Leeds CITY COUNCIL

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**Report of Deputy Chief Executive**

**Report to Executive Board**

**Date: 6th November 2013**

**Subject: TREASURY MANAGEMENT STRATEGY UPDATE 2013/14**

| | | |
|---|---|---|
| Are specific electoral Wards affected?<br>If relevant, name(s) of Ward(s): | ☐ Yes | ☒ No |
| Are there implications for equality and diversity and cohesion and integration? | ☐ Yes | ☒ No |
| Is the decision eligible for Call-In? | ☒ Yes | ☐ No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number:<br>Appendix number: | ☐ Yes | ☒ No |


**Summary of main issues**

1. This report provides a review and update of the treasury management strategy for 2013/14.

2. The Council's level of external debt as at 31st March 2014 is anticipated to be £1,542m, £2m higher than approved in February 2013. The level of debt is expected to remain within the Authorised limit for external debt as agreed by Council on 15th February 2013.

3. Monitoring of money and financial markets has resulted in forecast revenue savings of £1.2m, or £1.9m if the budgeted savings target of £0.7m is included. This saving is largely due to continuing to fund the borrowing requirement from short-term loans at historic low rates and internal cash balances.

4. The investment of surplus monies will continue to have due regard for security of capital in accordance with the Council's approved investment strategy.

5. CIPFA have issued revised guidance notes to the Prudential Code and the Council has adopted the recommended reporting of maturing debt over 10 years be split into bands of 10 years. Treasury Management is fully compliant with the revised code.


**Recommendations**

6. That the Executive Board note the update on the Treasury Management borrowing and investment strategy for 2013/14.

## 1 Purpose of this report

1.1 The 2013/14 treasury management strategy was approved by Executive Board on 15th February 2013. This report provides a review and update of the strategy for 2013/14.

## 2 Background information

2.1 The operation of the Treasury Management function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (amended 2009 and 2011) in particular:

- The Prudential Code requires that full Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of Prudential indicators.
- Any in year revision of these limits must be set by Council.
- Policy statements are prepared for approval by the Council at least three times a year.

## *3* Main issues

### *3.1 Review of Strategy 2013/14*

3.1.1 The current borrowing forecasts are shown in Table 1

**Table 1**

| ANALYSIS OF BORROWING 2013/2014 | | 2013/14 Feb 13 Report £m | 2013/14 This Report £m |
|---|---|---|---|
| **Net Borrowing at 1 April** | | 1,474 | **1,446** |
| New Borrowing for the Capital Programme – Non HRA | | 109 | **110** |
| New Borrowing for the Capital Programme – HRA | | 0 | **0** |
| Debt redemption costs charged to Revenue (Incl HRA) | | (45) | **(45)** |
| Reduced/(Increased) level of Revenue Balances | | 2 | **31** |
| **Net Borrowing at 31 March*** | | 1,540 | **1,542** |
| **Capital Financing Requirement** | | | **1,808** |
| * Comprised as follows | | | |
| Long term borrowing | Fixed | 1,323 | **1,277** |
| | Variable (less than 1 Year) | 130 | **65** |
| | New Borrowing | 66 | **96** |
| Short term Borrowing | | 28 | **127** |
| Total External Borrowing | | 1,547 | **1,565** |
| Less Investments | | 7 | **23** |
| Net External Borrowing | | 1,540 | **1,542** |
| % borrowing funded by short term and variable rate loans | | 14% | **18%** |

**Note: The Capital Financing Requirement (CFR) is the maximum level of debt** (i.e. borrowing PFI and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years capital programmes. The above reflects only the borrowing element of the CFR

3.1.2 Table 1 above shows that 2013/14 net external borrowing is now forecast at £1,542m, £2m higher than in the report to Executive Board on 15th February 2013.

