments with, should this be required. This specifies for each investment instrument and for each counterparty, whether the authority has been opted up to professional status. (N.B. some money markets funds will deal with both retail and professional clients.)

A file will be maintained for all permissions applied for and received for opt ups to professional status specifying name of the institution, instrument, date applied for, and date received, once an opt up application is made.

A separate file will be maintained for confirmations that there is an exemption from having to opt up to professional status for a regulated investment, (e.g. to use a money market fund which will deal with retail clients), if required.

4.3 Approved Techniques

- Forward dealing
- LOBOs – lenders option, borrower’s option borrowing instrument
- The use of structured products such as callable deposits

4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003, and within this limit the Authority has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

Other Methods of Financing

- Government and EC Capital Grants
- Lottery monies
- PFI/PPP

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The responsible officer has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

See the Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP 5 Organisation, Clarity and Segregation of Responsibilities, and Dealing Arrangements

The Authority considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Authority intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP6 Reporting Requirements and Management Information Arrangements, and the implications properly considered and evaluated.

The responsible officer will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover.

The responsible officer will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds.

The responsible officer will fulfil all delegated responsibilities in accordance with the organisation's Policy and TMP and, if a CIPFA member, the Standard of Professional Practice on Treasury Management.

5.1 Allocation of responsibilities

(i) Fire Authority

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual treasury management strategy
- approval of capital strategy approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the delegation of responsibilities

(ii) Authority Sub Committee

- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties must be undertaken by separate officers: -

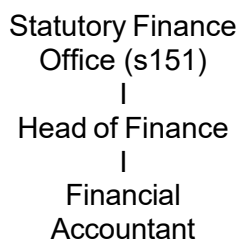
Dealing

Negotiation and approval of deal.
 Receipt and checking of brokers confirmation note against loans diary.
 Reconciliation of cash control account.
 Bank reconciliation

Accounting Entry	Production of transfer note.
	Processing of accounting entry
Authorisation/Payment of Deal	Entry onto banking system.
	Approval and payment.

5.3 Treasury Management Organisation Chart

The Authority does not have dedicated Treasury Management resource. The organisation chart below shows the members of the Finance team involved in Treasury Management activities, with the support of the Treasury Management Team at Bristol City Council as part of the Financial Services Contract.



5.4 Statement of the treasury management duties/responsibilities of each treasury post

5.4.1. The responsible officer

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Authority is the Statutory Finance Officer (*S151 officer*.) This person will carry out the following duties: -

- a) recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- b) submitting regular treasury management policy reports
- c) submitting budgets and budget variations
- d) receiving and reviewing management information reports
- e) reviewing the performance of the treasury management function
- f) ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- g) ensuring the adequacy of internal audit, and liaising with external audit
- h) recommending the appointment of external service providers.
- i) The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- j) The responsible officer may delegate his power to borrow and invest to members of his staff.
- k) The responsible officer will ensure that treasury management policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- l) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Authority's Clerk and Monitoring Officer and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Authority's Financial Regulations
- m) It is also the responsibility of the responsible officer to ensure that the Authority complies with the requirements of The UK Money Markets Code (formerly known as the Non-Investment Products Code) for principals and broking firms in the wholesale markets.

5.4.2. The Finance Team

The responsibilities of the Finance Team will be: -

- a) execution of transactions
- b) adherence to agreed policies and practices on a day-to-day basis
- c) maintaining relationships with counterparties and external service providers
- d) monitoring performance on a day-to-day basis
- e) submitting management information reports to the responsible officer
- f) identifying and recommending opportunities for improved practices
- g) opportunities for improved practices

5.4.3. The Head of the Paid Service – the Chief Fire Officer

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the responsible officer reports regularly to an appropriate Authority Committee on treasury policy, activity and performance.

5.4.4. The Clerk and Monitoring Officer

The responsibilities of this post will be: -

- a) Upon request, checking compliance by the responsible officer with the treasury management policy statement and treasury management practices and seeking specialist advice, where required, that they comply with the law.
- b) Seeking specialist advice, as required to ensure that proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the responsible officer when advice is sought.

5.4.5. Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

5.5 Absence Cover Arrangements

The responsibilities of the Statutory Finance Officer (s151) are delegated to the Head of Finance during periods of absence.

For day-to-day cash balance management, and other treasury management activities covered by the Financial Services contract with Bristol City Council, the absence cover arrangements will be put in place by Bristol City Council.

5.6 Dealing Limits

Dealing is transacted on the Authority's behalf by Bristol City Council. There are no dealing limits for individual posts. Note the Counterparty List sets out an acceptable amount to be lent to individual financial institutions based on a risk matrix. The Counterparty list is based on information from Bristol City Council's independent financial advisors (including real-time rating changes and any amendments required to reflect internal agreed changes). Treasury transactions must comply with the Treasury Management Strategy and Treasury Management Practice Statements (TMPS), this document.

