Classification: Public
Key Decision: No

Gravesham Borough Council

Report to:	Finance and Audit Committee
Date:	9 November 2022
Reporting officer:	Director (Corporate Services)
Subject:	Treasury Management Mid-Year Review 2022/23

Purpose and summary of report:

To provide a mid-year review update report to Members of the Finance and Audit Committee on treasury management activity undertaken during the period April to September 2022.

Recommendations:

1. The Finance and Audit Committee note the contents of this report and
2. The Finance and Audit Committee recommend to Full Council that the amendment to the UK sovereignty rates, as set out in Para 5.4 and the amendments to the Operational Boundary and Authorised Limits as set out in Para's 6.8 and 6.12 respectively are agreed.

Key Implications:	
Item	**Implications**
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 22 February 2022. Officers continue to monitor the risks on a day to day basis and identify mitigating actions 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 not exceed those as advised by Capita 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 Capita Asset Services on timings and options in order to ensure the best deal for the authority.

Corporate Plan	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks.
Climate Change	Climate Change implications are one consideration of ESG investments which are covered in Section 11 of this report.

1. BACKGROUND

1.1 **Capital Strategy** In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA) issued revised Prudential and Treasury Management Codes. From 2020/21, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

1.2 **Treasury management** The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

1.4 Accordingly, treasury management is defined as:

"The management of the local authority's 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."

2. INTRODUCTION

2.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum

Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year.

- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance and Audit Committee.

2.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2022/23 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of the Council's borrowing strategy for 2022/23;
- A review of any debt rescheduling undertaken during 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23.

3. ECONOMIC BACKGROUND

3.1 The following economic performance update has been provided by Link Asset Services – Treasury Solutions as at 7 October 2022.

3.2 Following the change of both the Prime Minister and Chancellor in September, a significant change in government policy was announced on 23 September. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the list of tax measures announced at the mini budget adds up to loosening in fiscal policy relative to the previous government's plans of £44.8bn by 2026/27.

3.3 Fears the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened, adding further pressure to interest rates. Whilst the pound fell to a record low of $1.035, it has since recovered off the back of an expectation the Bank of England will raise interest rates considerably at the next meeting of the Monetary Policy Committee (MPC) on 3 November and the government will lay out a credible medium-term plan in the near term.

3.4 The MPC has increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Since the mini budget, the MPC is expected to increase rates further and faster from 2.25% to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and inflation expectations means that the MPC is expected to raise interest rates by 1% at the policy meetings in November and by 0.75% in December followed by a further 0.50% in February and March. If Bank of England Base Rate does climb by these amounts, the housing market looks very vulnerable.

3.5 In response to the Government's mini budget, the Bank of England announced that it would postpone plans to start selling some of its quantitative easing until 31 October and committed to buying up to £65bn of long-term gilts in an attempt to restore market conditions until 14 October.

3.6 Throughout 2022/23, gilt yields have been on an upward trend. However, the rate of the rise increased significantly at the end of September as investors expected higher interest rates to offset the government's fiscal stimulus plan. The 30-year gilt rose from 3.60% to 5.10% following the fiscal event but has since fallen back to around 3.83%.

3.7 Equity markets have fallen to their lowest levels since November 2020 and July 2021, with the FTSE down 5.2% as the fall in the pound has boosted the value of oversea earnings. The decline has in part been driven by as concerns over economic growth leading to a deterioration in investor risk appetite.

4. INTEREST RATE FORECASTS

4.1 The Council's treasury advisor, Link Asset Services, has provided the following interest rate forecast. The PWLB rate forecasts below are based on the Certainty Rate (standard rate minus 20 bps) which the Council can access.

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

4.2 The latest forecast on 27 September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

4.3 The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE

5.1 The Treasury Management Strategy Statement (TMSS) for 2022/23 was approved by Full Council on 22 February 2022.

5.2 The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the charges are set out below:

5.3 Within the TMSS the Council has included a limit on non-UK countries, that means it will only place investments with counterparties from countries with a minimum sovereign rating of AAA, as determined by at least two of the three main ratings agencies (Fitch, Moody's or Standard and Poor's). The UK was excluded from this requirement provided that the UK sovereign rating remained above A+.

