5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2014/15 TO 2016/17

REPORT OF:	Head of Finance, ICT and HR
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Wards Affected:	None
Key Decision:	No
Report to:	Council
	9th April 2014

Purpose of Report

1. This report sets out the Council's investment and borrowing strategy for the forthcoming three years and reports the counterparty list with whom investments may be made. It also sets out the Prudential Limits that provides the parameters for approved future lending and borrowing, including the incidental cost of so doing. The Audit Committee is asked to provide advice on these matters to Council.

Summary

2. There is no particular change in direction with this strategy since it was last updated in March 2013. Lending is restricted to the same counterparties and within the same limits as approved at that time, excepting that no further investments will be made with the Council's banker, The Cooperative Bank PLC, following its downgrading in 2013. At that time it also announced that it will withdraw from local authority banking at the expiry of the existing contract for operational banking services.

Recommendations

3. The Audit Committee is asked to recommend to Council:

- **(i) the proposed Treasury Management Strategy Statement (TMSS) for 2014/15 and the following two years;**
- **(ii) the Annual Investment Strategy (AIS) and the Minimum Revenue Provisions Statement (MRP) as contained in Sections 6 and 8 respectively of the report;**
- **(iii) the Prudential Indicators contained within Appendix B of this report.**

Background

4. The Council applies and upholds the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code"). CIPFA has defined Treasury Management as:

"the management of the organisation'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."

5. The Code requires local authorities to produce an annual Treasury Management Strategy Statement (TMSS), which documents the Council's approach to capital financing and investments for the forthcoming financial year (2014/15) and the following two years. This report fulfils that requirement.

6. In producing the TMSS, The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years. The indicators are established to ensure that the Council's capital investment plans are affordable, prudent and sustainable. These are shown at Appendix B of the report.

7. Additionally, the Act and its subsequent Investment Guidance requires the Council to set out its treasury management strategy for borrowing, and to prepare an Annual Investment Strategy (AIS). The Council's borrowing position is reported in Section 4, with arrangements for making Statutory Provisions for Repayment of Debt explained in Section 8. The AIS is contained in Section 6 of this report, and describes the Council's policies for managing its investments, and for giving priority to the security and liquidity of those investments.

8. Statute requires that the AIS, MRP Statement, and Prudential Indicators are approved by full Council before the start of the new financial year. However, due to the timetabling of this Audit Committee meeting, this is not possible for the start of 2014/15, so that the elements of this report requiring approval will be submitted to the next full Council meeting after the start of the year.

Policy Context

9. Providing transparency and approval of the strategies contained in this report is an important part of the Council's statutory role. Treasury Management has become increasingly topical given the nature of the world's financial markets in recent years, and Members are expected to have a basic understanding of how the Council uses its reserves and cashflows which are in the stewardship of the Head of Finance.

Other Options Considered

10. None – this report is statutorily required.

Financial Implications

11. This report has no quantifiable financial implications. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget but is not required to support the provision of services.

Risk Management Implications

12. This report has no specific implications for the risk profile of the Authority.

Equality and Customer Service Implications

13. None.

Other Material Implications

14. This report is not considered to have any other material implications.

Background Papers

- Treasury Management Strategy Statement & Annual Investment 2013/14 to 2015/16 (March 2013), and Review of Treasury Management Activity 1 April – 30 September 2013 (Nov. 2013).
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, November 2011).
- The Prudential Code for Capital Finance in Local Authorities (CIPFA, Nov 2011).
- Department for Communities & Local Government Investment Guidance (Revised) April 2010)
- Capita Asset Services report template (December,2013)

MID SUSSEX DISTRICT COUNCIL

TREASURY MANAGEMENT STRATEGY STATEMENT

COMMITTEE:	**Council**
DATE:	**9th April 2014**
TITLE:	**Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 to 2016/17**
REPORT BY:	**Head of Finance**

1.0 BACKGROUND

1.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, in order to provide adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals. The CIPFA Code of Practice recommends the reports be scrutinised by the relevant committee before being recommended to the Council. Discretion to do this is excercised by the Head of Finance, and where so the scrutiny role is undertaken by the Audit Committee.

1.4 The first, and most important report covers the **Treasury Management Strategy (TMSS) and Annual Investment Strategy(AIS),** this report which covers :

1.5 Secondly, a **Mid Year Treasury Management Report** is required that will update members with the progress of the capital position, amending prudential indicators as necessary, and indicating whether actual treasury management activitiy is meeting the treasury strategy adopted at the start of the financial year.

