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AUDIT COMMITTEE

24 SEPTEMBER 2015

TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW REPORT 2015/2016

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Summary

Full Council approved the Treasury Management Strategy for 2015/16 alongside the Capital and Revenue Budgets on the 26 February 2015. In accordance with the Chartered Institute of Public Finance Accountancy's (CIPFA) Code of Practice for Treasury Management, there should be a review of that strategy at least half yearly. This report represents the mid year review of the Treasury Management Strategy 2015/16.

The report also proposes a change to the strategy to include property funds in the list of approved investments.

1. Budget and Policy Framework

1.1 Audit Committee is responsible for the scrutiny of the Council's Treasury Management, Investment Strategy and Minimum Revenue Provision Policy Statement along with Treasury Management Practices and associated Schedules.

1.2 There needs to be, as a minimum, a mid-year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.

1.3 This report is also scheduled for consideration by Cabinet on 29 September 2015 and Council on 15 October 2015.

2. Background

2.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity before looking to maximise investment returns.

2.2 The second main function of the treasury management service is the funding of the Council's capital programme. These capital plans provide a guide to the

borrowing requirements of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending liabilities. This management of longer-term cash may involve arranging long or short-term loans, or using long-term cash flow surpluses, and on occasion, debt previously incurred may be restructured to meet Council risk or cost objectives.

2.3 As a consequence treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. "

2.4 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2011) was adopted by this Council on 24 January 2013.

2.5 The principal requirements of the Code are as follows:

(i) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities

(ii) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives

(iii) Receipt by full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities undertaken during the previous year

(iv) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions

(v) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific committee. Medway Council has delegated this role to the Audit Committee.

2.6 This mid year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first six months of 2015/16
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy
- A review of the Council's investment portfolio for 2015/16
- A review of the Council's borrowing strategy for 2015/16
- A review of any debt rescheduling undertaken during 2015/16
- A review of compliance with Treasury and Prudential Limits for 2015/16.

3 Economic update

3.1 Economic performance to date and outlook: UK

3.1.1 Growth in the UK Gross Domestic Product (GDP) of 3.0% in 2014 was the strongest growth since 2006. However, quarter 1 of 2015 was weak at +0.4% though there has been a rebound in quarter 2 to +0.7%. The Bank of England is forecasting growth to remain around 2.4 – 2.8% over the next three years. The most recent forward looking surveys in August for the services and manufacturing sectors showed a marked slowed down in the rate of growth which is not too surprising given the appreciation of Sterling against the Euro and the slowdown in China and emerging markets creating headwinds for our exporters of goods. For this recovery to become more balanced and sustainable in the longer term, the recovery still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. This overall strong growth has resulted in unemployment falling quickly over the last few years.

3.1.2 The Bank of England's Monetary Policy Committee (MPC) has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. It has therefore been encouraging in 2015 to see wage inflation rising significantly above the Consumer Prices Index (CPI) which slipped back to zero in June before rising slightly to +0.1% in July. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn. If UK labour productivity also improves significantly, this could also keep inflation subdued. The August Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon.

3.1.3 There are therefore considerable risks around whether inflation will rise as strongly as previously expected which will make it more difficult for the central banks of both the US and the UK to raise rates as soon as had been expected, especially given the recent major concerns around the slowdown in Chinese growth, the knock on impact on emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far which could potentially spill over to impact the real economies rather than just financial markets. On the other hand, there are also concerns around the fact that the central banks of the UK and US have few monetary policy options left to them given central rates near to zero and huge levels of quantitative easing already in place. There are therefore arguments that they need to raise rates sooner, rather than later, so as to have ammunition to use if there was a sudden second major financial crisis. But it is hardly likely that they would raise rates until they are sure that growth was securely embedded and zero inflation was not a continuing threat.

