



Treasury Management Practices

WMCA's Treasury Management Practices (TMPs) set out the manner in which the organisation will seek to achieve its treasury management policies and objectives and how it will manage and control those activities.

The Treasury Management Practices (TMPs) comprise:

- TMP 1: Risk management
- TMP 2: Performance measurement
- TMP 3: Decision-making and analysis
- TMP 4: Approved instruments, methods and techniques
- TMP 5: Organisation, clarity and segregation of responsibilities and dealing arrangements
- TMP 6: Reporting requirements and management information arrangements
- TMP 7: Budgeting, accounting and audit arrangements
- TMP 8: Cash and cash flow management
- TMP 9: Money laundering
- TMP 10: Training and qualifications
- TMP 11: Use of external service providers
- TMP 12: Corporate governance

Other Schedules supporting these practices and other documents held at an operational level specify the systems and routines to be employed and the records to be maintained in fulfilling WMCA treasury functions (Treasury Management Operational Procedures).

TMP 1 – RISK MANAGEMENT

All treasury management activities involve both risk and the pursuit of reward or gain for WMCA. WMCA's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of treasury management activities.

WMCA regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures cover all external investment.

The Director of Finance will ensure appropriate arrangements are in place for the design, implementation and monitoring all arrangements related to the identification, management and control of treasury management risk. Reporting 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 WMCA'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 Annual Treasury Management Strategy, further details are also available in the Treasury Management Operational Manual)

- (1) Credit and Counterparty Risk Management:** Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations to WMCA under an investment, borrowing, capital, project or partnership financing, particularly as a result of the third party's diminished creditworthiness, and the resulting detrimental effect on WMCA's capital and revenue resources.

Objective: WMCA 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 whom 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. 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.

- (2) Liquidity Risk Management:** Liquidity risk is the risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that WMCA's business/service objectives will be thereby compromised.

Objective: WMCA 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.

WMCA will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to fund future debt maturities.

- (3) Interest Rate Risk Management:** Interest Rate risk is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on WMCA's finances, against which WMCA has failed to protect itself adequately.

Objective: WMCA 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 as amended in accordance with TMP6 Reporting requirements and management information arrangements.

WMCA will achieve this by the prudent use of its approved 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.

- (4) Exchange Rate Risk Management:** The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the authorities' finances against which the authority has failed to protect itself adequately.

Objective: WMCA will ensure that it protects itself adequately against the risk of fluctuations in foreign exchange rates creating an unexpected or unbudgeted burden on the WMCA's finances. It will manage any exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

- (5) 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 organisation for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

Objective: WMCA will ensure that its borrowing, private financing and 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 to the organisation 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.

- (6) Legal and Regulatory Risk Management:** The risk that WMCA itself, or a third party with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that WMCA suffers losses accordingly.

Objective: WMCA 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 under TMP1(1) Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with WMCA, particularly with regard to duty of care and fees charged.

WMCA 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.

- (7) Fraud, Error and Corruption, and Contingency Management:** This is the risk that WMCA 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 referred to as operational risk.

Objective: WMCA 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.

(8) Market Risk Management: This is the risk that, through adverse market fluctuations in the value of the principal sums the WMCA borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

Objective: This WMCA 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.

TMP 2 – PERFORMANCE MEASUREMENT

Objective: WMCA is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the WMCA's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, or 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 as set out in the Annual Treasury Management Strategy.

TMP 3: DECISION-MAKING AND ANALYSIS

Objective: WMCA 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. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed below:

<p>Funding, borrowing, lending, and new instruments/techniques</p>	<p>1. <u>Records to be kept</u></p> <p>The Treasury section uses “SharePoint” a web-based document management and storage system in which all investment and loan transactions are recorded. The following records will be retained.</p> <ul style="list-style-type: none"> • Daily cash balance forecasts • Money market rates obtained via e-mail/telephone from the brokers • Brokers confirmations for investment and temporary borrowing transactions, in addition to counterparty confirmations if available • Confirmations from borrowing/lending institutions where deals are done directly <p>2. <u>Processes to be pursued</u></p> <ul style="list-style-type: none"> • Cash flow analysis • Debt and investment maturity analysis • Ledger reconciliation • Performance information
<p>In respect of every treasury decision made, WMCA will:</p>	<p>3. <u>Issues to be addressed</u></p> <ul style="list-style-type: none"> a) Above all be clear about the nature and extent of the risks to which WMCA may be exposed to. b) Be certain about the legality of decisions reached and the nature of the transactions and that all authorities to proceed have been obtained. c) Be content that the documentation is adequate both to deliver WMCA’s objectives and protect WMCA’s interests. d) Ensure that third parties are judged satisfactory in the context of WMCA’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 found to be competitive.
<p>In respect of borrowing and other funding decisions, WMCA will:</p>	<ul style="list-style-type: none"> a) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund. b) Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships. c) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

