AUDIT COMMITTEE

30 NOVEMBER 2022

Treasury Management Mid-Year Review Report for the Period 1 April to 30 September 2022

Report of Jan Willis, Interim Executive Director of Finance and S151 Officer

Cabinet Member: Councillor Richard Wearmouth – Deputy Leader and Portfolio Holder for Corporate Services

1. Purpose of the Report

This report provides a mid-year review of the activities of the Treasury Management function for the period 1 April to 30 September 2022, and performance against the Treasury Management Strategy Statement (TMSS) 2022-23 - as approved by the County Council on 23 February 2022. The report provides a review of borrowing and investment performance for the period set in the context of the general economic conditions prevailing so far during the year. It also reviews specific Treasury Management prudential indicators defined by the (CIPFA) Treasury Management Code of Practice and CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code), and approved by Council in the TMSS.

2. Recommendations

It is recommended that Members:

- **Receive the report and note the performance of the Treasury Management function from 1 April to 30 September 2022.**
- **Present the report to County Council.**

3. Link to the Corporate Plan

This report is aligned to the priorities outlined in the Corporate Plan 2021-24 “A Council that Works for Everyone”.

4. Key Issues

The Local Government Act 2003 (the Act) and supporting regulations require the Council to produce a mid-year review of treasury management activities and actual performance against prudential and treasury indicators. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

The report provides a review of the Treasury Management activities for the six-month period from 1 April to 30 September 2022 and sets out performance against the Treasury Management Strategy Statement for 2022-23.

TREASURY MANAGEMENT MID-YEAR REVIEW REPORT FOR THE PERIOD 1 APRIL TO 30 SEPTEMBER 2022

1. INTRODUCTION

1.1. Background

This Treasury Management mid-year report provides a review of the activities of the Treasury Management function for the period 1 April to 30 September 2022, and performance against the Treasury Management Strategy Statement (TMSS) for 2022-23. Its production and submission to Council is a requirement of the CIPFA Code of Practice on Treasury Management.

Treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The Council operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.

The second main function of the treasury management service is to arrange the funding of the Council's capital programme. The capital programme provides a guide to the borrowing need of the Council, and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer-term cash may involve arranging long or short-term loans, utilising longer term cash flow surpluses and, occasionally, debt restructuring to meet Council risk or cost objective

1.2. Statutory and Regulatory Requirements

The Local Government Act 2003 (the Act) and supporting Regulations requires the Council to produce an mid-year review of treasury management activities and the actual performance against prudential and treasury indicators. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

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

1.3. Basis and Content of Treasury Management Mid-Year Review Report for 2022-23

The report covers:

- Overview of the Treasury Management Strategy for the financial year 2022-23.
- Economic conditions and interest rates for the period 1 April to 30 September 2022.
- Overview of the treasury position at 30 September 2022.
- Borrowing activity.
- Investment activity; and,
- Treasury management limits and prudential indicators position.

2. BACKGROUND - TREASURY MANAGEMENT STRATEGY FOR 2022-23

2.1. Overview of the 2022-23 Strategy (prepared in November 2021)

The expectation for interest rates within the Treasury Management Strategy Statement for 2021-22 was for UK Bank Rate (often referred to as Base Rate) to remain at 0.50% for most of year with only one increase to 0.75% in the final quarter (January 2023 – March 2023). Longer term borrowing rates were also forecast to remain low at around 2.00% with only slight increases of 0.10% to 0.20% during the year.

Overall, the pace of economic recovery from the pandemic was expected to be steady. Forecasts were however subject to major uncertainty, particularly around whether the recovery may run out of steam, and in turn create a dilemma for the Bank of England's Monetary Policy Committee (MPC) as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

Against this backdrop that interest rates were projected to remain low, and the risks within the economic forecast, the proposed strategy for 2021-22 was to continue to operate with an under borrowing position - i.e., use investments in lieu of external borrowing – and to meet the remaining external borrowing requirement for the year primarily from medium from shorter term / temporary borrowing (up to 2 years). At that time, the external borrowing requirement for the year was estimated at £185.000 million, after taking into consideration maturing loans.

2.2. Compliance

Significant levels of additional grant were received from Central Government to help support the Council's response to the Covid-19 pandemic. It was essential that those funds remained liquid and were readily accessible at short notice. This necessitated a temporary increase in April 2020 (authorised by the Executive Director of Finance and S151 Officer), in the approved limits for Money Market Funds, in order to support the management of the increased overnight cash balances from £25.000 million to £35.000 million per Counter Party / Bank, and from £150.000 million to £170.000 million for overall Money Market Fund balances. This temporary increase remained in place until 31 March 2022.

