Part II Borrowing and Investment

CONTENTS

PART II Borrowing and Investing

A key activity is to know when and how much to borrow when the Council requires additional cash, and investing when the Council has surplus cash. In this way, it manages the Council's cashflows. This activity is known as treasury management.

1. Borrowing and Investing

1.1 Borrowing

The principle source of borrowing is from the Public Works Loan Board, (PWLB) which is operated by HM Treasury. The PWLB offers a range of loan durations and principal repayment methods to Local Authorities. The PWLB represents a competitive source of borrowing for the Council.

Part I of this Capital Strategy identifies capital aspirations that may be included in future capital programmes. Prior to funding a scheme from borrowing, a full business case and financial appraisal is prepared that can satisfactorily demonstrate with good certainty that cost savings / additional income or value uplift of the development which will accrue directly the Council, will at least cover the cost of that borrowing on a sustained basis over the lifetime of the borrowing undertaken.

Outstanding long-term debt is reviewed regularly with a view to early redemption and rescheduling; premiums would be payable to the lender and consequently early redemption and rescheduling is rarely financially beneficial to the Council.

1.2 Affordability of Borrowing

In order to ensure future revenue budgets remain affordable, with the exception of debt repaid using capital receipts, the Council needs to be aware that capital expenditure financed from prudential borrowing incurs both interest costs and a **Minimum Revenue Provision (MRP)** for the repayment of debt. The Council has a policy of calculating MRP on an annuity basis. This means that MRP will start at a relatively low level but require increasing amounts of MRP to be set aside year on year, especially for assets with long useful economic lives. This creates a period of relatively low MRP during the early years when either income can be generated or savings can accrue.

Based on the current approved capital programme, it is estimated that the MRP will increase to the following amounts in the short-term.

2019/20	£1.1m
2020/21	£1.5m
2021/22	£1.6m

The inclusion of any further schemes in the capital programme financed by prudential borrowing will further increase the MRP.

1.3 Key Risks

There are risks with borrowing more than the Council can afford. In order to mitigate these risks, the **Chartered Institute of Public Finance and Accountancy (CIPFA)** has produced the **Prudential Code** for Capital Finance in Local Authorities, which is a statutory code governing local authority borrowing. The Prudential Code requires the Council to establish various indicators over a minimum of 3 years to demonstrate that its capital programme is both affordable and prudent. The Council publishes its **Prudential Indicators**, over a 5 year period, within its capital programme and the Council then reports its position against the prudential indicators at the end of each financial year.

In order to ensure that the borrowing required to finance the capital programme is affordable, the Council:

- estimates the ratio of its financing costs to its net revenue stream

In order to ensure that the Council's capital programme is prudent, the Council:

- publishes a capital programme which includes estimates of its underlying need to borrow as measured by its capital financing requirement
- is required to approve an **Authorised Limit** for external debt and an **Operational Boundary** when it approves its capital programme.

The **Authorised Limit** for external debt, as set by the City Council, is the maximum amount of debt which the authority may legally have outstanding at any time. The authorised limit includes headroom to enable the Council to undertake borrowing to take advantage of unexpected movements in interest rates and to accommodate any short-term debt or unusual cash movements that could arise during the year

Whilst the **Authorised Limit** cannot be breached, the **Operational Boundary** is based on the probable external debt during the course of the year. It is not a limit, but acts as a warning mechanism to prevent the authorised limit (above) being breached.

1.4 Sensitivity Analysis

The Council's gross debt at 31 March 2018 was as follows:

	£m	£m
Fixed Rate Borrowing	479	
Finance Leases	1	
Private Finance Initiative (PFI) Schemes	68	
Sub Total - Fixed Rate Debt		548
Lenders Option Borrowers Option (LOBO) Loan	11	
Retail Price Index (RPI) linked loan	71	
Sub Total - Variable Rate Debt		82
Total Gross Borrowing		**630**

87% of the Council's borrowing has a fixed interest rate, but the Council does have two variable rate loans:

- The lender of the LOBO loan has an option to increase the interest rate every two years. The lenders next option is on 19 March 2019. If the lender does increase the interest rate the Council then has the option to repay the loan.
- The Council has £71m outstanding on a loan which links the instalments payable by the Council to the RPI. The Council has leased the Isle of Wight Ferry Terminal in White Heart Road to Wightlink on an RPI linked rent that mirrors the instalments payable on this loan mitigating the consequences of increases in RPI.

1.5 Minimum Revenue Provision (MRP) for Debt Repayment

Early in 2018 the Government issued revised statutory guidance on MRP requiring the repayment of all General Fund prudential borrowing to be provided for within 50 years. The following MRP policies (applied to calculating the MRP) are set out in the table below and are fully compliant with this policy. It is recommended the City Council approves the Annual Minimum Revenue Provision (MRP) for Debt Repayment Policies set out in the table below **(Recommendation 3.2(a))**.