1.0 BACKGROUND

1.6 Thirdly, the **Annual Treasury Management Report** provides details of the actual prudential and treasury indicators, and the actual treasury outturn position at the end of the financial year compared to the estimates within the strategy at the start of the year.

1.7 The TMSS for 2014/15 presented in this report covers two main areas:

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

Capital Issues

- the capital plans and the prudential indicators;
- the policy on Minimum Revenue Provisions (MRP) for repayment of debt

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

1.8 The purpose of this TMSS is therefore to approve the:

- Treasury Management Strategy for 2014/15 (Borrowing - Section 4, Debt Rescheduling - Section 5, Investments - Section 6)
- Minimum Revenue Provisions (MRP) Statement – Section 8
- Use of Specified and Non-Specified Investments – Appendix A
- Prudential Indicators – Appendix B

2.0 BALANCE SHEET AND TREASURY POSITION

2.1 The core drivers of treasury management activity are the underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), and the Balances and Reserves of the Council.

2.2 The CFR represents the cumulative capital expenditure of the local authority that has not been financed from internal resources, resulting in the need to borrow or obtain other credit arrangements.

2.3 The estimated Balances and Reserves are compared below to the underlying need to borrow (the CFR) and shows that the Council is a net investor as it has sufficient reserves and balances to cover its CFR.

	31 Mar 14 Estimate £m	31 Mar 15 Estimate £m	31 Mar 16 Estimate £m	31 Mar 17 Estimate £m
Capital Financing Requirement, (CFR)	1.750	1.479	1.220	0.951
Balances and Reserves	(16.353)	(18.044)	(19.967)	(22.441)
Underlying Need To Borrow / (Investments)	(14.603)	(16.565)	(18.747)	(21.490)

2.4 The Council's expected treasury portfolio position at 31 March 2014, with forward projections, is also summarised below. This Table compares the actual external debt (the treasury management operations), against the underlying need to borrow thereby highlighting any over or under borrowing.

	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Gross Debt at 1 April	**2.058**	**1.776**	**1.505**	**1.246**
Change in Debt				
Borrowing	(0.144)	(0.128)	(0.111)	(0.116)
Other Long Term Liabilities	(0.138)	(0.143)	(0.148)	(0.153)
Gross Debt at 31 Mar.	**1.776**	**1.505**	**1.246**	**0.977**
Capital Financing Requirement	1.750	1.479	1.220	0.951
Under/(over) Borrowing	(**0.026)**	(**0.026)**	(**0.026)**	(**0.026)**
Investments at 31 March	(22.000)	(21.914)	(21.253)	(23.303)
Net debt/ (Investments)	**(20.224)**	**(20.409)**	**(20.007)**	**(22.326)**

2.5 The analysis shows that the Council's gross debt is expected to marginally exceed the CFR by £26k at 31 March 2014 onwards, and is not significant. The relative position of debt compared to CFR remains constant for each subsequent year as no new borrowing is anticipated to finance capital investment. Similarly, the level of investments at each year end is expected to remain relatively constant in the region of £22 - £23m.

2.0 BALANCE SHEET AND TREASURY POSITION

2.6 Within the prudential indicators (Appendix B) there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its total debt, net of any investments (shown as Net debt/Investments in the Table in Para 2.4 above) does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This measure allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

2.7 As the Council is a net investor, the Head of Finance reports that the Council complied with this prudential indicator in 2012/13 and does not envisage any difficulty meeting this requirement in 2013/14 or future years to 2016/17. This view takes into account current commitments, existing plans, and the proposals in this budget report.

2.8 Based on the projected portfolio of borrowing and investments, the estimate for debt interest payments (for borrowing and leasing) in 2014/15 is £69k, and for interest receipts is £364k.

3.0 OUTLOOK FOR INTEREST RATES AND THE ECONOMY

3.1 This section contains a Commentary for the economic outlook (at 31 December 2013) provided by the Council's shared service provider's treasury management consultants Capita Asset Services Ltd. This includes a central view of forecast interest rates as follows:

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	NOW	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
BANK RATE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00	1.25
3 month LIBID	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.90	1.30
6 month LIBID	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.80	1.00	1.20	1.40
12 month LIBID	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	1.00	1.20	1.40	1.60	1.80	2.00	2.30
5 yr PWLB	2.50	2.50	2.50	2.60	2.70	2.70	2.80	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.40
10 yr PWLB	3.70	3.60	3.60	3.70	3.80	3.80	3.90	3.90	4.00	4.10	4.20	4.30	4.30	4.40	4.50
25 yr PWLB	4.40	4.40	4.40	4.50	4.50	4.60	4.60	4.70	4.80	4.90	5.00	5.10	5.10	5.10	5.10
50 yr PWLB	4.40	4.40	4.40	4.50	4.50	4.60	4.70	4.80	4.90	5.00	5.10	5.20	5.20	5.20	5.20

Economic growth

3.2 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that:-

"In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth".