5.7 List of Approved Brokers

A list of approved brokers is maintained within the Treasury Management Team at Bristol City Council and a record of all transactions recorded against them. See TMP 11.1.2. The brokers used are:

- a) Tullet Prebon
- b) RP Martin
- c) Tradition

5.8 Policy on Brokers' Services

It is this Authority's policy to rotate business between brokers.

5.9 Policy on Taping of Conversations

Broker conversations would occur between Bristol City Council and the Broker. It is not this Council's policy to tape brokers conversations.

5.10 Direct Dealing Practices

The Authority will consider dealing direct with counterparties if it is appropriate and the Authority believes that better terms will be available. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts:
- Call Accounts:
- Money Market Funds.

5.11 Settlement Transmission Procedures

Electronic payments are processed through the online NatWest banking software. Standard payments are paid via BACS, taking three working days to clear the account.

On occasion a same day payment is required. In such scenarios a CHAPS payment will be processed through the online NatWest banking software, with the following deadlines:

- Payments to payees outside of the NatWest group can be made until 5.30pm
- Payment to another NatWest group account can be made until 6.15pm.
- CHAPS payments are only made Monday to Friday, excluding bank holidays.

In the absence of online banking accessibility, a formal letter signed by an agreed cheque signatory setting out each transaction must be sent to the Authority's bankers where preliminary instructions have been given by telephone.

5.12 Documentation Requirements

For each deal undertaken a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

TMP 6 Reporting Requirements and Management Information Arrangements

6.1 Annual Programme of Reporting

The Authority will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, the Authority will receive:

- an annual statement on the strategy and plan to be pursued in the coming year;
- a mid-year review of its treasury management policies, practices and activities; and
- an annual statement on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's Treasury Management Policy Statement and TMP.

Accordingly, the Authority has adopted the following reporting arrangements:

Area of Responsibility	Authority/ Committee/Officer	Frequency
Treasury Management Policy and Management Practices	Full Authority	Annual before the start of each financial year
Revisions to Treasury Management Policy and Management Practices	Full Authority	As and when required (reviewed annually)
Treasury Management Strategy and Minimum Revenue Provision (MRP) Statement	Full Authority	Annual before the start of each financial year
Revisions to Treasury Management Strategy and Minimum Revenue Provision (MRP) Statement	Full Authority	Mid-year
Annual Treasury Outturn Report	Full Authority	Annually by 30 September after the end of the financial year
Treasury Management Monitoring Reports	Policy & Resources Committee	Quarterly (reporting by exception)

6.2 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted by the responsible officer to the Authority for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this Authority may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.

3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) current Treasury portfolio position
 - c) borrowing requirement
 - d) prospects for interest rates
 - e) borrowing strategy
 - f) policy on borrowing in advance of need
 - g) debt rescheduling
 - h) investment strategy
 - i) creditworthiness policy
 - j) policy on the use of external service providers
 - k) any extraordinary treasury issue
 - l) the MRP strategy

4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.3 The Annual Investment Strategy Statement

At the same time as the Authority receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Authority's risk appetite in respect of security, liquidity and optimum performance
- b) The definition of high credit quality to determine what are specified investments as distinct from non-specified investments
- c) Which specified and non-specified instruments the Authority will use
- d) Whether they will be used by the in house team, external managers or both (if applicable)
- e) The Authority's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- f) Which credit rating agencies the Authority will use
- g) How the Authority will deal with changes in ratings, rating watches and rating outlooks
- h) Limits of value and time for individual counterparties and groups
- i) Country limits
- j) Maximum value and maximum periods for which funds may be prudently invested
- k) Levels of cash balances and investments over the same time period (as a minimum) as the authority's capital investment plans and how the use of internal borrowing and borrowing in advance will influence those levels
- l) Interest rate outlook
- m) Budget for investment earnings
- n) A review of the holding of longer-term investments
- o) Use of a cash fund manager (if applicable)
- p) Policy on the use of external service providers

6.4 The Annual Minimum Revenue Provision Statement

This statement will set out how the Authority will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.5 Policy on Prudential and Treasury Indicators

1. The Authority approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

2. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to the Authority.

6.6 Quarterly and Mid-year reviews

The Authority will review its treasury management activities and strategy on a quarterly and six monthly basis. The mid-year review will go to Full Authority. This review will consider the following: -

- a) activities undertaken
- b) variations (if any) from agreed policies/practices
- c) interim performance report
- d) regular monitoring
- e) monitoring of treasury management and prudential indicators

The quarterly review will monitor the treasury management and prudential indicators as part of the authority's general revenue and capital monitoring at the Policy and Resources Committee.

