



LEE VALLEY REGIONAL PARK AUTHORITY
ANNUAL AUTHORITY MEETING
9 JULY 2015 AT 14:00

Agenda Item No:

9

Report No:

A/4214/15

TREASURY MANAGEMENT POLICY AND ANNUAL INVESTMENT STRATEGY 2015/16

Presented by the Director of Finance & Resources

SUMMARY

Treasury management is the management of the Authority's banking, cash flow and its money market transactions, the effective control of the risks associated with those activities and the pursuit of optimum returns consistent with those risks.

Treasury management activity is governed by the Authority's Treasury Management Policy which has the aim of managing risk, avoiding volatility and optimising returns, whilst maintaining a high degree of accessibility from the accounts to enable the cash requirements of the Authority to be met. Members of the Authority last reviewed and approved the Treasury Management Policy in April 2014 (Paper A/4183/14).

The purpose of this report is to provide Members with an update to the existing Treasury Management Policy, which has been drawn up in line with the CIPFA code of best practice, and was approved for recommendation to Authority by Executive Committee on 21 May 2015 (paper E/405/15, Annex A to this report).

Members of the Executive Committee also approved for recommendation to Authority an Annual Investment Strategy and target rate of return of 1.0% on investments in 2015/2016 at their meeting on 21 May 2015 (paper E/405/15, Annex A to this report).

RECOMMENDATIONS

- Members Approve
- (1) the revised Treasury Management Policy and Procedures for the Authority/Trust set out at Appendix B to paper E/405/15;
 - (2) the Annual Investment Strategy set out in Appendix A to paper E/405/15; and
 - (3) a target rate of return of 1.0% on investments in 2015/16, as detailed in paragraph 25 of paper E/405/15.

REVISED TREASURY MANGEMENT POLICY & PROCEDURES

- 1 Following the organisational split between the Authority and the Trust it has been necessary to revise the existing Treasury Management Policy and Procedures to reflect the movement of personnel between organisations and the need to maintain continuity in process.
- 2 These amendments require cross working between Authority and Trust employees to ensure the necessary division of duties are maintained in what potentially is a high risk area. The amendments reflect a pragmatic approach to how the treasury management function is carried out across both organisations and includes the necessary checks and balances to minimise the risk of fraud. However it does marginally reduce the confidentiality of the bank accounts in both organisations as key employees need access to ensure the efficient and effective managements of cash flows. This will be kept under review to ensure the policy and procedures meet both organisations requirements.

ANNUAL INVESTMENT STRATEGY

- 3 In 2004 the Department of Communities and Local Government (DCLG) issued Guidance on Local Government Investments for local authorities in England and this was updated in 2010. The Local Government Act 2003 requires the Authority to have regard to this guidance and any subsequent guidance received from the Secretary of State.
- 4 Central to the guidance is an Annual Investment Strategy (AIS) that each authority must produce and approve. Key to that strategy should be the principal of security, liquidity and then yield.
- 5 The AIS sets out the general policy objective for investments, the procedures for determining which investments in the specified and non-specified categories the Authority will use in the forthcoming financial year, and the maximum periods for which funds may be committed in each asset class.

IMPLICATIONS

- 6 Any environmental, financial, human resource, legal, risk management and equality implications are covered within paper E/405/15 (Annex A to this report).

Author: Simon Sheldon 01992 709 859, ssheldon@leevalleypark.org.uk

BACKGROUND REPORTS

CIPFA "Treasury Management in the Public Services Code of Practice & Cross Sectoral Guidance Notes" 2011

PREVIOUS COMMITTEE REPORTS

Executive	E/405/15	Annual Report on Treasury Management Activity 2014/15 and Annual Investment Strategy 2015/16	21 May 2015
Executive	E/358/14	Annual Report on Treasury Management Activity 2013/14 & Annual Investment Strategy 2014/15	19 June 2014

Authority A/4183/14 Treasury Management Policy 2014 24 April 2014


ANNEX ATTACHED

Annex A Paper E/405/15 Annual Report on Treasury Management
Activity 2014/15 and Annual Investment Strategy 2015/16

