Agenda Item

FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

CABINET

13 January 2022

Report of the Director of Finance & ICT

Treasury Management Annual Report 2020-21

(Corporate Services and Budget)

1. Divisions Affected

1.1 County-wide.

2. Key Decision

2.1 This is not a Key Decision.

3. Purpose

3.1 To provide Cabinet with details of Treasury Management activities during the last financial year 2020-21 and to indicate the Council's compliance with the prudential indicators set by Council at its meeting of 5 February 2020, in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes 2017 (the CIPFA Code).

4. Information and Analysis

Introduction

4.1 The Council's Treasury Management Strategy for 2020-21 was approved at the Council Meeting of 5 February 2020 as part of the Capital Programme Approvals, Treasury Management and Capital

Strategy Report. 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 risk remains central to the Council's Treasury Management Strategy.

4.2 Treasury risk management at the Council is conducted within the framework of the CIPFA Code, which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

External Context

Economic background

4.3 The Covid-19 pandemic dominated 2020-21, leading to almost everyone in the world being in some form of lockdown during the year. At the start of the financial year many central banks cut interest rates, as lockdowns caused economic activity to cease abruptly. The Bank of England cut its Base Rate to 0.1%, which remained at that rate throughout the year, and the Government provided a range of fiscal stimulus measures, the size of which has not been seen in peace time.

4.4 In December 2020 two Covid-19 vaccines were given approval by the UK Medicines and Healthcare Products Regulatory Agency (MHRA). By 31 March 2021 over 31 million people in the UK had received their first dose.

4.5 The United Kingdom's exit from the European Union (Brexit) trade deal was agreed with the European Union on Christmas Eve, just in time for the deadline of 31 December 2020.

4.6 The Bank of England extended its Quantitative Easing programme by £150 billion, to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, they noted that whilst Gross Domestic Product (GDP) would remain low in the near-term because of Covid-19 lockdown restrictions, the easing of these measures means that growth is expected to recover strongly later in the year.

4.7 Inflation is forecast to increase in the near-term and whilst the economic outlook has improved, there are downside risks to the forecast, including from unemployment with the withdrawal of the furlough scheme in September 2021. Since March 2020, the government schemes have help protect more than 11 million jobs.

4.8 Labour market data showed that in the three months to March 2021 the unemployment rate was 4.8%. Wages rose 3.9% in real terms. Inflation remained well below the Bank of England's 2% target over the 12-month period. The annual headline rate of UK Consumer Price Inflation (CPI) rose to 0.7% year on year in March 2021.

4.9 After contracting sharply in April to June 2020, growth recovered in the following two quarters. January to March 2021 growth contracted by 1.6% following the national lockdown.

4.10 The United States recovery has been fuelled by three major pandemic relief stimulus packages, totalling over $5 trillion. The United States Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since.

4.11 The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Financial markets

4.12 Monetary and fiscal stimulus helped provide support for equity markets. The FTSE indices performed reasonably well during the period April to November 2020. Vaccine approval and the Brexit deal in December 2020 helped boost both the UK-focused FTSE 250 and the more internationally focused FTSE 100, however they remained lower than their pre-pandemic levels. The Dow Jones beat its pre-crisis peak as a result of strong performances by a small number of technology stocks.

4.13 Ultra-low interest rates prevailed throughout most of 2020-21, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook because of various new stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused a sharp sell-off of government bonds as a result of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated. The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020, and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19%, before rising to 0.84%. The 20-year gilt yield declined slightly from 0.70% to 0.68%, before increasing to 1.36%.

4.14 The important UK interest benchmark, the Sterling Overnight Index Average (SONIA) 1-month, 3-month and 12-month bid rates averaged 0.01%, 0.10% and 0.23% respectively over 2020-21.

Credit background

4.15 After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels.

4.16 Credit rating actions include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook, which then impacted on a number of other UK institutions, banks and local government.

4.17 The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted from pandemic-related lockdowns and restrictions. The institutions and durations on the counterparty list of the Council's Treasury Management Advisor remain under constant review.

Borrowing Update

4.18 In November 2020, the Public Works Loan Board (PWLB) published its response to the consultation on 'Future Lending Terms'. From 26 November 2020 the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8%, providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in 2020-21 or the following two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB, except to refinance existing loans or externalise internal borrowing. As part of the borrowing process, authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from their Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.