3.1.4 A forecast for the first increase in bank rate has therefore been pushed back from Q1 to Q2 2016; increases after that will be at a much slower pace and to much lower levels than prevailed before 2008 as increases in bank rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

The revised Budget in July eased the pace of cut backs from achieving a budget in 2018/19 to achieving that in 2019/20. Monthly public sector deficit figures have been pointing towards a slight undershoot of the Chancellor's most recent target for 2015/16.

3.2 Economic performance to date and outlook: US

3.2.1 GDP growth in 2014 of 2.4% was followed by first quarter 2015 growth depressed by exceptionally bad winter weather at only +0.6% (annualised). However, growth rebounded very strongly in Q2 to 3.7% (annualised) and strong growth is expected going forward. Until the turmoil in financial markets in August arising from fears about the slowdown in Chinese growth, it had been strongly expected that the Federal Reserve would start on increasing rates in September. However, while this cannot be ruled out, it looks more likely that this will now be put back until December.

3.3 Economic performance to date and outlook: Eurozone

3.3.1 The European Central Bank (ECB) announced a massive €1.1 trillion programme of quantitative easing in January 2015 to buy up high credit quality government debt of selected EuroZone countries. This programme started in March and will run to September 2016. This seems to have already had a beneficial impact in improving confidence and sentiment. There has also been a continuing trend of marginal increases in the GDP growth rate which hit 0.4% in quarter 1 2015 (1.0% y/y) and +0.3% in Q2 GDP (1.2% y/y).

3.3.2 During July, Greece finally capitulated to EU demands to implement a major programme of austerity and is now cooperating fully. A third bailout package has been agreed in outline. However, huge damage has been done to the Greek banking system and economy by the resistance to EU demands by the new Government elected in January.

3.4 Economic performance to date and outlook: China and Japan

3.4.1 Japan is causing considerable concern as the increase in sales tax in April has suppressed consumer expenditure and growth. In Q2 2015 growth was -1.6% (annualised) after growth of 4.5% in Q1. Japan has been hit hard by the downturn in China. This does not bode well for Japan after the Abe government fired its first two arrows to stimulate recovery but has dithered about firing the third, deregulation of protected and inefficient areas of the economy, due to political lobbies which have traditionally been supporters of Abe.

3.4.2 As for China, the Government has been very active during 2015 in implementing various measures to try to ensure the economy hits the growth target of 7% for the current year. Many commentators are concerned that recent growth figures around that figure could have been massaged to hide a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much bank lending to corporates and local government during the post 2008 credit expansion period and whether the bursting of a bubble in housing prices is drawing nearer. Overall, China is still expected to achieve a growth figure that the EU would be envious of.

3.5 Interest rate forecasts

3.5.1 The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	NOW	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.50	1.50	1.75	1.75
3 month LIBID	0.52	0.50	0.60	0.70	0.80	0.90	1.10	1.30	1.40	1.50	1.80	1.90	1.90
6 month LIBID	0.66	0.70	0.80	0.90	1.00	1.10	1.30	1.50	1.60	1.70	2.00	2.10	2.10
12 month LIBID	0.98	1.00	1.10	1.20	1.30	1.40	1.60	1.80	1.90	2.00	2.30	2.40	2.40
5 yr PWLB	2.19	2.30	2.40	2.50	2.60	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.50
10 yr PWLB	2.78	2.90	3.00	3.20	3.30	3.40	3.50	3.70	3.80	3.90	4.00	4.10	4.20
25 yr PWLB	3.30	3.40	3.60	3.80	3.90	4.00	4.10	4.20	4.30	4.40	4.50	4.60	4.60
50 yr PWLB	3.16	3.40	3.60	3.80	3.90	4.00	4.10	4.20	4.30	4.40	4.50	4.60	4.60

3.5.2 Capita Asset Services undertook a review of its interest rate forecasts on 11 August. Later in August, fears around the slowdown in China caused major volatility in equities and bonds and sparked a flight from equities into safe havens like gilts and depressed PWLB rates. However, there is much volatility in rates as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

3.5.3 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

3.5.4 Downside risks to current forecasts for UK gilt yields and Public Works Loans Board rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

3.5.5 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ.