3.3 The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

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

4.0 BORROWING REQUIREMENT AND STRATEGY

4.1 The financing of the capital programme forms part of the Prudential Indicators presented at Appendix B, and no new borrowing is anticipated within the programme up to 2017/18 inclusive. The Council's existing level of borrowing and other long term liabilities is, therefore, expected to remain broadly in line with the CFR (Para 2.4).

5.0 DEBT RESCHEDULING

5.1 The Council's long term debt comprises two loans from the Public Works Loans Board (PWLB), being :

Loan Number	Start Date	End Date	Loan Amount £	Interest Rate	Expected Balance at 31. 03. 2014* £
494369 495726	06/03/2008 27/07/2009	01/03/2023 30/06/2014	1,700,000 205,000	4.55% 2.23%	1,157,542.48 21,657.64
TOTAL LOANS			1,905,000		1,179,200.12
(* includes accrued interest)					

5.2 The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before. This position was compounded in October 2010, by a considerable further widening of the difference between new borrowing and repayment rates. Hence, it would not be possible to prematurely repay the existing loans without incurring a premium charge for early settlement. Consequently, it is currently intended for the loans to run their full term.

5.3 As well as borrowing by loans, the Council's debt includes any obligations to repay finance leases. In 2010/11 the Council recognised (under Other Long Term Liabilities on the Balance Sheet) the sum of £1.003m in respect of capital assets acquired by Finance Leases.

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5.4 This liability will have reduced to £601k by 31 March 2014 following lease rental payments in the interim period since 2010/11. The liability is included in the overall estimation of the Council's debt obligations, for which MRP is to be provided, and is covered by the Prudential Indicators for the Authorised and Operational Debt Limits shown in Appendix B. The indicators contain an amount of £1m of the Total Debt Limit to cover the Council's exposure for Other Long Term Liabilities. The Head of Finance confirms the total debt limits have not been exceeded, and that it is also intended for the leases to be held for their full term.

6.0 INVESTMENT POLICY AND STRATEGY

Background

6.1 Guidance from CLG on Local Government Investments in England requires the Council to produce an Annual Investment Strategy (AIS).

Investment Policy

6.2 To comply with the CLG's guidance, the Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

- security of the invested capital;

- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

6.3 The CLG's revised Guidance on investments reiterates security and liquidity as the primary objectives of a prudent investment policy. To this end the investment policy was last approved in March 2013. Although since then there have been recent signs of a strengthening of the UK economic position, the unpredictability of financial markets described in Section 3 indicate that the potential for counterparty and event risk remain fundamental considerations in investment decisions. Therefore, the Council continues in a heightened state of awareness to risk so that for 2014/15 there are no proposed changes to the investment policy adopted in 2013/14. The speculative procedure of borrowing purely in order to invest is unlawful and shall not be entertained.

6.4 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Specified Investments are sterling denominated and are up to one year duration. Unspecified Investments are investments not classified as Specified. The potential investment instruments the Council will use within its investment strategy are contained in Appendix A. The Council's projected level of investments is included within Para 2.4 above

Creditworthiness Policy

6.5 The creditworthiness of the Council's investment counterparties is assessed under the shared services arrangement provided by Adur District Council and Worthing Borough Council. The shared services uses creditworthiness tests supplied by its external Treasury Management advisors, Capita Asset Services. The core elements of the tests are the credit ratings from three rating agencies - Fitch, Moody's and Standard and Poor's.However, the approach does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: -

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

6.6 The Council is satisfied that the creditworthiness tests utilised by the shared services arrangement gives a holistic approach to assessing the level of security for its investments. This is because the tests are supplemented by additional information (e.g. bank & building society reports, economic commentaries, government publications, professional publications etc.) which together provide a rounded assessment for placing investments.

6.7 The adopted approach is consistent with the requirements of the revised CIPFA Code of Practice which requires Councils to make decisions based on the ratings of all three agencies, and to keep these under regular review.

6.8 All credit ratings are monitored by staff on a daily basis within the shared services arrangement as changes to the ratings of all three agencies are notified on a regular basis, and normally within 24 hours.

Country Limits

6.9 The Council has determined through its shared services arrangements that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA*- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). No more than 25% of investments shall be placed in Non-UK financial institutions.