3.1.3 During 2013/14 economic indicators point to a recovering economy with expansion of 0.3% in quarter 1 and 0.7% in quarter 2. There have been signs of growth in household spending in the summer with a further pick-up in retail sales, mortgages, house prices and new car registrations. This strengthening in economic growth has resulted in employment rising at a modest pace. Excluding bonuses, earnings rose annually by 1.0%, well below the rate of inflation at 2.7% in August, causing continuing pressure on household disposable income. CPI inflation (MPC target of 2.0%), fell marginally from a peak of 2.9% in June to 2.7% in August. The Bank of England expects inflation to fall back to 2.0% in 2015.

3.1.4 On an underlying basis, Central Government borrowing in quarter 2 has started to come down, but only slowly, as Government expenditure cuts took effect and economic growth started to show through in a small increase in tax receipts.

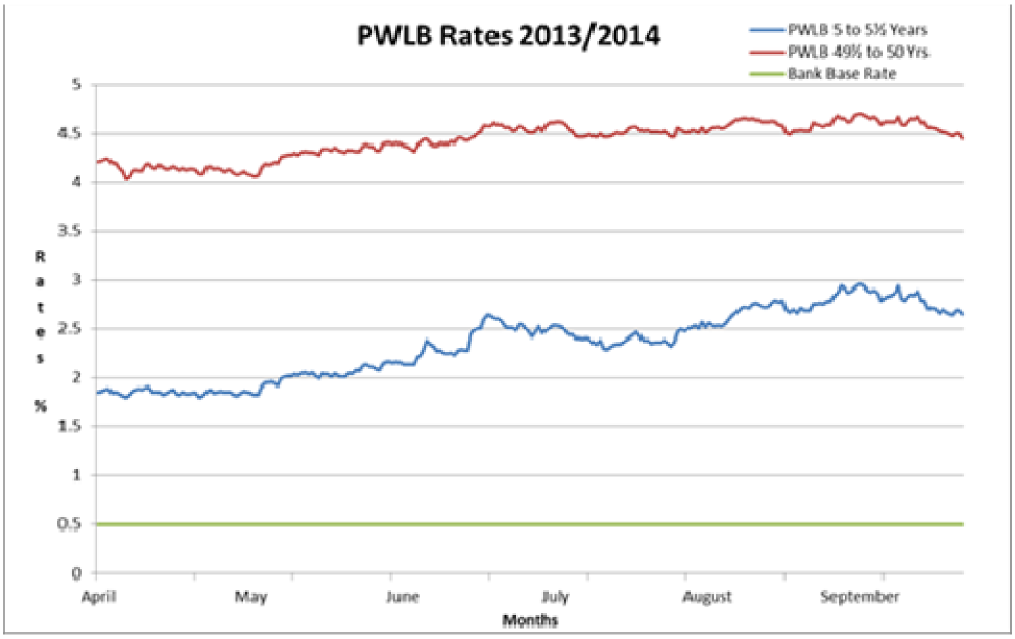
3.1.5 The UK Bank Rate remained at 0.5% and quantitative easing also stayed at £375bn. In August, the MPC provided forward guidance that the Bank Rate is unlikely to change until unemployment first falls to 7%, which is not expected until mid 2016. However, 7% is only a point at which the MPC will review Bank Rate, not necessarily take action to change it. The three month to July average unemployment rate was 7.7%.

3.1.6 Tensions in the Eurozone eased over the second quarter, but there remained a number of triggers for a renewed flare-up. Economic survey data improved consistently over the first half of the year, pointing to a return to growth in Q2, so ending six quarters of Eurozone recession.

3.1.7 The overall balance of risks to economic recovery in the UK is now weighted to the upside after five months of relatively positive news on the economy. There is still concern over the longevity of the recovery as the economy remains exposed to vulnerabilities in a number of key areas. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Near-term, there is some residual risk of further QE if there is a dip in strong growth or if the MPC were to decide to take action to combat the market's expectations of an early first increase in Bank Rate. If the MPC does takes action to do more QE in order to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to 10 years, such action could cause gilt yields and PWLB rates over the next year or two to significantly undershoot the forecasts in Table 2. The tension in the US over passing a Federal budget for the new financial year starting on 1 October and raising the debt ceiling in mid October could also see bond yields temporarily dip until agreement is reached between the opposing Republican and Democrat sides. Conversely, the eventual start of tapering by the Fed. will cause bond yields to rise. A more detailed view of the risks to gilts is included in **Appendix A.**