- The commencement by the US Federal Reserve of increases in the funds rate in 2015, causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

4 Treasury Management Strategy Statement and Annual Investment Strategy update

4.1 Full Council approved the 2015/16 Treasury Management Annual Investment Strategy on the 26 February 2015 and in adhering to this Medway Council has been able to demonstrate that it outperforms its peers, however given the future funding outlook officers have been looking at options to improve this performance further.

4.2 As at 8 September the Council had £68m invested in bank deposits and long term loans to other authorities. The yield on these investments average approximately 1%. The Council also has long term borrowing of £164m at an average cost of 4.2%. Early repayment of the debt would incur penalties which make this option unattractive.

4.3 Investment in Property Funds

4.3.1 Property Funds are a form of investment, comprising a portfolio of commercial properties to achieve investment returns through rental income and capital growth. However, the value of these funds may fall as well as rise. There may also be restrictions on redemption of capital invested. This type of investment is regarded as a 5 to 7 year minimum timeframe.

4.3.2 Such investments would ordinarily be deemed capital expenditure, and as such would need to be accounted for as part of the capital programme, rather than through the interest and financing budget, however the Local Authorities Investment Fund is a scheme approved by HM Treasury under Section 11 of the Trustee Investments Act 1961 and is managed as an Alternative Investment Fund (AIF).

4.3.3 Such funds, comprising a strong portfolio of high quality properties with good quality, reliable tenants are generally able to provide consistent annual yields, even when capital asset values fluctuate due to market conditions. Property funds of the type approved by HM Treasury are also relatively liquid and units can be bought or sold fairly quickly to respond to significant changes in the Council's cashflow forecasts.

4.3.4 Due diligence would be undertaken before the local authority would enter into this or any other type of investment and the level of investment would be determined with due regard to the CFO's assessment of cash balances and cashflow projections. Cabinet will be asked to recommend that Council approve the inclusion of Property Funds on the list of non-specified investments.

4.3 Credit Ratings

4.3.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. Since the start of 2015/16, in response to the evolving regulatory regime, all three agencies have removed these "uplifts" but, in some cases, these removals have been partially or fully offset by adding uplifts due to taking account of other factors. This has made their (Fitch) Support, (Moody's) Financial Strength and (Fitch) Viability ratings redundant.

4.3.2 As a result of these rating agency changes, the credit element of our methodology now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used by Standard & Poor's, this has been a change to the use of Fitch and Moody's ratings. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. CDS prices will continue to be used as an overlay to ratings in this new methodology.

4.3.3 This methodology also means that sovereign ratings are now of lesser importance than the ratings of an individual institution. However, this authority will continue to specify a minimum sovereign rating of AA-.

4.3.4 It is important to stress that these rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of support that was previously built into ratings through the financial crisis. As a result of these changes, some banks have received lower credit ratings. This does not mean that they are suddenly less credit worthy than they were formerly. Rather this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks which are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now.

4.4 Limits to Borrowing Activity

4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowing less investments) will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2015/16 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2015/16 Original Estimate £000	Current Position 30 Sept 2015 £000
Gross borrowing	168,103	164,103
Plus other long term liabilities*	829	829
Less investments	(33,662)	(68,268)
Net borrowing	135,270	96,664
CFR (year end position)	242,014	242,014

* Embedded Leases (on balance sheet)

4.4.2 The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator for maintaining net borrowing to CFR.

4.4.3 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit, which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in longer-term scenario. It is a forecast of maximum borrowing requirement with some capacity for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Council's authorised borrowing limit for 2015/16 is £424.685 million and it will not exceed this limit.

5 Investment Portfolio 2015/16

5.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. Indeed, the Funding for Lending scheme has reduced market investment rates even further. The potential for a prolonging of the Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.

5.2 The Council held £68.2m of investments as at 8 September 2015 (£31.1m at 31 March 2015) and the investment portfolio yield for the first six months of the year is 1.07%.