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
DCLG	Department of Communities and Local Government
SIBA	Special Interest Bearing Account
AIS	Annual Investment Strategy
LVRPA	Lee Valley Regional Park Authority

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 <p>LEE VALLEY REGIONAL PARK AUTHORITY</p> <p>EXECUTIVE COMMITTEE</p> <p>21 MAY 2015 AT 10:30</p>	<p>Agenda Item No:</p> <p style="text-align: center;">8</p> <p>Report No:</p> <p style="text-align: center;">E/405/15</p>
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**ANNUAL REPORT ON TREASURY MANAGEMENT ACTIVITY
2014/15 AND
ANNUAL INVESTMENT STRATEGY 2015/16**

Presented by the Director of Finance & Resources

EXECUTIVE SUMMARY

This report provides a summary of treasury management activity during 2014/15; seeks approval to an investment strategy and a target rate of return for the year ahead (2015/16).

RECOMMENDATIONS

- | | |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| Members Note: | (1) the treasury management activity during 2014/15; |
| Members Recommend to Authority: | (2) the Annual Investment Strategy set out in Appendix A to this report; |
| | (3) a target rate of return of 1.0% on investments in 2015/16, as detailed in paragraph 25 of this report; and |
| | (4) the revised Treasury Management Policy and Procedures for the Authority/Trust set out at Appendix B to this report. |

BACKGROUND

- 1 Treasury management is the management of the Authority's cash flows, banking and investment decisions and the effective control of the risks associated with those activities; with the aim of optimising performance/returns whilst minimising the associated risks.
- 2 This report looks at the Authority's performance over the past year and proposes an Annual Investment Strategy and a target rate of return for investments for 2015/16.

ANNUAL PERFORMANCE

- 3 Treasury management activity is governed by the Authority's Treasury Management Policy which has the aim of managing risk, avoiding volatility and optimising returns, whilst maintaining a high degree of accessibility from the accounts to enable the cash requirements of the Authority to be met. Members of the Authority last reviewed and approved the Treasury Management Policy in April 2014 (Paper A/4183/14).
- 4 Capital investment in the current year has been funded from the Authority's accumulated cash balances and, as a result, no new external long term borrowing has been undertaken.
- 5 After taking account of scheduled loan repayments of £90,724 (including interest of £63,800), outstanding external borrowing at 31 March 2015 totalled £626,923. This full amount is due to be repaid within 2015/16 and subject to no further borrowing being undertaken all loans will be fully cleared by March 2016.
- 6 The Authority's cash position is reviewed on a daily basis and funds are invested or withdrawn as necessary in order to minimise the level of un-invested cash/bank overdraft.
- 7 During the course of this year around 260 transactions have been completed, mainly through the Special Interest Bearing Account (SIBA) of the Authority's current bankers (Nat West).
- 8 No short term borrowing has been required during 2014/15. Short term investments have ranged in size from £10,000 to £5 million; and from periods of one day to 12 months. Interest earned in 2014/15 will total £312,500.

ANNUAL INVESTMENT STRATEGY 2015/16

- 9 In 2004 the Department of Communities and Local Government (DCLG) issued Guidance on Local Government Investments for local authorities in England and this was updated in 2010. The Local Government Act 2003 requires the Authority to have regard to this guidance and any subsequent guidance received from the Secretary of State.
- 10 Central to the guidance is an Annual Investment Strategy (AIS) that each authority must produce and approve. Key to that strategy should be the principal of security, liquidity and then yield.
- 11 The AIS sets out the general policy objective for investments, the procedures for determining which investments in the specified and non-specified categories the Authority will use in the forthcoming financial year, and the maximum periods for which funds may be committed in each asset class.
- 12 Attached at Appendix A to this report is the Annual Investment Strategy for 2015/16 for Members consideration and approval. Definitions for specified and non-specified investments are also set out in Appendix A.

2014/15 INVESTMENT PORTFOLIO

13 Fixed Term Investments

The Authority has deposited with one financial institution for longer term fixed

rate deposits. These investments are in accordance with the Authority's Treasury Management Policy and its current Investment Strategy.

