DECISION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 10

meeting date:	17 NOVEMBER 2020
title:	CAPITAL AND TREASURY MANAGEMENT STRATEGY
submitted by:	DIRECTOR OF RESOURCES
principal author:	LAWSON ODDIE

1 PURPOSE

1.1 To seek member approval for the Council's Capital and Treasury Management Strategy for the 2020/21 financial year.

2 BACKGROUND

2.1 Local authorities in England and Wales are required by the Local Government Act 2003 to have regard to both CIPFA's Code of Practice on Treasury Management in the public services and to CIPFA's Prudential Code for Capital Finance in Local Authorities.

2.2 It is a key principle of the Code of Practice on Treasury Management that public service organisations should put in place comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

2.3 The Prudential Code imposes on local authorities clear governance procedures for the setting and revising of a range of prudential indicators that are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

2.4 There is a requirement for the council to have in place an approved Capital Strategy, which due to the very close links to Treasury Management we hold as the Capital and Treasury Management Strategy.

3 STATEGY REVIEW

3.1 A full review of the strategy has been undertaken and is presented at Annex 1 with tracked changes.

3.2 The Strategy reflects the linkage between asset management, the capital programme and our treasury management activities and is intended to set the framework for all aspects of the Council's capital expenditure including planning, management, prioritisation, funding, monitoring and outcomes.

3.4 It also provides the policy framework for the engagement of the council with financial markets in order to fund its capital programme, maintain the security of its cash balances and protect them from credit, liquidity and interest rate risk.

4 CONCLUSION

4.1 The Capital and Treasury Management Strategy has been reviewed and updated and is attached for approval.

4.2 Elements of the document have previously been approved as part of the budget setting process, but here they are brought together under a single strategy.

4.2 The document was produced in the context of the point in time when the budget was set, and was prepared for your planned meeting of 31 March, which was cancelled due to Covid-19 restrictions.

4.3 The strategy requires approval of Full Council.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications:

- Resources – the strategies aim to safeguard the interests of the council and aim to help demonstrate how the council will operate in dealing with capital and treasury management activities.
- Technical, Environmental and Legal – it is a requirement for the council to follow the stipulations of the CIPFA Prudential and Treasury Management Codes.
- Political - none
- Reputation – the production of this strategy provides transparency to the council's decision making process and management of the activities involved in capital and treasury management.
- Equality and Diversity - none

6 RECOMMENDED THAT COMMITTEE

6.1 Recommend to Council the Capital and Treasury Management Strategy as set out in Annex 1.

HEAD OF FINANCIAL SERVICES DIRECTOR OF RESOURCES

PF27-20/LO/AC
30 October 2020

Capital and Treasury Management Strategy

2020/21

Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Contents

Introduction and Background

The Prudential Code requires authorities to self-regulate the affordability, prudence and sustainability of their capital expenditure and borrowing plans, by setting estimates and limits, and by publishing actuals, for a range of prudential indicators.

The Prudential Code has been developed alongside the Treasury Management Code and there is a great deal of interaction between the two codes. Compliance with both codes is a statutory requirement for local authorities in the UK.

The Prudential Code imposes on local authorities clear governance procedures for setting and revising of prudential indicators, and describes the matters to which an authority will have regard when doing so. This is designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

In December 2017 CIPFA issued an update to the Prudential Code requiring that authorities should have a Capital Strategy either as a standalone document or integrated within existing strategy documents, with the purpose of establishing a long-term direction for the management and use of capital resources.

In order to allow us to produce a meaningful capital programme that meets the priorities identified in our Corporate Strategy, we must ensure that we have robust processes in place for potential projects to be proposed, evaluated and prioritised, and for approving the programme and the resources to fund it.

A clear process has been produced to demonstrate the information required from Heads of Service when proposing projects and how such proposals are then taken forward and prioritised against each other, and against the resources available to the council to take such projects forward.

As well as considering the projects that the council wish to see taken forward, the manner in which these projects are financed must also be carefully considered, particularly the long-term implications around borrowing, internally or externally, on the revenue budget. ~~There are very strong links and crossovers with the requirement for a Capital Strategy and the council's Treasury Management Strategy.~~

~~As such, both documents have been integrated to provide a single overview and policy in this new Capital and Treasury Management Strategy.~~

Introduction

This Strategy is intended to set the framework for all aspects of the Council's capital expenditure including planning, management, prioritisation, funding, monitoring and outcomes.

It also provides the policy framework for the engagement of the council with financial markets in order to fund its capital programme, maintain the security of its cash balances and protect them from credit, liquidity and interest rate risk.

Under the Prudential Code and Treasury Management Code, the council is required to produce a strategy on proposed treasury management activities. This requirement forms part of this strategy document.

The overall strategy maintains a strong and current link to the Council's priorities and to its key strategy documents notably the Corporate Strategy and Medium Term Financial Strategy.

Objectives and Strategic Approach

The council's Corporate Strategy provides the overall direction for the Strategy.

The Corporate Strategy sets out the strategic direction of the council, providing a focus to ensure that the services the council delivers meet the needs of its communities. It is one of the council's most important documents setting out those areas identified for focused improvement over future years.

The council's Vision continues to be that we aim to ensure that the Ribble Valley is:

OUR VISION

An area with an exceptional environment and quality of life for all; sustained by vital and vibrant market towns and villages acting as thriving service centres meeting the needs of residents, businesses and visitors.

We believe that this Vision reflects our shared aim for the Borough, which has the highest quality of environment for those who live in and visit the area. It recognises that people must have a high quality of life; that suitable homes are available to meet their diverse needs and that they should be safe and feel safe. People should also be able to access the best services without having to travel long distances to receive them.

Key to the council's Corporate Strategy is the Mission Statement of the council. The council has adopted the following statement that sets out its role and responsibilities in relation to the communities it exists to serve:

MISSION STATEMENT

The council will provide high quality, affordable and responsive public services that develop the social and economic wellbeing of the Borough whilst safeguarding the rural nature of the area.

The role of the council's financial planning process, including this Capital and Treasury Management Strategy, is to support the achievement of the council's Corporate Strategy.

Objectives and Strategic Approach

In order to deliver its Vision and provide a focus for how it delivers services, the council has agreed a set of five corporate ~~priorities~~ambitions. The council's ~~priorities~~ ambitions are deliberately limited to focus attention over the life of the Corporate Strategy. Each ~~priority~~ ambition has a number of objectives, underlying actions, and key measures of success, which should allow progress towards the achievement of the ~~priority~~ ambition to be monitored. ~~They are expanded upon in the supporting Corporate Action Plan.~~

Above all, the ~~priority~~ ambition **'We aim to be a well-managed council providing efficient services based on identified customer needs'** overarches all of our ~~priorities~~ambitions, whilst recognising the importance of securing a diverse, sustainable economic base for the Borough. The 5 ~~priorities~~ ambitions are driven by local needs with consideration to national priorities, and are listed below.

