On the move...

- **Kerri Brown** AMCT has joined HBOS as a senior accountant. She was previously a senior executive at Ernst & Young.
- **Alex Dawes** AMCT, previously tax director at Clear Channel Outdoor, has been appointed international tax planning director at Live Nation.
- **Geoffrey Dunn** FCT, an interim FD with ConsultDunn, joined Northern Rock as interim CFO before the recent legal split of Northern Rock.
- **Amy Gudgeon** AMCT has left her position as finance manager at AstraZeneca and joined Royal Mail as finance business partner – channels.
- **Russell Haley** AMCT has been appointed head of ETD Financial Management and Treasury, EMEA, at UBS. He was previously head of corporate treasury at NewEdge Group.
- **Gayle Mulvaney** AMCT, previously assistant treasurer for Arriva, has been appointed group treasurer at Hargeaves Services.
- **Alistair McLean** MCT, previously assistant treasurer at Lion Nathan, has joined Worley Parsons as senior treasury manager.
- **Adrian Marsh** FCT has been appointed group tax and treasury director at Tesco. He was previously FD Europe for AstraZeneca.
- **Austin Matthews** MCT has joined Cable & Wireless as assistant treasurer. He was previously treasury manager at Shire.
- **Richard Symonds** MCT has joined Hertz Europe as European treasurer.
- **Stephen Webster** MCT, previously corporate treasurer for Smiths Group, has been appointed group treasurer for QinetiQ Group.

MEMBERS' DIRECTORY

Members' contact details are updated regularly at **www.treasurers.org**. *Email changes to Matthew Trickey:* **mtrickey@treasurers.org**, *or phone +44 (0)20 7847 2557.*

CAREERS

For up-to-date treasury vacancies and careers articles, log onto: **www.treasurers.org/careers**

Sally Stevens of Barclays

We are pleased to note that Sally Stevens of Barclays passed her AMCT and CERT CFF exams. Her name was inadvertently missed off the list of successful candidates published in the February edition of *The Treasurer*. The ACT is pleased to publicly confirm her success.

Government scrutinises business finance choices

The government's call for views on increasing choice in business finance has closed.

In a consultation – to which the ACT co-ordinated the response from corporate treasurers – HM Treasury sought views on the barriers to more diverse financing for business.

Myners: no single source can be taken for granted

Announcing the consultation, Paul Myners, financial services secretary to HM Treasury, said: "The extraordinary events in credit markets over the past two years have shown that the continued availability of any single form of business finance cannot be taken for granted.

"Right across the world, firms that had relied on loans from banks to finance their operations found themselves in a very difficult situation when bank lending contracted."

Myners acknowledged that large corporations have had a great deal of success in accessing finance directly from credit markets, with a surge in corporate bond issuances. Smaller firms, however, have not been able to replace bank lending by directly tapping financial markets or non-bank financing.

Myners added: "A more diverse funding market, where large and mid-size firms can go directly to markets or have options other than banks when they are looking for support, would clearly be an advantage to the UK economy, not just in economic slowdowns."

The consultation closed in the middle of February and proposals for reform are promised for later in the year. The ACT asked members to complete a short survey so it could ascertain the viewpoint of treasurers before responding.

See BofE Eyes Expansion of Non-Bank Lending, p8, and Let There be Credit!, p18

The consultation related to a range of business finance issues including:

- credit assessment and monitoring;
- corporate transparency;
- transparency in the pricing of bank loans
- UK investor preferences;
- non-bank loan markets and high-yield bond markets.

Students flock to ACT public sector course

A treasury management qualification for the public services, launched in the wake of the Icelandic banking collapse last year, has attracted high levels of interest and excellent student numbers.

The six-month course leads to a certified professional qualification, developed through close co-operation between the Chartered Institute of Public Finance and Accountancy (CIPFA) and the ACT. The first course, which started in October, has enrolled 160 students.

ACT and CIPFA created the Certificate in International Treasury Management – Public Finance (CertITM-PF) to ensure that staff managing funds in the public services have all the relevant skills and knowledge to perform the function in a highly competent and professional manner.

Stuart Siddall, ACT chief executive, said: "We are delighted at the excellent reception that the CertITM-PF has received from the public sector, particularly local authorities. However, many more organisations should be asking themselves whether they too need to take steps to ensure that they have all the relevant skills and knowledge and are qualified in this vital area. It is critically important to be absolutely confident that funds are being managed effectively and with a clear understanding of the balance of risk and return."