- 14 In 2014/15 the Authority had one Fixed Rate Deposit with the Nat West Bank (it's own bankers):

- (i) The first investment was made in April 2012 in a Fixed Rate Deposit (Issue 26) from its bankers (Nat West) which matured in April 2015. The value of this investment is £3.0 million and attracted an interest rate of 3% (Year 1), 4% (Year 2) and 5% (Year 3). The interest received from this bond was £360,575.

15 Short to Medium Term Investments

The Authority uses an investment firm (Tullet Prebon) to invest funds, in line with the Treasury Management Policy in the short to medium term (up to 2 years) at the best achievable rate. The sums currently invested are:

- Skipton Building Society (4th largest) £5m @ 1.0% for 1 year;
- Principality Building Society (6th largest) £4m @ 1.3% for 18 months;
- West Bromwich Building Society (7th largest) £4m @ 0.51% for 3 months;
- West Bromwich Building Society (7th largest) £1m @ 0.51% for 3 months.

16 Day to Day Investments

These are managed on a day to day basis with the Authority's bankers (Nat West). Surplus funds are moved on a day to day basis between the current account and a SIBA, currently achieving a rate of 0.5%. Funds currently stand at approximately £2.5 million each in both the Trust and the Authority.

2013/14 INVESTMENT PERFORMANCE

- 17 At this time last year (Paper E/358/14) Members of this Committee agreed to a target return on investments of 1.4% for 2014/15. The main accounts achieved the following:

Account	Period of Investment	Average Interest Rate Achieved During 2013/14	Average Interest Rate Achieved During 2014/15
		%	%
Abbey Santander Business Reserve	On-Call	0.70	0.75
Nationwide	3-9 months	0.39	N/A
Nat West SIBA	On-Call	0.50	0.50
Nat West Bond (26)	3 Year Fixed	3.98	4.98
Nat West Bond (29)	1 Year Fixed	3.00	N/A
Co-op Bank	2 Year Fixed	3.00	3.00
Principality BS	2 Year Fixed	3.20	3.20
Principality BS	18 month Fixed	N/A	1.30
Skipton	1 Year Fixed	N/A	0.95
West Bromwich BS	1 – 3 months	N/A	0.52
Average of Accounts		2.18	1.51

- 19 The Authority's average rate of investment return for 2014/15 was 1.51% (1.4% target rate). The Bank of England base rate has remained unchanged (since

2009) and stayed at 0.5% for the whole of 2014/15.

- 20 Comparison of recent years statistics show the Authority has performed consistently compared to the average for Inner/Outer London Boroughs and Hertfordshire and Essex, who generally have significantly larger funds to invest (see below).

Average Interest Earned on all External Investments

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	%	%	%	%	%	%
Herts	1.20	0.80	0.90	0.70	No Data	TBC
Essex	1.79	1.30	1.10	1.00	0.7	TBC
Outer London	2.14	1.20	0.6 - 2.5	0.4 - 2.5	0.3 - 1.6	TBC
Inner London	1.79	1.00	0.1 - 1.8	0.3 - 1.5	0.3 - 1.0	TBC
LVRPA	1.09	0.80	1.23	2.14	2.18	1.51

- 21 The Price Waterhouse Coopers economic forecast published in March 2015 predicts interest rates are likely to remain at 0.5% throughout most of 2015 with gradual increases from late 2015 or early 2016 onwards, returning to 3.5%-4% by 2020.
- 22 Following analysis of the 2014/15 annual investment performance; use of resources required to fund the capital programme activity in 2015/16 (which requires relatively instant access to monies); and the lack of potential in interest rate movements over the next twelve months; the proposed target figure for investment returns for 2015/16 is 1.0%.

REVISED TREASURY MANGEMENT POLICY & PROCEDURES

- 23 Following the organisational split between the Authority and the Trust it has been necessary to revise the existing Treasury Management Policy and Procedures to reflect the movement of personnel between organisations and the need to maintain continuity in process. These are detailed in Appendix B to this report.
- 24 These amendments require cross working between Authority and Trust employees to ensure the necessary division of duties are maintained in what potentially is a high risk area. The amendments reflect a pragmatic approach to how the treasury management function is carried out across both organisations and includes the necessary checks and balances to minimise the risk of fraud. However it does marginally reduce the confidentiality of the bank accounts in both organisations as key employees need access to ensure the efficient and effective managements of cash flows. This will be kept under review to ensure the policy and procedures meet both organisations requirements.