- To ensure a well-managed council providing efficient services based on identified customer needs.
- To sustain a strong and prosperous Ribble Valley.
- To help make people's lives safer and healthier.
- To protect and enhance the existing environmental quality of our area.
- To match the supply of homes in our area with the identified housing needs.

As part of the capital scheme bidding process Heads of Service are required to demonstrate which overriding ~~priority~~ ambition their scheme will help achieve.

Our work under Treasury Management, whilst touching on the achievement of all ~~priorities~~ambitions, is best demonstrated as helping us to meet the ~~priority~~ ambition of ensuring that we are a well-managed council providing efficient services based on identified customer needs.

Asset Management Planning

Planning Process

This council own a number of properties, with ownership arrangements varying from being an owner occupier to acting as landlord with a licensed occupier. As a result, asset management obligations for each facility vary widely.

Properties are regularly checked and inspected, helping to ensure adequate maintenance, but also helping to extend the asset lives.

While the survey phase is an objective assessment of the conditions of the assets, the prioritisation, planning and allocation of items will vary according to a range of factors.

By undertaking repairs before components go wrong, planned preventative maintenance can have a positive impact on business continuity by reducing down time and keeping facilities operational.

Major items of work that fall within the capital expenditure classification are planned in advance and resources bid for as part of the capital programme scheme bidding process referred to in the next section of this strategy document.

The council utilise the Technology Forge system for recording asset management planning activity.

Vehicles and Plant

In a similar manner to the planning process covered for the council’s property portfolio, a long term plan is developed and reviewed annually of the condition and planned replacement years for the council’s vehicle fleet and other items of plant.

Vehicle and plant replacement is planned so that asset are replaced on a rolling basis to help ensure no ‘peak years’ arise which could put undue pressure on the financing of the capital programme. This is especially pertinent in the review of the replacement programme for the council’s refuse collection vehicle fleet, with current plans showing the replacement of one vehicle per annum.

The review of these assets is driven by the relevant Heads of Service together with staff responsible for fleet maintenance.

Capital Expenditure

Definition

Expenditure is only capitalised where it is on an asset that will provide the council with control of the resulting economic benefit or service potential and has a measurable cost, or where it is revenue expenditure allowed to be funded by capital under statute (REFCUS) or under a capitalisation direction in accordance with the Local Government Act 2003. Expenditure under the latter categories would not normally result in recognition on the council's balance sheet or asset register.

For this council, the main example of revenue expenditure allowed to be funded by capital under statute (REFCUS) would be Disabled Facility Grants.

In order to count as capital expenditure, new assets or additions to assets must have a life of more than one year.

The council has a policy of not treating anything with an initial value below £10,000 as capital expenditure.

The Capital Programme

The council operate a five-year capital programme, with a review undertaken every year to examine whether the programme still marries with our current and future plans.

Additionally, each year there is a bidding process for the new final year of the five-year capital programme. Such bids are examined against the council's priorities and for affordability.

As part of this bidding process, occasionally some schemes may be seen as a priority and are brought forward to an earlier financial year.

Should a capital scheme opportunity be identified outside this normal bidding process, such a scheme would first be considered by the Corporate Management Team, then the relevant service committee and finally the Policy and Finance Committee.

The Capital Scheme Bidding Process

Each year around August, all Heads of Service are asked to consider their service area and identify any potential capital schemes. This is principally with a view to it being included in the fifth year of the future capital programme, but occasionally scheme bids are highlighted as a more pressing need, with a request that earlier programming be considered.

The proposals that are put forward by Heads of Service in their bids are based on a variety of sources such as:

- Past discussions that have taken place at service committees
- Known current service pressures
- Anticipated future service pressures
- Central Government expectation
- Specific funding received from Central Government
- Legislative requirements

As part of the bidding process, a standard pro-forma is completed which allows for the provision of information in a standard format and ensures that all relevant information can be considered and compared. The details requested cover:

- Scheme Name
- Head of Service
- Service Area
- Brief Description of the Scheme
- Environmental Considerations
- Revenue Implications
- Alternatives that have been Considered
- Timescales for Completion
- Any Risks to Completion
- Capital Costs

The Approved Five Year Capital Programme

Capital Expenditure

As previously mentioned the overall capital programme is for a five year period, and whilst the coming financial year is fixed, the remaining four years of the capital programme remain in a relatively fluid state and are open to review on an annual basis.

The table below provides a summary by committee of the future five-year capital programme from ~~2019/20~~2020/21 to ~~2023/24~~2024/25.

Approved Capital Programme for ~~2019/20~~2020/21 to ~~2023/24~~2024/25

Committee	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
Community Services	1,614,000	578,200	626,900	510,800	451,000	**3,780,900**
Economic Development	81750	0	0	0	0	**81,750**
Health and Housing	513,940	424,300	397,000	509,600	397,000	**2,241,840**
Planning and Development	40,920	0	0	0	0	**40,920**
Policy and Finance	204,530	0	226600	118,200	88,080	**637,410**
TOTAL	**2,455,140**	**1,002,500**	**1,250,500**	**1,138,600**	**936,080**	**6,782,820**

Current and Longer-Term Priority Areas

Whilst not currently within the approved five-year capital programme, there are a number of priority areas where there is potential that the council may incur future capital expenditure.

The council is looking at the promotion of industrial estates, particularly on the A59 corridor and the railway ribbon, to supplement those already being developed in Longridge, Barrow and on the former Time Computers site in Simonstone.

The council continues to look for opportunities for increasing car parking within the borough and the identification of any further potential sites for development ~~w~~could result in a sizeable capital scheme above that already allowed for in the budget.

For ongoing commitments, the capital programme currently largely consists of replacement vehicles and plant and it is anticipated that this is likely to continue in the longer term.

The council will continue to review service provision and the adequacy of its assets in meeting the service demands of the borough's residents. In the long term any forecast changes to the level of, or manner in which services are provided will be considered proactively by service committees, together with any potential consequential capital investment that may be needed.

Affordability, including from the perspective of revenue impacts, plays a key part in the development of the capital programme and would continue to be a paramount consideration.

In this context, in setting the latest capital programme the decision on a number of proposed schemes has been deferred until the next annual review due to the high level of uncertainty around future local government funding at this time, notably New Homes Bonus and Business Rates. It is hoped that further details will be known then, allowing more informed decision making.

Capital Financing

Funding

The council has always sought to maximise funding for capital, including any from revenue sources.

The council's funding policy has been to set programmes which address its ~~key~~ short-term and medium-term priority~~ies~~ actions and to fund these by utilising prudential borrowing, capital receipts (both in hand and anticipated in year) and earmarked reserves such as the Business Rates Growth Reserve, VAT Shelter Reserve and New Homes Bonus Reserve, in a corporate approach, thus providing the maximum investment position.