Investment Outlook

6.10 In view of the Interest Rate Outlook (Section 3) the Council will not lock into further long term deals beyond 1 year duration while investment rates are historically low, and (with improving unemployment figures edging towards 7%) the possibility is heightened that the Bank of England may increase the Base Interest Rate sooner than expected. However, long term investments may be justified where attractive rates are available with counterparties of particularly high creditworthiness (i.e. approved counterparties with a minimum credit rating of *AA*- from Fitch Ratings or equivalent, or building Societies with assets in excess of £1bn, or other local authorities) where the deals are within the risk parameters set by this council.

6.11 Based on the expectations for future interest rates, the budgeted returns for investments for the next four financial years are:

Year	Budgeted Return £000	Average Return %
2014/15	364	1.083%
2015/16	421	1.227%
2016/17	580	1.589%
2017/18	798	2.032%

6.12 For comparative purposes, the actual returns for 2013/14 are expected to approximate to £370k, equivalent to 1.09% on the entire investment portfolio over the year. The estimates for 2014/15 onwards show an improving position that reflect the expectation that interest rates will generally rise over time, in addition to which the Council secured in 2013/14 long term investments of £6m for durations up to 5 years at enhanced rates that will bolster the overall average rate of return.

Investments managed in-house

6.13 The Head of Finance, under delegated powers, will undertake through the shared service arrangements the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements, and Prudential Indicators. Decisions taken on the core investment portfolio will be reported in accordance with the arrangements contained in Section 10.

6.14 As conditions in the financial markets remain uncertain and potentially volatile the proposed maximum limits for Specified and Unspecified Investments for 2014/15 are the same as for 2013/14 (excepting for the Council's own banker) and are shown in Appendix A.

Funds managed on a segregated basis

6.15 The Council does not utilise external fund managers, but reserves the option to do so in future should this be deemed to be appropriate. Should consideration be given to exercising this option in the future the relevant Committee will be advised of the reasons for doing so, and the Cabinet requested to consider whether it wishes to proceed with the selection and appointment of external fund managers.

Collective Investment Schemes (Pooled Funds) - Impact of European Commission Proposals for Money Market Funds

6.16 The only Pooled Funds used by the Council are Money Market Funds. The Council has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Council to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns over the short term. The performance and continued suitability of these funds in meeting the Council's investment objectives will be regularly monitored under the treasury management shared services arrangement.

6.17 One of the benefits of using Money Market Funds (MMF's) for short term investments of surplus cash is that it provides instant liquidity with high quality counterparties at a return comparable to (if not better than) other fixed deposits of short term duration.

Collective Investment Schemes (Pooled Funds) - Impact of European Commission Proposals for Money Market Funds (Continued)

6.18 This is because the funds used are "triple A" rated reflecting the sheer size, liquidity, and constant net asset value (CNAV) - the latter of which means that typically for every pound of principal invested the Council is assured of receiving one pound back. This is not guaranteed, but offers indications of better protection than using alternative MMF's which are based on a Variable Net Asset Value (VNAV). On the VNAV basis the underlying assets of the funds are priced on a daily market rate that is subject to change, and could result in a loss of principal (where say one pound invested one day is priced at less than one pound on another day).

6.19 While the Council avoids the use of VNAV MMFs to mitigate the risk of exposure to incurring a capital loss, legislative changes proposed by the European Commission could result in the closure or withdrawal of CNAV MMF's in 2015. Among the proposals are the withdrawal of formal credit ratings (but not an opinion of credit worthiness) from the ratings agencies, and changing the valuation basis of the underlying assets such that existing CNAV MMF's indicate it would be impractical to continue to operate.

6.20 Given that the Council's overriding investment priority is "security of principal", in the event that the proposed changes are implemented, the Council will desist from using MMF's if it is the case that they do not retain the CNAV basis of valuation, or that the triple A rating is withdrawn or replaced with a measure below the Council's minimum criteria for short term investment.

Investments which constitute capital expenditure

6.21 Investments meeting the definition of capital expenditure can be financed from capital or revenue resources. They are also subject to the CLG's Guidance on "non-specified investments". Placing of such investments has accounting, financing and budgetary implications. Whilst it is permissible to fund capital investments by increasing the underlying need to borrow, it should be noted that under the CLG's MRP Guidance, MRP must be applied over a 20 year period.