4.19 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that an authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

4.20 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

Local Context

4.21 On 31 March 2021, the Council had net investments of £18.291m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Actual £m
General Fund CFR	525.679
Less: Other debt liabilities*	-64.392
Borrowing CFR	**461.287**
Less: Usable reserves	-420.353
Less: Working capital	-59.225
Net borrowing	**-18.291**
Borrowing CFR is comprised:	
External borrowing	333.774
Internal borrowing	127.513
	461.287

* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt.

4.22 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 March 2021 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.20 Balance £m	2020-21 Movement £m	31.3.21 Balance £m	31.3.21 Rate %
Long-term borrowing	277.474	-4.575	272.899	4.50
Short-term borrowing	52.500	35.500	88.000	0.28
Total borrowing	**329.974**	**30.925**	**360.899**	**3.47**
Long-term strategic pooled funds	60.468	6.485	66.953	4.27
Long-term investments*	15.000	29.500	44.500	1.72
Short-term investments	82.912	87.088	170.000	0.92
Cash and cash equivalents	68.500	-10.978	57.522	0.16
Total investments	**226.880**	**112.095**	**338.975**	**1.43**
Net borrowing	**103.094**	**-81.170**	**21.924**	

*Excludes Non-Treasury Service Loans

4.23 Net borrowing reduced because of the receipt of Government grant funding in respect of the Covid-19 pandemic in advance of additional spending for Covid-19 support.

Borrowing Activity

4.24 At 31 March 2021, the Council held £360.899m of loans, an increase of £30.925m from 31 March 2020, as part of its strategy for funding previous and current years' capital programmes. The year-end external borrowing position and the year-on-year change is shown in Table 3 below.

Table 3: External Borrowing Position

	31.3.20 Balance £m	**2020-21 Movement £m**	**31.3.21 Balance £m**	**31.3.21 Interest Rate %**	**31.3.21 WAM* Years**
Public Works Loan Board	262.474	-4.575	257.899	4.56	17
Banks (LOBO)	5.000	0	5.000	4.50	18
Banks (fixed-term)	10.000	0	10.000	4.69	23
Local authorities (short-term)	52.500	35.500	88.000	0.28	0
External Borrowing	**329.974**	**30.925**	**360.899**	**3.47**	**17**

*WAM – Weighted Average Maturity

4.25 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

4.26 In keeping with these objectives, no new long-term borrowing was undertaken in 2020-21, and £4.575m of existing loans were allowed to mature without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

4.27 With short-term interest rates remaining much lower than long-term rates, the Council considers it more cost effective in the near term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

4.28 The Council continues to hold a £5.000m LOBO (Lender's Option Borrower's Option) loan, where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

4.29 The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able to take advantage of the reduction in the PWLB borrowing rate.

Other Debt Activity

4.30 After £4.567m repayment of prior years' Private Finance Initiative contracts, finance leases and transferred debt liabilities, total debt other than borrowing stood at £64.392m on 31 March 2021, taking total debt to £425.291m.

Treasury Investment Activity

4.31 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2020-21, the Council's investment balance ranged between £253.242m and £427.536m because of timing differences between income and expenditure. The year-end investment position is shown in Table 4 below.

Table 4: Investment Position (Treasury Investments)

	31.3.20 Balance £m	2020-21 Movement £m	31.3.21 Balance £m	31.3.21 Income Return %	31.3.21 WAM* days
Banks and building societies (unsecured)	37.402	15.120	52.522	0.19	30
Government (including local authorities)	106.510	107.990	214.500	0.83	223
Registered Social Providers	5.000	0	5.000	2.15	331
Money Market Funds	17.500	-17.500	0	N/A	N/A
Pooled Funds – Strategic Bond Funds	4.488	0.647	5.135	1.86	N/A
Pooled Funds – Equity Income Funds	10.328	3.136	13.464	5.77	N/A
Pooled Funds – Property Funds	23.610	-0.169	23.441	4.30	N/A
Pooled Funds – Multi Asset Income Funds	22.042	2.872	24.914	4.18	N/A
Total investments	**226.880**	**112.096**	**338.976**	**4.27**	**196**

**WAM - Weighted average maturity applies to the first three categories above*.

4.32 The Pooled Funds investments are expected to be held over the medium term (for five years), however all funds can be realised within one week, except for the Property Fund (90 days).

4.33 Both the CIPFA Code and Government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, 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.