There is a high level of uncertainty around future local government funding at this time, notably New Homes Bonus and Business Rates and as a result the availability and reliability of funding has driven the latest review of schemes for inclusion in the capital programme and the deferral of some scheme decisions until after the government's Fair Funding Review and Business Rates Retention Reforms.

~~There will be a scarcity of resources available to finance the capital programme in future years after the end of the latest five-year capital programme. Use of the VAT Shelter Reserve has been kept to a minimum in the period up to 2023/24, as future receipts come to an end as the VAT Shelter arrangements come to a close.~~

Earmarked reserves are primarily the main source of financing the capital programme. A variety of earmarked reserves are used, but in the main the current five-year capital programme relies on New Homes Bonus Earmarked Reserve and Business Rates Growth Earmarked Reserve.

With the continued uncertainty around local government funding it is difficult to forecast which specific resources will be used to finance capital in the longer-term, other than for there to be an even greater reliance on our earmarked reserves.~~, but if the current landscape were to remain unchanged then the council would continue to use these key sources of funding.~~

External Grant Funding

The use of external grant to fund schemes has become increasingly scarce over recent years. The only currently secured source of external funding is in relation to the council's statutory obligations under Disabled Facility Grants and the funding received via Lancashire County Council from the Better Care Fund.

Other external funding has been sought more recently for the Clitheroe Castle Keep for repointing works that are needed, but to date no external grant funding has been identified. There is also a further capital scheme for the Refurbishment of Mardale Playing Field Changing Rooms which will rely on the ability to source external funding. Whilst this scheme is not planned to take place until 2024/25, the availability of external funding seen to date is a cause for concern.

No change in the availability of external grant funding towards capital schemes is identified at this time, which in turn places added pressure on the council's earmarked reserves, which increasingly offer the only viable means of funding the capital programme – in the medium term and longer term.

However, wherever possible the council will always strive to identify external funding as the first option of funding schemes within the capital programme.

Capital Receipts

With a low base of assets and no longer-term surplus assets identified, the scope for income from capital receipts is minimal. This is reflected in the relatively low level of capital receipts currently being accumulated, with the majority of receipts relating to the sale of larger vehicles such as refuse collection vehicles.

The council operate a policy of only treating asset sales with a value of £10,000 or greater as capital receipts. Any sales achieving a sale value of lower than this would be credited to the service and then transferred to the Capital Earmarked Reserve to help fund future capital expenditure.

The council always looks to maximise the income it receives from the sale of surplus assets and in the case of usable capital receipts, this must be further invested in future capital schemes.

Earmarked Reserves

There are a wide range of earmarked reserves operated by the council, and depending on the capital scheme needing to be funded, most have the potential to be used in some way to help finance the capital programme.

The council is conscious of the fine balance between the role of earmarked reserves in supporting both revenue and capital. With alternative sources of financing the capital programme reducing (notably external grants), our earmarked reserves generally offer the most viable method of financing.

The current five-year capital programme utilises the following earmarked reserves, a number of which will be fully depleted by the end of the plan:

- VAT Shelter Earmarked Reserve
- Capital Earmarked Reserve
- New Homes Bonus Earmarked Reserve
- Planning Earmarked Reserve
- Rural Services Delivery Grant Earmarked Reserve
- ICT Renewals Earmarked Reserve
- Vehicle and Plant Renewal Earmarked Reserve
- Fleming VAT Earmarked Reserve
- Wheeled Bins Earmarked Reserve
- Business Rates Growth Earmarked Reserve
- ~~Housing Grants Reserve~~

New Homes Bonus Earmarked Reserve and Business Rates Growth Earmarked Reserve are currently the most relied on earmarked reserves, but with continued uncertainty around the future of local government finance, at this time we are unable to place any reliance on these funding streams for financing the capital programme in the longer term.

Internal Borrowing

The use of internal borrowing to support the capital programme is currently kept to those schemes in respect of land and property. This is due to the long asset lives and therefore the year-to-year impact on revenue. This is as a direct consequence of accounting for the Minimum Revenue Provision (MRP) in line with the council's policy.

There is currently no anticipated change in the longer-term to the council's viewpoint on borrowing only for land and property assets.

Approved Financing of the Capital Programme for 2019/20~~18/19~~ - 2024/25~~22/23~~

The availability of resources to fund the capital programme has been a key concern, particularly with the heavy reliance that is placed on the use of earmarked reserves to fund the capital programme.

There are continued high levels of uncertainty around funding streams such as New Homes Bonus and Business Rates Growth that are set aside funds in these earmarked reserves, and also opposing pressure on these resources for supporting the revenue budget.

The VAT Shelter arrangement will also end in 2022/23, and already we are seeing a substantial fall in resources, with only £26,060~~39,710~~ anticipated to be received in 2019/20~~18/19~~ and nil in 2020/21~~19/20~~ based on discussions with Onward Homes.

A number of the Earmarked Reserves that we have previously used are now coming to the point of being exhausted based on future commitments for the existing capital programme. As a result, the residual values of these Earmarked Reserves form part of the financing.

External funding is extensively in respect of Disabled Facility Grants with an element of external funding in 2020/21 and also in 2024/25 as referred to above~~19~~.

Over the life of the current five-year capital programme there is borrowing in respect of two schemes, being residual works on Clitheroe Market Improvements (£~~175~~57,000) and Installation of a Second Parking Deck at Chester Avenue Car Park (£1,230,000).

Approved Financing of the Capital Programme for 2020/21~~19/20~~ - 2024/25~~23/24~~

Method of Financing	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
Earmarked Reserves	-755,340	-335,000	-637,400	-791,600	-559,080	**-3,078,420**
External Funding	-347,000	-569,240	-347,000	-347,000	-377,000	**-1,987,240**
Usable Capital Receipts	-65,800	-98,260	-266,100	0	0	**-430,160**
Borrowing	-1,287,000	0	0	0	0	**-1,287,000**
TOTAL	**-2,455,140**	**-1,002,500**	**-1,250,500**	**-1,138,600**	**-936,080**	**-6,782,820**

Current Treasury Management Position

~~The~~ Borrowing through the Public Works Loans Board represents the total debt ~~is the largest proportion of~~ for the Council~~'s borrowing debt~~, and is gradually decreasing as payments of the principle are made year by year. It is estimated that the outstanding principle on all PWLB loans at 31 March 2020~~19~~ will be £126k~~136k~~. ~~In addition to the PWLB debt there is a bond which will remain unchanged until it is repaid, this relates to the Sidney Whiteside Charity.~~

Investments at the end of the 2019/20~~18/19~~ financial year are anticipated to be £12m based on current cash flow forecasts. These investments relate to monies placed with institutions on our approved counterparty list.

There was no short-term borrowing on the 31 March 2019~~8~~, and none is forecast for the 31 March 2020~~19~~. Only very occasionally has the Council utilised short term borrowing in order to temporarily aid cash flow.

A summary of the Council's treasury position at the end of the 2018/19~~17/18~~ financial year and that anticipated at the end of the 2019/20~~18/19~~ financial year is summarised below.

