REPORT TO	DATE OF MEETING
Cabinet Governance Committee	10 February 2010 17 February 2010

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SOUTH RIBBLE BOROUGH COUNCIL

forward with South Ribble

SUBJECT	PORTFOLIO	AUTHOR	ITEM
Treasury Strategies and Prudential Indicators 2010/11 to 2012/13	Finance & Resources	Gordon Whitehead	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

This report outlines the Council's prudential Indicators for 2010/11 to 2012/13, and sets out the expected treasury operations for this period. It also states the policy for making the minimum provision for repayment of debt. It should be considered together with the Council's financial strategy, budget and council tax proposals for 2010/11

It links to the Council's corporate priorities in the delivery of excellent services

RECOMMENDATIONS

1 That the Council approve the following

- The Prudential Indicators for 2010/11 to 2012/13
- The Treasury Management Strategy for 2010/11, incorporating the Treasury Prudential Indicators
- The Annual Investment Strategy 2010/11
- The Annual MRP Policy Statement 2010/11

2 That the Council adopt the updated CIPFA Code of Practice for Treasury management in the Public Services and the Treasury Management Policy Statement

3 That the proposed amendments to the Council's Financial Regulations [4G], detailed at Appendix C, be recommended for adoption by the Council.

DETAILS AND REASONING

The Local Government Act 2003, in giving authorities greater discretion over capital expenditure through prudential borrowing, made compliance with CIPFA's Prudential Code, and CIPFA's Treasury Management Guidance, statutory requirements. The former requires the production of Indicators showing that expenditure is affordable, the latter requires the approval of an annual Treasury Management Strategy incorporating Treasury Indicators and limits.

Consequential to the Prudential Borrowing powers is a requirement that authorities should make prudential provision for the repayment of borrowing (MRP). This is to be the subject of an annual policy statement to be made to the full Council prior to the start of each year.

Finally Authorities have, through the Local Government Act 2003, also been given greater discretion in investing surplus cash. They are required however, by guidance issued by the CLG, to prepare an annual Investment Strategy to identify how that discretion should be applied.

This report therefore brings together these related requirements by submitting, for the approval of Council, the four statements.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	The financial implications are outlined within the appendices to this document

LEGAL	Compliance with various Regulations and statutory Codes of Practice

RISK	The Council's treasury management strategy and policies are designed to ensure the effective control and management of the risks associated with such activities. Although borrowing limits have been removed under the Prudential Code, it is important to note that the Government has retained the statutory power to impose limits on the capital expenditure plans of all or individual authorities.

OTHER (see below)	

Asset Management	*Corporate Plans and Policies*	*Crime and Disorder*	*Efficiency Savings/Value for Money*
Equality, Diversity and Community Cohesion	*Freedom of Information/ Data Protection*	*Health and Safety*	*Health Inequalities*
Human Rights Act 1998	*Implementing Electronic Government*	*Staffing, Training and Development*	*Sustainability*

BACKGROUND DOCUMENTS

Financial Strategy/Budget and Council Tax 2010/11
Treasury Management in the Public Services: Code of Practice
CIPFA Prudential Code for Capital Finance in Local Authorities
Treasury Management Report to Governance Committee 22/9/09

PRUDENTIAL INDICATORS 2010/11 to 2012/13

Local Authorities have discretion to incur capital expenditure in excess of the capital resources provided by government, or those resources resulting from the sale of assets or the receipt of contributions from other parties.

To manage that process the Council must consider the following Indicators. These are designed to indicate that the expenditure is prudent and affordable.

Prudential Indicator 1 - Capital Expenditure

The following statement summarises the capital programme. It shows that no prudential borrowing is intended. It is however reliant on leasing, but provision for the consequential revenue costs has been built into the revenue budget.