Borrowing	MRP Methodology
<u>General Fund Borrowing:</u>	
Supported borrowing other than finance leases and service concessions including private finance initiative schemes #	50 year annuity
Finance leases and service concessions including private finance initiative schemes *	MRP equals the principal repayments made to lessors and PFI operators
Prudential borrowing excluding borrowing to fund long term debtors (including finance leases), investment properties and equity shares purchased in pursuit of policy objectives	Annuity over life of asset
Prudential borrowing to fund long term debtors	The repayments of principal are set aside to repay the borrowing that financed the original advance
Prudential borrowing to fund finance leases	The principal element of the rent receivable be set aside to repay the borrowing that financed these assets
Prudential borrowing to fund investment properties (under 50 years)	The repayment of unsupported borrowing will be provided for by setting aside the capital receipt when the property is disposed of unless the carrying (market) value of the property falls below the amount of unsupported borrowing. If this happens MRP will be made for the shortfall over the residual life of the property
Prudential borrowing to fund investment properties (over 50 years)	If holding period is over 50 years, the MRP will be on an annuity basis over the remaining period
Prudential borrowing to fund equity shares purchased in pursuit of policy objectives	25 year annuity
<u>Housing Revenue Account (HRA)</u>	No MRP debt will be provided in 2019 / 20. From 2020/21 it will be provided again for the HRA Self Financing Payment in equal instalments over 30 years. MRP is not provided for other HRA debt.

 # The Council applied the last of its supported borrowing 2011/12

** If transactions that take the legal form of finance leases but in substance amount to borrowing, the MRP policy relating to self - financed borrowing will be adopted. An example of when this could happen would be when the Council grants a head lease to an institution in return for an upfront premium and leases the asset back from the same institution in return for a rent.*

The Council revised its MRP policy in 2016/17. As a consequence, it highlighted that the previous methods used in the past have resulted in substantial over provisions of MRP from 2008/09 to 2015/16. The Director of Finance and Information Technology (Section 151 Officer) will release the over provision of MRP back into General Fund balances over a prudent period by reducing the MRP in future years under delegated authority. It is not considered prudent to release the over provision of MRP back into the General Fund balances in a single year.

1.6 Risk Appetite for Borrowing

It is often possible to borrow money short term at lower rates than it is possible to borrow long term. This often leaves the Council with two choices:

- Borrowing at either short term or variable interest rates. This would often enable the Council to borrow relatively cheaply, but the Council would need to accept that its borrowing costs may be volatile, as it exposes the Council to the benefits and dis-benefits of interest rate movements that can give rise to budget variances. This is a major risk when interest rates are expected to increase.
- Borrowing long term at fixed rates. This provides stable and predictable revenue costs of borrowing. Fixed interest rates avoid the risk of budget variances caused by interest rate movements but prevent the council from benefiting from falling interest rates on its borrowing. There is a risk that the Council could become locked into relatively high rates of interest if interest rates fall.

Due to the fact that debt servicing represents a significant proportion (13%) of the Council's net revenue budget, the Council attaches a high priority to a stable and predictable revenue cost of borrowing in the long term.

The Council's objective in relation to debt is as follows:

- To borrow as cheaply as possible for the long-term at a fixed rate

This means that the Council is not totally risk averse, and the Council may borrow either short term or at variable rates if there is a reasonable likelihood that long-term interest rates will fall or remain stable.

Treasury management staff will act flexibly to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

1.7 Timing of Borrowing

When the Council has surplus cash, this can be used to fund capital expenditure financed by borrowing in the short to medium term. This will result in a reduction in interest earned through the investment of surplus cash, but this can be more cost effective than borrowing the required funds straight away, as investment income earned is often less than the interest payable on borrowing. However, at a point in the future there will no longer be surplus cash and borrowing will need to be undertaken. In deciding when to borrow externally, forecast changes to interest rates will be taken into account.

A forecast of how the Council's surplus cash is anticipated to reduce over the next 20 years, is shown in Graph 1 below.

1.8 Net Loans Requirement

The net loans requirement is the Council's **underlying need to borrow** less its surplus cash. This would give a neutral Treasury Management position.

The Council's surplus cash is presented on the Council's balance sheet at 31 March 2018 as follows:

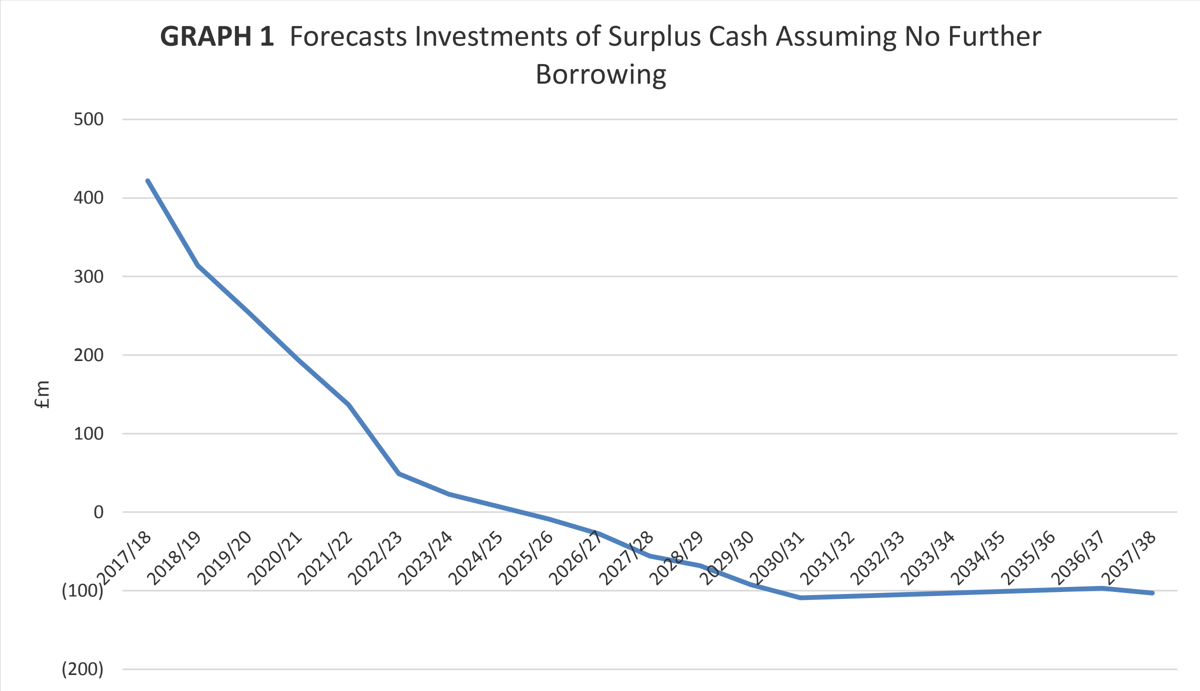
	£m
General Reserves (unallocated funds belonging to the General Fund and the Housing Revenue Account (HRA)	50
Capital Grants	85
Capital Receipts	13
Earmarked Revenue Reserves	154
Over Borrowing	55
Excess of Creditors over Debtors	21
MRP	44
Total	**422**

Most of the Council's cash flows are broadly stable with two notable exceptions.

To take advantage of exceptionally low interest rates, the Council has borrowed early to finance its future approved capital expenditure within the capital programme. Some of these borrowings have not yet been used to finance capital expenditure, already approved within the capital programme and the Council is therefore currently "over" borrowed. The Council is forecast to become under borrowed by 31 March 2019 and the amount of under borrowing is forecast to increase in future years. The rate of increase in the Council's under borrowing in future years will be dependent on the amount of borrowing required to finance the capital programme.

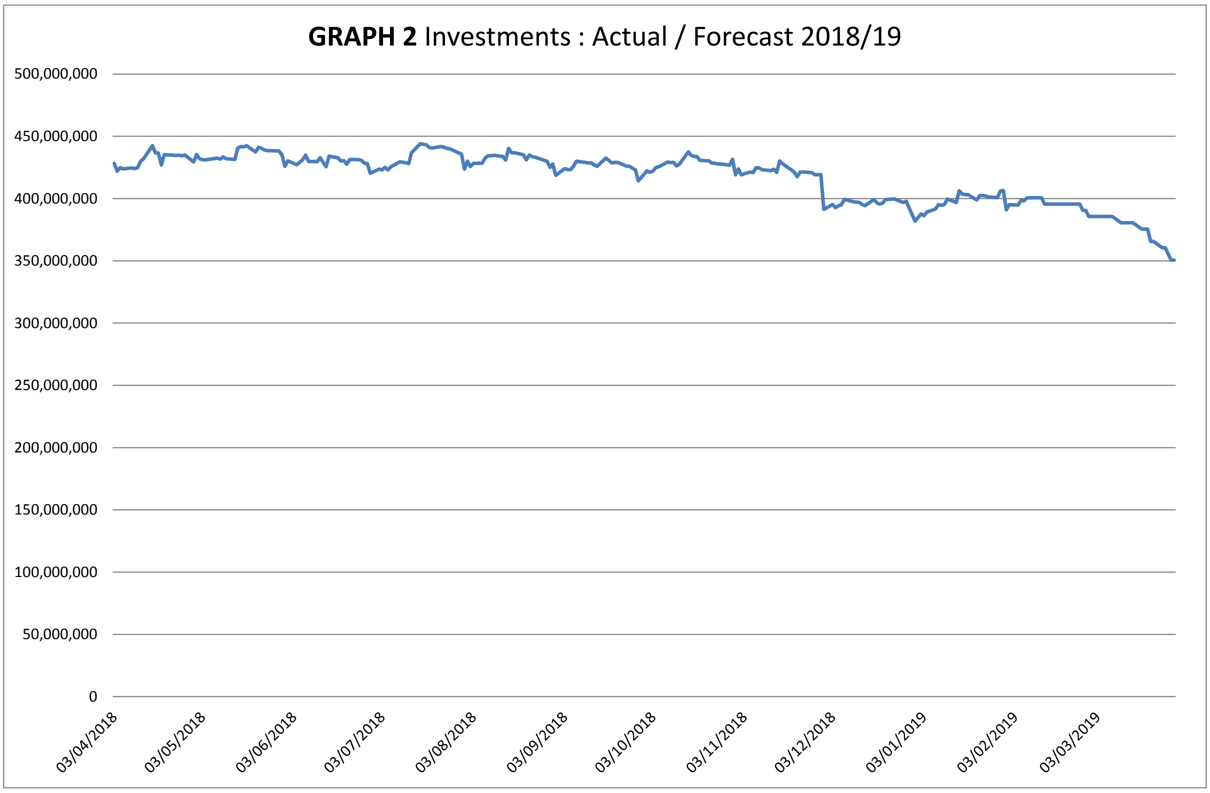
During the summer of 2018, an exercise was undertaken to identify the potential capital requirements over the next 10 years. This identified that there is likely to be a substantial borrowing requirement in future years.