	31 March 2019 Actual £	Actual Average Rate %	31 March 2020 Estimate £	Estimated Average Rate %
Borrowing				
Fixed Rate Debt - PWLB	136,377	4.97	125,983	4.97
Total Debt	**136,377**		**125,983**	
Investments				
Short Term Investments	-12,175,000	0.52	-11,090,000	0.61
Total Investments	**-12,175,000**		**-11,090,000**	
Net External Debt/(Credit)	**-12,038,623**		**-10,964,017**	

Current Treasury Management Position

The Council's current treasury position is not at risk from movements in interest rates as all current PWLB borrowing is on a fixed rate. Should the council choose to take any future borrowing on variable rates then this would expose the council to a greater risk from any adverse movement in interest rates.

The forecasted balance of PWLB debt at 31 March 2020~~19~~ comprises of the following individual loans:

Original loan Amount £	Term	Interest Rate	Estimated Principal Outstanding at 31 March 2020 £	Year of Final Repayment
250,000	15 years	4.75% Fixed	983	2022/23
250,000	25 years	4.88% Fixed	125,000	2032/33
		Total PWLB	**125,983**	

The total debt~~, comprising both PWLB and the bond,~~ is summarised in the table below, showing the estimated debt maturity assuming no further borrowing is undertaken.

The maturity date is the date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an instalment loan must be paid in full.

Estimated Debt Maturity Analysis as at 31 March 2020		
Maturity	**£**	**%**
Under 12 Months	0	0
12 Months and within 24 Months	0	0
24 Months and within 5 Years	983	0.8
5 Years and within 10 Years	0	0
10 Years and within 20 Years	125,000	99.2
20 Years and above	0	0
Total PWLB and Bond	**125,983**	**100.00**

Interest Rates

Prospects for Interest Rates

The Monetary Policy Committee (MPC) of the bank of England decides monetary policy decisions that influence how much money is in the economy and how much it costs to borrow, including decisions over the bank of England interest rate.

Through these decisions the MPC aims to maintain price stability within the UK and to support the economic policy of the Government, including its objectives for growth and employment.

In order to maintain price stability the government has set the bank's MPC a target for an annual inflation rate of the consumer price index (CPI) of 2%.

Over the last few years the MPC has kept interest rates low as the economy recovered from the global financial crisis. As the economy grew more quickly the rate of inflation increased above the 2% target. In response to this the MPC increased interest rates from 0.25% to 0.5% in November 2017 and then to 0.75% in August 2018.

More recently, particularly in response to Coronavirus, the MOC took a decision to reduce bank base rate by 0.5% taking it to 0.25% on 13 March 2020 and then further reduced rates by 0.15% on 19 March 2020 taking bank base rate to 0.1%.

The MPC has said that the recent decisions to reduce bank base rate have been taken to help households and businesses get through the economic slowdown caused by Coronavirus.

These are worryingly rapid changes to interest rates, which inevitably impact on the council's budgeted investment income in the short-term, but which will have no immediate impact on the council's borrowing costs as this is all at fixed rates.

The counil's longer-term budget forecasts of interest rates have anticipated that interest rates, and therefore interest receipts, will remain static at the 0.75% previously seen at the time of setting the budget. However, this recent volatility presents much uncertainty around future interest rates.

Now that Coronavirus is beginning to affect the global economy, the future of interest rates during the Brexit transition period and beyond I s increasingly complex and uncertain.

~~Since then, uncertainties over Brexit have grown and the CPI has fallen back close to the 2% target.~~

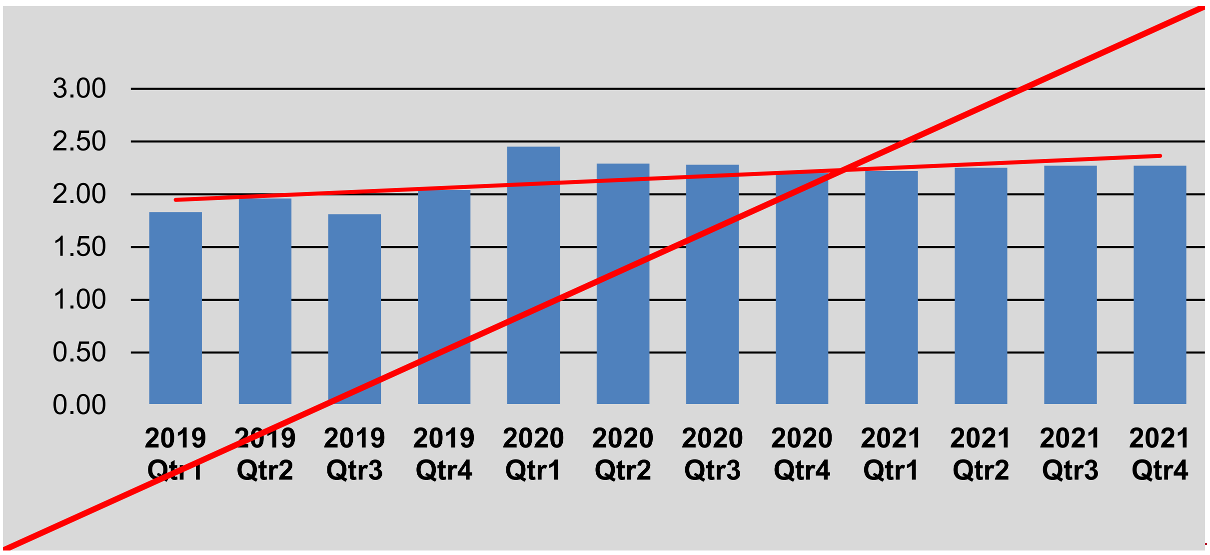
~~The Office for National Statistics (ONS) has reported that pay increased by 3.3% in the three months to November 2018 compared to the previous year which will place upwards pressure on companies' costs and the prices that they charge.~~

~~If the economy performs as the MPC expects in its February 2019 inflation report then upward pressure on prices will build over the next few years and interest rates will rise a bit more to keep inflation low. Interest rates are likely to remain substantially lower than before the financial crisis.~~

~~The MPC's view is based on the assumption that there will be a smooth Brexit where households and businesses have time to adjust to the new relationship between the UK and the EU. The setting of interest rates in response to Brexit will however depend on the balance of its effects on demand, supply and the value of the pound.~~

~~The MPC forecasts for CPI (shown below) are based on the February 2019 bank base rate of 0.75%.~~