6.22 It is not the Council's intention to utilise investments meeting the definition of capital expenditure, and has therefore determined a notional maximum limit (Appendix A) for this type of investment. Should consideration be given to this type of investment in the future, the Cabinet will be advised of the reasons for doing so, and the Cabinet requested to consider whether it wishes to proceed with the proposed investments and the value limit it considers appropriate.

Investment Strategy

6.23 All investment activity will comply with the accounting requirements of the Code of Practice on Local Authority Accounting in the UK. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, the accounting implications of new transactions will be reviewed before they are undertaken.

7.0 BALANCED BUDGET REQUIREMENT

7.1 The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

8.0 2014/15 MINIMUM REVENUE PROVISIONS (MRP) STATEMENT

8.1 The Annual MRP Statement is subject to Council approval and has been incorporated into the TMSS.

8.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

8.3 Under the Guidance, it is a requirement to submit to full Council before the start of the 2014/15 financial year an MRP Statement confirming the approach to be adopted for the coming financial year. Any variation to this during the year requires a revised statement to be put to Council at that time.

8.4 The Council's current policy is to provide for MRP on an annuity basis over the life of the loans. As an annuity is a fixed annual sum comprising interest and principal, the MRP for repayment of debt will increase each year over the asset life as the proportion of interest calculated on the principal outstanding reduces as the debt is repaid. It is proposed and recommended that the Council applies the same approach for 2014/15.

8.5 The introduction of IFRS resulted in leases being brought on balance sheet. Where this is the case the CFR has increased, and has led to an increase in the MRP charged to revenue. MRP for these items will match the principal component inherent in the lease rentals paid in the financial year.

9.0 POLICY ON THE USE OF EXTERNAL SERVICE PROVIDERS

9.1 The Council obtains treasury management services under a Shared Services Arrangement (SSA) from the in-house treasury management team formed out of the partnership working between Adur District Council and Worthing Borough Council. The treasury management team is based at Worthing Town Hall, but services all three councils' treasury management operations from there, utilising similar banking arrangements.

9.2 The SSA is provided under a Service Level Agreement that commenced on 18th October 2010, and which defines the respective roles of the client and provider authorities for a period of three years. The initial three year term for this arrangement expired on 17th October 2013, and has been renewed on similar terms for a further three years to 17th October 2016.

9.3 In making this arrangement, the Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that reliance beyond the terms and arrangements specified in the SLA is not placed upon the shared service providers.

9.4 The Council will ensure that the terms of the appointment of the shared services providers, and the methods by which their value will be assessed, are properly agreed and documented, and subjected to regular review.

10.0 REPORTING ON THE TREASURY OUTTURN

10.1 Whilst the approval of the Treasury Management Strategy and Annual Investment Strategy is the function of the Executive Committee, the Head of Finance shall also report to the Audit Committee on treasury management activity performance as follows:

(a) a half yearly in-house treasury management operations report submitted as soon after 30 September as practically possible;

(b) and an annual outturn report on the Council's treasury activity to be submitted no later than 30 September after the financial year end.

10.2 The Audit Committee shall be responsible for the scrutiny of treasury management activity and practices, and may make recommendations to the Executive Committee regarding any aspects of Treasury Management policy and practices it considers appropriate in fulfilment of its scrutiny role. Such recommendations, as may be made, shall be incorporated within the above named reports and submitted to meetings of the Executive Committee for consideration at the next available opportunity.

10.3 The Council's Scheme of Delegations is set out in Appendix C.

11.0 OTHER ITEMS

Member Training

11.1 CIPFA's revised Code requires "the responsible officer" to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Accordingly, the Head of Finance shall arrange appropriate training, and at intervals, commensurate with the requirements of Members.

Change to Prudential Indicators

11.2 The Prudential Indicators for 2013/14 approved at the start of the year included a new indicator for comparing Gross Debt with the CFR. The purpose of this new indicator is explained in Appendix B where the Prudential Indicators are shown in full.

APPENDIX A

SPECIFIED AND NON SPECIFIED INVESTMENTS

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the "high" credit criteria as determined by the Council or is made with the UK government or is made with a local authority in England, Wales and Scotland.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

"Specified" Investments identified for the Council's use are:

- Deposits in the DMO's Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

*1 * Investments in these instruments will be on advice from the Council's Shared Service Provider's treasury management advisors.*

2. The use of the above instruments by the Council's fund managers (if appointed) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

For credit rated counterparties, the minimum criteria will be the short-term/long-term ratings assigned by various agencies which may include Moody's Investors Services, Standard & Poor's, Fitch Ratings, being:

Long-term minimum: Aa3 (Moody's) or AA- (S&P) or AA-(Fitch)
Or: Short-term P-1 (Moody's) or A-1 (S&P) or F1 (Fitch).