With the exception of the above, all other treasury activities met the Treasury indicators set out in the TMSS, and borrowing was within the borrowing limits set by the Council. Throughout the period, all treasury activities have been conducted within the parameters of the TMSS 2022-23, alongside best practice suggested by the CIPFA Treasury Management Code and Central Government.

3. ECONOMIC CONDITIONS AND INTEREST RATES FOR PERIOD 1 APRIL TO 30 SEPTEMBER 2022

3.1. Economy - At 07 October 2022

The rapid increase in economic activity after the pandemic created significant supply chain challenges which, although appearing to ease slightly, continue to drag down growth projections. This has had a significant impact on both inflation and recessionary fears.

In its World Economic Outlook published on 11 October 2022, the International Monetary (IMF) downgraded 2023 GDP growth forecasts for many countries, reflecting a “sharper-than-expected slowdown” due in part to high inflation. It said “the cost-of-living crisis, tightening financial conditions in most regions, Russia’s invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.”

UK

Like many economies, the UK economy continues to be dominated by high levels of inflation, which first reached double digits in July 2022 at 10.1% before easing to 9.9% in August. Supply chain disruptions, arising during the global recovery from the effects of the pandemic, caused the initial pick-up in inflation in 2021 but more recently the main driver has come from higher energy prices and elevated food prices, both linked to Russia’s invasion of Ukraine.

UK GDP is estimated to have increased by 0.2% in Quarter 2 (Apr to Jun) 2022, following an increase of 0.7% in quarter 1. The level of real GDP is now estimated to be 0.2% below where it was pre-coronavirus at Quarter 4 (Oct to Dec) 2019. This compares with Eurozone GDP being 1.8% higher than its pre-pandemic level, while US GDP was 3.5% higher.

The IMF forecast UK GDP growth of 3.6% for 2022, and 0.3% for 2023 – down from 0.5% from its previous forecast made in July - although the forecasts were made before the Government’s “growth plan” mini-budget on 23 September.

Bank Rate

Faced with persistent inflation and a robust labour market, the Bank of England accelerated the increase in its bank rate, with a further hike by 0.50% at its meeting on 22 September, bringing it to 2.25%. The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the global financial crisis.