	<p>f) Consider the ongoing revenue liabilities created and the implications for WMCA's future plans and budgets.</p>
<p>In respect of investment decisions, WMCA will:</p>	<p>a) Consider the optimum period in light of cash flow availability and prevailing market conditions.</p> <p>b) Consider the alternative investment products and techniques available especially the implications of using any which expose WMCA to changes in the value of its capital.</p>

TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

Objective: WMCA will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Annual Treasury Management Strategy, and detailed in the below schedule:

Approved activities of the treasury management operation	<p>WMCA is permitted to undertake the following activities:</p> <ul style="list-style-type: none">▪ Managing cashflow▪ Consideration, approval and use of new financial instruments and treasury management techniques.▪ Borrowing including debt restructuring and debt repayment▪ Lending including redemption of investments▪ Banking activities▪ Capital financing▪ The use of external fund managers (other than in respect of the Pension Fund).▪ Managing the underlying risk associated with the WMCA's capital financing and surplus funds activities. <p>The above list is not finite and WMCA would, from time to time, consider and determine new financial instruments and treasury management techniques; however, WMCA will consider carefully whether the officers have the skills and experience to identify and manage the advantages and risks associated with using the instruments/techniques before undertaking them, more so as some risks may not be wholly or immediately transparent.</p>
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<p>Approved capital financing methods and types/sources of funding</p>	<ul style="list-style-type: none"> • PWLB - Public Works Loans Board loans and its successor body • EIB – European Investments Bank loans • Bond issuance – via aggregator agency (e.g. UKMBA) or in WMCA name • Market - Long term money market loans including forward starting loans and LOBOs • Market - Temporary money market loans (up to 364 days). • Local Authorities - Temporary borrowing • Bank overdraft • Government and EU Capital Grants • Other Capital Grants and Contributions • Stock issues • Deferred Purchase • Lottery monies ▪ Private Finance Initiative ▪ Operating and finance leases ▪ Hire purchase ▪ Sale and leaseback <p>Internal Resources</p> <ul style="list-style-type: none"> • Capital Receipts • Revenue Balances • Use of Reserves <p>Approved sources of long-term and short-term borrowing include</p> <ul style="list-style-type: none"> • Public Works Loan Board (PWLB) and its successor body • Any institution approved for investments • Any other bank or building society authorised to operate in the UK • UK public and private sector pension funds (except West Midlands Pension Fund) • UK Municipal Bonds Agency and other special purpose vehicles created to enable local authority bond issues • Temporary borrowing from other Local Authorities <p>The level of debt will be consistent with the Treasury Management Strategy and the Prudential Indicators.</p>
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Approved investment instruments	<p>WMCA will determine through its Annual Treasury Investment Strategy which instruments it will use, giving priority to the security and liquidity of its invested monies. The investments will be categorised as 'Specified' or 'Non Specified' based on the criteria set out by the ODPM (now MHCLG) in its Investment Guidance March 2004 (as amended).</p> <p>The instruments approved for investment and commonly used by local government authorities are:</p> <ul style="list-style-type: none"> ▪ Deposits with the UK government, the Debt Management Agency Deposit Facility (DMADF), and UK local authorities ▪ Banks and building societies unsecured short-term (call and notice accounts, deposits, certificates of deposit) ▪ Investments in Money Market Funds , i.e. 'AAA' liquidity funds ▪ Treasury Bills ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Sterling denominated bonds by non-UK sovereign governments ▪ Covered bonds (i.e. those with underlying collateral) ▪ Unsecured corporate bonds ▪ Reverse Repurchase Agreements ('reverse repos') ▪ Commercial paper ▪ Real Estate Investment Trusts (REITs) ▪ Strategic Pooled Funds
Approved Techniques	<p>The following are approved techniques:</p> <ul style="list-style-type: none"> • Forward dealing up to 5 years. • £10m limit on long term deposits over 1 year and up to 5 years.