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

APPENDIX A

APPROVED INVESTMENT INSTITUTIONS

Specified Investments identified for use by the Council

New specified investments will be made within the following limits:

(a) **Banks (Approved Investment Regulation 2 (b))**

Major U.K. and European Banks and their wholly-owned subsidiaries meeting the Council's approved investment criteria.

	Counterparty	Group	Individual Sum and Maximum Period	
1	**HSBC Bank Group:**	**£5m**		
	• HSBC Bank plc		£4m	5 years
2	**The Royal Bank of Scotland Group:**	**£5m**		
	• The Royal Bank of Scotland plc		£4m	5 years
	• National Westminster Bank plc		£4m	5 years
	• Ulster Bank Belfast Limited		£1m	1 year
3	**Lloyds TSB Group::**	**£5m**		
	• Lloyds TSB Bank plc		£4m	5 years
	• Halifax plc		£4m	5 years
	• Bank of Scotland plc		£4m	5 years
	• HBOS Treasury Services plc		£4m	5 years
4	**Barclays Group:**	**£5m**		
	• Barclays Bank plc		£4m	5 years
5	**Santander Group:**	**£5m**		
	• Santander UK plc (incorporating Alliance and Leicester & Abbey National)		£4m	5 years
6	**The Co-operative Bank p.l.c -** the Council's Banker, will not be used for fixed term deposits. Balances held will be those required for operational daily cash flow purposes		N/a	N/a
7	**Clydesdale Bank**		£4m	5 years

APPENDIX A

APPROVED INVESTMENT INSTITUTIONS

Specified Investments identified for use by the Council

(b) **Building Societies (Approved Investment Regulation 2 (c))**

(i) **Building Societies (Assets in excess of £1 billion):**

Rank *	Name of Counterparty	Individual	
		Sum	Period
1	Nationwide	£3m	3 years
2	Yorkshire	£3m	3 years
3	Coventry	£3m	3 years
4	Skipton	£3m	3 years
5	Leeds	£3m	3 years
6	West Bromwich	£3m	3 years
7	The Principality	£3m	3 years
8	Newcastle	£3m	3 years
9	Nottingham	£3m	3 years
10	Progressive	£3m	3 years
11	Cumberland	£3m	3 years
12	National Counties	£3m	3 years

(c) **Money Market Funds (Approved Investment Regulation 2(2) and 2(3) (b))**

Counterparty	Sum	
Invesco Aim – Sterling	£3m	**For Short Term Operational Cash Flow Purposes**
Blackrock Institutional Sterling Liquidity Fund	£3m	
Ignis Sterling Liquidity Fund	£3m	
Goldman Sachs Sterling Liquidity Reserve Fund	£3m	
Henderson Liquid Assets Sterling Fund	£3m	
Fidelity Institutional Cash Fund plc – Sterling	£3m	
Federated Short-Term Sterling Prime Liquidity Fund	£3m	
RBS – Global Treasury Fund - Sterling	£3m	

The limit for investing in any one Money Market Fund is £3 million. Total investments in Money Market Funds shall not exceed £9m or 25% of the total investment portfolio, whichever is the higher.

APPENDIX A

APPROVED INVESTMENT INSTITUTIONS

Specified Investments identified for use by the Council

(d) **Local Authorities (Approved Investment Regulation 2 (i) and Schedule Part II)**

(i) **All the following local authorities mentioned in the Regulations**

Schedule Part II Ref	Details	Individual	
		Sum	Period
1	County Councils (England and Wales)	£3m	5 years
2	District Councils in England and Wales (including Borough, City, Metropolitan Borough Councils and Unitary Councils)	£3m	5 years
3	London Borough Councils	£3m	5 years
4	The Common Council of the City of London	£3m	5 years
5	The Council of the Isles of Scilly	£3m	5 years
7	Combined police authorities	£3m	5 years
16	Regional, Islands, or District Councils in Scotland	£3m	5 years
17	Joint boards under s.235 (1) of LG (Scotland) Act 1973	£3m	5 years
28	District Councils in Northern Ireland	£3m	5 years
29	Police Authorities under s.3 Police Act 1964 as substituted by s.2 Police & Magistrates Courts Act 1994	£3m	5 years

APPENDIX A

NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use.