ENVIRONMENTAL IMPLICATIONS

- 25 There are no environmental implications arising directly from the recommendations in this report.

FINANCIAL IMPLICATIONS

- 26 These are dealt with in the main body of the report.

HUMAN RESOURCE IMPLICATIONS

- 27 There are no human resource implications arising directly from the recommendations in this report.

LEGAL IMPLICATIONS

- 28 There are no legal implications arising directly from the recommendations in this report.

RISK MANAGEMENT IMPLICATIONS

- 29 The risk of investment is considered within the existing Treasury Management Policy. The Authority tries to minimise risk by capping the total investment with any one financial institution to £5 million and limiting investments to UK clearing banks and the top seven building societies or where the building society assets exceed £10 billion.
- 30 Each year Treasury Management is audited by the internal auditors to ensure procedures and investment decisions comply with the Policy and Investment Strategy approved by Members. For the last six years the auditors have provided a "full assurance" rating to the Authority which is the highest level of assurance that can be achieved. The work carried out by the internal auditors is also reviewed by the external auditors.

EQUALITY IMPLICATIONS

- 31 There are no equality implications arising directly from the recommendations in this report.

Author: Simon Sheldon 01992 709 859, ssheldon@leevalleypark.org.uk

BACKGROUND REPORTS

CIPFA "Treasury Management in the Public Services Code of Practice & Cross Sectoral Guidance Notes" 2011

PREVIOUS COMMITTEE REPORTS

Executive	E/358/14	Annual Report on Treasury Management Activity 2013/14 & Annual Investment Strategy 2014/15	19 June 2014
Authority	A/4183/14	Treasury Management Policy 2014	24 April 2014

APPENDICES ATTACHED

Appendix A	Annual Investment Strategy 2015/16
Appendix B	Treasury Management Policy

LIST OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
DCLG	Department of Communities and Local Government
SIBA	Special Interest Bearing Account
AIS	Annual Investment Strategy
LVRPA	Lee Valley Regional Park Authority

LEE VALLEY REGIONAL PARK AUTHORITY

Annual Investment Strategy 2015/16

1. This Authority has regard to the DCLG's Guidance on Local Government Investments and CIPFA's Treasury Management in Public Services: Code of Practice and Cross Sector Guidance Notes 2011.
2. This Annual Investment Strategy states which investments the Authority may use for the prudent management of its treasury balances during the financial year. In short these will only be specified investments.
3. This strategy sets out this Authority's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Investment Objectives

4. All investments will be in sterling. The general objective, as set out in the Treasury Management Policy for this Authority, is the prudent investment of its treasury balances. The Authority's investment priorities are the security of capital and liquidity of its investments. The Authority will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
5. The DCLG maintains that the borrowing of monies purely to invest or on-lend and make a return is unlawful and this Authority will not engage in such activity.

Specified Investments

6. The idea of specified investments is to identify investments offering high security and high liquidity. These investments can be made with minimal procedural formalities. All these investments should be in sterling and normally with a maturity of no more than two years.

Non – Specified Investments

7. The aim is to ensure that proper procedures are in place for undertaking risk assessments of investments made for longer periods or with bodies which do not have a "high" credit rating. Such investments are not proposed for this Authority for 2015/16 and where such investments were to be made they would require the prior approval of Members.
8. Based upon its cash flow forecasts, the Authority anticipates its fund balances in 2015/16 to range between £17m and £20m. A prime consideration in the investment of fund balances is liquidity and the Authority's forecast cash flow. Any in-house investment of more than three months needs the approval of the Director of Finance & Resources and in his absence the Chief Executive Officer.

Provisions for Credit – related losses

9. If any of the Authority's investments appeared at risk of loss due to default the Authority will make revenue provision of an appropriate amount.

End of year Investment Report

10. At the end of the financial year, the Director of Finance & Resources will prepare a report on the Authority's investment activity as part of its treasury management activity report and report this to Executive Committee by the end of June. The annual investment strategy will need approval by Executive Committee.