5.4 Whilst the UK's rating remains above this rate, two agencies have put the UK on a negative rating in response to the current economic situation. Although this does not indicate the rating will be lowered imminently, it opens the possibility. If the UK sovereign rating were to be downgraded and the TMSS were not to be amended accordingly, then placing investments within the UK would no longer be an option. However, due to the current due diligence process undertaken by institutions prior to accepting investments, opportunities to place monies outside of the UK are limited. In consultation with the Council's Treasury Management consultants, Link, it is recommended to remove the sovereign rating for the UK, altogether rather than reduce it further and rely solely on the credit rating and CDS rating of UK institutions. The minimum sovereign rating for non-UK countries will remain unchanged at AAA, as determined by at least two of the three main ratings agencies.

5.5 This report is also recommending a revision to both the Operational Boundary and the Authorised Limit, in light of the alternative accounting treatment for the St George's transaction. The recommended revised levels can be found in para 6.6 and 6.12.

6. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

6.1 This part of the report is structured to update:

- The Council's capital expenditure plans
- How these plans are being financed
- The impact of changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

6.2 **Prudential Indicator for Capital Expenditure -** The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed by Council as part of the budget.

Capital Expenditure	2022/23 Original Estimate £m	2022/23 Current Position £m	2022/23 Revised Estimate £m
Non HRA	72.479	10.138	51.414
HRA	24.059	12.126	19.150
Total	96.538	22.264	70.564

6.3 The revised estimate for Non HRA and HRA capital schemes reflects both the carried forward items from 2021/22 along with the forecast spend reported within the Quarter 2 Budget Monitoring reports.

6.4 **Changes to the Financing of the Capital Programme** - The following table draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increased the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2022/23 Original Estimate £m	2022/23 Current Position £m	2022/23 Revised Estimate £m
Total	96.538	22.264	70.564
Financed by:			
Capital Receipts	5.756	3.737	3.868
Grants/Contributions	10.237	0.521	3.165
Revenue Grants not yet applied	0.215	0.040	0.351
Reserves	1.193	0.585	1.814
Revenue	0.547	1.235	2.310
Major Repairs Reserve	7.061	4.263	5.481
Total Financing	25.036	**10.381**	**16.989**
Borrowing Need	71.502	11.883	53.575

6.5 The borrowing need for 2022/23 currently stands at £53.575m, which is based on the forecast capital programme spend for the current year. Of the total borrowing need, £5.881m internal borrowing will be utilised and £47.694m external borrowing will be sought.

6.6 **Changes to the Prudential Indicator for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary** - The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position, which is termed the Operational Boundary.

	2022/23 Original Estimate £m	2022/23 Current Position £m	2022/23 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
CFR – Non HRA	206.013	57.463	95.221
CFR – HRA	84.662	88.519	77.940
Total CFR	290.675	145.982	173.161

Net Movement in CFR (between years)	**64.814**	**20.111**	**47.290**
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	246.080	221.160	221.160
Other Long Term Liabilities	97.590	5.000	5.000
Total Debt (year end position)	**343.670**	**226.160**	**226.160**

6.7 The operational boundary 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. This level has not been breached during the first six months of 2022/23.

6.8 As reported within the TMSS Annual Report, presented to the Finance and Audit Committee on 19 July, the external audit process of reviewing and certifying the 2019/20 Statement of Accounts has yet to be concluded. The final accounts process has identified alternative treatment for the St George's transaction. Therefore, the figures included in this report now reflect the treatment of this transaction as a loan instead of a finance lease. The CFR forecast in the table above has therefore reduced significantly, however, the level of debt held by the Council has increased. The operational boundary forecast has also been amended as a result.