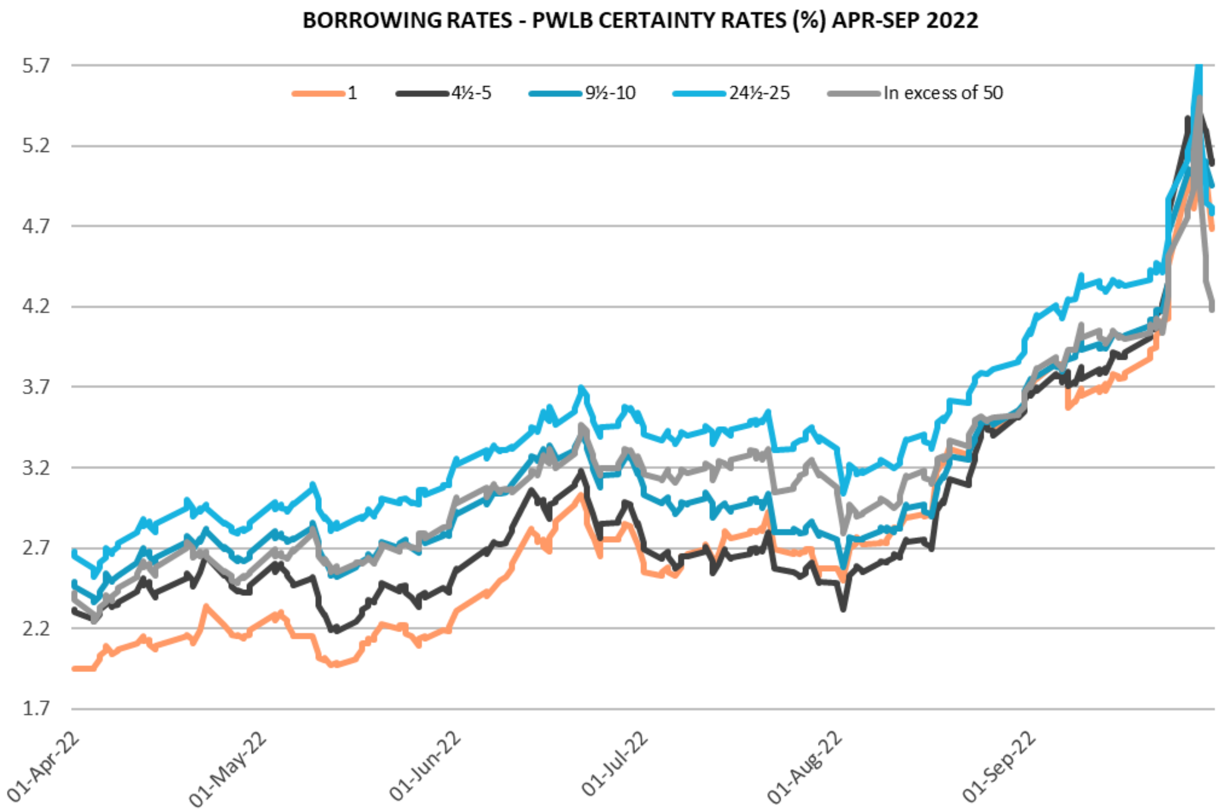
Bond/Gilt Yields and PWLB Rates

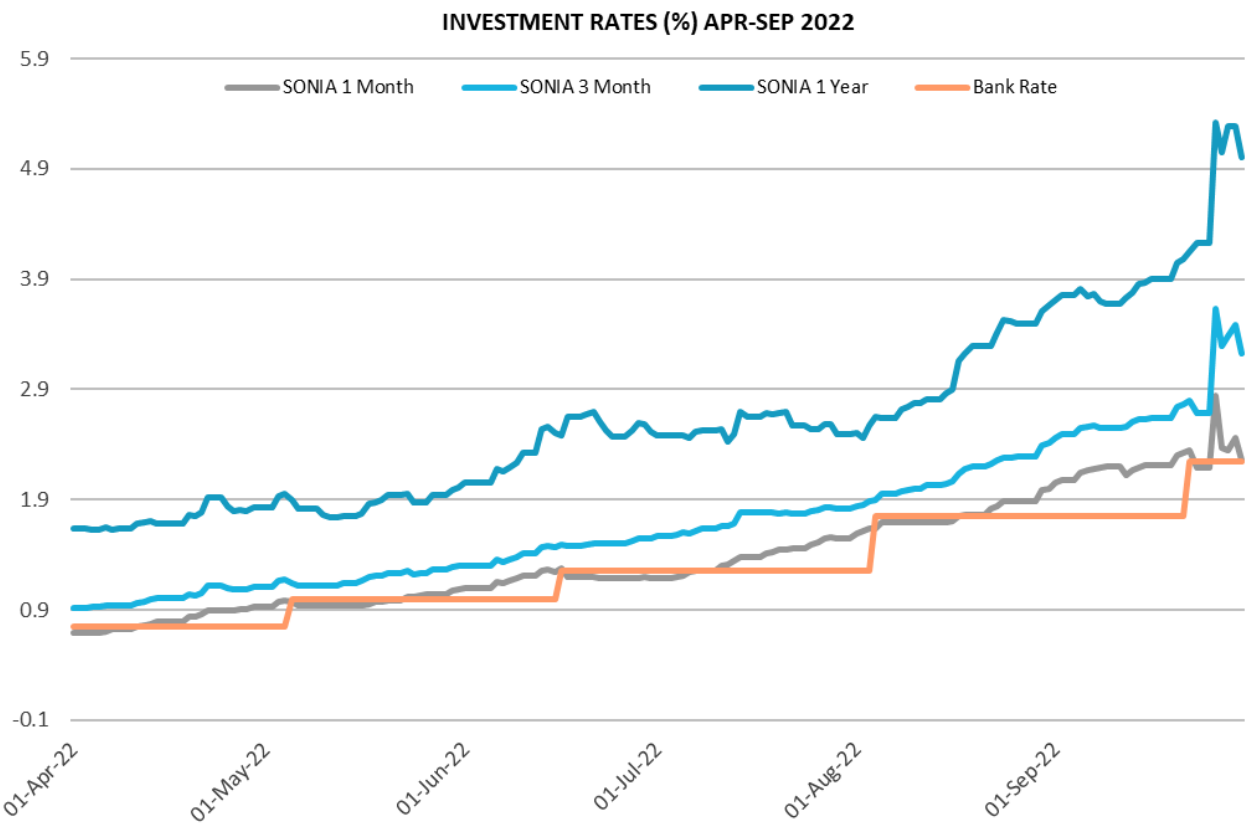
UK Gilt yields, and therefore PWLB rates, have been on a steadily increasing trend throughout 2022-23. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in UK two-year gilt yields (to a peak of 2.37% on 21 June 2022) and 10-year yields (to a peak of 2.62%) took them to their highest level (at that time) since 2008 and 2014 respectively.