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Treasury Management Policy

| April 2015₄

| Reference: [Version 2.1₀]



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i Document Information

Title: Treasury Management Policy

Status: Live

Current Version: v1.0

Author	<p>Simon Sheldon Assistant Corporate Director Resources & Business Development Director of Finance & Resources ✉ ssheldon@leevalleypark.org.uk ☎ (01992) 709859</p>
Sponsor	<p>Shaun Dawson Kulvinder Sihota Chief Executive Officer Corporate Director Resources & Business Development ✉ sdawsonksihota@leevalleypark.org.uk ☎ (01992) 70984824</p>
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Version History		
Version	Date	Description
1.0	22 March 2012	Authority meeting approved. Paper A/4139/12
2.0	24 April 2014	Authority meeting approved. Paper A/4183XXXX/14
2.1	XX XXX 2015	Authority meeting approved. Paper A/XXXX/15

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1. Context

- 1.1 Treasury Management is the management of the Authority's banking, cash flow and its money market transactions, the effective control of the risks associated with those activities and the pursuit of optimum returns consistent with those risks.

2. Policy Aims

- 2.1 The Authority's Treasury Management Policy is a key element under-pinning the Authority's medium term financial plan and a requirement of this Authority's Financial Regulations; as well as complying with best practice requirements. Ensuring that the Authority's funds are managed effectively will support the Authority's business strategy.

3. Content

- 3.1 The Authority adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- 3.2 This Treasury Management Policy Statement be adopted by the Authority and thereafter its implementation and monitoring shall be delegated to Executive Committee.
- 3.3 All money in the hands of the Authority shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972, referred to in the Code as the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources.
- 3.4 It is the responsibility of the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources to report to the Executive Committee on the Annual Investment Strategy (AIS) for treasury management for the coming financial year.
- 3.5 All executive decisions on investment shall be delegated to the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources, who is required to act in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 3.6 The Authority's policy is to use a mix of in-house investment decision combined with external Investment Managers advice wherever possible.

- 3.7 Security of the Authority's funds is of the highest priority and only the organisations and the limits on investments set out in the specified investments may be used. Investment by Officers of the Authority is restricted to the Specified Investment List of the Authority.
- 3.8 The ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources will report to the Executive Committee not less than once in each financial year on the activities of the treasury management operation and on the exercise of any delegated treasury management powers. The report shall comprise an annual report on treasury management by 30 June of the succeeding financial year.
- 3.9 Should the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources wish to depart in any material respect from the main principles of the CIPFA Code, the reasons should be disclosed in a report to the Executive Committee. Changes in the policy statement shall be delegated to the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources.
- 3.10 In accordance with the CIPFA Code of Practice this Authority defines its treasury management activities as:
- "The management of the Authority's cash flows, its banking and money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 3.11 This Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Authority.
- 3.12 This Authority acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

4. Responsibilities

- 4.1 The administration of Treasury Management will be the responsibility of the ~~Corporate Director for Resources & Business Development~~Director of Finance & Resources as Section 151 Officer, or, in his~~er~~ absence, ~~the Chief Executive~~the Assistant Corporate Director for Resources & Business Development.

5. Legal Considerations

- 5.1 This policy complies with Section 151 of the Local Government Act 1972.

6. Relevant Policy & Procedures

- 6.1 This policy will be implemented through the Treasury Management Procedures for In-House Funds, which are attached as an appendix.

7. Policy Implementation

- 7.1 This policy will be implemented through the relevant procedures.

8. Monitoring & Evaluation

- 8.1 Executive Committee will receive reports on all activities, including, as a minimum, an annual strategy and plan for the year ahead and an annual review report of the previous year.

9. Review

- 9.1 This policy will be reviewed in light of any significant changes in circumstances or every five years, whichever is the earlier.