Graph 1 below shows the Council's forecast investments of surplus cash assuming no further borrowing to fund the capital programme.



1.9 Core Cash

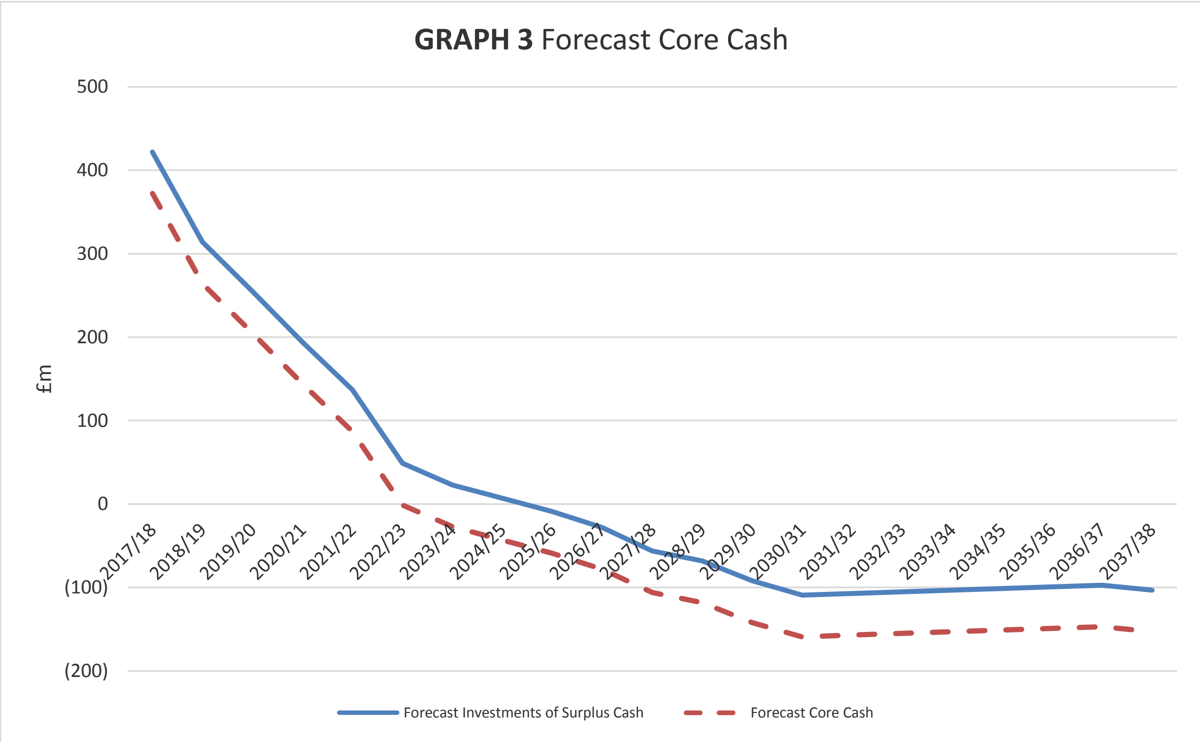
It can be seen from the graph 2 below that there have been significant variations in the amounts of cash invested, generally with a reduction in investments of cash towards the end of the financial year. In order to ensure that there is sufficient cash to fund variations in income and expenditure through the year it is necessary to hold a liquidity allowance. As the available cash balance falls over the medium term - as per Graph 1, maintaining the Council's liquidity level is critical. Graph 2 shows that the Council's liquidity levels should be set between £0m and £75m and so a minimum liquidity level of £50m is recommended.



Although there is volatility in the Council's investments of surplus cash, as shown in graph 2, much of the surplus cash will remain into the medium term, and this is known as **core cash**.