However, there were exceptionally sharp increases at the end of September 2022 following the “growth plan” mini-budget of the new Prime Minister and Chancellor on 23 September 2022. At this time the 30-year gilt yield rose from 3.60% to 5.10%, which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, and to “restore orderly market conditions”, the Bank of England postponed its plans to start selling some of its quantitative easing (QE) gilt holdings and instead committed to buy up to £65 billion of long-term gilts (i.e. restarting QE; albeit for financial stability reasons rather than monetary policy reasons).

3.2. Actual Interest Rates 1 April to 30 September 2022

The following graphs show interest rate movements over the period, for various terms of borrowing and investment:





3.3. Forecast Interest Rates

The Council's treasury advisor, Link Asset Services, current interest forecast (dated 28 September 2022) is shown below:

	Quarter 3 2022-23 (Q/E Dec 2022)	Quarter 4 2022-23 (Q/E Mar 2023)	Quarter 1 2023-24 (Q/E Jun 2023)	Quarter 2 2023-24 (Q/E Sep 2023)
Bank Rate	4.00%	5.00%	5.00%	5.00%
5-year PWLB	5.00%	4.90%	4.70%	4.50%
10-year PWLB	4.90%	4.70%	4.60%	4.30%
25-year PWLB	5.10%	4.90%	4.80%	4.50%
50-year PWLB	4.90%	4.60%	4.50%	4.20%

This was accompanied with the following comments:

"The MPC continues to grapple with getting inflation back on track over a three-year horizon.

Our revised forecasts have been based on several assumptions, all of which are potentially subject to market challenge in due course.

First, we have assumed that there will not be an emergency Bank Rate change ahead of the next MPC scheduled meeting, to be held on 3rd November. However, because *of the Government's expansionary fiscal policies, we expect to see the MPC hike rates aggressively from the prevailing 2.25%.*

Our thinking is that the Bank of England will want to double-down on its efforts to squeeze inflation out of the economy, and this will be difficult to do unless labour market pressures loosen (essentially unemployment to rise from a near 50-year low of 3.6%), and for wage increases to reduce from the prevailing levels of 5.2% - 5.5% to a more sustainable c3%.

Furthermore, there is every chance that the on-going steep rises in gas, electricity and food inflation, when added to significant increases in fixed rate mortgages and rents, may see the UK head into recession despite the Government's best intention to prevent this occurrence. Markets will be looking closely at the upcoming inflation, employment and growth numbers for early signs as to how the new policies are performing, accepting that many of the announcements (outside of the support for caps on household and energy costs) have yet to be implemented.

Regarding the gilt market, after the [recent] unsettling events, we are anticipating that markets will, in time, give the benefit of the doubt to the Chancellor to the extent that some of the sell-off in gilts will be reversed in the near-term. Consequently, we expect PWLB Certainty rates to peak shortly before falling through 2023.

Of course, what happens outside of the UK is also critical to movement in gilt yields. The US Federal Open Market Committee (FOMC) has led with increases of 300 basis points [3%] in the year to date and is expected to increase rates further before the end of the year. Similarly, the European Central Bank has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that are having the greatest impact on global bond markets.

What happens in Ukraine will also impact the global economy, but particularly in Europe. The search for alternative providers of energy, other than Russia, will take both time and effort. The weather will also play a large part in how high energy prices stay and for how long. Not forgetting developments in Taiwan, where China is viewed as a protagonist by the West. In summary, geo-political factors are a variable that it is difficult to discount from impacting UK economic performance and, therein, fiscal and monetary policies."

4. THE PORTFOLIO POSITION AT 30 SEPTEMBER 2022

4.1. Current Borrowing

The Council's debt at the beginning of the year and at 30 September 2022 is shown below:

TABLE 1: BORROWING	Total Principal 1 Apr 2022 £m	Weighted Average Rate %	Total Principal 30 Sep 2022 £m	Weighted Average Rate %
Public Works Loan Board Loans	451.281	2.66	450.264	2.66
LOBOs	176.500	3.95	176.500	3.95

TABLE 1: BORROWING	Total Principal 1 Apr 2022 £m	Weighted Average Rate %	Total Principal 30 Sep 2022 £m	Weighted Average Rate %
Market / Local Authority (>1 year)*	129.100	2.62	119.100	2.80
Market / Local Authority (<1 year)*	0.000	0.00	0.00	0.00
Salix	0.049	0.00	0.039	0.00
TOTAL EXTERNAL BORROWING	**756.930**	**2.96**	**745.903**	**2.98**