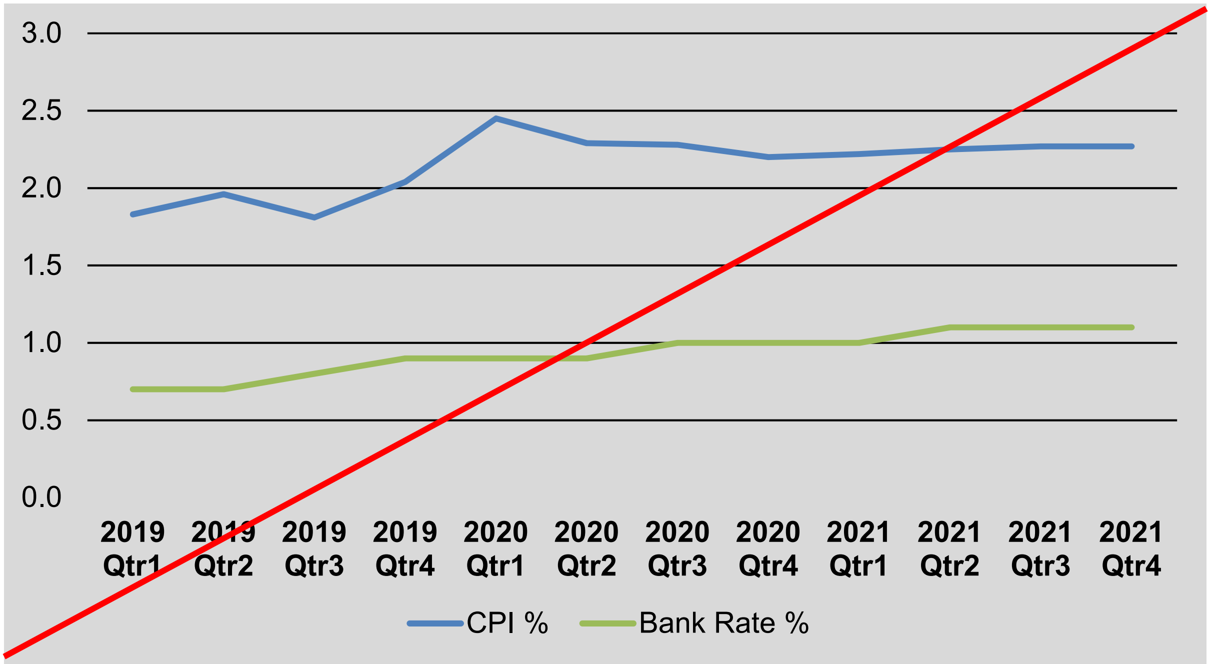
~~Forecast CPI Percentage with Linear Trend Line~~



~~Source: Monetary Policy Committee (MPC)~~

~~Any corresponding rises in interest rates will likely happen at a gradual pace and with an expectation that the bank rate will increase to around 1% by 2020.~~

~~Forecast CPI Percentage against Bank Rate Percentage~~



~~Source: Monetary Policy Committee (MPC)~~

~~Historically, local authorities have satisfied the bulk of their borrowing needs from the Public Works Loan Board (PWLB).~~

~~The rate of interest payable is determined by the Debt Management Office and at the date of last review (April 2018) remains at 100 basis points (1%) above the gilt yield for standard rate loans. The methodology is designed to ensure that the government does not on-lend at rates lower than those at which it could notionally borrow.~~

~~From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from the PWLB to principal local authorities who provide information as required on their plans for long-term borrowing and associated capital spending (known as the Certainty Rate).~~

~~Ribble Valley Borough Council are listed as an eligible Council until 31 October 2019, by which time a further return will have to be made and a new eligibility list published for the following 12 months.~~

Borrowing and Debt Strategy

The introduction of the Prudential Code and uncertainty over future interest rates increases the risks associated with the treasury strategy should the council need to increase its use of short term borrowing or make further longer term borrowing on a variable rate. As a result the Council needs to take a cautious approach to its treasury strategy.

Long term fixed interest rates and base rates are both expected to remain very volatile in the short term and difficult to predict. Taking into account the interest rates shown in the table included in the section “prospects for inflation”, the most appropriate form of borrowing will be undertaken.

We intend to continue the current policy of meeting our long-term borrowing requirements from the Public Works Loan Board.

Councils that provide ‘information and transparency’ on ‘borrowing and associated capital spending plans’ are eligible for a certainty rate discount on PWLB loans of 20 basis points below the standard rate.

This data is gathered through government returns. Ribble Valley Borough Council are currently listed as an eligible Council until 31 October 2020~~19~~, by which time we intend to submit a further return to continue as an eligible body.

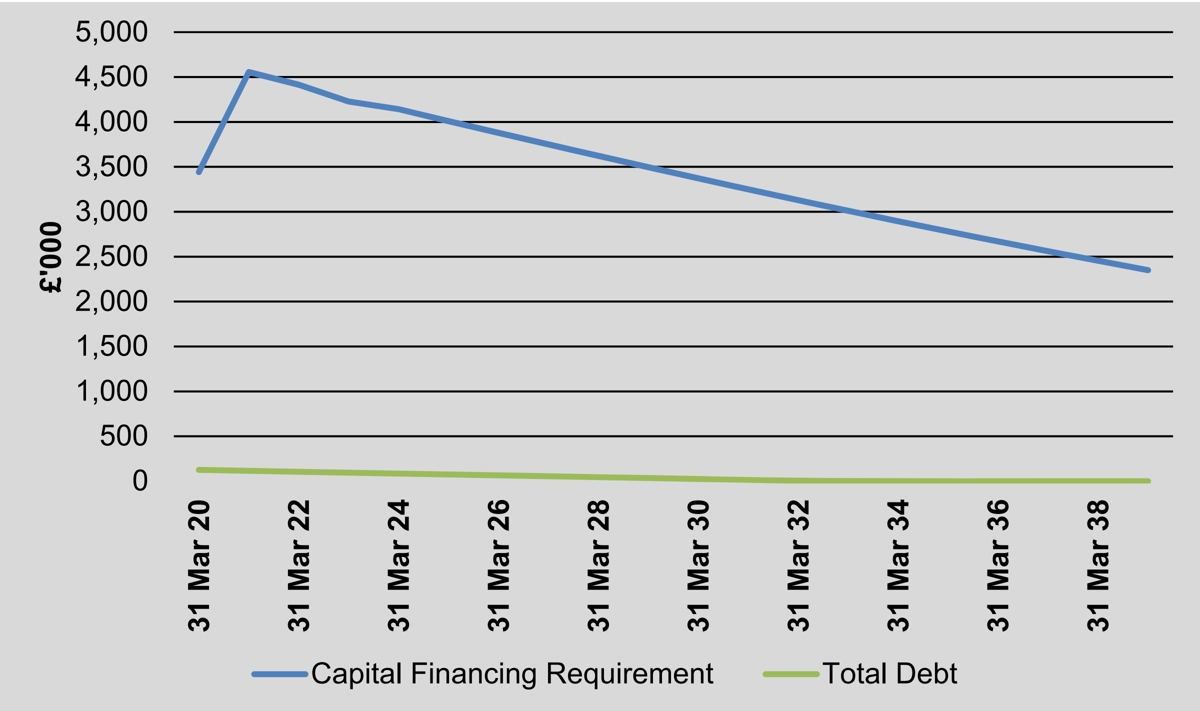
We will engage in short-term borrowing from the money market if necessary, in order to finance temporary cash deficits, however by managing our cash flow effectively these will be kept to a minimum. Wherever possible, ~~the~~ any loan will be taken out for periods of less than 7 days in order to minimise the interest payable and will initially be sought from other local authorities and lenders of preference through the money markets.

