

notes of meeting

Panel Treasury and Capital Management Panel

Date 19 March 2015

Venue CIPFA, 77 Mansell Street, London E1 8AN

Members Richard Paver (Chair)
Manchester City Council

Stephen Clarke
Local Government Association

Joy Robson
Monmouthshire Borough Council

Mike Jenson (for Gill Kilpatrick)
Lancashire County Council
Society of County Treasurers

Janet Senior
Lewisham LBC

By Invitation Richard Enderby
*Communities and Local
Government*

Roy Nolan
*Chair CIPFA Treasury Management
Network Advisory Group*

Secretariat Mandy Bretherton
CIPFA

Matthew Allen
CIPFA

Panel Business

Apologies for absence were received in advance of the meeting from Hazel Bartels, Martin Easton, Innes Edwards, Kevin Jaquest, Paul Mayers, Jason Phillips, Neil Sellstrom and Will Spinney. There were no declarations of interest from members of the Panel.

The Panel asked that their appreciation of the contributions from Mark Frankel and Gill Kilpatrick to the work of the Panel be formally recorded.

The minutes of the meeting of the 5 November were approved as an accurate record of the meeting.

CIPFA Business Update

Roy Nolan gave valuable feedback on the recent Treasury Management Network conference and set the results of the interactive feedback in context. The feedback on the performance of the Panel is something that it would need to take into account.

The continuing high turnover of treasury management staff continued to be a source of risk which needed to be mitigated by training. Equally there was scope for a "master class" at the conference for those who had sufficient background to gain a more sophisticated understanding of the issues.

DCLG Update

The scope of this update was constrained by the protocols governing the pre-election period.

Draft Panel Bulletin

Mandy Bretherton circulated a hard copy of the “DCLG Borrowing and Investment Live” table to inform a brief discussion of exposure to unsecured bank deposits, especially given the implications of recent banking regulation changes and the difficulty of creating a diversified portfolio. In doing this the Panel stressed that the approach should be one of education rather than prescription various parties had different risk appetites and profiles.

IFRS 13 Fair Valuation of LOBOS

The Panel stressed that IFRS 13 Fair Valuation was a matter for CIPFA/LASAAC but that it would work with the Local Authority Accounting Panel to determine whether application guidance was needed. In this its role would be to ensure that the nature of the financial instrument was fully understood in determining the appropriate treatment. This may require consultation with those with specialist expertise. The Panel would in addition have a role in communicating the guidance and ensuring early auditor engagement.

IFRS 9 Financial Instruments

The Panel noted that issue would be considered over a longer time-horizon than IFRS 13, but that the impairment issue needed early consideration, especially if there is a potential requirements for smoothing or mitigation.

Horizon Scanning and Work Programme

Mandy Bretherton explained that she had updated the schedule to reflect comments of last meeting and invited comments on the current prognosis.

Members of the Panel speculated as to the possibility of there now being a downside as well as upside interest rate risk, hence the Interest Rate Risk section be retitled Interest Rate Changes Risk. Counter party “bail in” risk was also a factor now to be factored in.

The widespread misunderstanding of the role of local government reserves posed a risk – one that could perhaps be mitigated by the prospective balance sheet management publication.

Guidance on Code of Practice on Transport Infrastructure

Mandy Bretherton updated the Panel, explaining that CIPFA/LASAAC had agreed key principles and that these would be included in the guidance notes that are to be published in May.

CIPFA Position Statements

The Panel discussed draft position statement on MRP. Any detailed comments to be sent to Mandy Bretherton.

Local authority reserves need not be the subject of a position statement as it had been dealt with by [LAAP Bulletin 99 Reserves and Balances](#)

Any Other Business

There were no items of other business.