* Note: above figures are based on the term of loans at their inception

4.2. Current Investments

The table below summarises the investment position at 30 September 2022:

TABLE 2: INVESTMENTS	Total Outstanding 1 Apr 2022 £m	Weighted Average Rate %	Total Outstanding 30 Sep 2022 £m	Weighted Average Rate %
Fixed Term Investments – Long Term (>1 year)*	25.000	3.23	25.000	3.24
Fixed Term Investments – Short Term (<1 year)*	65.000	0.42	90.000	1.63
Money Market Funds and Call Accounts	98.100	0.53	57.300	2.11
TOTAL INVESTMENTS (excl. Cash)	**188.100**	**0.85**	**172.300**	**2.02**

* Note: above figures are based on the term of investments at their inception

5. BORROWING ACTIVITY 2022-23

Cash balances have remained high in the first half of the financial, largely due to the increased levels of reserves and balances reported in 2021-22. And given the current volatility of financial markets and interest rates, a decision was taken to minimise external borrowing and instead, wherever possible, increase the reliance on internal borrowing – i.e., use these additional investment balances to support the cash flows associated with the capital programme instead of borrowing externally. So far, in year external borrowing has been limited to two 1-year loans from other local authorities totalling £20.000 million.

Two reviews of the capital programme, one in June 2022 and another in September 2022, have also identified that a considerable proportion of the original budgeted capital expenditure for 2022-23 will not now be spent until later years (see 7.1 below). As a result of this, and the increased reliance on internal borrowing, the anticipated net borrowing requirement for the year is expected to be considerably lower than the anticipated £185.000 million outlined in the original strategy (see 2.1 above). Based on the latest projections, it is currently estimated that at most a further £50.000 million of external borrowing may now be required within 2022-23 – likely in the final quarter of 2022-23. This is down £114.971 million from the £185.000 million outlined in the original strategy (see paragraph 2.1 above). It is expected that the £50.000 million requirement for the year will be covered by shorter term / temporary borrowing.

The forecast reduction in the borrowing requirement of £114.971 million is a temporary position, as most of the capital spend has been reprofiled into later years, and will instead impact on future years' borrowing requirements. In addition, the reliance on internal borrowing may not be sustainable if, for example, the reserves and balances supporting this position themselves reduce. Therefore, at some point external loans may be required to replace the reduction in cash. Added to which, the notional saving of borrowing internally, in the form of the foregone investment compared to cost of borrowing externally, is also subject to the volatility of the interest rate environment.

As shown in the table above, total external borrowing has decreased by £11.027 million, from £756.930 million at the start of year to £745.903 million at 30 September 2022. This is due to maturing existing loans. However, taking into account future maturities and the anticipated further borrowing requirement of around £50.000 million, overall borrowing is projected to total around £775.378 million by 31 March 2023.

It should be noted that savings resulting from the reduced levels of borrowing will be partly offset by the higher than expected interest rates payable on those new loans taken out within the year. As a result, is expected to generate an overall saving of around £0.543 million compared to the original interest payable budget for 2022-23 of £23.527 million.

6. INVESTMENT ACTIVITY 2022-23

The Council's investment policy (as set out in the Treasury Management Strategy Statement for 2022-23) is governed by the Communities and Local Government's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by two of the main credit rating agencies (Moody's and Fitch Group), supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

