Classification: Public
Key Decision: No

Gravesham Borough Council

Report to:	Finance and Audit Committee
Date:	21 July 2020
Reporting officer:	Director (Corporate Services)
Subject:	Treasury Management Annual Review 2019-20

Purpose and summary of report:

To report on treasury management acitivity during 2019-20 in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) revised code on Treasury Management.

Recommendations:

1. The Finance and Audit Committee recommends to Full Council that the Treasury Management Strategy Statement 2020/21 is updated to reflect a revised sovereignty rating for the UK as detailed in Section 9 of this report.
2. The Finance and Audit Committee note the contents of this report.

1. INTRODUCTION

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019-20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.2 In accordance with reporting requirements for each financial year, Full Council received the following reports for 2019-20:

- an annual treasury strategy in advance of the year (Council 26 February 2019)
- a mid-year (minimum) treasury update report (Council 17 December 2019)
- an annual review following the end of the year describing the activity compared to the strategy (this report, which will be received by Council on 6 October 2020 through consideration of the Minutes of this meeting of the Finance & Audit Committee)

1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

1.4 The report also provides confirmation that the Council has complied with the requirement, under the Code, to give prior scrutiny to all of the above treasury management reports by the Finance and Audit Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 8 July and 13 November in order to support members' scrutiny role.

2. THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or

- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need

2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2018/19 Actual £m*1	2019/20 Revised Budget £m*1	2019/20 Actual £m*1
Capital Expenditure – GF	1.053	6.866	3.294
Capital Expenditure – Commercial	12.298	1.327	0.032
Capital Expenditure – HRA	10.783	17.106	15.160
Capital Expenditure – GF Housing	0.821	1.526	0.651
Total Capital Expenditure	24.955	26.825	19.137
Financed in Year	12.520	23.733	19.137
Unfinanced Capital Expenditure*2	12.435	3.092	0.000

*1 based on the Provisional Outturn Report 2019/20

*2 unfinanced capital expenditure relates to GF and Commercial activity

3. THE COUNCIL'S OVERALL BORROWING NEED

3.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

3.2 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2018/19) plus the estimates of any additional capital financing requirement for the current (2019/20) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. The table below highlights the Council's gross borrowing position (external debt plus finance lease) against the CFR. The Council has complied with this prudential indicator.

	31 March 2019 Actual £m	31 March 2020 Revised Budget £m*[2]	31 March 2020 Actual £m*[1]
CFR General Fund (£m)	101.984	103.327	101.573
CFR Commercial (£m)	23.824	24.676	23.338
CFR HRA (£m)	84.564	79.826	79.826
Total CFR	210.372	207.829	204.737
Gross Borrowing Position	187.537	184.526	182.526
Under / over funding of CFR	22.835	23.303	22.211

*[1] based on the Provisional Outturn Report 2019/20

3.3 The Capital Finance Requirement (CFR) includes a Finance Lease to the value of £93.432m which relates to the agreement with Council has entered into with Reef to redevelop the St George's Shopping Centre. There are 49 years remaining on the finance lease and therefore the CFR will be reduced over this period through an MRP charge (Minimum Revenue Provision charge - statutory annual minimum revenue charge to reduce the total outstanding CFR).

3.4 **The authorised limit** - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The authorised limit for 2019/20 was amended by Full Council at its meeting on 25 June 2019. The table below demonstrates that during 2019/20 the Council has maintained gross borrowing within its authorised limit.

3.5 **The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached. The operational boundary limit for 2019/20 was amended by Full Council at its meeting on 25 June 2019.