10. Glossary of Terms

Term	Definition
CIPFA	Chartered Institute of Public Finance & Accountancy
AIS	Annual Investment Strategy

11. Appendix

TREASURY MANAGEMENT PROCEDURES FOR IN-HOUSE FUNDS

1. Introduction

- 1.1 The Authority has adopted CIPFA's "Code of Practice on Treasury Management in the Public Services". One of the requirements of this code is that Treasury Systems should be fully documented so that all who are involved are clear on the procedures and on any limits that apply to their activities.
- 1.2 Currently the Authority is moving towards a position of being debt free and therefore it is unlikely to need to borrow money in the short term. This Treasury Management Procedures Document is therefore currently restricted to lending surplus funds not borrowing. However, if the Authority wished to borrow against specific capital schemes a report would be required to go to Executive Committee and would need to be consistent with our own agreed Prudential Indicators which are updated annually
- 1.3 The Authority uses an Investment Firm and its own bank to advise on and invest surplus cash balances of the Authority. The Investment firm invests surplus cash funds via the top seven Building Societies under instruction from the ~~Corporate Director of Resources & Business Development~~ Director of Finance & Resources. A record of all the investments are made with a statement sent to the ~~Assistant Corporate Director of Resources & Business Development~~ Director of Finance & Resources showing all transactions.
- 1.4 This document, except where stated, relates to the placing of surplus cash by officers of the Authority.

2. Delegation

- 2.1 All investment and borrowing matters are delegated to the Executive Committee.
- 2.2 The ~~Corporate Director of Resources & Business Development~~ Director of Finance & Resources has delegated authority to deal with the investment of surplus cash in hand.
- 2.3 The ~~Corporate Director of Resources & Business Development~~ Director of Finance & Resources will ~~delegates the~~ regularly monitoring of investments ~~with support from to the Assistant Corporate Director Resources & Business Development, the Corporate Systems Development Manager~~ Finance and Systems Accountant and the Senior Finance Officer.
- 2.4 The day to day transactions are carried out by the ~~Assistant Corporate Director of Resources & Business Development~~ Director of Finance & Resources and the ~~Corporate Systems Development Manager~~ Finance and Systems Accountant of the Trust Senior Finance Officer within the terms of reference set by this policy.
- 2.5 The ~~Assistant Corporate Director of Finance & Resources~~ Resources & Business Development and the ~~Corporate Systems Development Manager~~ Finance and Systems Accountant of the Trust will establish the balances held in the Authority's and Trust's bank account each morning via internet link to the bank and ascertain what money is available for investment.
- 2.6 When considering the period for investment the following points should be taken into consideration:
 - Future movements in daily/weekly/monthly and annual cash flow

c. Levy Dates

- Trust Payment dates
- Rates of interest being offered
- Anticipated future trends in interest rates

2.7 In order to meet any unexpected requirements for cash part of the Authority and Trusts's funds must be kept on call. Placing of sums in excess of one month must be approved by the Director of Finance & Resources (LVRPA) for Authority Funds and the Managing Director of the Trust for the Trust's funds Assistant Corporate Director Resources & Business Development.

2.8 In the absence of the Corporate Director of Resources & Business Development Director of Finance & Resources the Assistant Corporate Director Resources & Business Development is responsible for day-to-day decisions, in the absence of the Assistant Corporate Director Resources & Business Development, the decisions falls to the Chief Executive in consultation with the Corporate Systems Development Manager Finance and Systems Accountant/Senior Finance Officer of the Trust.

3. Dealing Procedures

3.1 The principle behind the management of the Authority's cash balances is to meet all liabilities without resort to unnecessary borrowing. This means having regard to payment dates, particularly levy dates, when placing monies longer term.

3.2 The aim in managing the Authority's cash balances is to ensure the availability of sufficient funds to meet the liquidity requirements of the Authority. This is achieved by placing surplus cash at call or overnight or up to the next levy date.

3.3 For periods beyond one month the authority of the Director of Finance & Resources is required Assistant Corporate Director Resources & Business Development is required. These decisions are made in the light of general guidance on periods of investment having regard to expected cash flows and the need to avoid an overdraft situation when making the decision.

4. Documentation

4.1 All deals must be documented at the time of dealing, and detailed on the spreadsheet file following the deal being made.

4.2 The spreadsheet must show the amount, period, the counterparty and the interest rate. When any written confirmation is received it is essential that this is checked against the spreadsheet immediately with any discrepancies investigated without delay.

4.3 The spreadsheet should be balanced with the interest received shown in the general ledger on a quarterly basis. A monthly statement of reconciliation should be produced by the Corporate Systems Development Manager Finance and Systems Accountant/Senior Finance Officer of the Trust and be signed off by the Assistant Corporate Director Resources & Business Development Director of Finance & Resources.