6.9 **Limits to Borrowing Activity** - The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Borrowing Activity	2022/23 Original Estimate £m	2022/23 Current Position £m	2022/23 Revised Estimate £m
Debt as at 1 April	98.767	122.073	122.073
Expected change in debt	63.102	15.000	39.957
Other long term liabilities (OLTL)	92.916	0.000	0.000
Expected change in OLTL	(0.322)	0.000	0.000
Total Gross Debt	**254.563**	**137.073**	**162.030**
CFR (year-end position)	290.675	145.982	173.161

6.10 The Director (Corporate Services) reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

6.11 **Prudential Indicator for the Authorised Limit** - A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

6.12 As per Para 6.8, the authorised limit reported below has also been amended to reflect the alternative treatment for the St George's transaction.

Authorised limit for External Debt	2022/23 Original Estimate* £m	2022/23 Current Position £m	2022/23 Revised Estimate £m
Borrowing	256.080	231.160	231.160
Other long-term liabilities	102.590	10.000	10.000
Total	358.670	241.160	241.160

7. BORROWING

7.1 The Council's forecast Capital Financing Requirement (CFR) for 2022/23 is £173.161m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The Council has borrowings of £137m and has utilised £22.1m of cashflow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

7.2 Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £15m was undertaken, with a further £14m arranged but not yet drawn. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

New Loans	Principal	Start Date	Maturity Date
Guilford Borough Council	£5m	29/04/22	28/04/23
Vale of White Horse DC	£3m	16/05/22	16/05/23
Caerphilly County BC	£3m	01/08/22	26/04/24
West of England Combined Authority	£4m	12/09/22	28/04/23
The following loans have been pre-arranged but not yet received			
West Midlands Combined Authority	£5m	24/10/22	24/04/24
West Midlands Combined Authority	£5m	30/11/22	26/04/24
West of England Combined Authority	£4m	28/04/23	26/04/24

7.3 It is anticipated that further borrowing will be undertaken during this financial year.

7.4 PWLB rates were on a rising trend between 1 April and 30 September. The 50-year PWLB target certainty rate for new long- term borrowing started 2022/23 at 2.0% before increasing to 4.80% in September.

8. DEBT RESCHEDULING

8.1 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

9. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

9.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. The Director Corporate Services reports that no difficulties are envisaged for the current or future years in complying with these indicators.

9.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

10. ANNUAL INVESTMENT STRATEGY

10.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 22 February 2022. In accordance with the CIPFA Treasury Management Code, it is the Council's priority to ensure

- security of capital
- liquidity, and
- yield

10.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to see out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

10.3 **Creditworthiness** – Following the Government's fiscal event on 23 September, both S&P and Fitch have placed the UK sovereign debt rating on Negative Outlook reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook. See Para 5.4 for recommended change to the UK sovereign rating requirement within the TMSS, in light of this.

10.4 **Investment Counterparty Criteria** – The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

10.5 **CDS Prices –** It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

10.6 **Investment Balances –** The average levels of funds available for investment purposes during the first half of the year to 30 September 2022 was £38.899m. These funds are available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £20m cost cash balances for investment purposes (ie funds available for more than one year).

10.7 Appendix 1 provides full list of investments held as at 30 September 2022.

10.8 **Investment Performance on Internal Investments**

Period	Average 90 Day Benchmark Return	Council Performance	Investment Interest Earned*
April - Sept	0.91%	1.08%	£208,234

* Investment interest earned based on returns received as at end of September. Q2 income from externally managed property funds is not received until October and November.

10.9 As illustrated, the Council outperformed the benchmark by 17 bps on its internally managed investments.

10.10 **Investment Returns –** The Council's budgeted investment return for both internally and externally managed investments for 2022/23 is £814k. A favourable variance of £375k is included with the Quarter 2 Budget Monitoring Report, which reflects the impact of rising interest rates.

10.11 **PROPERTY FUNDS AND MULTI ASSET FUNDS**

10.12 In the 2016/17, £10m was placed in three Externally Managed Property Funds. In 2017/18, a further £10m was placed in three Multi Asset Funds.