3.1.8 Chart 1 shows how the cost of longer term borrowing from the Government through PWLB loans has performed since the start of the financial year. The 4.5 year to 5 Year PWLB has moved upward from a low point of 1.7% to a high of 2.8% before falling back. Similarly, the 49.5-50 PWLB has moved from a low of 4.04% to 4.71% before falling back. The Council is entitled to a reduction of 20bp on all PWLB rates reflecting eligibility for PWLB certainty rates.

**Chart 1**




3.1.9 Given the weak outlook for economic growth, the prospects for any interest rate changes before early 2014 are limited. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints. The latest forecast of rates is shown in the following table.

**Table 2**

| | Sep-13 | Dec-13 | Mar-14 | Jun-14 | Sep-14 | Dec-14 | Mar-15 | Jun-15 | Sep-15 | Dec-15 | Mar-16 | Jun-16 | Sep-16 | Dec-16 | Mar-17 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% | 1.00% | 1.25% |
| 5yr PWLB rate | 2.50% | 2.50% | 2.50% | 2.60% | 2.70% | 2.70% | 2.80% | 2.80% | 2.90% | 3.00% | 3.20% | 3.30% | 3.50% | 3.60% | 3.70% |
| 10yr PWLB rate | 3.70% | 3.70% | 3.70% | 3.70% | 3.80% | 3.80% | 3.90% | 4.00% | 4.10% | 4.20% | 4.30% | 4.40% | 4.50% | 4.60% | 4.60% |
| 25yr PWLB rate | 4.40% | 4.40% | 4.40% | 4.40% | 4.50% | 4.50% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.10% | 5.10% | 5.20% |
| 50yr PWLB rate | 4.50% | 4.40% | 4.40% | 4.40% | 4.50% | 4.60% | 4.70% | 4.80% | 4.90% | 5.00% | 5.10% | 5.20% | 5.20% | 5.20% | 5.30% |

3.1.10 Expectations for the first change in Bank Rate in the UK are now dependent on how to forecast when unemployment is likely to fall to 7%. Financial markets have taken a very contrary view to the MPC and have aggressively raised short term interest rates and gilt yields due to their view that the strength of economic recovery is now so rapid that unemployment will fall much faster than the Bank of England forecasts. They therefore expect the first increase in Bank Rate to be in quarter 4 of 2014. There is much latitude to disagree with this view as the economic downturn since 2008 was remarkable for the way in which unemployment did not rise as expected in previous recessions. This meant that labour was retained, productivity fell and now, as the MPC expects, there is major potential for unemployment to fall only slowly as existing labour levels are worked more intensively and productivity rises back up again. The size of the work force is also expected to increase relatively rapidly and there are many currently self-employed or part time employed workers who are seeking full time employment. Therefore the unemployment rate is not likely to come down as quickly as the financial markets are currently expecting and that the MPC view is more realistic. The prospects for any increase in Bank Rate before 2016 are therefore seen as being limited. However, some forecasters are predicting that even the Bank of England forecast is too optimistic as to when the 7% level will be reached and so do not expect the first increase in Bank Rate until spring 2017.

3.1.11 The current borrowing strategy continues to fund the borrowing requirement of the capital programme from short dated loans and internal cash balances. There will come a point when rates begin to rise and more expensive longer dated funding will be required, even though this continues to be pushed further back as the economic outlook remains weak. Table 3 shows that £50m of new loans were acquired as market opportunities were taken. The Director of Resources will continue to monitor market dynamics with a view to securing longer term debt at the appropriate time.