3.6 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2019/20
Authorised Limit (as per the TMSS 20-21)	256.900
Maximum gross boundary position during the year	187.525
Operational boundary (as per the TMSS 20-21)	250.400
Average gross borrowing position	185.026
Financing costs as a proportion of net revenue stream	20.67%

4. TREASURY POSITION AS AT 31 MARCH 2020

4.1 The Council's treasury position (excluding the St George's Shopping Centre finance lease) at the beginning and the end of 2019-20 was as follows:

	31 March 2019 Principal £m	Rate/ Return	31 March 2020 Principal £m	Rate/ Return	Average Life yrs
PWLB Loans	85.900		81.081		
Stock Loans	8.000		8.000		
Short Term Loans	0.012		0.015		
Total Debt	**93.912**	**3.23%**	**89.096**	**3.28%**	**5.05**
Capital Financing Requirement (CFR)	116.746	-	111.305	-	-
Over/ (Under) borrowing	(22.834)	-	(22.209)	-	-
Total Investments	**46.229**	**-**	**43.145**	**-**	**-**
Net Debt (Total Debt minus Total Investments)	47.683	-	45.951	-	-

4.2 From 2018/19, this authority has operated a two loans pool, split between the General Fund and Housing Revenue Account (HRA).

4.3 The maturity structure of the debt portfolio was as follows:

	31 March 2019 Actual £m	March 2019 Actual %	2019/20 original limits %	31 March 2020 Actual £m	March 2020 Actual %
Under 12 months	4.831	5.14	50	13.433	15.08
12 to 24 months	13.418	14.29	50	7.184	8.06
24 months to 5 years	23.315	24.83	75	25.141	28.22
5 to 10 years	52.348	55.74	75	43.338	48.64
More than 10 years	0.000	0.00	100	0.000	0.00

Investment Portfolio	Actual 31 March 2019 £m	Actual 31 March 2019 %	Actual 31 March 2020 £m	Actual 31 March 2020 %
Treasury Investments				
Fixed Term Investments	8.000	17.31	11.000	25.50
Certificate of Deposits	9.000	19.47	5.000	11.59
Notice Accounts	5.000	10.82	4.500	10.43
Money Market Funds	4.296	9.29	4.528	10.49
Total managed in house	**26.296**	**-**	**25.028**	**-**
Property Funds	10.543	22.81	10.195	23.63
Multi Asset Funds	9.390	20.30	7.922	18.36
Total managed externally	**19.933**	**-**	**18.117**	**-**
Total Treasury Investments	**46.229**	**100.00**	**43.145**	**100.00**