5. Transmission Procedures

5.1 Where funds need to be transferred to a counterparty the following procedure will need to be undertaken:

- 5.1.1. Where payments made to counterparties can be transmitted using electronic/Internet banking the Assistant Corporate Director Resources & Business Development Director of Finance & Resources or Corporate Systems Development Manager Finance and Systems Accountant/Senior Finance Officer of the Trust must approve and release the transaction.

- 5.1.2 In cases where CHAPS payments are made via the bank - ~~two separate officers must prepare and then authorise the payment. a letter of confirmation signed in accordance with mandate instructions must be faxed or delivered to the bank by no later than 2.00 p.m. on the day of transfer.~~
- 5.1.3 Deposits made with the Authority's bank through the special interest bearing account will be made via Internet transfer between the Authority's bank accounts.

6. Limits on Decision Making

The following limits must be strictly adhered to and under no circumstances may they be exceeded:

Corporate Director of Resources & Business Development Director of Finance & Resources	All matters delegated by the Authority & Executive committee.
Assistant Corporate Director of Resources & Business Development	All matters delegated by the Corporate Director of Resources & Business Development as set out in these procedure notes
Chief Executive Officer	To cover in the absence of the Director of Finance & Resources
Managing Director of the Trust	All matters delegated by the Trust Board
Corporate Systems Development Manager / Finance and Systems Accountant / Senior Finance Officer of the Trust	Investment of all surplus balances within limits applicable to counter-parties, subject to the limitations set out in these procedure notes

7. Limits Applicable to Counterparties

- 7.1 Investment of Authority funds has one overriding principle - **SECURITY**. With this in mind funds may only be placed with the following institutions:
- i. UK based Clearing Banks
 - ii. Top Seven Building Societies (or where Society assets exceed Ten Thousand million Pounds)

7.2 Limits

The general limit for total investment in one institution is £5 million.

8. Reporting Lines and Frequency

- 8.1 On a quarterly basis and as part of the Revenue Monitoring report the ~~Corporate Systems Development Manager / Finance and Systems Accountant / Senior Finance Officer~~ ~~are to~~ report to the ~~Assistant Corporate Director Resources & Business Development~~ Director of Finance & Resources with the reconciliation statement detailed in 4.3 above.

- 8.2 On a quarterly basis the ~~Assistant Corporate Director Resources & Business Development~~Director of Finance & Resources is to present to the ~~Corporate Director of Resources & Business Development~~Chief Executive, a statement showing the monthly and cumulative returns from all investments earned for the quarter and year to date.
- 8.3 The ~~Corporate Systems Development Manager~~Finance and Systems Accountant/Senior Finance Officer should produce on a quarterly basis a statement comparing interest returns with the budget and a forecast for the year based upon the latest information available.
- 8.4 On an annual basis the ~~Assistant Corporate Director Resources & Business Development~~Director of Finance & Resources will produce a report on Investment Performance ~~for the Corporate Director of Resources & Business Development~~ to present to the Executive Committee by the end of June.
- 8.5 An Annual Investment Strategy is to be presented by the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources to the Executive Committee.
- 8.6 Annually after the closure of the financial year the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources is to report to the Executive Committee on matters regarding the previous year's activities.
9. Cash Flow
- 9.1 Details of cash needs are to be kept by the ~~Assistant Corporate Director Resources & Business Development~~Director of Finance & Resources showing movement in cash flow.
- 9.2 A detailed cash flow statement is to be produced on an annual basis that forecasts the next twelve monthly period.
10. Review of Treasury Systems Document
- 10.1 While it is not expected that the actual procedures in this document will need to be revised very often, such aspects as limits, risk spreading and possibly data recording may require amendment. The ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources is authorised to approve such amendments.
- 10.2 In some instances, such as where limits for counterparties need to be changed during the year, periodic supplements to this document may have to be issued. However, there should be a full review by the ~~Corporate Director of Resources & Business Development~~Director of Finance & Resources of the contents of the document annually and any amendments reported to the Executive Committee.

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