Report to:	POLICY AND ORGANISATION BOARD
Meeting date:	4th February 2020
Title:	TREASURY MANAGEMENT STRATEGY & MRP POLICY
Originator:	BOROUGH TREASURER
Status	FOR RECOMMENDATION TO FULL COUNCIL

Purpose

This report outlines the Council's policy for charging unfinanced capital expenditure to revenue (MRP) together with the expected treasury operations for this period. It fulfils a key legislative requirement.

Recommendations

Policy and Organisation Board recommend Council to approve:

- Minimum Revenue Provision Policy, as identified in 2.1
- The Treasury Management Strategy, as identified in 2.2

1.0 BACKGROUND

1.1 Overview

1.1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy, which accompanies this report.

1.2 Reporting requirements

1.2.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

1.2.2 Minimum Revenue Provision and Treasury Management Strategy (this report) - which covers:

- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the treasury management investments and borrowings are to be organised) including treasury indicators;

1.2.3 A Mid Year Treasury Management Report – this will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy and investment strtegies are meeting their objectives or whether any policies require revision

1.2.4 An Annual Treasury Report – this provides details of a selection of actual prudential, investment and treasury indicators and actual treasury and investment operations compared to the estimates within the strategy.

The latter two reports are combined and jointly reported in September.

1.3 Annual Minimum Revenue Provision Statement

1.3.1 The Council's policy for calculating the annual amount charged to the revenue budget to repay capital expenditure financed by debt is set out in para 2.1.

1.4 Treasury Management Strategy for 2020/21

1.4.1 The strategy for 2020/21 (set out in section 2.2) includes the following areas:

- Economic Outlook and prospects for interest rates (para 2.2.1)
- Borrowing strategy (para 2.2.2)
- Policy on borrowing in advance of need (para 2.2.3)
- Debt rescheduling (para 2.2.4)
- Investment strategy (Treasury Management Investments) (para 2.2.5)
- Treasury indicators which limit the treasury risk and activities of the Council (para 2.2.6)
- Other Items (para 2.2.7)

1.4.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

2.0 REPORT

2.1 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

2.1.1 Background

Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP).

The Local Government Act 2003 requires the Council to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The 2018 updated guidance introduced a maximum useful life of 50 years for MRP purposes including any expenditure incurred on investment properties that provide a revenue stream, except where a longer life is supported by an opinion from a suitably qualified professional adviser.

There is no requirement on the HRA to make a minimum revenue provision.

2.1.2 Policy Statement

- For unsupported capital expenditure MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an interest rate by reference to the relevant PWLB rate at 31st March , starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years.

- For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

- No MRP will be charged in repect of assets held within the Housing Revenue Account.

2.2 TREASURY MANAGEMENT STRATEGY

2.2.1 Economic Outlook and prospects for interest rates

The Council uses Arlingclose Limited as its treasury advisor and the following is their view of the economic outlook and interest rates

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the

expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.

GDP growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The headline rate of UK Consumer Price Inflation remained the same in November 2019 at 1.5% year-on-year, the same as October 2019, however continuing to fall from highs of 2.1% in July and April 2019 as accommodation services and transport continued to contribute to a level of inflation below the BOE target of 2%. Labour market data continues to be positive. The UK international labour organisation unemployment rate continues to hold at historic lows at 3.8%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.5% in November 2019 providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.9% in October 2019 and only likely to have a moderate impact on household spending.

Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

The US economy has continued to perform relatively well compared to other developed nations; however, the Federal Reserve has started to unwind its monetary tightening through 2019. The Federal Reserve has cut rates three times to 1.5% - 1.75%, to stimulate growth as GDP growth has started to fall (to 2.1%).

The fallout from the US-China trade war continues which, risks contributing to a slowdown in global economic activity in 2019. Recent suggestions have been an initial compromise and potential unwinding of tariffs; however, this can change quickly. Slow growth in Europe, combined with changes in leadership at the ECB and IMF has led to a change of stance in 2019. Quantitative easing has continued and been extended.

Credit outlook: The recent Bank of England stress tests assessed all seven UK banking groups. The tests scenarios include deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis.

Major banks have steadily increased their capital for many years now. However, there are a number of shortcomings in the Bank's approach; timeliness as the results are over 11 months of out date when they are published, being based on end-2018 balance sheets; ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups and; coverage – the tests should be expanded to cover a wider range of UK banks and building societies.

The Bank of England will seek to address some of these issues in 2020, when Virgin Money/Clydesdale will be added to the testing group and separate tests will be included of ringfenced banks.

Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

Interest rate forecast: The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until March 2023. The risks to this forecast are deemed to be weighted to the downside, particularly from government policy around Brexit and the transitionary period and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.10% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty. For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 1.41%, and that new long-term loans will be borrowed at an average rate of 2.35%.