Where WMCA intends to use instruments for the management of risks, these will be limited to those set out in its Annual Treasury Strategy. The WMCA will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

Objective: WMCA 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 WMCA 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 Director of Finance 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 Director of Finance will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in the Treasury Management Operational Procedures.

<p>Limits to responsibilities at Executive levels</p>	<p>WMCA Board:</p> <ul style="list-style-type: none"> • Approving the annual report on treasury management policies, practices and activities. • Approving the annual Treasury Management Strategy (including the Annual Investment Strategy) • Approving Treasury Management Mid-year and Annual Outturn reports <p>TMG:</p> <ul style="list-style-type: none"> • Review and amendments to adopted clauses, treasury management policy statement and treasury management practices • budget consideration and approval • receiving and reviewing external audit reports and acting on recommendations • approving the selection of external service providers and agreeing terms of appointment <p>Audit Risk and Assurance Committee:</p> <ul style="list-style-type: none"> • scrutiny and endorsement the treasury management policy and procedures and making recommendations to the responsible body.
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<p>Principles and practices concerning segregation of duties</p>	<p>The segregation of duties will be determined by Director of Finance.</p> <p>Segregation of duties exists in that:</p> <ul style="list-style-type: none">• the officer(s) responsible for negotiating and closing treasury management deals are completely separate from the officer(s) with responsibility for recording the transactions in the cash book and completing cheque and bank reconciliations.• the officer(s) responsible for negotiating and closing treasury management deals is separate from officer(s) authorising payments• all borrowing/investments decisions must be authorised by the Director of Finance.
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Statement of duties/ responsibilities of each treasury post

1. The Director of Finance (Section 151 Officer) will responsible for:
 - (a) recommending clauses, treasury management policy, practices for approval, reviewing the same regularly and monitoring compliance
 - (b) determining Prudential Indicators and Treasury Management Strategy including the Annual Investment Strategy
 - (c) submitting regular treasury management policy reports
 - (d) receiving and reviewing management information reports
 - (e) reviewing the performance of the treasury management function and promoting best value reviews
 - (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) determining long-term capital financing and investment decisions.
2. The Director of Finance has delegated powers to determine and undertake the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
3. The Director of Finance may delegate their power to borrow and invest to members of their staff, The Director of Finance, Head of Financial Planning, and Lead Treasury Accountant to conduct dealing transactions, or staff authorised by the Director of Finance to act as temporary cover.
4. The Director of Finance will ensure that the treasury management policy is adhered to, and if not, will bring the matter to the attention of members.
5. Prior to entering into any capital financing, lending or investment transactions it is the responsibility of the Director of Finance to be satisfied and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or WMCA Financial Regulations.
6. It is also the responsibility of the Director of Finance to ensure that WMCA complies with the requirements of The Non Investment Product Code (formerly known as The London Code of Conduct) for principals and broking firms in wholesale markets.

	<p>7. Lead Treasury Accountant will be responsible for:</p> <ul style="list-style-type: none"> (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) supervising treasury management staff (e) monitoring performance on a day-to-day basis (f) submitting management information reports to the Director of Finance (g) identifying and recommending opportunities for improved practices.
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The Director of Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed below:

Documentation requirements:	<ul style="list-style-type: none"> - Name of Counterparty - Address of Counterparty - Amount of Loan/Investment - Period of Loan/Investment - Interest payable and when - Counterparty banking details
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The delegations to the Director of Finance in respect of treasury management are set out in the schedule below. The Director of Finance will fulfil all such responsibilities in accordance with the organisation's policy statement, TMPs and, CIPFA's Standard of Professional Practice (SOPP)

TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

Objective: WMCA 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 WMCA Board will receive:

- An annual Treasury Management Strategy (including investment strategy) and plan to be pursued in the coming year
- A mid-year review
- An annual outturn report 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 TMPs.

The Treasury Management Group will receive regular monitoring reports on treasury management activities and risks.