CIPFA’s Prudential Code for Capital Finance in Local Authorities recommends that the council's total debt should be lower than its highest forecast capital financing requirement over the next three years.

Based on the current medium-term capital financing plans in the approved capital programme, and the existing levels of borrowing, the council's borrowing is comfortably below the capital financing requirement when forecast for the next 20 years.

It must be noted that this is a snap shot in time based on current plans and current policies around such items as Minimum Revenue Provision (MRP).

Forecast Capital Financing Requirement and Total Debt (Current Position)



Minimum Revenue Provision (MRP) Policy Statement 2020/21~~19/20~~

The Council is required each year to pay off an element of its accumulated General Fund capital expenditure through a revenue charge, the Minimum Revenue Provision (MRP).

The Ministry of Housing, Communities and Local Government (MHCLG) issued regulations which require Full Council to approve an MRP Policy Statement in advance of each financial year. The council's MRP Policy Statement for 2020/21~~19/20~~ is detailed below.

- For capital expenditure incurred **before** 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP Policy will be to allow MRP equal to 4% of the capital financing requirement (the element of which relates to capital expenditure incurred before 1 April 2008) at the end of the previous financial year.
- For capital expenditure incurred **after** 1 April 2008, for all Unsupported Borrowing the MRP Policy will be to follow the Asset Life Method (Equal Instalment method), i.e. the MRP will be based upon the estimated life of the assets financed from borrowing.

Investment Strategy

Background

The council holds reserves and other cash items on its balance sheet which are invested. In investing these cash balances the council follows guidance issued by CIPFA and MHCLG.

The MHCLG guidance requires treasury management investments to prioritise security, liquidity and yield in that order of importance. The council will not make any investments with low credit quality bodies, nor any that are defined as capital expenditure by legislation, such as company shares.

Strategy Guidelines

The main principle governing the Council's investment criteria is the security and liquidity of its investments before yield, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity. The Council must ensure that:

- It has sufficient liquidity in its movements. ~~For this purpose, we will maximise the use of the council's online HSBC facility to place money either overnight or on a short-term basis~~We continually monitor our cash flow position maintaining a balance between short term lending and availability of resources in our main HSBC account – taking advantage of the interest rates that are now available on this HSBC account at 0.1% below base rate;
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counter parties with adequate security, and monitoring of their security.

A counter party list is maintained in compliance with these criteria and it will be revised and submitted to Council for approval as necessary. In accordance with new legislation, the proposed criteria detailed above are shown in the following subsections.

Liquidity of Investments

The Council expects to maintain average investment balances of £11m, subject to other service commitments meaning a fall in available cash to invest. The Council will continue to invest these balances in accordance with the Council's investment policies and prevailing legislation and regulations.

Specified Investments

These investments are sterling investments of not more than one-year maturity. These are low risk assets and the possibility of loss of principal or investment income is very low. The investments are defined as:

- The UK Government (such as the Debt Management Office, UK Treasury Bills or gilts with less than one year to maturity).
- A local authority, parish council or community council.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society). These bodies will have a minimum rating as set out in our counter party criteria and as listed in our Treasury Management Policy.

In accordance with the Treasury Management Code, the Council has set additional criteria to set a limit on the time and amount of monies which will be invested with these bodies.

Non-Specified Investments

Non-specified investments include any other type of investments, i.e. not defined as specified above. These are sterling investments with:

- Securities admitted to the Officials List of the Stock Exchange that is guaranteed by the UK Government (such as supranational bonds).
- Gilt edged securities with a maturity of greater than one year.
- Institutions not meeting the basic security requirements under the specified investments.
- A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society) for deposits with a maturity of greater than one year.

- Shareholding in the Local Government Bonds Agency.

At the present time the Council has no immediate plans to invest in non-specific investments other than a maximum share that it already holds in the Local Government Bonds Agency of £10k.

Policy on the Use of Financial Derivatives

Many local authorities have previously made use of financial derivatives embedded in loans and investments both to reduce interest rate risk (i.e. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk. However, previous legislation was understood to prevent the use of such tools where they were not embedded in other instruments.

The Localism Act 2011 includes a general power of competence that removes the uncertain legal position over local authorities' use of standalone financial derivatives. The latest CIPFA Code requires local authorities to clearly detail their policy on the use of derivatives in their annual strategy.

The Council has not and does not plan to use derivatives.

The Monitoring of Investment Counter parties

The credit rating of counter parties is monitored monthly. Any counter party failing to meet the criteria will be removed from the approved counterparties list immediately and, if required, new counter parties, which meet the criteria, will be added to the list.

Fitch credit ratings are monitored and are used as an indication of the probability of organisations defaulting on our investments. Whilst they only show an indication of the current credit position, they are being monitored on a regular basis and any significant changes will be reported to Policy and Finance Committee.

The banks and building societies the Council use are reviewed annually as part of the Treasury Management policies and practices to take into account their Fitch IBCA long-term and short-term credit rating. The Council has a policy to only use institutions with a short-term Fitch rating of F2 or above.

In addition to the building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

Business Model for Holding Investments

Under ~~the new IFRS 9 (~~International Financial Reporting Standard 9~~)~~, the accounting for certain investments depends on the council's "business model" for managing them.

The council holds investments to collect contractual cash-flows and as such these investments would not result in changes in market value having to be a charge against the Council Tax at year end.

Long-Term Investments

The Treasury Management code requires that where an authority invests, or plans to invest, for periods longer than one year, then an upper limit for investments maturing in excess of one year is set. This council has a policy of not investing for periods of longer than 1 year.

Use of External Fund Managers

It is the Council's policy not to use an external fund manager.

Prudential Code

The Prudential Code

In line with the relevant legislation the council has adopted the Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management in the Public Services Code of Practice (2017) as setting the framework of principles for its treasury management activities. In accordance with the requirements of these codes the council produces each year prudential indicators which provide a framework for the prudent management of its treasury management including limits with regard to certain types of activity such as borrowing. The indicators below are a consequence of the activities set out within this strategy.

Capital Expenditure

The Capital Expenditure indicator is the platform from which most prudential indicators of the council are formed.

Capital expenditure is a significant source of risk and uncertainty since cost variations, slippage, acceleration of major projects or changing specifications are often a feature of large or complex capital programmes. Capital investment also carries risk in relation to the availability of capital finance from capital receipts, grants and external contributions.

As part of this indicator, we will undertake regular monitoring of the capital programme throughout the financial year and report progress and any variations to the relevant service committees and Policy and Finance Committee.