	In-house use	**Use by Fund Managers**	**Maximum Maturity**	**Maximum % of portfolio or £m**	**Capital Expenditure?**
• Deposits with banks and building societies • Certificates of deposit with banks and building societies	√ √	 √	5 years	The higher of £10m or 50% of funds	No
Gilts and Bonds: • Gilts • Bonds issued by multilateral development banks • Bonds issued by financial institutions guaranteed by the UK government • Sterling denominated bonds by non-UK sovereign governments	√ √ √ √ (on advice from treasury advisor)	√ √ √ √	5 years	The higher of £3m or 25% of funds	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date.	The higher of £9m or 25% of funds	No
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test

APPENDIX A

NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL:

	In-house use	**Use by Fund Managers**	**Maximum Maturity**	**Maximum % of portfolio or £m**	**Capital Expenditure?**
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Subject to test

1. In determining the period to maturity of an investment, the investment is regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.

APPENDIX B

PRUDENTIAL INDICATORS – ESTIMATES 2014/15 TO 2016/ 2017

1 BACKGROUND

1.1 There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. Under the prudential system, individual authorities are responsible for deciding their own level of borrowing, having regard to CIPFA's Code. The essence of the code is that borrowing for capital investment purposes should be affordable, sustainable and prudent.

2. NET BORROWING AND THE CAPITAL FINANCING REQUIREMENT

2.1 This is a key indicator of prudence. Net external borrowing is the difference between gross investments and borrowing. The capital financing requirement (CFR) is a separate estimate of the underlying need to borrow, and is shown at Paragraph 5 below.

2.2 In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR) in the preceding year plus the estimates of any additional (CFR) for the current and next two financial years.

2.3 The Head of Finance reports that the Council had no difficulty meeting this requirement in 2012/13, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. ESTIMATES OF CAPITAL EXPENDITURE

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax - and in the case of the Housing Revenue Account (HRA), housing rent levels.

No. 1	Capital Expenditure	2013/14 Estimate £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
	NON-HRA*	**3.677**	**6.744**	**4.066**	**1.777**	**1.953**

* Mid Sussex does not have a Housing Revenue Account (HRA) and is, therefore, not required to produce an indicator for housing rent levels.

3. **ESTIMATES OF CAPITAL EXPENDITURE** (continued)

3.2 Capital expenditure will be financed as follows:

Capital Financing	2013/14 Estimate £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
Capital receipts	-	1.481	0.465	-	-
Government Grants	1.308	1.722	1.084	0.590	0.766
Revenue contributions & Reserves	0.861	3.141	2.096	0.425	0.425
Unsupported borrowing	1.272	-	-	-	-
Other Contributions	0.236	0.340	0.421	0.762	0.762
TOTAL	**3.677**	**6.744**	**4.066**	**1.777**	**1.953**

4. **RATIO OF FINANCING COSTS TO NET REVENUE STREAM**

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the Council's net revenue streams required to meet borrowing costs. The definition of financing costs is set out at paragraph 69 of the Prudential Code (2011) and mainly comprises interest payable and revenue provisions for repayment of debt.

4.2 The ratio is based on costs net of investment income.

No. 2	Ratio of Financing Costs to Net Revenue Stream	2013/14 Estimate %	2013/14 Revised %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
	TOTAL	**-0.75%**	**0.16%**	**-0.18%**	**-0.76%**	**-1.86%**

Note: This ratio is positive in 2013/14 as the financing cost of borrowing exceeds the value of interest receipts received from investments. The ratio for 2014/15 onwards is negative as returns on investment are predicted to rise above borrowing costs in that year.

5. CAPITAL FINANCING REQUIREMENT

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. It is an aggregation of the amounts shown for non-Current Assets, Long-term debtors for capital transactions, the Revaluation Reserve, the Capital Adjustment Account, Donated Assets Reserve and any other balances treated as capital expenditure.

No. 3	Capital Financing Requirement	2013/14 Estimate £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
	TOTAL CFR	**1.950**	**1.750**	**1.479**	**1.220**	**0.951**

5.2 The year–on-year change in the CFR is due to the following

Capital Financing Requirement	2013/14 Approved £m	2013/14 Revised £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
BALANCE B/F	2.222	2.032	1.750	1.479	1.220
Capital expenditure financed from unsupported borrowing (per 3.2)*	-	-	-	-	-
Revenue provision for debt Redemption.	(0.272)	(0.282)	(0.271)	(0.259)	(0.269)
BALANCE C/F	**1.950**	**1.750**	**1.479**	**1.220**	**0.951**

6. ACTUAL EXTERNAL DEBT

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No. 4	Actual Mid Sussex External Debt as at 31/03/2013	£m
	Borrowing	1.319
	Other Long-term Liabilities	0.739
	TOTAL	**2.058**

7. INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

No. 5	Incremental Impact of The New Capital Investment Decisions	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	Increase/-Decrease in Band D Council Tax	£1.14	-£0.78	-£0.77	£0.16

The incremental cost is negative in 2014/15 and 2015/16 because the cost of the capital program is lower each year than the previous year, then increasing in 2016/17.

8. AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

8. AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

No. 6	Authorised Limit for External Debt	2013/14 Estimate £m	2013/14 Revised £m	2014/15 Approved £m	2015/16 Estimate £m	2016/17 Estimate £m
	Borrowing Other Long-term Liabilities	5.0 1.0	5.0 1.0	5.0 1.0	5.0 1.0	5.0 1.0
	TOTAL	**6.0**	**6.0**	**6.0**	**6.0**	**6.0**

8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Head of Finance has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet at the earliest opportunity.

No. 7	Operational Boundary for External Debt	2013/14 Estimate £m	2013/14 Revised £m	2014/15 Approved £m	2015/16 Estimate £m	2016/17 Estimate £m
	Borrowing Other Long-term Liabilities	3.0 1.0	3.0 1.0	3.0 1.0	3.0 1.0	3.0 1.0
	TOTAL	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**

9. ADOPTION OF THE CIPFA TREASURY MANAGEMENT CODE

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

No. 8	Adoption of the CIPFA Code of Practice in Treasury Management
	The Council adopts the CIPFA Treasury Management Code of practice, the prudential indicators relating to which were last ratified by full Council in March, 2013.

10. UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments

No. 9	Upper Limit for Fixed Interest Rate Exposure:	2013/14 Estimate %	2013/14 Revised %	2014/15 Approved %	2015/16 Estimate %	2016/17 Estimate %
	Investment only	-100	-100	-100	-100	-100
	Borrowing only	100	100	100	100	100

No. 10	Upper Limit for Variable Interest Rate Exposure :	2013/14 Estimate %	2013/14 Revised %	2014/15 Approved %	2015/16 Estimate %	2016/17 Estimate %
	Investment only	-100	-100	-100	-100	-100
	Borrowing only	25	25	25	25	25

10.3 The limits above provide the necessary flexibility within the prevailing financial market conditions in which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. MATURITY STRUCTURE OF FIXED RATE BORROWING

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

11. MATURITY STRUCTURE OF FIXED RATE BORROWING

No. 11	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
	under 12 months	2	100
	12 months and within 24 months	0	100
	24 months and within 5 years	0	100
	5 years and within 10 years	98	100
	10 years and within 20 years	0	100
	20 years and within 30 years	0	100
	30 years and within 40 years	0	100
	40 years and within 50 years	0	100
	50 years and above	0	100

12. UPPER LIMIT FOR TOTAL PRINCIPAL SUMS INVESTED OVER 364 DAYS

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No. 12	Upper Limit for total principal sums invested over 364 days	2013/14 Approved %	2013/14 Revised %	2014/15 Estimate %	2015/16 Estimate %	2016/17 Estimate %
	Mid Sussex DC	**50.0**	**50.0**	**50.0**	**50.0**	**50.0**

13. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT (CFR)

13.1 This is a new indicator from 2013/14 introduced by CIPFA in December 2012. It requires the comparison of actual Gross Debt with CFR (the underlying need to borrow), as it is a requirement to keep Gross Debt below CFR, except for short term variations. For this purpose CFR is taken as the amount in the preceding year, plus estimates of any additional CFR for the current and next two financial years.

No. 13		2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
	Actual Gross Debt	**1.776**	**1.505**	**1.246**	**0.977**
	CFR	**(1.750)**	**(1.479)**	**(1.220)**	**(0.951)**
	(Under) / over Borrowing	**0.026**	**0.026**	**0.026**	**0.026**

13. GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT (CFR)

13.2 This comparison is a key indicator of prudence, and is aimed to ensure that debt is only entered into for capital expenditure. Where the comparison highlights variations, the reasons are to be explained. For all years Mid Sussex appears slightly over borrowed, but this is more a reflection of timing differences between MRP set aside for the repayment of debt, and the actual physical repayments – i.e MRP is running ahead of debt repayments.

Appendix C

TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- approval of annual treasury management strategy and Annual Investment Strategy
- approval of MRP Statement

(ii) Executive Committee (e.g. Cabinet)

- approval of/amendments to the organization's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit Committee

Receiving and reviewing the following, and making recommendations to the Cabinet

- regular monitoring reports on compliance with the Treasury Management Strategy, practices and procedures.

(iv) The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.