Interest rate forecasts :

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 year	20 year	50 year
Mar-20	0.75	2.30	2.55	3.00	3.00
Jun-20	0.75	2.30	2.60	3.05	3.05
Sep-20	0.75	2.35	2.60	3.05	3.05
Dec-20	0.75	2.35	2.65	3.05	3.05
Mar-21	0.75	2.35	2.65	3.10	3.10
Jun-21	0.75	2.40	2.70	3.10	3.10
Sep-21	0.75	2.40	2.70	3.10	3.10
Dec-21	0.75	2.45	2.75	3.15	3.15
Mar-22	0.75	2.45	2.75	3.15	3.15
Jun-22	0.75	2.50	2.80	3.15	3.15
Sep-22	0.75	2.55	2.85	3.20	3.20
Dec-22	0.75	2.55	2.90	3.20	3.20
Mar-23	0.75	2.55	2.90	3.20	3.20
Average rate	0.75	2.42	2.72	2.68	3.10

2.2.2 Borrowing Strategy

The Council expects to hold £76 million of loans at 31/3/20, an increase of £2.5 million on the previous year, as part of its strategy for funding previous years' capital programmes. The value of loans are expected to increase to £83 million by the end of 2022/23 as a result of new borrowing and use of existing resources which internally fund the planned capital programme.

The Council may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing which is £95.3 million for 2020/21. This strategy is prudent as forecasts are for only a modest increase in interest rates, investment returns remaining low and counterparty risk remaining relatively high.

Objectives: The Council's primary objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. This means that the capital borrowing need (the Capital Financing Requirement),

has not been fully financed with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure

The benefits of internal and short term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly.

At 31st March 2020 the Council expects to be underborrowed by £7 million, this will reduce to around £2 million by 31st March 2023.

The Council will undertake a 'cost of carry' and breakeven analysis to determine whether to borrow additional sums at long-term fixed rates in 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive options. The Council will consider borrowing any long-term loans from other robust sources including banks, pensions and other local authorities.

In addition, the Council will include within it's debt portfilio more short-term loans (normally for up to one year) to reduce treasury cost in a low interest rate environment and cover unexpected cash flow shortages.

The approved sources of long term and short term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- Banks or building societies authorised to operate in the UK
- Money Market Loans
- Any other UK public body e.g. other Local Authorities
- UK public and private sector pension funds
- Internal funds – the cash held in internal funds can be used short term to fund capital expenditure or the repayment of debt, thus delaying the need to borrow externally

2.2.3 Policy on borrowing in advance of need

The Council may from time to time borrow in advance of need, where this is expected to provide the best long term value for money and the Council can ensure the security of such funds. The Borough Treasurer may do this under delegated power where, for instance, a sharp rise or fall in interest rates is expected meaning borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Borough Treasurer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance is expected to be within forward approved Capital Financing Requirement estimates. Exceptionally, should a new Capital Invesment opportunity arise in the year where it would be appropriate to finance through borrowing and where it could be

demonstrated that borrowing in advace of need would provide value for money the Council may borrow beyond its forward approved Capital Financing Requirement estimates.

2.2.4 Debt rescheduling

The PWLB allows authorities to repay loans before they mature and either pay a premium or receive a discount according to a set formula based on current interest rates. The authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

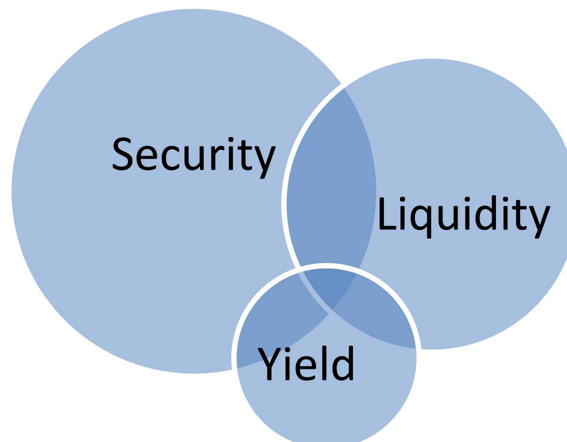
Any rescheduling undertaken will be reported to Policy and Organisation Board.

2.2.5 Investment Strategy (Treasury Management Investments)

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held.

In the past 12 months, the Council's investment balance has ranged between £10m and £17m and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of retrun or yield.



The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the 3 month LIBID rate.

Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to diversify into higher yielding asset classes during 2020/21, this is especially the case for an estimated amount of £4m which is expected

to be available for longer term investments. The balance of the Council's surplus cash will be invested in short-term unsecured bank deposits, deposits with other local authorities and money market funds. This diversification will represent a continuation of the current strategy.