**Table 3**

| Rescheduling and Funding 2013/2014 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Premature Repayments | | | | New Replacement Borrowing | | | |
| Date | Amount (£m) | Original Rate (%) | Discount Rate | Date | Amount (£m) | Term (Years) | Interest Rate (%) |
| PWLB | | | | PWLB | | | |
| | | | | 10/04/2013 | 10 | 15 | 3.18 |
| | | | | 10/04/2013 | 10 | 50 | 3.85 |
| | | | | 02/10/2013 | 15 | 9½ | 3.38 |
| **Sub Total** | **0** | | | | **35** | | |
| LOBOs (Call date) | | | | Market Loans | | | |
| | | | | 26/07/2013 | 5 | 3 | 0.98 |
| | | | | 16/10/2013 | 10 | 5 | 1.35 |
| **Sub Total** | **0** | | | | **15** | | |
| **Total** | **0** | | | **Total** | **50** | | |

3.1.12 Short term debt at low rates of interest and existing revenue balances continue to be used to fund the borrowing requirement which has resulted in forecast savings of £1.2m, or £1.9m including the budgeted treasury savings target of £0.7m.

### *3.2 Borrowing Limits for 2013/14, 2014/15 and 2015/16*

3.2.1 The Council is required to set various limits for 2013/14, 2014/15 and 2015/16 in accordance with the Local Government Act 2003, having regard for CIPFA's prudential code (as amended 2009 and 2011). These limits including prudential indicators are detailed in Appendix C.

3.2.2 New borrowing limits for 2013/14 were approved by Council on 15th February 2013 and remain unchanged as set out below in Table 4. It is anticipated that the authority will continue to remain within the authorised limits for 2013/14. Both the authorised limit and operational boundary are made up of a limit for borrowing and one for other long term liabilities and the Director of Resources has authority, under the Prudential Code, to vary these two elements within the overall limits. Current performance against borrowing limits is shown in Appendix C.

**Table 4**

| | 2013/14 February 2013 £m | 2013/14 This Report £m |
|---|---|---|
| **Authorised Limits** | | |
| Borrowing | 1,900 | 1,900 |
| Other Long Term Liabilities | 650 | 650 |
| **Total** | **2,550** | **2,550** |
| | | |
| **Operational Boundary** | | |
| Borrowing | 1,760 | 1,760 |
| Other Long Term Liabilities | 610 | 610 |
| **Total** | **2,370** | **2,370** |
| | | |

### *3.3* Investment Strategy & Limits

3.3.1 The Council's external debt is reduced by the availability of revenue balances. The Treasury policy also allows for the external investment of these balances at advantageous rates but with due regard for security of capital invested. At present the Council's surplus monies continue to be held in short periods until required. As market sentiment to counter-party risk improves, together with enhanced returns surplus monies will be invested in accordance with the approved lending list. This lending list is based upon the assessment of the financial standing of counterparties as determined by international credit rating agencies and further refined and updated by the Council's advisors on a continual basis. The lending list is often further restricted based upon the Council's own view of the credit worthiness of counter-parties.

3.3.2 The investment strategy, as re-affirmed by Executive Board and full Council in February, allows for the Council to invest in only the most highly rated financial institutions around the world. The Council will only lend up to a maximum of £15m to financial institutions that are rated as excellent. There is also a limit of £5m for financial institutions that are rated as very good. The current investment counter party list restricts new investments to a maximum of 3 months unless they are UK based and supported by the Government.

### *3.4* CIPFA Prudential Code fully revised guidance notes 2013.

3.4.1 CIPFA issued a revised guidance notes to the Prudential Code for Capital Finance in Local Authorities. There are no material changes in the guidance and in summary it provides an update on a variety of regulatory and code changes implemented since 2007.

3.4.2 The code does however make one recommended change to the reporting of the maturity profile of loans over 10 years. Table 5 (replicated from Appendix B prudential indicator 16) now shows maturing debt over 10 years be split into bands of 10 years.