6.7 Annual Review Report on Treasury Management Activity

An annual report will be presented to the Fire Authority at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

- a) transactions executed and their revenue (current) effects
- b) report on risk implications of decisions taken and transactions executed
- c) compliance report on agreed policies and practices, and on statutory/regulatory requirements
- d) performance report
- e) report on compliance with CIPFA Code recommendations, approved policies and practices, the member approved treasury management strategy and on statutory/regulatory requirements
- f) monitoring of treasury management indicators

6.8 Management Information Reports

Management information reports will be prepared every quarter by the Finance Team and will be presented to the Statutory Finance Officer.

These reports will contain the following information: -

- a) a summary of transactions executed including brokers used and fees paid and their revenue (current effects);
- b) measurements of performance including effect on loan charges/investment income;
- c) degree of compliance with original strategy and explanation of variances.
- d) any non-compliance with Prudential limits or other treasury management limits.

6.9 Publication of Treasury Management Reports

All reports submitted to the Fire Authority or the Policy and Resources Committee for review and or approval will be available to the public via the following website: [Meetings, agendas, and minutes - Modern Authority \(modern.gov.co.uk\)](#).

TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory/Regulatory Requirements

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

Due regard is given to the Statements of Recommended Practice and Accounting Standards as they apply to Local Authorities in Great Britain.

The Authority has also adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to this Authority's treasury management activities.

7.2 Sample Budgets / Accounts / Prudential and Treasury Indicators

The responsible officer will prepare a three-year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The responsible officer will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators and will report upon and recommend any changes required in accordance with TMP6.

7.3 List of Information Requirements of External Auditors.

- Reconciliation of loans outstanding in the financial ledger to treasury management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports from the <<system >>
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators
- Calculation of the Minimum Revenue Provision
- External fund manager(s) valuations including investment income schedules and movement in capital values.

7.4 Monthly Budget Monitoring Report

Monthly Budget Monitoring reports are produced for the responsible officer, whilst a quarterly budget monitoring report goes to the Policy and Resources Committee. The report is

intended to highlight any variances between budgets and spend in order that the Authority can assess its financial position. Details of treasury management activities are included within this report.

TMP 8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Authority will be under the control of the responsible officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1(i) Liquidity Risk Management.

8.1 Arrangements for Preparing/Submitting Cash Flow Statements

Cash flow projections are prepared to cover a period of 12 months but are a live document, and updated on a daily basis. The projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

A debt liability benchmark will be created and monitored on a quarterly basis to inform a long-term view of liquidity requirements.

8.2 Bank Statements Procedures

The Authority receives monthly bank statements and can access daily data from its bank. All amounts on the statement are checked for integrity.

A formal monthly bank reconciliation is undertaken by a member of the Finance Team and Bristol City Council. This must be submitted to the Authority for review by the 15th of the following month, as per the Service Level Agreement in place with the Financial Services Contract.

8.3 Payment Scheduling and Agreed Terms of Trade with Creditors

Our policy is to pay creditors within 30 days (or otherwise agreed terms) of the invoice date, and this effectively schedules the payments.

8.4 Arrangements for Monitoring Debtors / Creditors Levels

The Finance Team is responsible for monitoring the levels of debtors and creditors. Details are passed to the treasury team at Bristol City Council on an ad hoc basis to assist in updating the cash flow models. This is done when levels of debtors or creditors indicate an expected cash flow outside of the usual course of business or historic trends.

8.5 Procedures for Banking of Funds

All money received by an officer on behalf of the Authority will, without unreasonable delay, be passed to the Senior Finance Assistant to deposit in the Authority's bank account. The Senior Finance Assistant will notify the Finance Team at Bristol City Council of cash and cheques banked, and provide appropriate coding, so that the figures can be taken into account in the daily cash flow and recorded in the nominal ledger.

8.6 Practices Concerning Prepayments to Obtain Benefits

The Authority has no formal arrangement in place. Where such opportunities arise, the prepayment would be sought and authorised by the responsible officer.

TMP 9 Money Laundering

The Authority is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counter-parties and reporting suspicions, and will ensure that staff involved in this are properly trained.

9.1 Proceeds of Crime Act 2002

Money laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are:

- concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- being concerned in an arrangement which a person knows or suspects facilitates the acquisition, retention, use or control of criminal property
- acquiring, using or possessing criminal property.

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include:

- failure to disclose money-laundering offences
- tipping off a suspect, either directly or indirectly
- doing something that might prejudice an investigation – for example, falsifying a document.

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment

9.3 The Money Laundering Regulations 2012, 2015 and 2017

Organisations pursuing relevant business (especially those in the financial services industry regulated by the FCA) are required to do the following: -

- identify and assess the risks of money laundering and terrorist financing
- have policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures
- train relevant staff in the subject
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken
- report their suspicions.