Capital Expenditure	2009/10 Revised £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Capital expenditure through Leisure Partnership		841	33	831
The Council's capital expend.	3,322	5,757	2,135	3,820
Less Capital resources				
capital receipts	(75)	(129)	(20)	(20)
contributions	(485)	(550)		
Grants	(1,813)	(1,069)	(1,069)	(1,069)
Revenue and reserves	(768)	(1,442)	(587)	(1,952)
Leasing	(181)	(2,540)	(459)	(779)
Balance – funding to be identified	0	27	0	0

Prudential Indicator 2 - Capital Financing Requirement (CFR)

The CFR is a measure of the capital expenditure of the Council which is still to be paid for. Such expenditure will be met by borrowing, by leasing or by reducing the Council's other cash balances. Ultimately the repayment of this debt will be a charge to Council tax payers.

	2009/10 Revised £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Estimated CFR at period end	5,025	7,889	7,847	8,931
Annual change in CFR		2,864	(42)	1,084

The movements in the CFR shown in the above table are occasioned by the addition of capital expenditure incurred by the Leisure partnership and the new leasing liabilities, less the annual repayments charged to the Council's revenue account

Prudential Indicator 3 – Ratio of financing costs to the net revenue stream

This indicator shows the proportion of the Council's budget (i.e. the costs it has to meet from government grants and local taxpayers), that is required to meet the costs associated with borrowing (interest and principal, net of interest received).

	2009/10 Revised %	2010/11 Estimate %	2011/12 Estimate %	2012/13 Estimate %
Ratio	1.47	2.04	1.73	1.6%

Prudential Indicator 4 – Incremental impact of capital investment decisions on the band D Council Tax

This shows the effect on Council tax levels of the capital programme plans of the Council.

	2009/10 Revised £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
Increase in Band D charge	1.19	1.05	4.00	5.50

TREASURY MANAGEMENT STRATEGY 2010/11

The treasury management service fulfils an important role in the overall financial management of the Council's affairs. Whilst the prudential indicators shed light on the affordability and consequence of capital expenditure plans, the treasury service deals with any consequential borrowings, and the management of cash balances.

1. Changes in 2009/10

The Council has a statutory obligation to have regard to the CIPFA Code of Practice, and is required to adopt both the Code and the Treasury Management Policy Statement therein. Both of these have been revised in 2009. The main changes are:

- The priority of security and liquidity is emphasised
- Increased reporting requirements
- The responsibilities of Governance Committee for scrutiny, and the personal responsibility of members to ensure they have appropriate skills and training.
- Spotlighting of the risk in borrowing ahead of need
- Revision to the advice on Counterparty selection criteria
- Revised advice on money laundering

Prudential Indicator 5 – Adoption of the CIPFA Code of Practice for Treasury Management in the Public Services

The Council is recommended to adopt the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

Prudential Indicator 6 – Adoption of the Treasury Management Policy Statement

The Council is recommended to adopt as part of its Financial Regulations, the updated clauses shown in Appendix A. These concern the regulation of internal processes, reporting requirements and officer and committee responsibilities

2. Reporting

This strategy statement has been prepared in accordance with the revised code, for approval by the Council. The Code requires, as a minimum, a further mid year monitoring report, and a final report on actual activity after the year end. It is intended however to submit additional monitoring reports to the Governance Committee during the year.

3. Borrowing and Investment Projections

The Council's borrowings and investment are inter-related. The following table details the expected changes in borrowings, consistent with the capital and revenue budgets, and the balances available for investment at each year end.

	2009/10 Revised £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Borrowing at period start	3,308	472	0	0
Debt repayment in year	(2,836)	(472)	0	0
Estimated borrowing in year	0	0	0	0
Est. borrowing at period end	472	0	0	0
Est. investments at period end	(8,400)	(5,800)	(4,900)	(3,200)
Net Borrowing	(7,928)	(5,800)	(4,900)	(3,200)

This projection shows no additional borrowing, for the reason that the Council is predicted to have adequate cash balances. However in fixing the Operating Limit (Prudential Indicator 8) alternative scenarios, requiring borrowing, have been accommodated.

Prudential Indicator 7 - The Prudential Code requires authorities to make comparison between net borrowing and the CFR. At its greatest net borrowing should not exceed the current years CFR plus the estimated increases in CFR for the following two years.

In South Ribble net borrowing is negative and thus clearly within this limit.