4.4 All internally managed investments were for up to one year.

5. THE INVESTMENT STRATEGY AND CONTROL OF INTEREST RATE RISK FOR 2019/20

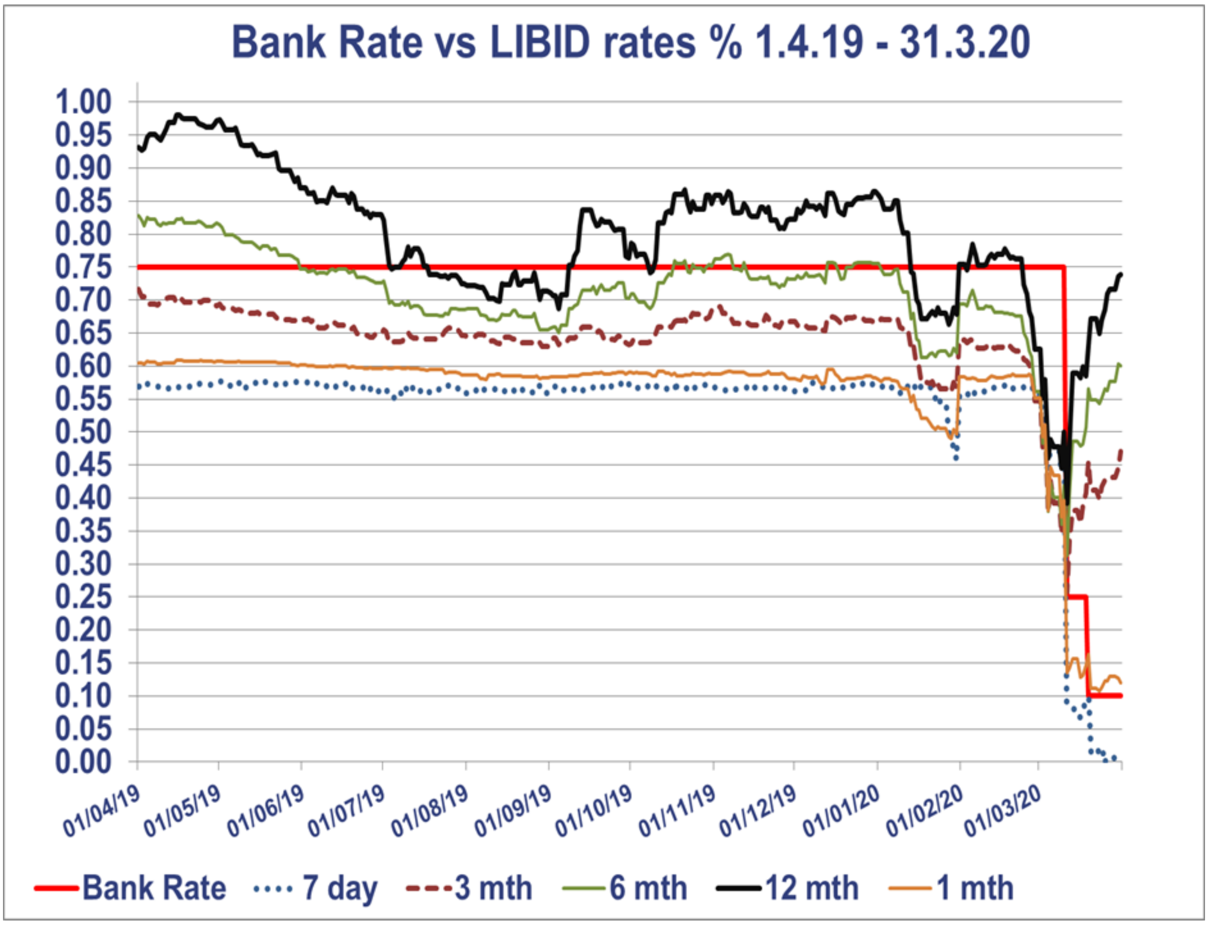
5.1 Investment returns remained low during 2019/20. The expectation for interest rates within the treasury management strategy for 2019/20 was that Bank Rate would stay at 0.75% during 2019/20 as it was not expected that the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled, but would only rise to 1.0% during 2020.

5.2 Rising concerns over the possibility that the UK could leave the EU at the end of October 2019 caused longer term investment rates to be on a falling trend for most of April to September. They then rose after the end of October deadline was rejected by the Commons but fell back again in January before recovering again after the 31 January departure of the UK from the EU. When the coronavirus outbreak hit the UK in February/March, rates initially plunged but then rose sharply back up again due to a shortage of liquidity in financial markets. As longer term rates were significantly higher than shorter term rates during the year, value was therefore sought by placing longer term investments where cash balances were sufficient to allow this.

5.3 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

5.4 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

5.5 The graph below shows the London Interbank Bid Rate (LIBID - the rate at which banks borrow from one another) against the Bank of England Base Rate for 2019/20.



