

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Audit Committee
Report of:	Interim Head of Capital and Treasury Management
Date of Meeting:	26th January 2020
Subject:	Treasury risk management arrangements
Wards Affected: All	
1. Purpose of Report	
1.1	To update members on the Council's treasury risk management arrangements as set out in the Treasury Management Policy, Strategy and treasury management practices.
2. Recommendation	
2.1	That the Audit Committee notes and considers the Council's treasury risk management arrangements as set out in the attached draft Treasury Management Policy, Strategy and treasury management practices.
3. Detail	
3.1	<p>The functions of Audit Committee include "(d) to review the adequacy of treasury risk management arrangements as set out in the Treasury Management Policy, Strategy and treasury management practices".</p> <p>The Council's Treasury Management Policy and Strategy are approved in the annual Financial Plan by full Council, in accordance with CIPFA's Treasury Management Code for local authorities ("the CIPFA Code"). Quarterly monitoring of treasury management activity is included in the financial monitoring and annual outturn reports to Cabinet.</p>
3.2	Treasury Management is defined in the CIPFA Code as "the management of the organisation's borrowing, investments and cashflows; its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

3.3 **Appendix 1** is a presentation outlining the main risk management processes and controls for treasury management in the Council. These processes and controls are set out in further detail in a set of key governing documents, in accordance with the CIPFA Code, which are attached for reference as follows:

Appendix 2 The Council's Draft Treasury Management Strategy and Policy: these are the key documents that set out the main risk management processes and controls for Treasury Management in the Council. They will form appendices to the Financial Plan 2021-25 to be approved by City Council meeting on 23 February 2021, and for transparency, are in that format.

Appendix 3 The Council's Draft Treasury Management Practices (TMPs): these are operational procedures regulating day to day treasury activities, including the management of risk. They are referenced in the TM Policy paragraph 10.5. These are reviewed annually and are due to be approved by the Director of Finance.

Appendix 4 Treasury management reporting and monitoring (Quarter 2 monitoring example attached): this is provided quarterly to Cabinet as part of the financial monitoring report, and a summary dashboard is provided to Resources Overview and Scrutiny in the intervening months. This includes monitoring of the treasury management and other Prudential Indicators (which are required by the CIPFA Prudential and Treasury Codes).

3.4 Training on treasury management is provided periodically for City Councillors. Training was recently arranged on 7 July 2020 and was provided by Arlingclose (the Council's treasury advisers) together with our own treasury staff.

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