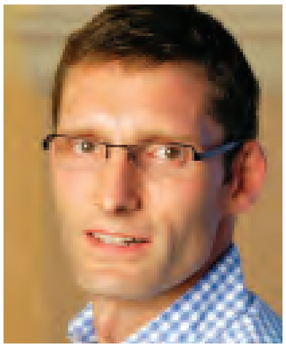
Steve Freer, CIPFA chief executive, said: "The large number of applications for this programme confirms that CIPFA and the ACT are clearly tapping into a real market need. Throughout the public sector there is increasing recognition that treasury management is a complex, specialised area which requires expert stewardship"

The next course starts on 12 April 2010. See www.treasurers.org/certitmpf

Finance departments fail CEOs' great expectations

A PricewaterhouseCoopers study into the effectiveness of the top 200 FTSE companies and other international businesses has highlighted a gap between the expectations of business leaders of their finance functions and what those functions actually do.

The PwC report suggested that only 11% of finance staff worked as "business partners", and that 55% of analysts spent their time gathering rather analysing data.


Jarman: significant hurdles

PwC defines business partners as finance staff with the skills and experience to work alongside the business, influencing, designing and executing business strategy and planning. The role requires the ability to understand both finance and business realities, to challenge decisions and, in many ways, to act as a business consultant.

The recession has led to heavy dependency on finance professionals as businesses have turned their focus to financial performance and the cost-effectiveness of operations.

According to the study, 63% of the survey's benchmark participants regarded their finance function as playing a lead role in strategic planning by providing support to the CEO, but 80% were dissatisfied with the level of management information they received. CEOs wanted their finance functions to provide more meaningful analysis and forward-looking data.

Nick Jarman, partner in the finance effectiveness consulting practice at PwC, said: "As operating models and competitive challenges continue to evolve, both CEOs and finance professionals have some significant hurdles to overcome before the finance function truly becomes the effective strategic partner the business requires."

The researchers concluded that companies where the finance function was working more effectively typically invested 30% more resource into analytical activities and paid staff 25% more than other organisations.

In addition, the study reported that the most effective finance functions had addressed their efficiency agenda, with over 65% of respondents having set up shared service centres (SSCs) or consolidated some element of their transaction processing. This move had freed up the time financial professionals spent on data gathering so that they could concentrate on analysis.

The PwC study's benchmark analysis combines qualitative assessment and comparative metrics across the competing demands of business insight, efficiency and compliance and control.

Business insight combines such evaluations as a comparison of time spent on analysis and data gathering and an assessment of management's reliance on the resulting forecasts.

Efficiency includes a range of key determinants including the complexity of systems and time to close/report.

Compliance and control examines such areas as cost, accountability and risk management. ■

Banks mired in payments fragmentation

The high proportion of banks that have failed to simplify their payments businesses will need to do so if they are to improve customer service, according to recent research.

The Misys Transaction Banking Survey revealed that 65% of banks canvassed reported they needed a simplified process for making changes to payment standards and rules across their multiple payment systems. Three-fifths of respondents reported that their payment environments were fragmented across disparate processing systems. The consensus among the banks surveyed was that they had to improve their payment processing systems, and that centralising those processes through a payment hub was an efficient and cost-effective way to do so.

The second highest priority for banks, selected by 55% of respondents, was the ability to track payments as they pass through their systems. When implementing updates to multiple, discrete systems, monitoring payment flows across various systems involves more work and higher risk of errors than if the payment flows were routed through a central hub.

£40bn record set for liability risk-hedging

Liability risk-hedging in the UK reached £40bn in 2009, topping the previous high of £35bn set in 2007, according to risk and management consulting firm Towers Watson.

The firm said the precise scale of activity was difficult to measure, since most deals are conducted privately between banks and pension funds or insurers.

The growth in the market during 2009 was attributed to the increased use of physical bonds for matching, greater demand for buy-ins and the evolution of longevity hedging.

Paul Trickett, EMEA head of investment at Towers Watson, said: "The extreme market conditions which caused significant delays in the execution of derivatives-based liability hedging strategies in early 2009 did not diminish demand by institutional investors for reducing liability-related risks through matching.

"This, combined with the greater availability of long-dated bonds, increased use of buy-ins, and a growing longevity-hedging market mean this market is back on the growth trend which started in 2004."

The UK inflation-linked market for end-users (excluding intra-bank trades) reached around £25bn in 2008, having been only £3bn in 2004, when the firm first started measuring it.