6. BORROWING STRATEGY AND CONTROL OF INTEREST RATE RISK RATES IN 2019-20

6.1 During 2019-20, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

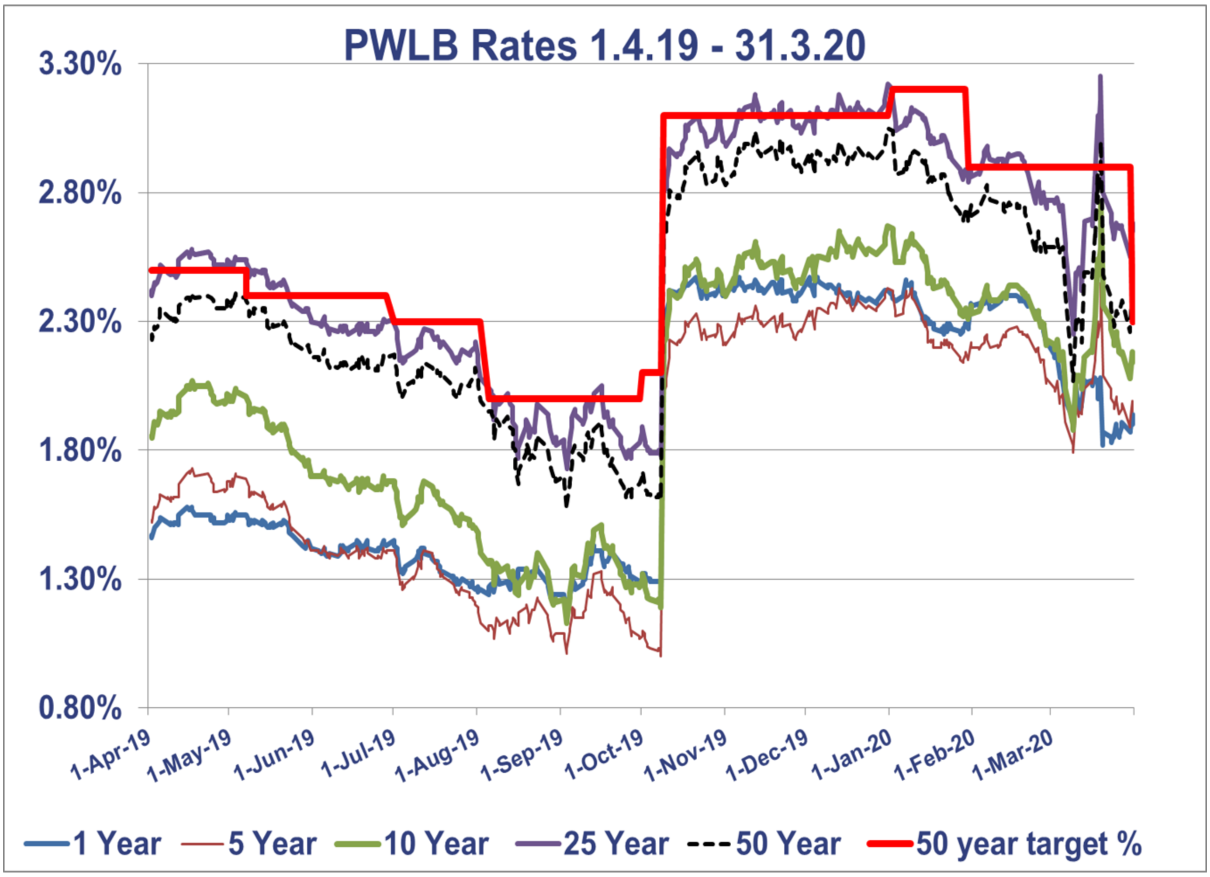
6.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns.

6.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

- Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director (Corporate Services) therefore monitored interest rates in financial markets and adopted a pragmatic strategy to manage interest rate risks.

6.4 Interest rate forecasts expected only gradual rises in medium and longer term fixed borrowing rates during 2019/20 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

Link Asset Services Interest Rate View 31.3.20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month LIBID	0.45	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 Month LIBID	0.60	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 Month LIBID	0.75	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5yr PWLB Rate	1.90	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10yr PWLB Rate	2.10	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25yr PWLB Rate	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50yr PWLB Rate	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50



6.5 HM Treasury imposed two changes in the margins over gilt yields for PWLB rates in 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins and restrictions around the use of PWLB for the purchase of commercial property.

6.6 Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows.

- **PWLB Standard Rate** is gilt plus 200 basis points (G+200bps)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+180bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

6.7 There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the sharp recession that will be caused during the coronavirus shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

7. BORROWING OUTTURN FOR 2019-20

7.1 No external borrowing was undertaken during 2019-20.

7.2 No rescheduling of debts was carried out during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7.3 On 28 March 2020, a further loan the Council had taken on as a result of HRA self-financing matured. Loan principal totalling £4,738,000 was repaid. The Council has made a voluntary contribution of Minimum Revenue Provision (MRP) equal to the loan principal in order to reduce the CFR accordingly.