The Audit Risk and Assurance Committee will have responsibility for the scrutiny of treasury management policies and practices.

Schedule

TMP 6 Reporting Requirements and Management Information Arrangements	
Annual Programme of Reporting	<ul style="list-style-type: none"> • Annual reporting requirements before the start of the year <ul style="list-style-type: none"> ○ Review of the organisations approved clauses, treasury management policy statement and practices ○ Strategy report on proposed treasury management activities for the year comprising the Annual Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy Statement. • Mid year review • Annual Report after the end of the year (attached to the Annual Outturn Report)
Annual Treasury Management Strategy	<ul style="list-style-type: none"> • The Annual Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted before the commencement of the financial year and then to Full WMCA Board for final approval. • The formulation of the Annual Treasury Management Strategy 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 WMCA may decide to postpone lending, or maintain short term lending, to take advantage of any expected rise in fixed interest rates, or lend for longer periods if fixed interest rates are expected to fall. • The Treasury Management Strategy Statement is concerned with the following elements <ul style="list-style-type: none"> ○ Treasury Management Indicators ○ Current Treasury portfolio position ○ Borrowing requirement ○ Prospects for interest rates ○ Borrowing strategy ○ Policy on borrowing in advance of need ○ Debt rescheduling ○ Investment strategy ○ Creditworthiness policy ○ Policy on the use of external service providers

	<ul style="list-style-type: none"> ○ Any extraordinary treasury issue ○ The MRP strategy ● 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.
The Annual Investment Strategy Statement	<p>At the same time as WMCA receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following:</p> <ul style="list-style-type: none"> ● WMCA's risk appetite in respect of security, liquidity and optimum performance ● The definition of high credit quality to determine what are specified investments as distinct from non-specified investments ● Which specified and non-specified instruments WMCA will use ● Whether they will be used by the in house team, external managers, or both. ● WMCA's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list ● Which credit rating agencies WMCA will use ● How WMCA will deal with changes in ratings, rating watches and rating outlooks ● Limits for individual counterparties and group limits ● Country limits ● Levels of cash balances ● Interest rate outlook ● Budget for investment earnings ● Policy on the use of external service providers
Annual Minimum Revenue Provision (MRP) Statement	<p>This statement will set out how WMCA will make revenue provision for repayment of its borrowing using the established options for so doing, or other methods as recommended in the statement, and will be submitted at the same time as the Annual Treasury Management Strategy.</p>
Policy on Prudential and Treasury Indicators	<p>WMCA approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators. The responsible officer is responsible for incorporating these limits into the Annual Treasury Management Strategy, 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 full WMCA Board.</p>
Mid-Year Review	<p>WMCA will review its treasury management activities and strategy on a six monthly basis. The review will consider the following:</p> <ul style="list-style-type: none"> ● Activities undertaken ● Variations (if any) from agreed policies/practices ● Interim performance report ● Regular monitoring ● Monitoring of treasury management indicators for local authorities
Annual Review Report on Treasury Management Activity	<p>An annual report will be presented to the Board 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:</p> <ul style="list-style-type: none"> ● Transactions executed and their revenue effects ● Report on risk implications of decisions taken and transactions executed ● Compliance report on agreed policies and practices, and on statutory/regulatory requirements ● Performance report ● Report on compliance with CIPFA code recommendations

	<ul style="list-style-type: none"> • Monitoring of treasury management indicators
Management information reports	<p>Monitoring information will be prepared every month by the Lead Treasury Accountant and discussed periodically with the Portfolio Holder for Finance. In addition they will be presented as appropriate to the Treasury Management Member Panel. This information will include the following</p> <ul style="list-style-type: none"> • Summary of transactions executed and their revenue implications • Measurements of performance • Cashflow monitoring • Interest rates analysis and forecast of 'net' earnings • Reconciliations of temporary investments, balances and interest • Degree of compliance with original strategy and explanation of variances • Any non-compliance with Prudential limits or other Treasury Management limits.
Publication of Treasury Management Reports	<p>The following reports will be made available to the public via WMCA website</p> <ul style="list-style-type: none"> • Annual Treasury Management Strategy • Mid-Year Review • Annual Treasury Management Performance Report

TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

Objective: The Director of Finance will prepare, and WMCA will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with **TMP1 Risk management, TMP2 Performance measurement, and TMP4 Approved instruments, methods and techniques.**

The Director Of Finance will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with **TMP6 Reporting requirements and management information arrangements.**

WMCA will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being. The present form of WMCA's accounts is set out in the schedule.

