

## **Additional text to be added to the Council's Treasury Management Practices**

### **TMP 1 Risk Management**

#### General Statement

This organisation 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 that robust due diligence procedures cover all external investment including investment properties.

#### TMP 1.5 Inflation risk management

The organisation will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

Inflation risk, also called purchasing power risk, is the chance that the cash flows from an investment won't be worth as much in the future because of changes in purchasing power due to inflation.

### **TMP 4 Approved Instruments, Methods and Techniques**

#### TMP 4.2 Implementation of MIFID II requirements

This organisation has reviewed its classification with financial institutions under MIFID II and has set out in the schedule to this document those organisations with which it is registered as a professional client and those with which it has an application outstanding to register as a professional client.

#### TMP 4.7 Non-treasury management investments

This organisation recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

This organisation will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

The organisation will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

See separate schedule encompassing *[to be prepared if required]*:

- Risk Management.
- Performance Measurement.
- Organisation, clarity and segregation of responsibilities, and dealing arrangements.
- Reporting requirement and management information arrangements.
- Training and qualifications.

## **TMP 6 Reporting Requirements and Management Information Arrangements**

### TMP 6.1 Annual programme of reporting

Capital Strategy *[to be reported as part of the Treasury Management and Annual Investment Strategy, Capital Plan Review and or Budget Report]* to cover the following:

- Give a longer term view of the capital programme and treasury management implications thereof beyond the detailed three year time horizon.
- An overview of treasury and non-treasury investments to highlight the risks and return involved in each and the balance (proportionality) between types of investments.
- The authorities risk appetite and specific policies and arrangements for non-treasury investments.
- Schedule of non-treasury investments.