5.3 A full list of in house investments held as at 8 September 2015 is shown below:

Investments	Principal 30 Sept 2013 £	Interest %
Core Investments (Local Authorities)		
City of Newcastle Upon Tyne	5,000,000	2.35%
Lancashire County	5,000,000	2.00%
Doncaster Metropolitan Borough	5,000,000	2.32%
Newport City	4,475,000	1.50%
Total Core Investments	19,475,000	
Liquid Investments		
Barclays FIBCA Account	20,000,000	0.65%
Svenska Handelsbanken	19,999,814	0.50%
Lloyds	8,710,219	0.40%
Total In house Liquid Investments	48,710,033	

5.4 The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the period from 1 April 2015 to 8 September 2015.

5.5 The Council's budgeted investment return for 2015/16 is £500,000 and performance for the year to date is in line with the budget.

5.6 Investment Counterparty Criteria

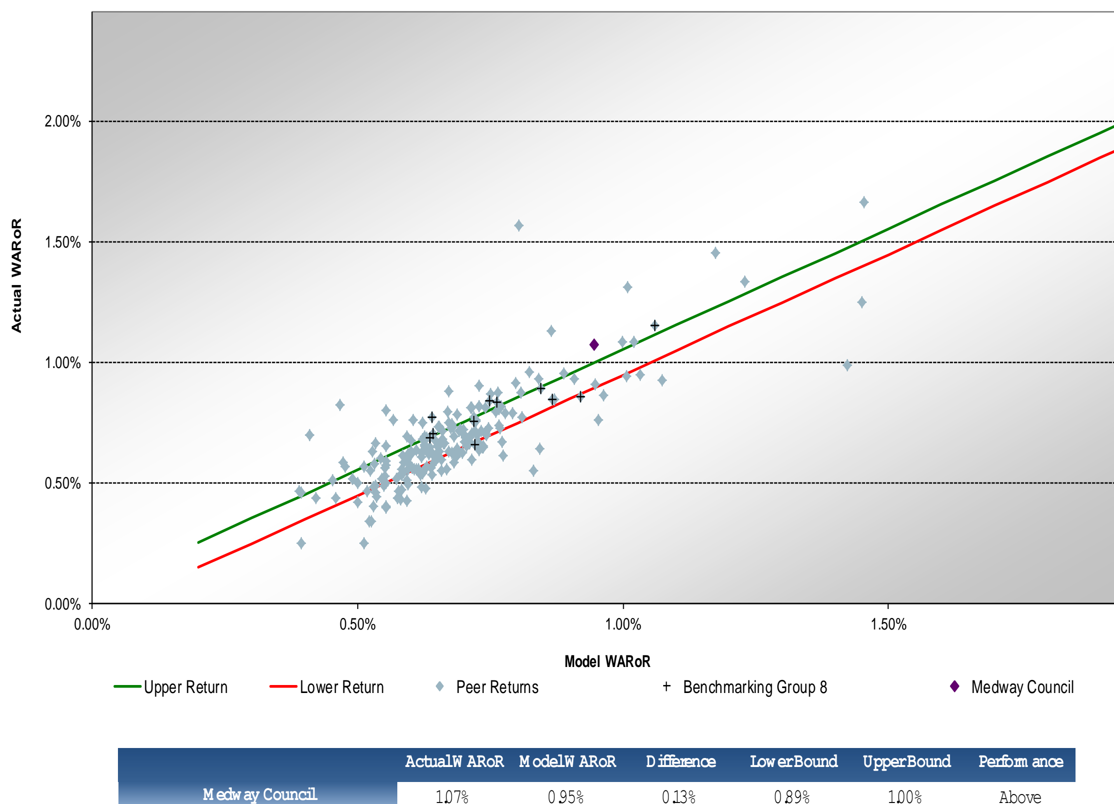
5.6.1 The current investment counterparty criteria selection approved in the Treasury Strategy is meeting the requirement of the treasury management function and it is not proposed to amend the current counter-party limit of £20m.

