

Treasury Management Code Consultation

Chichester District Council is pleased to present its comments on the Treasury Management Code consultation issued by CIPFA on 1 February 2021.

<https://www.cipfa.org/policy-and-guidance/consultations/treasury-management-code-consultation>

Any questions arising from this submission should be directed to:

Mark Catlow
Chichester District Council
East Pallant House
1 East Pallant
Chichester
PO14 3RN

Tel: +44 (0)1243521076

Email: mcatlow@chichester.gov.uk

Responses

Q1 to 4 **We do not agree.**

This appears to be an unworkable and unnecessary imposition which would add further burdens on Local Government bodies.

Our strong view is that the revised Code should avoid setting unrealistic job descriptions, especially as the majority of authorities undertake relatively simple treasury activities.

Even where an authority is classified under MIFID2 as a professional client, proscribing core skills are unnecessary; the existing Code paragraphs, alongside the MIFID 2 accreditation processes operated by Financial Institutions appear suitable.

Q5- We agree in principle, but the current proposals do not tackle the core tension between ESG and SLY.

Our key concern with the proposal as drafted is that it does absolutely nothing to clarify the tension between Security/ Liquidity and Yield (SLY) and ESG which we feel is the cornerstone issue to be resolved.

CIPFA, as author of the Code, needs to clearly set out where ESG fits within the existing SLY risk hierarchy. Without this, Local Authorities cannot properly be certain that, in considering ESG factors, they are complying with the wider code requirements.

Outside of this, the new code needs to be careful not to set unrealistic requirements. As an example, the present draft requirement in TMP13 that “The responsible officer will establish, implement and monitor all arrangements for the identification, management and control of Environmental, Social and Governance risks” appears over broad and unworkable.

Finally, it is not clear why the draft TM13 strays into financing and derivative arrangements in its final paragraph. This does not appear to be pertinent to ESG.

Q6. We do not agree.

This matter should be left to local discretion and the judgement of the Section 151 officer. There is already extensive oversight of the Treasury function carried out by Corporate Governance Committees and Cabinets, as well as by Full Council. It is not clear for the majority of Councils what a specific Treasury Committee would add to this process given that, even for MIFID2 professional clients, the majority of relevant transactions requiring professional status are simple call investments with Money Market Funds.

Where more complex investments are envisaged, it is already normal practice to form working parties comprising both officers and Members to consider the proposals.

Q7 No comment

29 March 2021