Only the **core cash** can be used to fund capital expenditure financed by borrowing in the medium term or placed in medium to long term investments. This is shown in graph 3 below.

The upper line in graph 3 below is the forecast reduction in **surplus cash** assuming no further borrowing as shown in Graph 1. The lower line is the forecast core cash, and is the amount of surplus cash expected to be available that could be used either to fund capital expenditure financed from borrowing or to invest using treasury management powers in the medium term. The difference between the 2 lines is the fluctuation in liquidity shown in graph 2 above.



If the Council uses its surplus cash to meet the cost of its capital programme, the Council will have an underlying need to borrow to replace that cash in the future. This is known as the **Capital Financing Requirement (CFR)**. The CFR increases when capital expenditure is financed by borrowing and reduces when funds are set aside to repay debt (known as MRP).

1.10 Capital Financing Requirement (CFR)

As at 31 March 2018, the Council's CFR was £575m.

The Council has 4 categories of borrowing:

- lenders
- leases
- private finance initiative (PFI) schemes
- debt administered by Hampshire County Council (HCC) following the transfer of functions to the City Council.

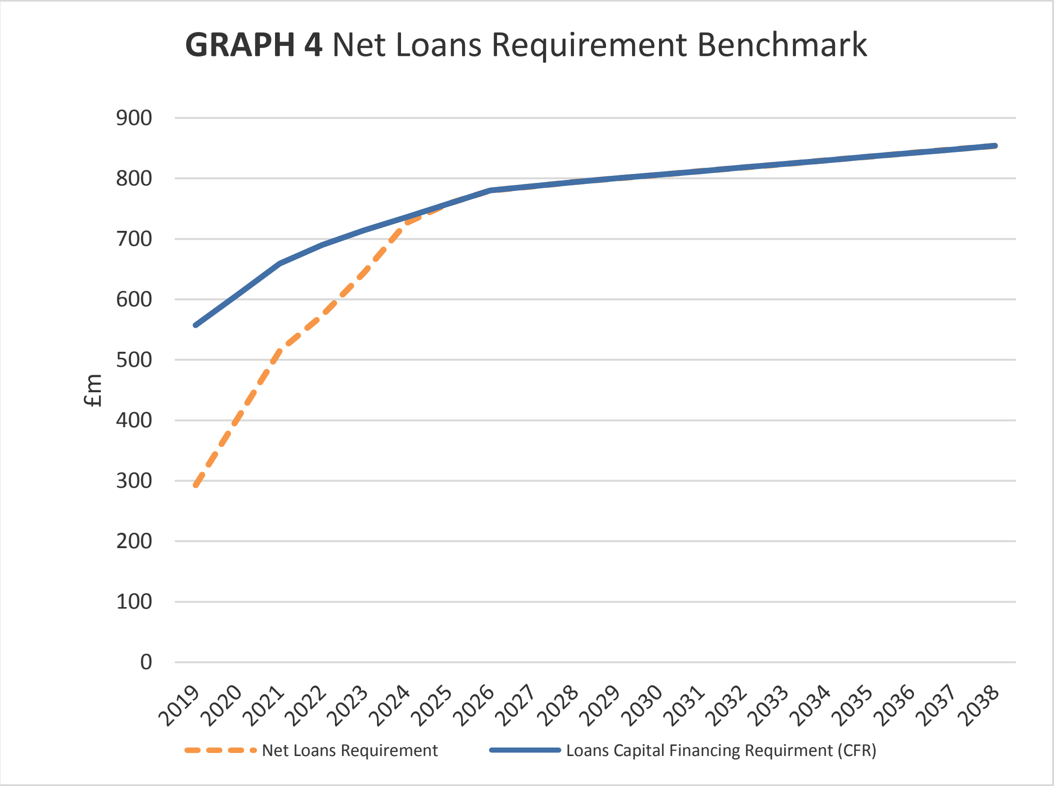
At 31 March 2018, £82m of the Council's current borrowings had been undertaken by third parties indirectly through finance leases, private finance initiative (PFI) schemes and debt administered by HCC following the transfer of functions to the City Council.

In order to measure the Council's CFR for Treasury Management decisions, it is necessary to deduct the £82m of borrowing that was undertaken by third parties on the Council's behalf. This is known as the **Loans CFR**. The Council's **Loans CFR** at 31 March 2018 was £493m.

1.11 Net Loans Requirement to fund the Capital Programme, (excludes PFI schemes and leases)

The Council's net loans requirement is effectively its underlying need to borrow as measured by its loans CFR less its forecast core cash. This is shown in the graph 4 below.