5.6.2 The main credit reference agencies have removed the element of sovereign support from their ratings (see section 4.4 above). As a result of these rating agency changes, the credit element of our methodology now focuses solely on the Short and Long Term ratings of an institution.

5.6.3 It is recommended that Property Funds should be included in the Council's approved list of investment counter-parties (see section 4.3 above), however Members may wish to recommend a lower counter-party limit for investments of this type.

5.7 Benchmarking

5.7.1 The in-house Treasury team, contribute to the Capita Asset Services benchmarking club which produces quarterly reports. Shown below is a graph showing Medway's performance to June against all 210 members of the Capita Asset Services benchmarking club.



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Medway Council	1.07%	0.95%	0.13%	0.89%	1.00%	Above

5.7.2 The “x” axis of the graph shows the “Model Weighted Average Rate of Return”, this is easiest interpreted as the level of return we should expect for the level of risk that we are taking with our investment portfolio. This is then plotted against the “Actual Weighted Average Rate of Return” on the “y” scale, running diagonally upwards across the graph are two parallel lines, if a Council performance falls between these lines then they are deemed to be receiving a return as would be expected for their level of risk, below these two lines and performance is considered below that expected and above then the return being received is above that expected. As can be seen Medway’s return is “above” that expected for our level of risk.

5.7.3 In assessing the risk inherent in an Investment Portfolio for the benchmarking, three factors are taken into account,

(i) The number of days to maturity of an investment. With a larger the number of days left to maturity the greater the risk that an adverse event could occur

(ii) The total number of days that the investment was originally invested for, again the longer an authority is comfortable to invest for the greater the risk it is willing to take.

(iii) The creditworthiness of the counterparties that the authority invests with.

5.7.4 The table below shows some detail from the benchmarking data comparing Medway in-house performance against all participants of the benchmarking group; Unitaries and other local councils.

Comparison of risk and returns

	Model Weighted Average Rate of Return	Risks			Weighted Average Rate of Return
		Weighted Average Maturity (Days)	Weighted Average Total Time (Days)	Weighted Average Credit Risk	
Medway	**0.95%**	**410**	**517**	**3.3**	**1.07%**
Average English Unitaries (20)		143	262	3.7	0.77%
Average Total Population (210)		99	190	3.8	0.69%
Average Local Benchmarking Group (12)		203	324	4.2	0.84%
Brighton & Hove CC	0.64%	116	183	3.7	0.70%
East Sussex CC	0.64%	116	155	4.5	0.69%
Maidstone BC	0.72%	162	252	4.2	0.76%
Sevenoaks DC	0.72%	118	205	4.5	0.66%
Shepway DC	0.87%	157	354	3.5	0.85%
Tonbridge and Malling BC	0.64%	137	191	4.1	0.77%

