

Statement by the Treasury and Capital Management Panel

Treasury Management Indicators

CIPFA consulted on proposals to make changes to the following treasury management indicators either in the *Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes* (the Treasury Management Code) or in the sector related guidance in August and September of 2017:

- Change the principal invested for longer than 364 days indicator to principal invested over 365 days in line with financial reporting definitions
- Remove the interest rate exposure indicator and require the Treasury Management Strategy to state how interest rate exposure is managed and monitored, and
- Extend the maturity structure of borrowing indicator to cover variable as well as fixed rate debt.

The indicators in their original form were included in the CIPFA publication *Treasury Management in the Public Services Guidance Notes for Local Authorities including Police Authorities and Fire Authorities*, 2011 Edition.

These changes were supported by 95 percent of the respondents to the consultation. CIPFA is therefore of the view that these changes will apply to treasury management indicators produced for the 2018/19 financial year.

CIPFA would note that the consultation responses included proposals for a small number of clarifications. It is anticipated that local authorities will use their own methods to quantify interest rate exposure.

More guidance on the detail of these changes will be included in the update of the CIPFA Publication *Treasury Management in the Public Services Guidance Notes for Local Authorities including Police and Fire Bodies*. This publication will be updated following the issue of the Statutory Guidance on Local Government Investments which was subject to consultation from November to December 2017.

If local authorities consider that they will not be able to implement the changes to the indicators in full for the 2018/19 financial year, for example, due to cost or other practical issues, CIPFA would recommend that the changes be made to the reporting of these treasury management indicators as soon as reasonably possible. It would note that the changes will be fully implemented from 1 April 2019.

CIPFA

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