The actual capital expenditure that was incurred in 2018/19~~17/18~~ is shown alongside the current and future years that are recommended for approval:

Capital Expenditure					
Committee	**Actual Capital Expenditure for 2018/19 £**	**Forecast Capital Expenditure for 2019/20 £**	**Forecast Capital Expenditure for 2020/21 £**	**Forecast Capital Expenditure for 2021/22 £**	**Forecast Capital Expenditure for 2022/23 £**
Community Services Committee	723,041	1,800,520	1,614,000	578,200	626,900
Economic Development Committee	0	20,000	81,750	0	0
Health and Housing Committee	448,630	1,254,710	513,940	424,300	397,000
Planning and Development Committee	3,775	324,920	40,920	0	0
Policy and Finance Committee	100,797	162,720	204,530	0	226,600
Total	**1,276,243**	**3,562,870**	**2,455,140**	**1,002,500**	**1,250,500**

Financing Costs

The calculation of Financing Costs for the purposes of the Prudential Code includes those items included under the Financing and Investment Income and Expenditure section of the council's Comprehensive Income and Expenditure Statement in the Statement of Accounts – but excluding pension interest costs and any gain or loss on trading accounts.

For this council, this includes the interest we pay on our borrowing, interest we receive on our investments and also the Minimum Revenue Provision (MRP), being the means by which capital expenditure financed by borrowing or credit arrangements is paid for by council tax payers.

The table below summarises our net financing costs that were shown in the statement of accounts for the 2018/19~~17/18~~ financial year, and those forecast for the current and future years.

Financing Costs				
2018/19 Actual £	**Forecast for 2019/20 £**	**Forecast for 2020/21 £**	**Forecast for 2021/22 £**	**Forecast for 2022/23 £**
44,547	32,601	48,687	70,468	67,613

Net Revenue Stream

The calculation of the Net Revenue Stream for the purposes of the Prudential Code includes those items included under the Taxation and non-Specific Grant Income section of the council's Comprehensive Income and Expenditure Statement in the Annual Statement of Accounts, but excludes capital receipts and capital grants.

Net Revenue Stream				
2018/19 Actual £	**Forecast for 2019/20 £**	**Forecast for 2020/21 £**	**Forecast for 2021/22 £**	**Forecast for 2022/23 £**
8,471,213	9,476,295	9,360,005	8,742,784	8,536,589

Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years, and the actual figures for 2018/19~~17/18~~ are shown in the table below. This indicator uses the Financing Costs calculated above as a percentage of Net Revenue Streams, also calculated above.

It should be noted that the calculation of these indicators relies heavily on the forecast of future financial support from the government. As members will be aware there is a substantial amount of uncertainty ~~in this respect past the 2019/20 financial year, and~~ with regard to most elements of local government finance.

Financing Costs to Net Revenue Stream				
2018/19 Actual	Forecast for 2019/20	Forecast for 2020/21	Forecast for 2021/22	Forecast for 2022/23
0.5%	0.3%	0.5%	0.8%	0.8%

As would be expected due to our low level of external borrowing, the percentage of financing costs to net revenue stream is relatively low.

~~The lower percentages from 2017/18 onwards reflects the increases being seen in the level of interest received on investments, and the forecast increases in interest rates, which have been allowed for here on a prudent basis.~~

Capital Financing Requirement

The capital financing requirement measures the council's underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally.

In accordance with best professional practice, the Council does not associate borrowing with particular items or types of expenditure. The council has an integrated capital and treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

We have, at any point in time, a number of cash flows, both positive and negative, and manage our treasury position in terms of our borrowings and investments in accordance with our approved practices.

In day-to-day cash management we make no distinction between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirements reflects the authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement				
2018/19 Actual £'000	Forecast for 2019/20 £'000	Forecast for 2020/21 £'000	Forecast for 2021/22 £'000	Forecast for 2022/23 £'000
3,394	3,442	4,555	4,415	4,277

External Debt

In respect of the Capital Financing Requirement, the level of external debt is a consequence of a treasury management decision about the level of external borrowing.

The inclusion of total external debt in the Prudential Code means that it covers all borrowing whether this is for capital or revenue. This is mainly due to the fact that our daily treasury management activities make no distinction between revenue and capital cash. External borrowing occurs as a result of all of a council's transactions, not just those arising from the capital programme.

External Debt					
	2018/19 Actual £	Forecast for 2019/20 £	Forecast for 2020/21 £	Forecast for 2021/22 £	Forecast for 2022/23 £
PWLB Borrowing	136,377	125,983	115,590	105,197	95,000

Gross Debt and Capital Financing Requirement

The Prudential Code states that in order to ensure that over the medium term, debt will only be for a capital purpose, the council should ensure that debt doesn't, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

It is not envisaged that the council will have any difficulty meeting this requirement going forward. This view takes into account current commitments, existing plans and the proposals in the Council's budget report.

The Authorised Limit

The authorised limit, like all the other prudential indicators, has to be approved and revised by full council. It should not be set so high that it would never in any possible circumstances be breached. It should reflect a level of borrowing which, while not desired, could be afforded but may not be sustainable.

Any unanticipated revision to the council's authorised limit would be a most exceptional event that would trigger a review of all the prudential indicators. The authorised limit is set to establish the outer boundary of the council's borrowing based on a realistic assessment of the risks. The authorised limit is certainly not a limit up to which the council expects to borrow on a regular basis.

The authorised limit for external debt is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It is the **worst-case scenario**.

Factored in to the setting of the authorised limit is the council's role as the lead authority of the Lancashire Business Rates Pool.

The limit separately identifies borrowing from other long-term liabilities such as finance leases. Authority is delegated to the Director of Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the council. Any such changes made will be reported to the Council at its next meeting following the change.

Authorised Limit for External Debt			
	2020/21 £'000	**2021/22 £'000**	**2022/23 £'000**
Borrowing	15,913	15,703	15,495
Other Long-Term Liabilities	0	0	0
Total	**15,913**	**15,703**	**15,495**

The Operational Boundary

This indicator focuses on the day-to-day treasury management activity within the council. It is a way in which the council manages its external debt to ensure that it remains within the self-imposed Authorised Limit.

The Operational boundary is based on expectations of the maximum external debt of the council according to probable events.

The operational boundary for external debt is based on the same estimates as the authorised limit but reflects directly my estimate of the most likely prudent but not worst case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements, and equates to the maximum of external debt projected by this estimate.

The operational boundary represents a key management tool for in year monitoring by my staff and me. Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified. Authority is delegated to the Director of Resources, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long term liabilities, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

Operational Boundary for External Debt			
	2019/20 £'000	**2020/21 £'000**	**2021/22 £'000**
Borrowing	2,738	2,528	2,320
Other Long Term Liabilities	0	0	0
Total	**2,738**	**2,528**	**2,320**

Maturity Structure of Borrowing

The council is required to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. These prudential indicators are referred to as the upper and lower limits respectively for the maturity structure of borrowing and are calculated using the amount of projected borrowing that is maturing in each period, expressed as a percentage of total projected borrowing.