10.13 The table shows the Net Asset Value (NAV) for each of the Property Funds and Multi Asset Funds as at end of September compared to the Purchase Price, along with the average gross return on investment to date.

	Purchase Price	Sept NAV	% Change NAV	Average Gross Return on Investment
Property Funds				
CCLA	£1,873,528	£2,206,999	17.8%	4.50%
Lothbury	£4,949,648	£5,628,952	13.72%	4.13%
Hermes	£2,883,821	£3,624,377	25.68%	4.23%
Multi Asset Funds				
JP Morgan	£5,000,000	£4,196,306	-16.07%	4.57%
Jupiter	£3,000,000	£2,378,100	-20.73%	2.22%

Aberdeen	£2,000,000	£1,658,099	-17.10%	4.88%
Total	£19,706,997	£19,692,833	-0.07%	-

Note – The average gross return is based on the 12 months to 30 September.

10.14 **Property Funds** - The % change in capital values above are based on movement from the original investment in 2016. Since 2016 the capital values have fluctuated in response to domestic, and global events. Capital values peeked in June 22 but have reduced over recent months in response to the current economic pressures.

10.15 Dividend returns have been slightly affected by both the pandemic and the current economic pressures but have achieved an average gross return of 4.2% across the three funds.

10.16 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.

10.17 **Multi Asset Funds** - The effect of the current economic pressures has been much more obvious on the Multi Asset funds, as can clearly be seen in the table above.

10.18 The fund capital values peeked in December 2021 but have since fallen. Markets fell initially following the invasion of Ukraine but have continued to fall in the wake of the current economic pressures. Dividend returns for two of the funds have held up reasonably well, albeit slightly below the pre-pandemic returns. However, the dividend return for Jupiter has been much harder hit, which is in part due to a change in direction of the fund. As with the Property Funds, officers are closely monitoring capital values and remain in regular contact with Fund Managers, to ensure they are aware of the latest developments

10.19 It must be remembered that investment in Property Funds and Multi Asset Funds need to be viewed as a long-term investment as capital values can go up as well as down and that past performance is not a guarantee of future returns.

10.20 This is particularly relevant following the introduction of International Financial Reporting Standard 9 (IFRS9) which came into effect from 1 April 2018. A statutory override was introduced for a five-year period which runs till 31 March 2023. There has been a recent consultation on whether the statutory override should be extended for a further period, made permanent or whether the accounting standard should be fully implemented. The results of the consultation have not yet been announced.

11. Environmental, Social and Governance (ESG) Investments

11.1 When placing an investment, the Council's investment priorities are security, liquidity and yield and therefore it does not have a set of ESG standards to screen potential internally managed investments at this time. However, these factors are extremely important to the Council and opportunities will be explored as and when they arise.

11.2 However, ESG factors are an important consideration for the Council's external fund managers who administer both the Property Funds and Multi Asset Funds and therefore a significant proportion of the Council's investment portfolio is managed with these considerations in mind. Whilst we cannot stipulate what is and is not acceptable for these Funds to consider, Officers do discuss and receive briefings from Fund Managers as to the ESG credentials of the funds on a regular basis.

12. OTHER

12.1 In February 2015 the Authority became a shareholder in the Municipal Bonds Agency (MBA), with an investment of £20,000. The MBA was established by the Local Government Association (LGA) in the belief that it would provide councils with the opportunity to raise funds at significantly lower rates that those offered by the Public Works Loan Board (PWLB).

12.2 The MBA is now issuing bonds and officers will consider the appropriateness of any borrowing offer when the need to borrow arises.

13. APPENDICIES

13.1 Appendix 1 provides full list of investments held as at 30 September 2022.

14. BACKGROUND DOCUMENTS

14.1 There are no background documents

Lead Officer: Alexandra Jarvis – Principal Accountant (Housing & Exchequer)

Email: alexandra.jarvis@gravesham.gov.uk

Secondary Implications	
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. No
	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. No
	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
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