8. INVESTMENT OUTTURN FOR 2019-20

8.1 **Investment Policy** - the Council's investment policy is governed by Ministry of Housing, Communities & Local Government (MHCLG) investment guidance, which has been implemented in the annual investment strategy approved by the Council on 26 February 2019. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.3 **Investments held by the Council** – the Council maintained an average balance of £35.355m of internally managed funds during the year. The internally managed funds earned an average rate of return of 0.96%. The 3 month London Interbank Bid Rate (LIBID) rate which is used as the most appropriate comparative performance indicator was 0.67%. Despite the continued low investment yields offered by financial markets, the average rate of return exceeded by 0.29%.

8.4 **Property Funds** – As at 31 March 2020 the Council achieved an average income rate of return on its investments and capital growth as follows:

Property Funds	Average Income Return %	Capital Growth/ (Loss) %*1
Lothbury	4.17	1.77
Hermes	3.33	8.24
CCLA	5.04	(6.16)
Total	4.07	2.11

*1 capital growth / (loss) since 2016

8.5 The capital growth / (loss) figures above are based on movement from the original investment in 2016. So whilst there has been an overall increase in capital values since 2016, during 2019/20 there was a capital loss across all three funds as a direct result of the COVID-19 pandemic. Due to the nature and speed of impact, Property Fund Managers were dealing with an unprecedented set of circumstances on which to base a judgement and determine the fund values. As a result less reliance can be placed on the valuations.

8.6 Appendix 2 to this report shows how the capital fund valuations have changed month on month since 2016 as well as the capital value of each of the Property Funds over the same period.

8.7 Lothbury and CCLA have both temporarily suspended trading in their funds, which essentially means that investors can neither enter nor exit the fund for a period of time. Fund Managers use this mechanism in extreme circumstances in order to protect the fund and current investors from significant falls as a result of needing to sell properties at a substantially reduced rate in order to meet the demand of cash flowing out of the fund.

8.8 Future capital values and dividends may be affected as the pandemic continues, but it is difficult to quantify the impact at this stage, although it is likely to affect the three funds in different ways. Officers are closely monitoring capital values and remain in regular contact with the Property Fund Managers, to ensure they are aware of the latest developments.

8.9 **Multi-Asset Funds** – As at 31 March 2020 the Council achieved an estimated average income rate of return on its investments and capital loss as follows:

Multi Asset Funds	Average Income Return %	Capital Growth/ (Loss) %*1
JP Morgan	4.39	(17.12)
Jupiter	4.53	(28.10)
Aberdeen	5.96	(18.92)
Total	4.75	(20.78)

*1 capital growth / (loss) since 2018

8.10 The effect of the COVID-19 pandemic is much more obvious on the Multi Asset funds, as can clearly be seen in the table above.

8.11 Appendix 3 to this report shows how the capital fund valuations have changed month on month since 2018 as well as the capital value of each of the Multi Asset Funds over the same period.

8.12 Despite the value of the Multi Asset funds increasing in during the course of 2019/20, as the impact of the pandemic began to be felt across the world, equity markets fell in value and the resulting capital values of the funds reduced significantly. As Governments across the world have introduced various policies to stimulate the economy, fund values have begun to stabilise. However, it will remain to be seen how the pandemic affects capital values and dividend payments going forward.

8.13 As with the Property Funds, Officers are closely monitoring capital values and remain in regular contact with Fund Mangers, to ensure they are aware of the latest developments.

8.14 **Property Acquisitions** – The purchase of commercial properties and land acquisition is not deemed a Treasury Management investment but a Service Investment. However there is a direct impact upon Treasury Management on the basis that any such purchase reduces the level of investable cash balances. Treasury officers will continue to liaise closely with Legal and Property to ensure that cash is available at the appropriate time to facilitate the further purchase of commercial properties and land as set out in the 2020/21 Capital Programme.