Prudential Indicator 8 – Operational Boundary for External Debt

This is the probable, expected limit on external debt. "Debt" consists of both borrowings and other long term liabilities (finance lease and deferred purchase liabilities).

In fixing this limit a number of eventualities have to be allowed for:

- Anticipated movements in interest rates could be such that it becomes timely to replace the debt that has been repaid in 2009/10 and 2010/11
- The capital programme provisionally assumes leasing of certain assets. The final funding decision (whether to finance from loan, operating lease or finance lease) is however subject to a full evaluation.

In the following table the operational boundaries will accommodate whatever decision is taken on the funding of the leased assets, and replacement borrowing should that be adjudged timely

	31/3/10 Revised £'000	31/3/11 Estimate £'000	31/3/12 Estimate £'000	31/3/13 Estimate £'000
Expected borrowings	472	3,000	3,000	3,000
Other long term liabilities	2,000	4,500	4,500	5,700
Operational boundary	2,472	7,500	7,500	8,700

The introduction of International Accounting Standards will cause further leases to be reclassified which might affect these limits.

Prudential Indicator 9 - Authorised Limit for External Debt

This reflects a level of debt which, while not desired, could be afforded but may not be sustainable. In the following table the limit has been based on the Capital Financing Limit (PI 2) since this is a measure of the need for debt.

	31/3/10 Revised £'000	31/3/11 Estimate £'000	31/3/12 Estimate £'000	31/3/13 Estimate £'000
Borrowings	472	3,389	3,347	3,231
Other long term liabilities	4,553	4,500	4,500	5,700
Authorised limit	5,025	7,889	7,847	8,931

4. Economic outlook and expected movement in interest rates

The advice of the Council's consultants is attached at Appendix B. Their central message is

- That the economic recovery will remain "insipid", hindered by high levels of debt, job fears and tax rises.
- Interest rate increases are expected to be modest, but longer term rates could be more volatile

5. Borrowing strategy

As outlined above, the central strategy is that whilst internal cash balances are adequate, additional external borrowing will not be necessary. However this policy is subject to final decisions about the financing of the capital programme, and anticipated movements in interest rates, and provision has been made in the Operational Limit for both of these eventualities This policy will be constantly reviewed and the Corporate Director (Resources) under delegated powers will take the most appropriate action.

6. Treasury Management Limits on Activity

The Authority is required to set the following Treasury Indicators. The purpose of these is to minimise the risk resulting from movements in interest rates.

Treasury Indicator 1 – Upper limit on Variable rate exposure

The Council is exposed to interest rate movements on its invested cash. This varies significantly over the course of the year, and during each month. A limit of 100% is necessary.

	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Upper limit on variable rate exposure -	100%	100%	100%	100%

Treasury Indicator 2 – Upper limit on fixed rate exposure

The Council is exposed to fixed rate interest on its long term liabilities (leased assets and deferred purchase) and PWLB borrowings. The maximum estimated exposure is shown in the following table.

	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Upper limit on fixed rate exposure	£2.5m	£7.5m	£7.5m	£8.7m

Treasury Indicator 3 - Maturity structure of borrowing

The Council is required to determine upper and lower limits for the maturity structure of its debt. With such a small portfolio of debt (up to £3m), and no definite plans to borrow, this is difficult to determine. The limits have been set therefore to give maximum flexibility

	2010/11	
	Lower Limit	Upper Limit
Under 12 months	0%	50%
12 months to 2 years	0%	50%
2 to 5 years	0%	100%
5 to 10 years	0%	100%
10 years and above	0%	100%

Treasury Indicator 4 – Total principal sums invested for greater than 364 days

It is not planned to make any investments for periods over 364 days.

7. Use of Treasury Advisors

The Council currently use Butlers as its treasury management consultant. Their contract expires in 2010 and a retendering exercise is underway.

Whilst the adviser supports the internal treasury function, under current market rules and the CIPFA Code, responsibility for treasury management cannot be delegated outside the Authority; therefore, decision making and responsibility remains with the Council.

8. Performance Indicators

Investments – the generally accepted indicator is 7-day LIBID (The London Interbank Bid rate). This is the rate that could be obtained by the “passive” deposit of money onto the money market. Active investment, in normal times, should outperform this. It is recommended that this be set as an indicator although the narrow range of counterparties will affect the ability to achieve this.

