

The Council's Treasury Management Policy is implemented through approved Treasury Management Practices (TMPs). These are reviewed below for the half year to 30 September 2011.

<b>TMP</b>	<b>Treasury Management Practices</b>	<b>Comments</b>
TMP1	<b>Risk Management</b>	
	<b>Credit and counterparty risk</b>	No Limits were exceeded. A summary of total amounts lent to each organisation is appended. There were no investments with the Co-op Bank during the half year. However there were 44 deposits made to an interest earning account with the Bank during the half year. At 30 September 2011 the balance on this account was £4.5 million.
	<b>Liquidity risk</b>	During the first half of 2011/12 there was 1 day when cash was borrowed from the market, compared with 8 days in the comparable period of 2010/11.
	<b>Interest rate risk</b>	All long-term debt is currently at fixed interest rates providing certainty as to interest to be paid in the future. Lender's Option Borrower's Option (LOBO) loans from banks (where, at the end of a period of fixed interest rate the bank has an option (Lender's Option) to vary the interest rate, but if they do the Council has the option (Borrower's Option) to repay the loan) are treated as fixed rate as the loans would be repaid if the lender exercised their option.
	<b>Exchange rate risk</b>	All treasury instruments (excluding Pension Fund investments) are in sterling.
	<b>Refinancing risk</b>	No additional borrowing was undertaken. One LOBO of £10 million was re-borrowed on the original terms after being repaid during 2010 at the Bank's request.
	<b>Legal and regulatory risk</b>	Following regulation changes in 2010, Pension Fund treasury investments are separately identified.
	<b>Fraud, error and corruption, and contingency management</b>	The most recent annual internal audit report on treasury management made only minor administrative recommendations.
	<b>Market risk</b>	All lending during the period was either at fixed rates or through call accounts or money market funds. There were no transactions in tradeable securities.

**APPENDIX B**  
Mid Year Review 2011-12

TMP2	<b>Performance measurement</b>	The average return achieved on lending was 0.8% for the County Council and 0.9% for the Pension Fund against the average 7-day rate benchmark of 0.4%.
TMP3	<b>Decision-making and analysis</b>	All decisions were in accordance with the approved policy and no issues were reported to the Treasury Management Group.
TMP4	<b>Approved instruments, methods and techniques</b>	All treasury management activities were within the limits and parameters defined. One LOBO of £10 million was re-borrowed on the original terms after being repaid during 2010 at the Bank's request.
TMP5	<b>Organisation, clarity and segregation of responsibilities and dealing arrangements</b>	Responsibilities were exercised within the parameters set out and there were no exceptions to the limits on decision-making.
TMP6	<b>Reporting requirements and management information arrangements</b>	All reports required for the half year were provided as suggested and there were no breaches of the principles contained in TMP5.
TMP7	<b>Budgeting, accounting and audit arrangements</b>	No budgetary or accounting issues have been identified. The most recent internal audit report on treasury management made only minor administrative recommendations.
TMP8	<b>Cash and cash flow management</b>	Cash flow forecasts were prepared in accordance with requirements and summarised forecasts provided to the <i>Treasury Management Group</i> .
TMP9	<b>Money laundering</b>	No suspicions of money laundering were reported.
TMP10	<b>Training and qualifications</b>	The Group Manager (Investments) has achieved the CIPFA/ACT Certificate in International Treasury Management – Public Finance.
TMP11	<b>Use of external service providers</b>	Fitch Ratings service gives e-mail notification of changes in Bank ratings. Other rating and market information is monitored via Reuters.
TMP12	<b>Corporate governance</b>	All reports due to be made in the first half year have been presented.