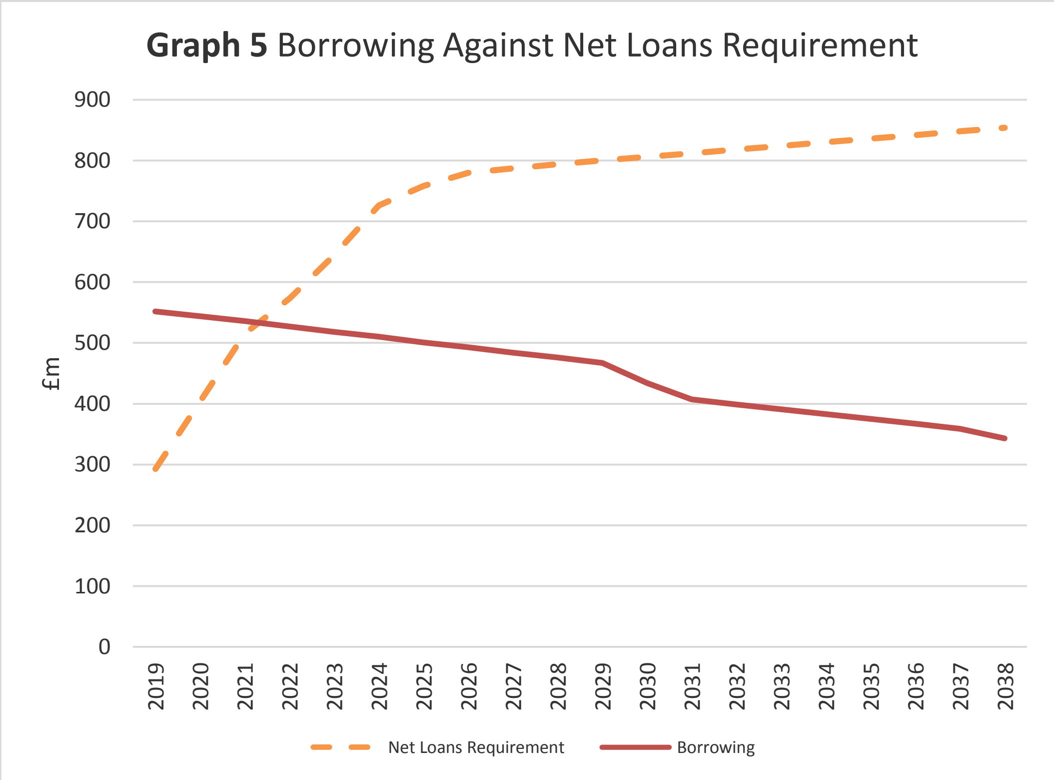
The 2 lines merge together on Graph 4 as core cash is spent. At this point the net loans requirement becomes the CFR.



The gap between the CFR and the net loans requirement is the Council's forecast core cash which could be used to finance capital expenditure that would otherwise have been financed from external borrowing (in the short to medium term). This is often referred to as **internal borrowing** as the Council would effectively be borrowing cash from its own reserves until the Council's cash flow position required it to borrow externally.

The Council will use the net loans requirement in graph 4 as a neutral position to measure against its actual borrowing. This does not mean that the Council's actual borrowing will be the same as the benchmark. The Council needs to be monitoring the economic cycle 5-6 years in advance / over the medium term - as decisions regarding the optimum time to borrow will also be informed by economic circumstances. There might be sound treasury management reasons to borrow more than the neutral position such as securing low interest rates or reasons to borrow less than the neutral position such as an expectation that interest rates will fall in the future.

It can be seen in the graph 5 below that the Council's existing borrowing exceeds its net loans requirement in 2018/19. If the Council does not undertake further external borrowing, actual borrowing will fall below the net loans requirement benchmark in 2021/22.



The Government's statutory guidance requires a minimum revenue provision (MRP) to be charged to the General Fund revenue account for internal borrowing as well as external borrowing.

1.12 Investment of Surplus Cash

All council cash investments have been in accordance with the council's Treasury Management Policy, approved by Full Council in March 2018.

The Council is forecast to have a significant amount of core surplus cash after internal borrowing has been taken into account until 2021/22. The Council expects to be able to invest some of its cash long term (in excess of 365 days). The Council expects to make a 1.70% return on these investments in 2019/20. This is forecast to increase in future years with expected movements in interest rates. The income from long term investments of cash will contribute 2.4% of the funding for the estimated net cost of the Council's General Fund (GF) services in 2019/20. It is recommended that the Council limits the amount of net services expenditure that it funds from long term investment income to 3.6%**.** The contribution that long term investments make to funding the Council's GF services is forecast to reduce to nil in 2023/24 as the Council's cash balances reduce.

1.13 Risk Appetite Statement for Investing Surplus Cash

The Council’s objectives in relation to investment can accordingly be stated as follows:

*Sums are invested with a diversified range of counter parties using the maximum range of financial instruments (*footnote) consistent with a low risk of the capital sum being diminished through movements in market prices.*

* Financial instruments include term deposits, certificates of deposits, corporate bonds, money market funds, structured notes

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council's treasury management policy and strategy.