WMCA will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP 8: CASH AND CASH FLOW MANAGEMENT

Objective: Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the WMCA will be under the control of the Director of Finance 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 Director of Finance will ensure that these are adequate for the purposes of monitoring compliance with **TMP1 [2] liquidity risk management**.

A **medium-term** model is prepared as part of the budget process, with projections for 5 further years. It is highly summarised and looks mainly at cash flows arising from the capital programme, the in-year capital financing requirement, scheduled loan repayments and long-term investment maturities, and anticipated movements in reserves.

A **detailed annual cash flow** is prepared for the financial year once the budget for the ensuing year has been agreed, which is monitored and updated on a daily basis. It identifies the major inflows and outflows on a month by month basis.

It is prepared using the agreed revenue budget and capital programme for the financial year and based on the knowledge obtained from WMCA's various service sections incurring the expenditure /receiving the income and can be supplemented by the experience from previous years.

Daily cash flows show forecast and planned movements of cash on a daily basis, including the matching of known inflows and payments. It will be the function of the treasury management staff to calculate from cash flow forecasts the extent of any surplus cash available for investment bearing in mind the need to ensure WMCA's liabilities are adequately covered and liquidity indicators complied with without resorting to excessive temporary borrowing. Where temporary borrowing has to be undertaken, it must be for the shortest period possible, commensurate with cash flow requirement/forecast.

TMP 9: MONEY LAUNDERING

The Proceeds of Crime Act (POCA) 2002 consolidated, updated and reformed criminal law in the UK in relation to money laundering. The principal offences relating to money laundering 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.

Other offences include failure to disclose money laundering offences, tipping off a suspect either directly or indirectly, and doing something that might prejudice an investigation.

Organisations pursuing relevant businesses were required to appoint a nominated officer and implement internal reporting procedures; train relevant staff in the subject; establish internal procedures with respect to money laundering; obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken and report their suspicions.

In December 2007, the UK Government published the Money Laundering Regulations 2007, which replaced the 2003 Regulations.

CIPFA believes that public sector organisations should “embrace the underlying principles behind the money laundering legislation and regulations and put in place anti money laundering policies, procedures and reporting arrangements appropriate and proportionate to their activities”.

Objective: WMCA 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 counterparties and reporting suspicions and will ensure that staff members involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in the Money Laundering Policy.

TMP 10: TRAINING AND QUALIFICATIONS

Objective: WMCA 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 Director of Finance will recommend and implement the necessary arrangements.

The Director of Finance will ensure that WMCA members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

TMP 10 Training and Qualification	
Details of approved training courses	<p>Treasury management staff and members will go on courses/seminars provided by CIPFA, and WMCA, Treasury Advisors and Money Market Brokers.</p> <p>The courses/events the WMCA would expect its treasury personnel to consider are:</p> <ul style="list-style-type: none"> • Certificate in International Treasury Management – Public Finance • Training courses for Accounting, Auditing, Best Value/Competition, Budgeting, Capital Finance & Borrowing, Financial Management run by CIPFA and IPF • Any courses/seminars run by Treasury Management Consultants. • Attending CIPFA Conference • Training attended by those responsible for scrutiny of the treasury function
Details of qualifications and other relevant staff	<p>Treasury staff are expected to have a professional accountancy qualification or be an experienced member of the Association of Accounting Technicians.</p> <p><i>Cover for day-to-day treasury management can be provided by suitably trained staff with the approval of the Director of Finance.</i></p>
Records of training received by treasury and other relevant staff	<p>Attendance at Treasury Network and FAN courses are kept in a log held by Finance. Reference should be made to each officers Personal Development Plan and records for other relevant courses attended.</p>
Statement of Professional Practice (SOPP)	<p>Where the Director of Finance (DoF) is a member of CIPFA/ACCA there is a professional need for the DoF to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are properly trained.</p> <p>Other staff involved in treasury management activities who are members of CIPFA must also comply with Standard of Professional Practice (SOPP).</p>
Records of training received by those charged with governance.	<p>Records will be kept by Finance of all training in treasury management provided to members. Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.</p>

TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

Objective: WMCA recognises that responsibility for the treasury management decisions remains with the authority at all times. It 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 Director of Finance.