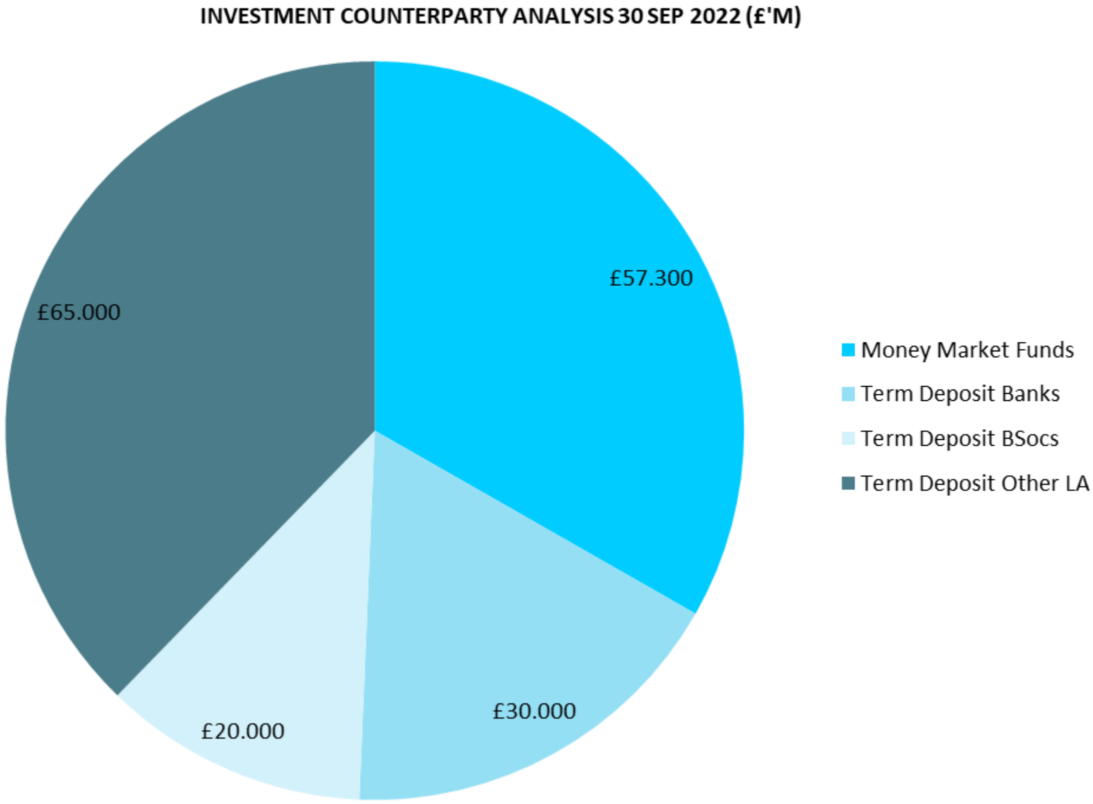
All investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

As identified above, the current policy is to use a significant proportion of available investment balances as 'internal borrowing' to support the financing of the Capital Financing Requirement (CFR).

Overall external investments (excluding cash) have reduced slightly during the first six months of the year from £188.100 million to £172.300 million.

Based on the forecast revised capital spend for the year, investment balances are anticipated to reduce to around £55.784 million by 31 March 2022 - due to the increased utilisation of investment balances to cover the Capital Financing Requirement (CFR) in lieu of borrowing externally.

An analysis of the mid-year investment balance (excluding cash) by counterparty is shown in the following chart:



The internally managed funds earned an overall average rate of return of 1.37% during the first 6 months of 2022-23. Taking into consideration that a significant proportion of funds are being kept liquid to support cash flow and facilitate future internal borrowing requirements, the returns are reasonable compared against the average Sterling Overnight Index Average (SONIA) benchmark indicators of:

- SONIA overnight 1.22%
- SONIA 1 month 1.39%
- SONIA 3 month 1.70%
- SONIA 1 Year 2.61%

The Council's budgeted investment return for 2022-23 was originally £0.734 million (excluding interest of loans to thirds parties). Due to the significant (unexpected) increase in interest rates in recent months, and the higher than anticipated level of balances available for investment, returns have already exceeded the original budget. Based on existing investments, returns already total £1.635 million, and will likely be in excess of £2.000 million by the year end.

The above figures are exclusive of interest received on loans from third parties, such as the facilities to Advance Northumberland and Northumbria Healthcare NHS Foundation Trust etc. These loans are made for policy/service reasons, and not day-to-day treasury undertakings in relation to the investment of cash flows.

7. PRUDENTIAL INDICATORS AND TREASURY LIMITS 2022-23

The Prudential Code has been developed by CIPFA. The Code has a central role in capital finance decisions, including borrowing for capital investment. Its key objectives are to provide a framework for local authority finance that will ensure individual authorities' capital expenditure plans are affordable; all external borrowing is within prudent and sustainable levels; and, that treasury management decisions are taken in accordance with good professional practice.

Performance against the approved prudential indicators, as set out in the 2022-23 Treasury Management Strategy Statement, is outlined below. None of the indicators have been exceeded during the year to 30 September 2022.