6 Borrowing

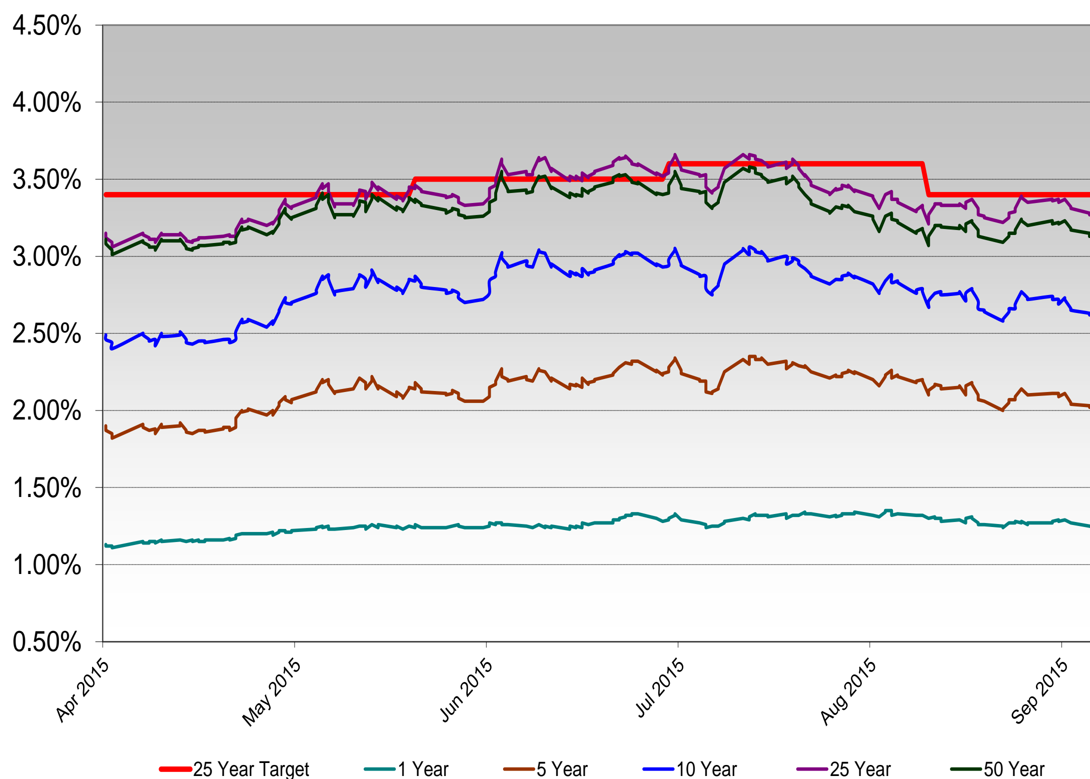
6.1 The Council's capital financing requirement (CFR) for 2015/16 is £242.014 million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The table in section 4.2.1 shows the Council has external borrowings of £164.103 million against a CFR of £242.014 million.

6.2 The current borrowing strategy is to repay debt rather than enter into new borrowing as a consequence of the relationship between investment and borrowing interest rates. Using invested funds to repay debt also has the benefit of mitigating counterparty risk. This policy has been adhered to for the first six months of this financial year. However, as specified within the strategy, in the event that it is deemed advantageous to borrow then we will evaluate the economic and market factors to form a view on future interest rates so as to determine the manner and timing of decisions to borrow.

6.3 As outlined below, the general trend has been a decrease in interest rates during the six months, across longer dated maturity bands, but a rise in the shorter maturities, reflecting in part the expected rise in the Bank rate.

PWLB certainty rates 1 April 2015 to 8th September 2015

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.11%	1.82%	2.40%	3.06%	3.01%
Date	02/04/2015	02/04/2015	02/04/2015	02/04/2015	02/04/2015
High	1.35%	2.35%	3.06%	3.66%	3.58%
Date	05/08/2015	14/07/2015	14/07/2015	02/07/2015	14/07/2015
Average	1.26%	2.14%	2.78%	3.40%	3.30%



6.4 It is anticipated that no external borrowing will be undertaken during this financial year, unless it is found to be advantageous as mentioned in paragraph 6.2. Previously it was proposed that £4m would be borrowed from PWLB as part of the funding of the Strood Riverside project but it now proposed to use treasury cash instead.