9.4 Local authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and subsequent Terrorism Acts and may commit most of the principal offences under the POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly the Authority will do the following: -

- a) evaluate the prospect of laundered monies being handled by them
- b) determine the appropriate safeguards to be put in place
- c) require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- d) make all its staff aware of their responsibilities under POCA
- e) establish a process by which any member of staff can report suspicions confidentially. AF&RS has a Whistleblowing Policy (Confidential Reporting Code) in place, intended to encourage and enable staff to raise serious concerns within the Service. The Chief Fire Officer has overall responsibility for the maintenance and operation of this policy. The Authority also operates a Confidential Reporting Line to facilitate the reporting of an concerns of fraud or corruption.
- f) in order to ensure compliance is appropriately managed, the Authority will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and methods of communicating procedures and other information to personnel.

9.5 Procedures for Establishing Identity / Authenticity of Lenders

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.gov.uk.

When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its Treasury activities, the Authority will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA register can be accessed through their website on www.fca.gov.uk).

All transactions will be carried out by BACS for making deposits or repaying loans.

TMP 10 Training and Qualifications

This organisation recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The responsible officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff.

The responsible officer will ensure that board/Authority members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The present arrangements, including a knowledge and skills schedule, are detailed below.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Authority operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Most training will be provided on the job, and it will be the responsibility of the responsible officer to ensure that all staff under his / her authority receive the level of training appropriate to their duties. This will also apply to those staff who from time-to-time cover for absences from the treasury management team.

10.1 Details of Approved Training Courses

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

10.2 Records of Training Received by Treasury Staff

The responsible officer will maintain records on all staff and the training they receive.

10.3 Experience and Approved Qualifications for Treasury Staff (If Applicable)

There is currently no approved treasury qualification.

10.4 Record of Secondment of Senior Management

Records will be kept of senior management who are seconded into the treasury management section (within Bristol City Council) in order to gain first-hand experience of treasury management operations.

10.5 Statement of Professional Practice (SOPP)

1. Where the Chief Financial Officer is a member of CIPFA, there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.
2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.6 Member training records

Records will be kept of all training in treasury management provided to members.

10.7 Members charged with governance

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

TMP 11 Use of External Service Providers

The Authority recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons, which will have been submitted to a full evaluation of the costs and benefits. It will also 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. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed. The monitoring of such arrangements rests with the responsible officer.

11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Consultants, Advisers

The Authority will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in house Finance team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Staff involved in treasury management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks an
- The credit ratings of that government support

11.1.1 Banking Services

- a) Name of supplier of service is the NatWest Bank.
- b) Regulatory status – banking institution authorised to undertake banking activities by the FCA
- c) The branch address is:
Bristol City Centre Branch
45/49 Broadmead
Bristol
BS1 3EU
- d) The contract commenced in October 2016, running for a period of 5 years. The contract has been subject to two extensions, for two years and then a further year. The contract expires on 30 September 2024. A tendering exercise will be completed by Bristol City Council during 2024/25.
- e) Cost of service is variable depending on schedule of tariffs and volumes. This is paid directly by Bristol City Council, with the Authority covering their element as part of the Financial Services Contract.
- f) Payments are due quarterly, paid Bristol City Council.

- g) No option for early termination of the current banking contract has been exercised. Early Termination details will be considered as part of the upcoming tender process.

11.1.2 Money-Broking Services

The Authority will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers. The performance of brokers is regularly reviewed by Bristol City Council to see if any should be taken off the approved list and replaced by another choice.

11.1.3 Treasury Consultancy Services

The Authority has not directly appointed Treasury Management Consultants. The Authority will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on its approved lending list etc. Should Treasury Management Consultants be appointed, their performance of will be regularly reviewed by the Statutory Finance Officer to check whether performance has met expectations.

11.1.4 Credit Rating Agency

Bristol City Council receives a credit rating service through its treasury management consultants. The Authority's cash balances are pooled with Bristol City Council's and therefore the Authority adopts the same minimum criteria as the Council for investment.

11.2 Procedures and Frequency for Tendering Services

See TMP2

TMP 12 Corporate Governance

12.1 List of Documents to be Made Available for Public Inspection

- a. The Authority is committed to the principle of openness and transparency in its treasury management function and in all its functions.
- b. It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.
- c. The following documents are available for public inspection from 2024/25: -
 - Treasury Management Policy Statement
 - Treasury Management Strategy Statement
 - Annual Investment Strategy
 - Minimum Revenue provision policy statement
 - Annual Treasury Review Report
 - Treasury Management monitoring reports (e.g. half yearly, quarterly)
 - Annual accounts and financial instruments disclosure notes
 - Annual budget
 - Three Year Capital Plan
 - Capital Strategy
 - Medium Term Financial Plan
 - Minutes of Authority / committee meetings