7.1. Capital Expenditure

This table shows the original approved capital programme (as agreed as part of the MTFP), current expenditure and forecast outturn for the year:

Capital Expenditure	2022-23 Original Estimate £m	2022-23 Current Budget £m	Position 30 Sept 2022 £m	2022-23 Forecast Outturn £m
Adult Social Care and Commissioning	8.191	7.230	0.740	4.589
Chief Executive's	1.999	2.500	0.205	1.603
Children's Services	24.540	22.286	6.352	22.255
Communities & Business Dev	15.579	12.709	5.959	12.811
Finance	35.453	47.882	3.659	20.366
Planning & Local Services	47.955	61.229	21.756	54.642
Public Health & Community Services	28.441	20.957	3.765	15.805
Regeneration	145.198	154.178	19.518	95.630
TOTAL EXPENDITURE	**307.356**	**328.971**	**61.954**	**227.701**

7.2. Authorised Limit and Operational Boundary

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 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 is acceptable subject to the authorised limit not being breached.

The table below demonstrates that during 2022-23 the Council has maintained gross borrowing within its authorised limit and operational Boundary.

	Authorised Limit for External Debt £m	Operational Boundary for External Debt £m	Actual 30 September 2022 £m

	Authorised Limit for External Debt £m	Operational Boundary for External Debt £m	Actual 30 September 2022 £m
Borrowing	1,252.818	1,044.015	745.903
Other Long-Term Liabilities (PFI)	76.603	63.836	64.879
TOTAL EXTERNAL DEBT	**1,329.421**	**1,107.851**	**810.782**

7.3. Limits to Borrowing Activity

One of the key controls 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 of Capital Financing Requirement (CFR) [i.e. the underlying need to borrow] in the preceding year plus the estimates of any additional CFR for 2022-23 and next two financial years.

CFR vs Borrowing	2022-23 Original Estimate £m	Position at 30 Sept 2022 £m	2022-23 Forecast Outturn £m
Borrowing	890.349	745.903	775.378
Other Long-Term Liabilities (PFI)	64.635	64.879	61.105
TOTAL EXTERNAL DEBT	**954.984**	**810.782**	**836.483**
CFR	**1,179.389**	**N/A**	**1,071.944**

The Interim Executive Director of Finance reports that no difficulties are envisaged for the current or future years in complying with this indicator.

The purpose of the following limit is to restrain the activity of the treasury function within certain limits; thereby managing risk; and reducing the impact of any adverse movement in interest rates.

Interest Rate Exposure	Limit for 2022-23	Actual 30 Sep 2022
Fixed Rate Exposure	0% - 100%	83.78%
Variable Rate Exposure	0% - 100%	16.22%

Lender option, borrower option loans (LOBOs) callable within 12 months are classed as variable; if the rate is fixed for a longer period they are classed as fixed. At 30 September 2022 the total of variable rate loans was £121.000 million and is within the set limit.