INVESTMENT STRATEGY 2010/11

1. Introduction

1.1 Under the Power in Section (15) (1) of the Local Government Act 2003 the CLG has issued Guidance on Local Government Investments in March 2004, and is currently consulting on a new version updated in light of the investigations into the Icelandic banking crisis. Each Authority is recommended to produce an annual strategy that sets out its policies to manage investments, giving priority to security and liquidity. This strategy follows the updated guidance.

1.2 The major element in the guidance is that authorities should distinguish between lower risk (specified investments), and other investments (non-specified). These terms are explained in more detail below.

1.3 The specific issues to be addressed in the Investment Strategy are as follows. This includes new matters proposed in the draft; these are marked (UPD) below:

- How “high” credit quality is to be determined
- How credit ratings are to be monitored
- To what extent risk assessment is based upon credit ratings and what other sources of information on credit risk are used (UPD)
- The procedures for determining which non specified investments might prudently be used
- Which categories of non-specified investments the Council may use
- The upper limits for the amounts which may be held in each category of non- specified investment and the overall total.
- The procedures to determine the maximum periods for which funds may be committed.
- What process is adopted for reviewing and addressing the needs of members and treasury management staff for training in investment management (UPD).
- The Authority’s policies on investing money borrowed in advance of spending needs. The statement should identify measures to minimise such investments including limits on (a) amounts borrowed and (b) periods between borrowing and expenditure (UPD)

2. South Ribble Strategy 2010/11

<u>Objectives</u>

2.1 The Council’s investment priorities are:

- The security of capital and
- The liquidity of its investments.

2.2 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.3 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity. The Council will restrict borrowing to a maximum of that envisaged to be required in the following eighteen months.

<u>Use of Specified and Non-Specified Investments</u>

2.4 Specified investments are those made

- with high “quality” institutions, the UK Government or a local authority,
- for periods of less than one year and
- denominated in sterling.

Other investments are “non-specified”. These could include investments in gilts, bond issues by other sovereign bodies and those issued by multilateral development banks, commercial paper, and any deposits for a period exceeding one year.

In 2010 the Council will restrict its investments to those which are specified.

Counterparty Selection Criteria

2.5 A specified investment is defined as one with a high quality institution. For this purpose "high" is defined as

- A UK bank which has a short term rating of F1+(Fitch), P-1 (Moody), and A-1+ (S+P).)

2.6 In addition the Council will use other banks providing

- Wholesale deposits in the bank are covered by UK government guarantee AND
- The Council's investments with the bank are limited to amounts and maturities within the terms of the stipulated guarantee.

2.7 Eligible Institutions – The Government introduced the "Credit Guarantee Scheme" in October 2008. This gives Eligible Institutions access to liquidity if required. Only those Eligible Institutions that meet the Council's credit rating criteria will be used.

2.8 The Council may use bank subsidiaries where the parent bank has the necessary rating outlined above.

2.9 The Council may use AAA rated Money Market Funds

2.10 The Council may lend to the UK Government (which includes the Debt Management Office)

2.11 The Council may lend to other Local Authorities

Use of information additional to credit ratings

2.12 The draft Code of Practice requires the Council to supplement credit rating information. Reference will be made to any negative rating watches, rating outlooks, credit default swap spreads and equity price movements before making investment decisions.

Monitoring of Credit ratings

2.13 Credit Ratings are monitored daily and email alerts are received if a rating changes or an institution is put on ratings watch

Time and money Limits

2.14 Currently the maximum amounts that can be placed with a financial institution are £3m (HSBC), and £2m (all other institutions). These limits apply to the total of all deposits (in call accounts, in deposit accounts or on short term deposit). In addition, to allow some flexibility, in discussion with the cabinet Member for Finance & Resources, in exceptional circumstances, the £2m limit may be increased to £3m for short term deposits, provided that this is no more than 15% of total investments
It is recommended that the limit on call accounts (Tier 6) be increased to £3m, This increase is proposed on the grounds that these accounts allow instant access, and the institutions used are, by definition, those with the least credit risk.