Trickett said that he expected the market to continue to grow in 2010 despite volatility and sustained risk aversion from counterparties which has increased the cost, complexity and time taken to implement swaps transactions.


Trickett: market back on growth curve

Corporate tax row erupts

The simmering row over the tax burden shouldered by UK corporates boiled over again last month when Diageo, the world's biggest spirit maker, criticised the UK's taxation system.

Chief executive Paul Walsh said that his company would consider moving abroad and he called for corporation tax to be cut and for a simpler and "unwavering" regime.

Caspar Fox, tax partner at international law firm Eversheds, said: "The issue of tax emigration was initially placed on the boardroom agenda of the UK's leading companies because of uncertainty around the corporate tax system. While that uncertainty has largely gone away, the 50% income tax rate has ensured that it remains a live issue for them."

WPP, Shire and United Business Media have all shifted their tax base from the UK in recent years, underlying the increasingly mobile nature of global businesses.

Fox added: "While the Treasury will have been aware that the 50% tax rate may trigger an exodus of hedge fund managers, they will be surprised that it could be causing FTSE 100 companies to think long and hard about following suit."

FRC sounds out stewardship code

The Financial Reporting Council (FRC) has launched a consultation on the content, operation and oversight of a stewardship code that will set out good practice for institutional investors when engaging with the UK-listed companies in which they invest.

The FRC agreed to take on responsibility for oversight of the proposed code at the request of the government, following Sir David Walker's report on the corporate governance of banks and other financial institutions in November 2009.

In particular, the FRC is seeking views on whether the code published by the Institutional Shareholders' Committee in November 2009 provides a suitable basis for the stewardship code.

The outcome of the consultation – which ends in the middle of April – is expected to be announced in May or June.

Regulator gets tough on pension records

Trustees and those responsible for administering workplace pensions must improve standards of record-keeping.

The Pensions Regulator published a consultation last month setting out standards for member records and requiring schemes that fall short to take steps to improve their performance.

Galvin: firmer line promised

The regulator has built on guidance published last year which provided a framework for clarifying and assessing member records.

Take-up of the guidance – which sets out the common data that schemes are required to hold – fell below the levels expected. Only 19% of schemes surveyed had checked that they had all the fundamental common data. Of these, 53% were missing more than one item of the data.

The regulator will continue to "educate and enable" schemes to improve their record-keeping performance but is clear that further measures are needed. Under its proposals, all schemes will be required to keep high-quality data.

The Pensions Regulator's executive director of strategic development Bill Galvin said: "Accurate, complete data on members is a basic building block for almost everything that happens in a pension arrangement, and we will take a much firmer line going forward.

"Poor record-keeping can lead to significant additional costs for schemes, with the potential effect of reduced benefits for members.

"Automatic enrolment will bring millions of people into pension saving for the first time, increasing the volumes of member data held. This makes it all the more important that schemes put their records in order.

"Where credible plans are not put in place to address poor record-keeping, we will require improvement."

Poor record-keeping can result in extra costs to a scheme in areas such as administration, error correction, claims from members, wind-ups or buy-outs.

As part of the 2012 pension reforms, obligations on record-keeping form part of proposed compliance regulations that have been laid before parliament.

Ian Bell, head of pensions at Baker Tilly, said: "The latest pronouncement from the Pensions Regulator on record-keeping clearly shows that they have been disappointed by the lack of progress made by trustees in improving the quality of their member data during 2009.

"The challenge really lies for the regulator in smaller schemes. Those smaller schemes are typically where data will be at its poorest and also where the risk of becoming a customer of the Pension Protection Fund is greatest. Squaring that circle, whatever the guidance, will be a difficult task." ■

Supply chain finance promises billions

UK businesses could benefit from £25bn of untapped liquidity in 2010 by exploiting supply chain finance.

According to IT services company Atos Origin, supply chain finance could also save large organisations at least £10bn in purchasing costs.

Andy Lees, managing partner at Atos Consulting, said: "Disregarding supply chain finance is a missed opportunity for UK business. It provides competitively priced access to early payment and a potentially significant increase in liquidity for the supplier combined with a purchasing saving for the buyer."

Atos said that organisations gained the maximum benefit from supply chain finance if they set up a dedicated team, including representatives of the chief financial officer and chief purchasing officer, to ensure that the programme delivered value to the entire organisation.

Supply chain finance is a means for organisations to ease the cost of finance for suppliers through mutually beneficial, flexible and sophisticated early payment agreements in exchange for price reductions.