The maturity date is the date on which the principal amount of a note, draft, acceptance bond or another debt instrument becomes due and is repaid to the investor and interest payments stop. It is also the termination or due date on which an instalment loan must be paid in full.

The Upper limit profile is based on the potential borrowing identified under the Operational Boundary indicator.

MATURITY STRUCTURE OF BORROWING			
	Current Borrowing Profile %	Lower Limit %	Upper Limit %
Under 12 Months			
12 Months and within 24 Months			
24 Months and within 5 Years	0.78	0.78	0.06
5 Years and within 10 Years			
10 Years and within 20 Years	99.22	99.22	7.69
20 Years and above			92.25

Principal Sums Invested for Periods Longer than a Year

The Treasury Management code requires that where an authority invests, or plans to invest, for periods longer than one year, then an upper limit for investments maturing in excess of one year is set. This council has a policy of not investing for periods of longer than 1 year.

Interest Rate Exposures

In order to control interest rate risk, the council measures its exposure to interest rate movements. These indicators place limits on the overall amount of risk the council is exposed to. The one-year impact indicator calculates the theoretical impact on the revenue account of an immediate 1% rise in all interest rates over the course of one financial year. As the council's debt is on a fixed rate, this will not be impacted, so the only exposure would be on our investment income. ~~Due to the low level of debt that the council currently has, and the high level of investments,~~ As a result, this figure shows as a negative value.

Interest Rate Exposures	Upper Limit £'000
Upper limit on one-year revenue impact of a 1% rise in interest rates	-123

Credit Risk

The Council has a policy to only use institutions with a short-term Fitch rating of F2 or above.

Credit Risk	Lower Limit for Credit Rating
Short Term Fitch Rating of Counterparties Used	F2

Risk Management

Capital Programme and Risk Management

As part of the capital scheme bidding process officers are asked to detail any risks that may be present to the completion of the scheme within budget and on time. These are reported and considered by members as part of the process of producing an overall achievable and affordable capital programme.

Where relevant, larger projects will be recorded separately on the council's corporate risk management system and the risk monitored on a regular basis, being reported to the corporate management team and the Accounts and Audit Committee, should any risk be deemed to be scored a 'Red' risk.

Treasury Management and Risk Management

The Council's activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out within the Council's Financial Services team, under policies approved by the Council in the annual treasury management strategy.

The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Overall Procedures for Managing Treasury Management Risk

Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by approving annually in advance prudential indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures to the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

The Prudential Indicators are required to be reported and approved at or before the Council's annual Council Tax setting meeting in early March. These items are also reported within this Strategy. Actual performance is also reported quarterly to Members.

Treasury Management activity is monitored by the Financial Services team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

Risk and Commercial Activity

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or capital appreciation or both.

This council does not hold any investment properties; neither does the council borrow money with a view to investing purely for commercial gain.

Governance Framework

Initial Capital Scheme Bidding Process

The development of the scheme bids was detailed in the earlier section on Capital Expenditure. The reporting of the same and the decision-making process is summarised in the table below, following a standard process for the annual review of the capital programme:

August: Heads of Service are asked to consider their service area and identify any potential capital schemes.
October/November: All submitted bids are reviewed by Corporate Management Team and Budget Working Group and reported to the relevant Service Committee and approval sought. Members are also asked to put forward any capital bid suggestions and amendments that they may wish to make at this stage.
January: The Budget Working Group and Corporate Management Team consider which scheme bids should be included in the capital programme and the level of resources to be used to fund the capital programme, having consideration to any comments or approval made by Service Committees. A recommendation is prepared for Special Policy and Finance Committee.
February: Special Policy and Finance Committee meet to consider the recommendations of the Budget Working Group and Corporate Management Team. The final approved capital programme is then recommended to Full Council.
March: Full Council approve the final five-year capital programme.

As part of this process there will inevitably be scheme bids that are not able to be taken forward, be that through lack of resources or competing priorities.

Capital Budget Monitoring

The council has a structured process of budget monitoring, with regular meetings with budget holders to ensure schemes are on track and within budget. Reports are taken to all service committees quarterly (including revised estimate report) and also the overall position is reported to Policy and Finance Committee on a quarterly basis.

Further reports are also taken to the council's Budget Working Group during the year.

The outturn position is also reported to all committees in line with the budget monitoring reporting.

Treasury Management Activities

This council is committed in embracing the principals of corporate governance in their treasury management activities: These include

- Adoption of the principals and policies promoted in the prudential code in order to promote openness and transparency in the council's treasury management function.
- Publication of and free access to information about the council treasury management transactions.
- Establishing clear treasury management policies, separation of roles and management of relationship within and outside the council, to establish integrity of the function.
- Well defined treasury management responsibilities and job specifications to enhance accountability.
- Equality in treasury management dealings with an absence of business favouritism to promote fairness.

The principals of corporate governance are successfully implemented. The council should ensure that treasury risk management is an integral part of its overall risk management process.

- The management and administration of treasury management be robust, rigorous and disciplined.

- The council should receive regular reports on its treasury management activities
- Performance data should be clear, concise and relevant to its treasury management activities.
- External parties should be monitored for adherence to the legal or regulatory regimes under which they operate.

Reports are taken quarterly to the Policy and Finance committee on all treasury management activities. Outturn position reports are also reported to the same. All policies and practices are also reported to and agreed by Policy and Finance Committee and Council.

Knowledge and Skills

Staff involved in Capital Projects

The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it may also rely on the expert knowledge of specialist external advisors.

The Council employs professionally qualified finance, legal and property officers who are able to offer advice and guidance when considering any capital investment decisions.

Finance and legal staff are professionally qualified and have the necessary experience of how the Council works.

All professionally qualified staff undertake Continuing Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and are regulated by their respective professional bodies. Their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing.

The Council occasionally uses external advisors where necessary in order to complement the knowledge its own officers hold. If required these would be engaged on an ad-hoc basis and be project based.

Staff involved in Treasury Management Activities

The Council recognises the importance that all treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Performance Appraisal system which aims to identify the training requirements of any individual members of staff engaged on treasury related activities.

Additionally, training may also be provided on the job and it will be the responsibility of the Director of Resources together with the Head of Financial Services, to ensure that all staff involved in the service receive the necessary training.

Treasury Management courses run by such bodies as CIPFA, money brokers, or other recognised bodies are those normally sourced and attended.

The qualifications of those staff that are authorised to be involved in treasury management activities are detailed below

- Chief Executive - CIPFA Qualified
- Director of Resources – CIPFA Qualified
- Head of Financial Services – CIPFA Qualified
- Senior Accountant – CIPFA Qualified
- Accounting Technician – AAT Qualified (studying for the CIPFA Qualification)

With regard to members, detailed explanations of all reports are given, as they are scrutinised by committee, by the Director of Resources in order to ensure full understanding.