In particular when investing surplus cash, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities, but may invest in other bodies including unrated building societies, **Registered Social Landlords (RSLs)**, universities and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos. The duration of such investments will be limited so that they do not have to be sold (although they may be) prior to maturity thus avoiding the risk of the capital sum being diminished through movements in prices.

The Council will invest its surplus cash to provide sufficient liquidity to meet its cash flow needs, but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation. In order to earn investment returns in excess of inflation on as much of its surplus cash as possible, the Council will invest as much as it can in longer term higher yielding investments whilst maintaining sufficient liquidity to meet its cash flow needs.

The Council may invest in lower risk structured investment products that follow the developed equity markets where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long term investments.

The Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds, if the Council has cash for a term that is sufficient to cover cyclical movements in prices. The Government has made regulations that will prevent fluctuations on the capital value of these funds from impacting on the General Fund prior to disposal for at least 5 years. Fluctuations in the capital value of these funds will impact on the General Fund in 5 years' time unless the regulations are extended.

1.14 Due Diligence

The Council initially identifies suitable investments using credit ratings from Fitch, Moody's, and Standard and Poor. Where possible, credit ratings are compared to insurance premiums against a counter party defaulting. Insurance premiums against a counter party defaulting can be compared to a widely used index of the market (ITRAAX). If the market has concerns about a borrower, it should be reflected in a higher insurance premium. Although credit ratings are supported by an in depth analysis of the borrower, insurance premiums provide a more up to date indicator of a borrower's credit worthiness. Prior to making investments, any news relating to the borrower is also taken into account.

Other sources of information that is relevant to particular sectors is also taken into account either as a substitute for credit ratings and insurance premiums in sectors where these are not available or to supplement credit ratings and insurance premiums. Examples of this are the viability ratings assigned to larger registered social landlords (RSLs) by the Homes and Communities Agency (HCA), and data sets published by the Building Societies Association

For further detail on the Council's investment criteria, see the Treasury Management Policy.

2. Investment in Commercial Properties Acquired Through the Capital Programme

According to the CIPFA Treasury Management Code, commercial properties acquired through the capital programme are regarded as investments in addition to investments of surplus cash

2.1 Statutory Guidance

The Government issued revised statutory guidance on local government investments early in 2018 coming into effect from 1st April 2018. The guidance requires Councils not to borrow to acquire investment property portfolios outside their economic area in order to generate profits.

The Government's revised statutory guidance also requires local authorities to present a range of indicators to allow members and other interested parties to understand the total exposure from borrowing and investment decisions. It is recommended that the indicators contained in Appendix D be approved. The Government's statutory guidance requires the Council to consider the long term sustainability risk implicit in becoming too dependent on commercial income or in taking out too much debt relative to net service expenditure. In particular, the Government's statutory guidance requires the City Council to set limits that cannot be exceeded for gross debt compared to net service expenditure, and for commercial income as a percentage of net service expenditure. It is recommended that if these limits are exceeded, the Director of Finance and Information Technology (Section 151 Officer) bring a report to the Cabinet and City Council.

2.2 Activity in the Investment Property Market

Prior to this guidance coming into effect, as at 31 March 2018, the Council has spent £116.8m on acquiring commercial properties outside the Portsmouth economic area solely to generate income to support the services that the Council provides. The acquisition of these investment properties was financed from borrowing at an annual cost of £2.3m. These properties generate a gross income of £6.7m per annum before interest costs equivalent to 5% of the Council's net General Fund expenditure.

The Council's capital programme provided for £182.9m for the acquisition of commercial properties.

a. £128.0m of this budget was spent by 31st March 2018
    I. £11.2m on Portsmouth Retail Park and
    II. £116.8m outside the Portsmouth economic area, leaving
b. £54.9m to be spent in 2018/19 and subsequent years.

In 2016/17, the Council borrowed to take advantage of available cheap borrowing with a view to acquiring a £182.9m commercial property portfolio. Having regard to the guidance, the Council has taken a risk based proportionate decision to continue with its proposals for commercial property investment (but only up to the borrowing limit approved prior to the introduction of the guidance - see below) where those investments meet very specific criteria. The key reasons for continuing to pursue such a strategy are:

- The Council had previously approved and borrowed funds for its existing properties and to enable further acquisitions of investment properties to create a £183m portfolio.

- Its acquisitions to date were predicated on a whole portfolio amounting to £183m. Should the Council cease its investment plans, the Council would be left with an investment portfolio that was not appropriately balanced in terms of the value of the assets held (ie. too large in relation to the size of the overall portfolio) and not adequately risk diversified across geography or economic sector
- The approved strategy included strict criteria to be used when deciding the property to acquire and included the following:
    - To provide long term rental returns and growth
    - To acquire the best property for the sector in an ideal location with long term income from high quality tenants
    - All investments must initially provide income equal to or above the Council's required rate of return
    - Prioritising properties that yield optimal rental growth and stable income
    - Protect capital invested in acquired properties
- The commercial property investment portfolio is an integral part of the overall medium term financial strategy to deliver £7.5m of savings over the next 3 years, without the investment income further service reductions will be necessary
- The Council does not intend to increase the size of its commercial property investment portfolio beyond £183m
- An earmarked reserve exists to guard against any reduction in the fair value of property assets
- The Council maintains general reserves at levels that have been based on all known and expected financial risks and their likelihood of occurrence

All such acquisitions require a business case and full financial appraisal. All previous acquisitions were approved by the Director of Property and the Section 151 Officer in consultation with the Leader of the City Council and the Cabinet Member for PRED.