Approved Counterparties: The Council may invest surplus funds with any of the counterparty types in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Credit Rating	Banks / Building Societies Un Secured	Banks / Building Societies Secured	UK Government / Local Authorities	Corporates	Registered Providers
UK GOVT	n/a	n/a	Unlimited 5 years	n/a	n/a
AAA	£2m 2 years	£3m 5 years	£3m 5 years	£2m 5 years	£2m 5 years
AA+	£2m 2 years	£3m 5 years	£3m 5 years	£2m 5 years	£2m 5 years
AA	£2m 2 years	£3m 5 years	£3m 5 years	£2m 5 years	£2m 5 years
AA-	£2m 2 years	£3m 3 years	£3m 5 years	£2m 3 years	£2m 5 years
A+	£2m 2 years	£3m 3 years	£3m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£3m 2 years	£3m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 months	£3m 13 months	£3m 5 years	£2m 13 months	£2m 5 years
None	None	None	£3m 5 years[1]	None	None
Pooled Funds	Local Authorities Property Fund £4m Money Market Funds £3m per fund Other Pooled Funds (Long Term) £2m per fund				

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

The Council has determined that it will only use approved counterparties from the UK or a foreign country with a sovereign rating of AA or higher for direct investment.
No country limit will apply to investments in UK banks or building society. It is recommended that an aggregate limit for Investments outside the UK be applied of

[1] Not all Local Authorities are credit rated by the credit rating agencies; however from a credit perspective Local Authorities are considered low risk.

£8million and that in order to minimise the sytemic credit risk of investments in any region it is recommended that a £4million limit be applied to the following geographical areas where investments can be made in foreign countries.

- Asia & Australia
- Americas
- Eurozone
- Continental Europe outside the Eurozone

Banks / Building Societies Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks / Building Societies Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank / building society will not exceed the cash limit for secured investments.

Government / Local Authorities: Loans, bonds and bills issued or guaranteed by UK government, regional and local authorities. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing and registered social landlords, formerly known as Housing Associations. These bodies are tightly regulated by the Regulator of Social Housing (in England) and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled Funds: Shares or units in diversified investment vehicles consisting of any of the above investment types and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's Investment objectives will be monitored regularly.

Operational bank accounts: The Authority will incur operational exposures, through operation of it's current account with National Westminster Bank (credit rating below A-). These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £750,000 which may for operational reasons be occassionally exceeded.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Councl's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investment will be made
- any existing investment that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced.

Other Information on the Security of Investments : the Council understands that credit ratings are useful, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swaps, share prices, information on government support for banks and reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

2.2.6 Treasury Management Code Indicators

2.2.6.1 Interest Rate Exposures

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate exposures	2020/21
	£'000
Limits on one-year revenue impact of a 1% rise in interest rates	(285)
Limits on one-year revenue impact of a 1% fall in interest rates	285

The impacts of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

2.2.6.2 Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Maturity structure of borrowing	2020/21 Lower	2020/21 Upper
Under 12 months	0%	30%
12 months to 2 years	0%	25%
2 years to 5 years	0%	25%
5 years to 10 years	0%	25%
10 years and above	35%	55%

(NB Time periods start on the first day of each financial year)

2.2.6.3 Principal Sums Invested for Periods Longer than 364 days

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the year end will be:

Maximum principal sums invested >365 days	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Principal sums invested > 364 days	6.0	6.0	6.0

2.2.7 Other Items

2.2.7.1 Investment Training

The training needs of the officers involved on treasury management are identified through the annual personal review process, and additionally when the responsibilities of individual members of staff change. Staff attend relevant training courses, seminars and conferences.

Member training and briefing sessions have taken place in September 2011 (delivered by officers), January 2012 (delivered by Capita) and most recently in February 2015 (delivered by Capita).

2.2.7.2 Treasury management consultants

The Council have appointed Arlingclose Limited as its external treasury management advisors and they provide a range of services to the Council including:

- Investments advice
- Borrowing advice
- Technical support on treasury matters and capital finance issues
- Economic and interest rate analysis
- Training and briefing sessions

The contract with Arlinclose commenced July 2016 for an initial period of 3 years with an option to extend for a further year. The option to extend has been taken.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

2.2.7.3 Policy on Apportioning Interest to the HRA

On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools the later included £57million borrowed on the 28th March 2012 to make a payment to the Government under the HRA Self Financing scheme. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans and the HRA's underlying need to borrow will be charged an interest from the General Fund equivalent to the General Funds average interest on borrowing. HRA balance sheet resources available for investment will result in a notional cash balance which will receive the Council's average interest rate on investments.

2.2.7.4 Markets in Financial Instruments Directive:

The Council has opted up to professional client status with it's providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the S151 Officer believes this to be the most appropriate status.

3.0 CONCLUSION

The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances in line with the relevant CIPFA and CLG guidance. The low risk nature of the Council's current policy is consistent with the current economic climate.

Financial implications:	As contained in the report.
Legal implications:	It is a legal requirement that an annual Treasury Management report is considered by the Council.
Service Improvement Plan implications:	This report is required in order that to fulfil statutory requirements associated with the achievement of both service improvement plan and corporate plan targets.
Corporate Plan:	
Risk Assessment:	As contained in the report
Background papers:	
Author:	Borough Treasurer