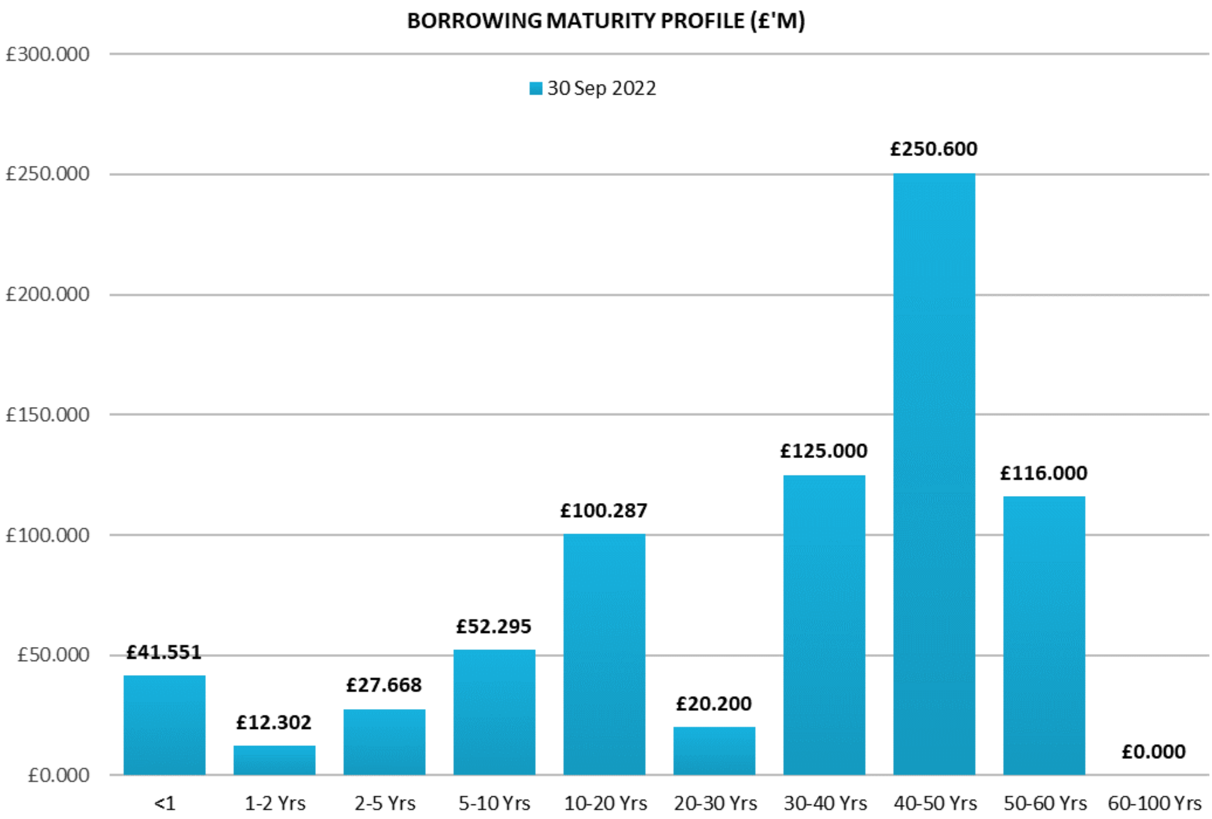
7.4. Maturity Structure of Borrowing

Measuring maturity structure of borrowing ensures a reasonable spread of maturing debt as a safety mechanism to ensure significant amounts of debt do not mature at a time when interest rates for refinancing the debt may be high.

Maturity Structure	Upper Limit for	Actual

	2022-23	30 Sep 2022
Under 12 months	25%	6%
1 year - 2 years	40%	1%
2 years within 5 years	60%	4%
5 years within 10 years	80%	7%
10 years and above	100%	82%

The following graph shows maturity of loans by monetary value. LOBOs are shown as held to maturity. It should however be noted that, given the recent increase in interest rates, there is a possibility that some of these loans may be called.



7.5. Investments for periods longer than 365 days

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

	Limit 2022-2023 £m	Actual Highest £m	Actual 30 Sept 2022 £m
Principal sums invested > 364 days	120.000	0.000	0.000

Implications

Policy	The report provides a half-year review of the Treasury Management activities for 2022-23 and sets out performance against the Treasury Management Strategy Statement for 2022-23. It is aligned to the priorities outlined in the Corporate Plan 2021-24_"A Council that Works for Everyone".
Finance and value for money	The financial implications of the 2022-23 investment and borrowing transactions have been taken into account within the revenue budget for 2022-23. Northumberland County Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management within the context of effective risk management, and to employing suitable performance measurement techniques, for example comparison with other members of the CIPFA and Capita benchmarking clubs.
Legal	Under Section 1 of the Local Government Act 2003 (the Act) the Council may borrow money for any purpose relevant to its functions under any enactment, or for the purpose of the prudent management of its financial affairs. The Act and supporting regulations also require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice (which were adopted by Northumberland County Council in February 2010).
Procurement	There are no direct procurement implications for the County Council.
Human Resources	There are no direct staffing implications for the County Council.
Property	There are no direct property implications for the County Council.
Equalities (Impact Assessment attached) Yes ☐ No ☐ N/A ☐	There are no direct equalities implications for the County Council.
Risk Assessment	The report highlights the principal financial risks within the Treasury Management function. The identification, monitoring and control of risk are the prime criteria by which the effectiveness of the County Council's Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the Council. The investment priority is security and liquidity rather than yield, which is a secondary aim.

Crime & Disorder	There are no Crime and Disorder implications for the County Council.
Customer Consideration	There are no Customer Considerations for the County Council.
Carbon reduction	There are no carbon reduction implications for the County Council.
Health & Wellbeing	There are no health and wellbeing implications for the County Council.
Wards	All divisions.

Background Papers:

Treasury Management Strategy Statement for 2022-23 – County Council 23 February 2022

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance notes (revised 2011)

CIPFA Prudential Code for Capital Finance in Local Authorities

Guidance on Local Government Investments The Local Government Act 2003

Local Authorities (Capital Finance and Accounting) Regulations 2012 (S.I.2012/265)

Report sign off:

Authors must ensure that officers and members have agreed the content of the report:

	Name
Monitoring Officer	Suki Binjal
Interim Executive Director of Finance & Section 151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive	Rick O'Farrell
Portfolio Holder	Richard Wearmouth

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