4.34 Deposit rates with the Debt Management Account Deposit Facility (DMADF) have continued to fall and are now largely around zero. The net return on Money Market Funds net of fees, which had fallen after the Bank of England's Bank Rate was cut to 0.1% in March 2020, are now at, or very close to, zero; fund management companies have temporarily lowered or waived fees to avoid negative net returns.

4.35 In furtherance of these objectives and given the increasing risk and low returns from short-term unsecured bank investments, the Council diversified into more secure and/or higher yielding asset classes as shown in Table 4 above. The Council identified £70m (nominal value), as available for longer-term investment and moved this sum into a diversified mix of pooled property/bond/equity/multi-asset funds on an incremental basis. As a result, the average rate of income return on investments has increased to 4.27%. This compares to 0.73% on traditional investments.

4.36 The progression of credit risk and return metrics for the Council's investments managed in-house are shown in benchmarking extracts from the Council's external investment advisor (Arlingclose), in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	**Credit Rating**	**Bail-in Exposure**	**Weighted Average Maturity (days)**	**Rate of Return %**
Derbyshire - 31.03.2021	4.68	A+	19%	196	1.49
Similar Local Authorities	4.35	AA-	39%	983	1.14
All Local Authorities	4.63	A+	63%	14	0.90

4.37 At 31 March 2021, the Council's portfolio of externally managed pooled strategic bond, equity, property and multi-asset funds amounted to £66.954m (£70m nominal value). The Council holds these funds with the aim of receiving regular revenue income and because over the long-term their prices are relatively stable.

4.38 During the initial phase of the Covid-19 pandemic, in March 2020, the sharp falls in corporate bond and equity markets had a negative impact on the value of the Council's pooled fund holdings and this was reflected in 31 March 2020 fund valuations, with every fund registering negative capital returns over a 12-month period. Since March 2020 there has been improvement in market sentiment, which is reflected in an increase in capital values. The recovery in UK equities has lagged those of US and European markets. During 2020-21 the Council's pooled funds generated a net total return of £9.111m (15.44%), comprising a £2.738m (4.59%) income return, which has been used to support services in 2020-21, and £6.373m (10.85%) of unrealised capital growth.

4.39 These pooled funds have no defined maturity date but are available for withdrawal after a notice period. Similar to many other property funds, dealing (i.e. buying or selling units) in the CCLA Local Authorities' Property Fund was suspended by the fund in March 2020 and lifted in September. There was also a change to redemption terms from September 2020. Investors are required to give at least 90 calendar days' notice for redemptions. The capital value of this property fund is shown in Table 4, above.

4.40 Their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down over months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. The Council is using the alternative fair value through profit and loss (FVPL) accounting method to account for these funds, which means that if there are any long term unrealised losses in the funds' fair values there will not be an impact on the Council's General Reserve balance until 2023-24 at the earliest. In light of their performance over the medium-term and the Council's latest cash flow forecasts, investment in these funds has been maintained.

4.41 Following the cut in Bank of England Base Rate from 0.75% to 0.10% in March 2020, the Council had expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds, in 2020-21, as rates on cash investments were close to zero percent. Income from most of the Council's externally managed funds are also lower than in 2019-20 and earlier years. Whilst the arrival and approval of vaccines against Covid-19 and the removal of Brexit uncertainty that had impacted on the value of UK equities were encouraging developments, dividend and income distribution was dependent on company earnings in a very challenging and uncertain trading environment as well as enforced cuts or deferral required by regulatory authorities.

4.42 Despite these constraints, the Council generated 94% of its 2019-20 net income figure (income generated less cost of short-term borrowing) in the 2020-21 financial year.

Other Non-Treasury Holdings and Activity

4.43 The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by the Department of Housing, Levelling-Up and Communities' predecessor, the Ministry of Housing, Communities and Local Government's (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return. This includes service investments for operational and/or regeneration, as well as commercial investments which are made mainly for financial reasons.

4.44 At 31 March 2021, the Council held £12.825m of such investments. £12.325m of the balance is in respect of a regeneration loan to a local business/landlord, Buxton Crescent Ltd. This represents an increase on the previous year of £0.057m, being the fee incurred on the completion of the development of the hotel on 1 October 2020. Unfortunately, one month after opening, the hotel was 'locked-down' due to the Covid-19 pandemic. Interest due of £0.566m was not charged but was subsequently recovered from a Government Covid-19 general funding grant. It has also been agreed that repayments on the loan are to be deferred until 1 October 2023.