A detailed business case and financial appraisal including building surveys, environmental surveys and a formal independent Red Book valuation are conducted prior to purchase. In addition, properties are independently revalued on an annual basis.

The Commercial Property Portfolio is managed by an in house fund manager and his team, all of whom are qualified members of the Royal Institute of Chartered Surveyors.

An annual report on the Property Investment Fund is prepared for the Cabinet and City Council by the Assistant Director for Property and Investment. This report covers the composition of the fund, rental income, acquisitions, current strategy, and capital growth.

2.3 Investment Indicators

<u>Gross General Fund (GF) Debt to GF Net Service Expenditure</u>

The Councils GF borrowing is forecast to be 2.6 times its GF net service expenditure in 2019/20. It is recommended that GF borrowing be limited to 3.2 times GF net service expenditure in 2019/20. This will allow further borrowing to be undertaken if it is financially advantageous.

<u>Income from Investment Properties to General Fund (GF) Net Service Expenditure</u>

The Council will depend on Income from investment properties to fund 5.5% of its estimated GF net service expenditure in 2019/20. In order to ensure that the Council does not become over dependent on income from investment properties it is recommended that no more than 5.9% of GF net service expenditure will be funded from income from investment properties.

Interest Cover

The Council's investment property portfolio has been financed from borrowing. There is therefore a risk that income from investment properties may be insufficient to pay the interest incurred on the associated debt. However, the net income from the investment property portfolio exceeds the cost of the associated interest 2.8 times. The interest cover is greater than this in other years. Interest cover dips in 2019/20 due to costs associated with refurbishing one of the properties.

Loan to Value Ratio

The Council's investment property portfolio has only recently been acquired, but the market value of the properties is thought to be just sufficient to repay the borrowing that financed their acquisition.

Forecast Income Returns

The investment property portfolio is expected to make a net return of 3.3% against the value of the properties in 2019/20. There is a dip in the net income from the investment property portfolio in 2019/20 due to one of the properties being refurbished.

Gross and Net Income from Investment Properties

The investment property portfolio is expected to generate a retained income of £5.7m in 2019/20. There is a dip in the retained income from the investment property portfolio in 2019/20 due to one of the properties being refurbished.

External Operating Costs

External operating costs are higher in 2019/20 due to costs being incurred to refurbish one of the properties.

3. Skills and Knowledge

The issues covered by this report are in their nature complex so all the Council's senior finance staff are chartered accountants. Where the Council does not have the necessary in-house skills and services, it employs Link Asset Services to provide interest rate and economic forecasts, and counter party information.

The Finance Manager (Technical and Financial Planning) who manages the treasury function also holds the Association of Corporate Treasurers Certificate in Treasury Management. The Finance Manager (Technical & Financial Planning) is assisted by the Treasury Manager who is a qualified Chartered Certified Accountant and also holds the Association of Corporate Treasurers Certificate in Treasury Management.

At 31 March 2018 £36,910,000 of the Council's investments of surplus cash were being managed externally consisting of £29,060.000 invested in instant access money market funds and £7,850,000 invested in corporate bonds that were being externally managed.

The City Council is also a member of Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Network which provides training events throughout the year. Some training is also provided by Link Asset Services. Additional training for investment staff is provided as required.

Councillors are offered training by an external consultant to provide them with an over view of treasury management after the local government elections.

4. Treasury Management Reporting

Treasury management has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "the management of an organisations borrowing, 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". Put simply, the Council's approach to cash flow includes:

- borrowing when the Council requires more cash
- Investing when the Council has surplus cash

In addition to the Capital strategy, the Council also has a Treasury Management strategy. The Treasury Management Strategy contains:

- the Treasury Management Indicators that set the boundaries within which treasury management activities will be undertaken and
- an Annual Investment Strategy that specifies how surplus cash will be invested

To demonstrate good governance, all treasury management reports are taken to the Governance and Audit and Standards Committee and all Treasury management reports requiring policy decisions are taken to the Cabinet and the City Council.

Report	Reporting of Compliance & Performance in Previous Period	Policy Changes	Audience
Treasury Management Policy		Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 1 Monitoring	Yes		G&A&S Committee
Treasury Management Mid-Year Review	Yes	Yes	G&A&S Committee Cabinet City Council
Treasury Management Quarter 3 Monitoring	Yes		G&A&S Committee
Treasury Management Outturn	Yes		G&A&S Committee