8.15 **MiFID II –** On 3 January 2018 new EU legislation came into force that impacted upon the Council's treasury management activity. MiFID II (Markets in Financial Instruments Directive) was aimed at increasing investor protection by creating a more efficient, risk-aware and transparent market for investment services and activities. This legislation required the FCA to treat all local authorities as Retail Clients but did allow local authorities to opt up to an Elective Professional Client status if they met certain pre-determined criteria. The Council was not obliged to opt up but by not doing so could have precluded the Council from dealing with certain institutions or funds. The Council opted up to Elective Professional Client status with all the institutions that required it to do so and has ensured that during 2018/19 it has continued to comply with the requirements of the institutions to maintain Elective Professional Client status.

9. UK SOVERIGNTY

9.1 On 27 March 2020, Fitch, one of the three ratings agencies took the decision to downgrade the UK's long term sovereign rating to AA-.

9.2 The Treasury Management Strategy Statement (TMSS) allows Officers to place investments within the UK provided that the sovereign rating stays above AA-. Therefore this downgrade potentially caused problems for treasury management as it effectively meant that we would need to withdraw all investments held with UK institutions, to which we have instant access, and place it with an institution which is domiciled outside of the UK, with a sovereign and institution rating which met the requirements of our TMSS. This would effectively have locked all our cash balances in fixed term deposits and leave the authority with no liquidity. Given the current situation with the COVID-19 pandemic, it was more critical than ever, to ensure that the Council had sufficient access to cash in liquid investments should it be needed.

9.3 Over the previous few weeks, the UK government and Bank of England had taken a series of measures aimed at helping the economy through crisis and it was likely there would be more to follow. Given this backdrop, Officers had a much better understanding of how the UK was responding to the crisis than they did about other countries and for this reason a temporary change to the TMSS was proposed.

9.4 The then Director (Corporate Services), in his capacity as Section 151 Officer, in consultation with the then Assistant Director (Corporate Services) and Principal Accountant (Housing and Exchequer), agreed to amend the Treasury Management Strategy Statement to reduce the UK sovereign rating by one level so that Officers could continue to place investments with counterparties within the UK provided that the sovereign rating remains above A+.

9.5 This decision was taken in line with the Council's constitution which allows the Section 151 Officer to take all necessary action in respect of the management of the Council's investments to ensure their security is maintained.

9.6 The Chair of the Finance and Audit Committee was briefed on this issue as was the Leader of the Council, who were both fully supportive of the decision.

9.7 Given ratification of the TMSS is a Full Council decision, Finance and Audit Committee are asked to recommend to Full Council that this change is formally agreed.

9.8 At this stage no further downgrades on the UK's long term sovereignty rating have been announced by the ratings agency. Should this or the downgrades of other sovereign ratings occur, which results in officers being unable to place investments a further discussion will be held with the relevant officers at such time and members of the Finance and Audit Committee will be kept informed.

10. BACKGROUND PAPERS

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

Prudential and treasury indicators Appendix A

1. PRUDENTIAL INDICATORS	2018-19	2019-20	2019-20
	Actual	Revised	Actual
	£m	£m	£m
Capital Expenditure			
Non - HRA	£1.874	£6.392	£3.945
Commercial	£12.298	£1.327	£0.032
HRA	£10.783	£15.867	£15.160
TOTAL	£24.955	£23.586	£19.137
Ratio of financing costs to net revenue stream (This is the proportion of annual debt financing costs as a percentage of the council's annual budget requirement)			
Non - HRA	5.39%	-	0.59%
Commercial	24.95%	-	32.24%
HRA	25.85%	-	28.15%
Gross borrowing requirement (inc finance lease)			
brought forward 1 April	£98.093	£187.538	£187.5538
carried forward 31 March	£187.538	£183.154	£182.526
in year borrowing requirement	£89.445	£4.384	(£5.012)
Capital Financing Requirement (CFR) as at 31 March (This is the amount of capital spending that has not been financed by capital receipts, capital grants of contributions from revenue)			
Non – HRA	£101.984	£101.573	£101.573
Commercial	£23.824	£24.430	£23.338
HRA	£84.564	£79.826	£79.826
TOTAL	£210.372	£205.829	£204.737
Annual change in Cap. Financing Requirement			
Non – HRA	£93.582	(£0.411)	(£0.411)
Commercial	£12.059	£0.606	(£0.486)
HRA	(£4.101)	(£4.738)	(£4.738)
TOTAL	£101.540	(£4.543)	(£5.635)
Incremental impact of capital investment decisions	**£ p**		**£ p**
Increase in council tax (band D) per annum *	£9.67		£16.82
Increase in average housing rent per week	N/A		N/A