4.45 The other loan of £0.500m is to Chesterfield Football Club Community Trust. The loan was agreed to continue their sports and community programmes with schools and community groups in the greater Chesterfield area. £0.012m of interest on the loan was capitalised in 2020-21. The first repayment is due on 5 October 2022.

Treasury Performance

4.46 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in Table 6 below.

Table 6: Performance

	Actual £m	**Budget (CFR) £m**	**Over/ (Under) £m**	**Interest Actual %**	**Interest Other LA (Counties) Benchmark %**	**Interest Over/ (Under) %**
Interest paid on capital and temporary borrowing	14.037	18.450	-4.413	3.47	No data held	N/A
Interest received on treasury investments	-6.129	-5.539	-0.590	1.49	1.14	0.35

Compliance Report

4.47 The Director of Finance & ICT reports that all treasury management activities undertaken during 2020-21 complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

4.48 Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 7 below and compliance with specific investment limits is demonstrated in Table 8 below.

Table 7: Debt Limits

	2020-21 Maximum £m	31 March 2021 Actual £m	2020-21 Operational Boundary £m	2020-21 Authorised Limit £m	Complied
Total debt	493.791	425.291	816.000	847.000	✓

Table 8: Investment Limits

	2020-21 Maximum * £m	2020-21 Limit £m	March 2021 Actual £m	Complied
Any single organisation, except UK Government and Main Bank	30.000	30.000	30.000	✓
Main Bank (Lloyds)	59.576	60.000	21.522	✓
Any group of organisations under the same ownership	30.000	30.000	30.000	✓
Any group of pooled funds under the same management	30.000	30.000	28.344	✓
Registered providers and registered social landlords	13.000	50.000	5.000	✓
Money Market Funds	112.500	300.000	0.000	✓

*Maximum held at any one time.

Treasury Management Indicators

4.49 The Council measures and manages its exposure to treasury management risks using the following indicators.

4.50 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio.

	31 March 2021 Actual	**2020-21 Target**	**Complied**
Portfolio average credit rating	A+	A	✓

4.51 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of either cash available to meet unexpected payments within a rolling three-month period, without additional borrowing, or the amount it can borrow each period without giving prior notice.

	31 March 2021 Actual £m	**2020-21 Target £m**	**Complied**
Total cash available within 1 month	107.522	10.000	✓
Total sum borrowed in past 3 months without prior notice	36.000	30.000	✓

4.52 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk.

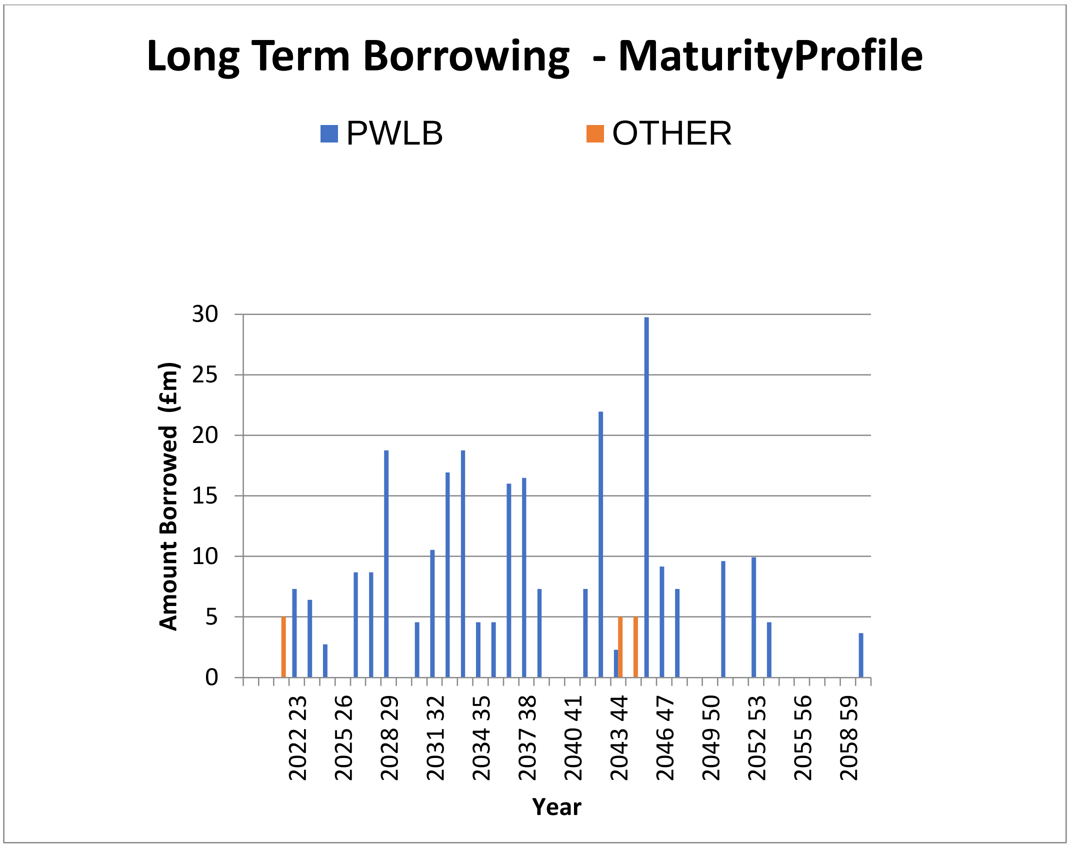
	31 March 2021 Actual £m	**2020-21 Limit £m**	**Complied**
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates.	Nil	1.100	✓
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	Nil	-1.100	✓