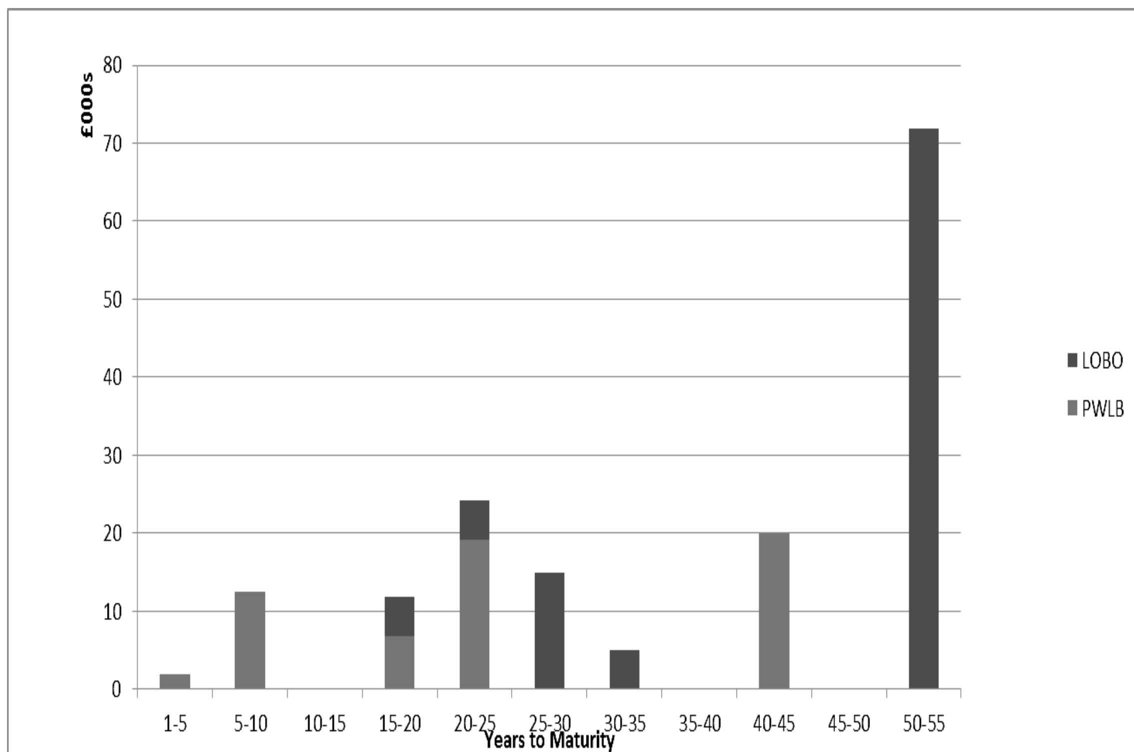
6.5 One of the important risks inherent within Treasury management is "Interest rate risk". This risk is high where a large proportion of an organisation's borrowing portfolio reach termination point at the same time. The organisation has then to re-finance a large proportion of their portfolio at a set point of time whereby they run the risk that interest rates may not be beneficial to the organisation.

6.6 In order to protect against this risk it is prudent to spread repayment dates over a number of years thereby reducing the risk of a large proportion of the portfolio being affected by adverse interest rates.

6.7 The graph below shows the debt portfolio repayment profile as at 1 April 2015. It can be seen that the debt repayments are reasonably spread over the forthcoming decades, thereby reducing any impact of interest rate risk.

6.8 The earliest repayments are due in November 2019, £2m, November 2020, £5m and November 2023, £7.5m.

6.9 It is worth noting that the lighter shaded repayments are PWLB debt and darker shaded are LOBO's All debts are being shown as repayable at term, although the LOBO's (Lender Option Borrower Option) have a variety of "call" periods of between 6 months and every 5 years. The risk of a call occurring is currently low and therefore these have been shown as running full term.



7 Debt Rescheduling

7.1 Debt rescheduling opportunities have been limited in the current economic climate and consequent structure of interest rates. During the first six months of the year, no debt rescheduling was undertaken and it is not envisaged that any will occur before the end of the financial year. However, officers and the council's financial advisers 'Capita Asset Services' will continue to monitor the situation and opportunities will be carefully considered.

8 Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the "Affordable Borrowing Limits". Council's approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved TMSS.

8.2 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

9 Risk management

9.1 Risk and the management thereof is a feature throughout the strategy and in detail within the Treasury Management Practices 1.

10 Financial and legal implications

10.1 The finance and legal implications are highlighted throughout this report. The Council has delegated responsibility for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in

accordance with the Council's policy statement and Treasury Management Practices.

11 Recommendations

11.1 Members are requested to consider this report, note its contents and pass comments of this report onto Cabinet.

11.2 Members are asked to recommend to Cabinet that the Chief Finance Officer in consultation with the Leader be authorised to invest in property funds and to recommend an appropriate counter-party limit for such investments.

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