2.15 Currently the maximum period for investment is 3 months. In light of the high credit rating criteria adopted by the Council **it is recommended that this be increased to a maximum of 12 months**

Member Training

2.16 The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date, requires a suitable training process for members and officers. The Council will address this by .arranging training through its treasury management consultants.

Current list of Financial Institutions and Investment Criteria

Invest-ment Group	Category	Institutions	Rating	Sovereign rating	Max period	Limit per Institution
Tier 1	Sovereign or Sovereign "type"	DMADF Local Authority UK Govt backed Money market funds			6 months 1 year n/a instant access	No limit £3m £3m
Tier 2	UK Nationalised Institutions	None (N Rock deposits no longer guaranteed)				
Tier 3	Institutions guaranteed by other governments	None (Irish Banks removed from list)				
Tier 4A (nb2)	UK Partly nationalised institutions; with access to funds under the Credit Guarantee Scheme	RBS group (inc Nat West) Lloyds Group (inc HBoS & Lloyds)		AAA stable from all 3 agencies	3 months	£2m Per group Nb1
Tier 4B (nb2)	Independent UK Institutions with access to the Credit Guarantee Scheme	Santander UK, Barclays, HSBC, Nationwide	F1+,P-1,A-1+(highest short term rating from all 3 agencies)	AAA stable from all 3 agencies	3 months	£2m Nb1
Tier 5	Money Market Funds	None currently used	AAA only		instant access	£3m
Tier 6	Deposit/Call Accounts with Council's Bank	HSBC Deposit a/c Santander, Bank of Scotland			Instant access Call accounts with instant access	£3m Inc in £2m limit for these banks above

Nb1 To allow some flexibility, in discussion with the Cabinet Member for Finance & Resources, in exceptional circumstances, this cash limit may be increased to £3m for short term deposits, provided that this is no more than 15% of total investments.

Nb 2 HM Treasury Credit Guarantee Scheme gives access to liquidity, if required, by Eligible Institutions.

ANNUAL STATEMENT OF MRP POLICY 2010/11

The Council implemented the new MRP guidance in 2008/9 and 2009/10 and will assess their MRP for 2010/11 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

The major proportion of the MRP for 2010/1l relates to debt incurred prior to 2008/9. MRP will continue to be charged on this at the rate of 4%, in accordance with option 1 of the guidance. There are some capital schemes since then which generate a further MRP liability (i.e. capital expenditure which is not financed by any grant or contribution e.g. vehicles). The MRP liability on this will, under delegated powers, be calculated under option 3. This requires a charge over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure, using the equal annual instalment method.

Estimated life periods will be determined under delegated powers with reference to the guidance. As some types of capital expenditure are not capable of being related to an individual asset, the MRP will be assessed on a basis which most reasonably reflects the anticipated period of benefit arising from the expenditure.

APPENDIX A

Treasury Management Clauses to form part of Financial Regulations

1. This Council will create and maintain, as the cornerstones for effective treasury management:

   - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
   - Suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

   The contents of the Policy Statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. The Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in the TMPs.
3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Corporate Director (Resources), who will act in accordance with the Council's policy statement and TMPs, and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. The Council nominates the Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Note – The Policy Statement referred to in paragraph 1 above is as the model defined in the Code. It defines treasury management (as the management of investments and cash flows, banking, money market and capital market transactions, the control of risk and the optimising of performance consistent with those risks). It identifies risk management as the prime criteria for measuring performance. Finally it commits the organisation to employing performance measurement techniques.

Note – The changes, from the previous statement, have been underlined. A full version of the revised regulation 4 is attached at Appendix C

APPENDIX B

The following is the advice of the Council's consultants - Butlers

"Economic outlook and expected movement in interest rates

The interest rate forecast is as follows:

Annual	Bank	Money rates %		PWLB rates %		
Average	Rate %	3 month	1 year	5 year	20 year	50 year
2009/10	0.5	0.8	1.4	3.2	4.4	4.6
2010/11	1.0	1.5	2.3	4.0	5.0	5.2
2011/12	2.0	2.5	3.3	4.3	5.3	5.3
2012/13	4.5	4.8	5.3	5.3	5.5	5.3

Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy has commenced but it will remain insipid and there is a danger that early reversal of monetary ease, (rate cuts and Quantitative Easing {QE}), could trigger a dip back to negative growth and a W-shaped GDP path.