4.53 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. The Bank of England's Base Rate remained unchanged at 0.10% between 1 April 2020 and 31 March 2021, so no actual increase or decrease occurred during 2020-21.

4.54 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. The upper and lower limits on the maturity structure of all borrowing were:

	31 March 2021 Actual %	**Upper Limit %**	**Lower Limit %**	**Complied**
Under 12 months	2	60	0	✓
12 - 24 months	3	20	0	✓
24 months - 5 years	3	20	0	✓
5 - 10 years	15	20	0	✓
10 - 20 years	35	40	10	✓
20 - 30 years	36	40	10	✓
Over 30 years	6	40	0	✓

4.55 The Council's maturity repayment profile at 31 March 2021 is shown below. A good spread of maturities is desirable. The average redemption is £7.181m per year over the next 38 years. The maximum redemption is £29.738m in 2045-46. The average duration of all the Council's loans is approximately 17.73 years. Any new borrowing would be targeted for maturity in years with nil/low repayments.



4.56 **Principal Sums Invested for Periods Longer than a year:** 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 period end were:

Loans Maturing =>	**Beyond 31 March 2022 £m**	**Beyond 31 March 2023 £m**	**Beyond 31 March 2024 £m**
Actual principal invested beyond the year end (including strategic pooled funds and non - treasury investments)	124.279	79.779	79.779
Limit on principal invested beyond the year end	150.000	125.000	100.000
Complied?	✓	✓	✓

Other

4.57 **CIPFA consultations**: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened, following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

4.58 In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in accordance with an authority's corporate objectives, i.e. recognising climate, diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

4.59 **FRS 16**: CIPFA/LASAAC has delayed the implementation of the new IFRS 16 Leases accounting standard for a further year, to 2022-23.

5. Consultation

5.1 No consultation is required.

6. Alternative Options Considered

6.1 Not Applicable - This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

7. Implications

7.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

8. Background Papers

8.1 The Council's Treasury Management Strategy for 2020-21 was approved at the Council meeting of 5 February 2020 as part of the Capital Programme Approvals, Treasury Management and Capital Strategy Report.

9. Appendices

9.1 Appendix 1 - Implications.

10. Recommendation

10.1 That Cabinet notes the report on Treasury Management activities during the 2020-21 and the Council's compliance with the prudential indicators set by Council at its meeting of 5 February 2020, in accordance with the Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes 2017.

11. Reasons for Recommendation

11.1 The report on treasury management activities 2020-21 highlights the borrowing strategy and investments position of the Council during the previous financial year.

11.2 The report on treasury management activities 2020-21 also highlights the Council's performance and compliance with targets agreed as part of the Treasury Management Strategy 2020-21.

12. Is it necessary to waive the call-in period?

12.1 No

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This report has been approved by the following officers:

On behalf of: Director of Legal Services and Monitoring Officer Director of Finance and ICT Managing Director	

Appendix 1

Implications

Financial

1.1 As outlined in the body of the report.

Legal

2.1 None

Human Resources

3.1 None

Information Technology

4.1 None

Equalities Impact

5.1 None

Corporate objectives and priorities for change

6.1 The Council is committed to ensuring good financial management and compliance with applicable laws and regulations. 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 risk remains central to the Council's Treasury Management Strategy.

Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None