2. TREASURY MANAGEMENT INDICATORS	**2018/19**	**2019/20**	**2019/20**
	Actual	**Revised**	**Actual**
	£'000	**£'000**	**£'000**
Authorised Limit for external debt (This is the maximum amount of borrowing which the council is permitted to undertake on a temporary basis to manage cash flow demands)			
borrowing	£117.700	£105.400	£105.400
borrowing (commercial)	£98.000	£35.000	£35.000
other long term liabilities	£20.000	£103.430	£103.430
TOTAL	£235.700	£243.830	£243.830
Operational Boundary for external debt (This is the maximum amount of borrowing which the council is permitted to undertake on a day to day basis and must not be breached other than for temporary cash flow demand purposes)			
borrowing	£117.700	£100400	£100400
Borrowing (commercial)	£96.500	£30.000	£30.000
other long term liabilities	£20.000	£98.430	£98.430
TOTAL		£228.830	£228.830
Actual external debt	£93.912	£93.831	£89.094
Upper limit for fixed interest rate exposure			
Net interest re fixed rate borrowing / investments	100 %	100 %	100 %
Upper limit for variable rate exposure			
Net interest re variable rate borrowing / investments	25 %	25 %	25 %
Upper limit for total principal sums invested for over 365 days	£20,000	£20,000	£20,000

Maturity structure of fixed rate borrowing during 2019/20	Lower limit	Upper limit
under 12 months	0%	50%
12 months and within 24 months	0%	50%
24 months and within 5 years	0%	75%
5 years and within 10 years	0%	75%
10 years and within 15 years	0%	100%
15 years and within 20 years	0%	100%
Greater than 20 years	0%	100%

Note: The figures shown in the tables above reflect the position as at the date of reporting. They are subject to change during the final accounts process.

IMPLICATIONS	**APPENDIX 1**
Legal	As per Section 1.13B.67 of the Council's Constitution, the Chief Finance Officer has delegated responsibility from Cabinet. "in respect of borrowing and investments to arrange such loans as are legally permitted to meet the Council's borrowing requirements"
Finance and Value for Money	A summary of the perceived risks associated with Treasury Management were identified in the Treasury Management Strategy approved by Council on 26 February 2019. Officers continue to monitor the risks on a day to day basis and identfiy mitigating action to minimise risks. In order to achieve a balanced budget, the authority relies upon generating maximum interest from its investments whilst minimising the exposure to risk. In order to achieve this, investments are only placed with institutions which meet the criteria set out within this report. Investment durations do no exceed those as advised by Link Asset Services credit ratings which are associated with the specific institutions. Where the authority is required to borrow to meet the needs of the authority, Officers will seek advice from Link Asset Services on timings and options in order to ensure the best deal for the authority.
Risk Assessment	The risks associated with Treasury Management and capital expenditure are detailed within this report
Data Protection Impact Assessment	*A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.*
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links.
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A
	In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above

Corporate Plan	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks.
Climate Change	N/A
Crime and Disorder	Treasury Management activities are carried out in accordance with the Treasury Management Strategy and Annual Investment strategy which minimises the risk of criminal activities. The arrangements to ensure appropriate governance around capital expenditure are set out in the Capital Strategy.
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A