Credit extension to the corporate and personal sectors has improved modestly but banks remain nervous about the viability of counterparties. This is likely to remain a drag upon activity prospects, as will the lacklustre growth of broad money supply.

The main drag upon the economy is expected to be weak consumers' expenditure growth. The combination of the desire to reduce the level of personal debt and job uncertainty is likely to weigh heavily upon spending. This will be amplified by the prospective increases in taxation already scheduled for 2010 – VAT and National Insurance. Without a rebound in this key element of UK GDP growth, any recovery in the economy is set to be weak and protracted.

The MPC will continue to promote easy credit conditions via QE. QE has been extended to a total of £200bn and there is still an outside chance that it could be expanded further next February. Whether this has much impact in the near term remains a moot point given the personal sector's reluctance to take on more debt and add to its already unhealthy balance sheet.

With inflation set to remain subdued in the next few years, the pressure upon the MPC to hike rates will remain moderate. But some increase will be seen as necessary in 2010 to counter the effects of external cost pressures (as commodity prices begin to rise again) and to avoid damage that sterling could endure if the UK is seen to defy an international move to commence policy exit strategies.

Longer term rates are expected to be more volatile. The current 'softness' of gilt yields & PWLB rates may continue for a while yet, given that these are being driven by a benign international backdrop and the effects of QE. Nevertheless this process will come to an end before the close of the financial year.

This is likely to herald a return to rising yields for a number of reasons:

- Net gilt issuance will rise sharply;
- This will be increased by the extent to which the BoE attempts to claw back funds injected to the economy via the QE programme;
- Investors will be looking to place more of their funds in alternative instruments as their risk appetite increases, demand for gilts will weaken as a consequence;
- A decision to leave QE in place will generate inflation concerns and pressurise long yields higher.

The market/BoE is in a lose/lose situation."

APPENDIX C

FINANCIAL REGULATION NO.4G

Treasury Management - Investments, borrowings and trust funds

4.1 Treasury Management is defined as the management of the council's investments and cash flows, its banking, money market and capital market transactions: ~~borrowings and its investments~~, the effective control ~~management~~ of the associated risks and pursuit of the optimum performance ~~or return~~ consistent with those risks. ~~It includes all activity relating to banking arrangements, borrowing and lending of money, and leasing.~~

4.2 The council adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice (the Code), as described in ~~Section 4~~ Section 5 of that Code.*

Accordingly the council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies ~~and~~ objectives and approach to risk management of its treasury management activities

- Suitable treasury management practices (TMPs), setting out the manner in which the council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this council. Such amendments will not result in the council materially deviating from the Code's key principles. ~~recommendations~~.

4.3 This council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid year review and an annual report after its close, in the form prescribed in the TMPs.

4.4 This council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the cabinet, and for the execution and administration of treasury management decisions to the Corporate Director (Resources) who will act in accordance with the Council's ~~organisation's~~ policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management.*

4.5 This Council nominates the Governance Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

~~4.5~~ 4.6 All investments of money under its control shall be made in the name of the council or in the name of nominees approved by the Cabinet.

~~4.6~~ 4.7 All securities the property of or in the name of the council or its nominees and the title deeds of all property in its ownership shall be held in the custody of the Head of Legal and Democratic Services or the most senior Legal Officer.

~~4.7~~ 4.8 All borrowings shall be effected in the name of the council.

~~4.8~~ 4.9 The Corporate Director (Resources) shall be the council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowing of money by the council.

~~4.9~~ 4.10 All trust funds shall wherever possible be in the name of the council.

~~4.10~~ 4.11 All officers acting as trustees by virtue of their official position shall deposit all securities, etc., relating to the trust with the Corporate Director (Resources) unless the deed otherwise provides.

Note – All new wording has been underlined