Schedule

TMP 11 Use of External Service Providers	
Contract threshold	The WMCA's Financial Procedure Rules require that a formal contract is in place with all external service providers. The contract will clearly state the services to be provided and the terms on which they will be provided.
Banking Services	Supplier - HSBC Bank Branch Address – HSBC UK, PO Box 68,130 New Street, Birmingham, B2 AJU Cost of service – variable depending on schedule of tariffs and volumes. Regulatory Status – banking institution authorised to undertake banking activities by the FSA. Procedures & frequency for tendering services -
Money Broking Services	The authority will use money brokers for investment, temporary borrowing and long term borrowing. It will seek to give an even spread of business amongst the approved brokers. Brokers include: Tradition - Tel 0207 422 3566 ICAP – Tel 0207 532 3550 Martins – Tel 0207 469 9580 Sterling – Tel 0207 496 8955 LCB – Tel 0207 739 4375 Prebon – Tel 0207 200 7393 King & Shaxon – Tel 0207 929 8497 Imperial Treasury Services - Tel 01992 945550 The nature of this service does not require formal contractual arrangements.
Treasury Consultancy Services	Supplier – Arlingclose Ltd 35 Chiswell Street, London EC1Y 4SE Regulatory Status – Investment adviser authorised by the FSA. Cost of Service – £20,000 <ul style="list-style-type: none"> • Strategic Advice on WMCA Treasury Management Strategy

Details of service provided by Treasury Advisor	<ul style="list-style-type: none">• Capital Finance advice• Assistance with the Treasury Management annual strategy report and policy statement• Interest rate forecasting, market updates and economic advice• Investment policy• Credit ratings and counterparty creditworthiness• Debt management• Fund manager monitoring• Seminars and training• Access to website
Credit Rating Agency	The WMCA receives a credit rating service through its treasury management consultants, the cost of which is included in the Treasury Advisors' annual fee.

TMP 12: CORPORATE GOVERNANCE

Objective: WMCA is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

WMCA has adopted and has implemented the key recommendations of the Treasury Management Code of Practice (Revised December 2017). These are considered vital to the achievement of proper corporate governance in treasury management, and Director of Finance will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Procedural Responses

WMCA's policies and strategies of treasury management link clearly to the other key policies and strategies. Treasury Management of risk is an integral part of WMCA's overall risk management processes, which culminates in the well-defined organisation-wide strategy for the control of risk and contingency planning.

Schedule

TMP 12 Corporate Governance	
Stewardship responsibilities and Control Framework	<p>The Director of Finance ensures that systems exist to deliver proper financial administration and control and maintaining a framework for overseeing and reviewing the treasury management function.</p> <p>As regards a control framework, WMCA's formal policy documents define clearly procedures for monitoring, control and internal check.</p> <p>WMCA's procedures for reviewing the value of the treasury management function, and the implementation of opportunities for improvement, are both continuous and open to examination.</p>
List of documents to be made available for public inspection	<p>The following documents are freely available for public inspection:</p> <ul style="list-style-type: none"> • Treasury Management Policy Statement • Annual Treasury Management Strategy Report incorporating the following <ul style="list-style-type: none"> ○ Annual Treasury Management Strategy ○ Annual Investment Strategy ○ Annual Borrowing Strategy including borrowing limits for the forthcoming year ○ Minimum Revenue Provision policy statement • Treasury Management Annual Report on all activities of the treasury management functions (including the performance of fund managers). • Mid -Year Treasury Performance Report • Treasury Performance as included in quarterly Budget Monitoring Reports • Annual Report and Statement of Accounts including financial instruments disclosure notes • Medium Term Financial Strategy • 5-Year Capital Programme.
Procedures for consultation with stakeholders	<p>Members and senior officers of WMCA are consulted via reports to the Executive and officer/member briefing sessions.</p>

List of external funds managed on behalf of others and the basis of attributing interest earned and costs to these investments	WMCA does not manage funds on behalf of others.
WMCA's website.	Financial information is additionally available on WMCA's website.