**Appendix 4 – Specification**

**Treasury Management Strategy & Policy**

**Treasury Management Policy**

The Supplier will be required to review and advise on the content of the Treasury Management Policy and provide assurance to the Board that the Policy is appropriate and fit for purpose for Bron Afon as outlined in the ITT document on a yearly basis.

**Treasury Management Strategy**

The Supplier is to review the Treasury Management Strategy on an annual basis. The Supplier will be required to help develop, implement and monitor this strategy, including but not limited to, economic and interest rate environment and forecasts, business plan assumptions, hedging strategy, funding position and strategy, and investment strategy. The Supplier shall, on an annual basis, produce a formal report regarding the Treasury Management Strategy which shall typically be presented to the Board in their meetings. Dates for board meetings will be advised on successful appointment. This report shall be prepared in conjunction with representatives of Bron Afon.

**Business Planning & Market Data**

**Business Plan Assurance**

Bron Afon currently uses Abovo for its annual Business Plan, financial forecasting, scenario planning, stress testing, and other associated functionality. The Supplier shall be required to have an in-depth working knowledge of this system. The Business Plan is currently reviewed and updated each year for submission to Welsh Government and the Lenders. The Supplier will be able to support the preparation of this plan and validate the model before submission, ensuring the plan inputs are entered appropriately, assumptions are appropriate and that it therefore provides accurate outputs. Due to this requirement, it is vital that the supplier has licensing to use this software to fulfil this contract.

**Financial and Economic Information Updates**

The Supplier shall provide regular financial and economic information updates. These updates shall include both detailed market information, and in-depth analysis and economic commentary.

**Loan Arrangements**

The Supplier will provide advice and support with all current lenders as and when appropriate to ensure effective relationships are maintained. The Supplier will be required to provide advice and support in identifying and securing new loan financing as and when required. This shall be in conjunction with representatives from Bron Afon.

The current loan structure for Bron Afon is outlined as follows:

* £55m – NatWest – Drawn – Fixed rate with varying maturity dates.
* £30m – NatWest – Not currently drawn – Revolver Facility
* £8m – PBS – Drawn – Fixed rate with varying maturity dates.
* £2m – Welsh Government – Drawn – Interest Free with varying maturity dates.

**Investments**

Bron Afon seeks to invest surplus cash in fixed term deposits, so that Bron Afon’s objectives of security of principal, liquidity, and yield, in that order, are met. Bron Afon may only invest with institutions meeting a minimum credit rating criteria determined using a methodology agreed with our treasury management advisers that reflects our risk profile. Guidance shall be provided to Bron Afon indicating the acceptability of counterparties as deposit takers, and the durations recommended.

**Other Arrangements**

**Training**

The Supplier may be required to provide training when requested, tailored to the audience (finance staff, Executive Leadership Team, Board Members, Democratic Body representatives), on treasury management related topics.

**Board / Committee Meeting Attendance**

The Supplier will be required to attend meetings as/when appropriate with Board, Assurance Committee, or a Democratic Body. The requirement is 3 meetings per annum.

**Availability for Questions and Queries**

The Supplier is to be available via email and telephone to answer questions and queries from Bron Afon representatives relating to the services they are providing under this contract. The Supplier shall not be entitled to separate reimbursement for answering such queries and questions. In addition, the Supplier shall be required to respond to ad-hoc queries and questions which do not necessarily relate to a specific piece of work or report. The Supplier may be entitled to separate reimbursement for responding to such queries in accordance with the rates set out in the contract. However, the Supplier is to notify of the intention to seek reimbursement and obtain confirmation in writing prior to completing their response