**Table 5**

| Maturity structure of fixed rate borrowing 2013/14 | Lower Limit | Cumulative Upper Limit | Projected 31/03/2014 |
|---|---|---|---|
| under 12 months | 0% | 15% | 0.00% |
| 12 months and within 24 months | 0% | 20% | 9.72% |
| 24 months and within 5 years | 0% | 35% | 21.71% |
| 5 years and within 10 years | 0% | 40% | 12.34% |
| 10 years and within 20 years | | | 3.18% |
| 20 years and within 30 years | | | 0.41% |
| 30 years and within 40 years | 25% | 90% | 18.29% |
| 40 years and within 50 years | | | 34.37% |
| 50 years and above | | | 0.00% |
| | | | 100% |

3.4.3 Treasury management is fully compliant with the revised CIPFA guidance notes 2013.

## 4 Corporate Considerations

### 4.1 Consultation and Engagement

4.1.1 This report is an update on strategy as presented to Executive Board in February, as such no consultation has taken place. However, consultation with the Council's treasury advisors takes place regularly throughout the year.

4.1.2 The borrowing requirement is an outcome of the capital programme. Consultation is undertaken by individual services in relation to capital investment schemes. A capital programme update report is included elsewhere on this agenda.

### 4.2 Equality and Diversity / Cohesion and Integration

4.2.1 Equality, diversity, cohesion and integration requirements are addressed as part of individual capital scheme and programme approvals. The borrowing to deliver these capital schemes is executed through treasury strategy and as such there are no further equality diversity cohesion and integration issues.

4.2.2 An equality screening document is attached at Appendix D.

### 4.3 Council Policies and City Priorities

4.3.1 Treasury Management strategy secures funding to support the Council's Policies and City Priorities as set out in the Council capital programme and is consistent with the Council's business plan.

### 4.4 Resources and Value for Money

4.4.1 This update on the treasury strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. Where borrowing is supported the revenue costs are met by the Government, whilst for unsupported borrowing revenue costs are met either by the General Fund or HRA.

4.4.2 The updated strategy 2013/14 is forecast to deliver savings of £1.2m against the budgeted position, or £1.9m if you include the budgeted treasury saving of £0.7m.

### 4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal, or access to information issues arising from this report. The report is subject to call in.

### 4.6 Risk Management

4.6.1 This report sets out the framework for the treasury strategy for the year ahead. The execution of strategy and associated risks are kept under regular review through:

- Monthly reports to the Finance Performance Group
- Quarterly strategy meeting with the Director of Resources and the Council's treasury advisors
- Regular market, economic and financial instrument updates and access to real time market information
- Treasury management meetings with the Core Cities and West Yorkshire Districts.

## 5 Conclusions

5.1 The Council's level of external debt at 31st March 2014 is anticipated to be £1,542m, £2m higher than expectations in February 2013.

5.2 Treasury Management activity has enabled revenue savings of £1.2m. This is largely due to funding the Council's borrowing requirement from short-term loans at historic low rates and internal cash balances, in lieu of more expensive longer term funding at much higher rates.

5.3 It is anticipated that the authority will remain within the approved limits for 2013/14 as outlined in Table 4 and paragraph 3.2.2.

5.4 Treasury management is fully compliant with the revised CIPFA guidance notes 2013.

## 6 Recommendations

6.1 Executive Board are asked to note the update on Treasury Management borrowing and investment strategy for 2013/14.

## 7 Background documents[1]

7.1 None

[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

**Appendix A**

## Risks to gilts

Economic forecasting continues to remain difficult with so many external influences weighing on the UK. Volatility in bond yields is likely during 2013/14 as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds. Downside risks to UK gilt yields and PWLB rates include:

- A return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable: the coalition government fell on 29 September.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

Upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- Increased investor confidence that sustainable robust world economic growth is firmly expected, together with a reduction or end of QE operations in the US, causing a further flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- In the longer term - a reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.
- Further downgrading by credit rating agencies of the creditworthiness and credit rating of UK Government debt, consequent upon repeated failure to achieve fiscal correction targets and sustained recovery of economic growth, causing a further rise in the ratio of total Government debt to GDP.

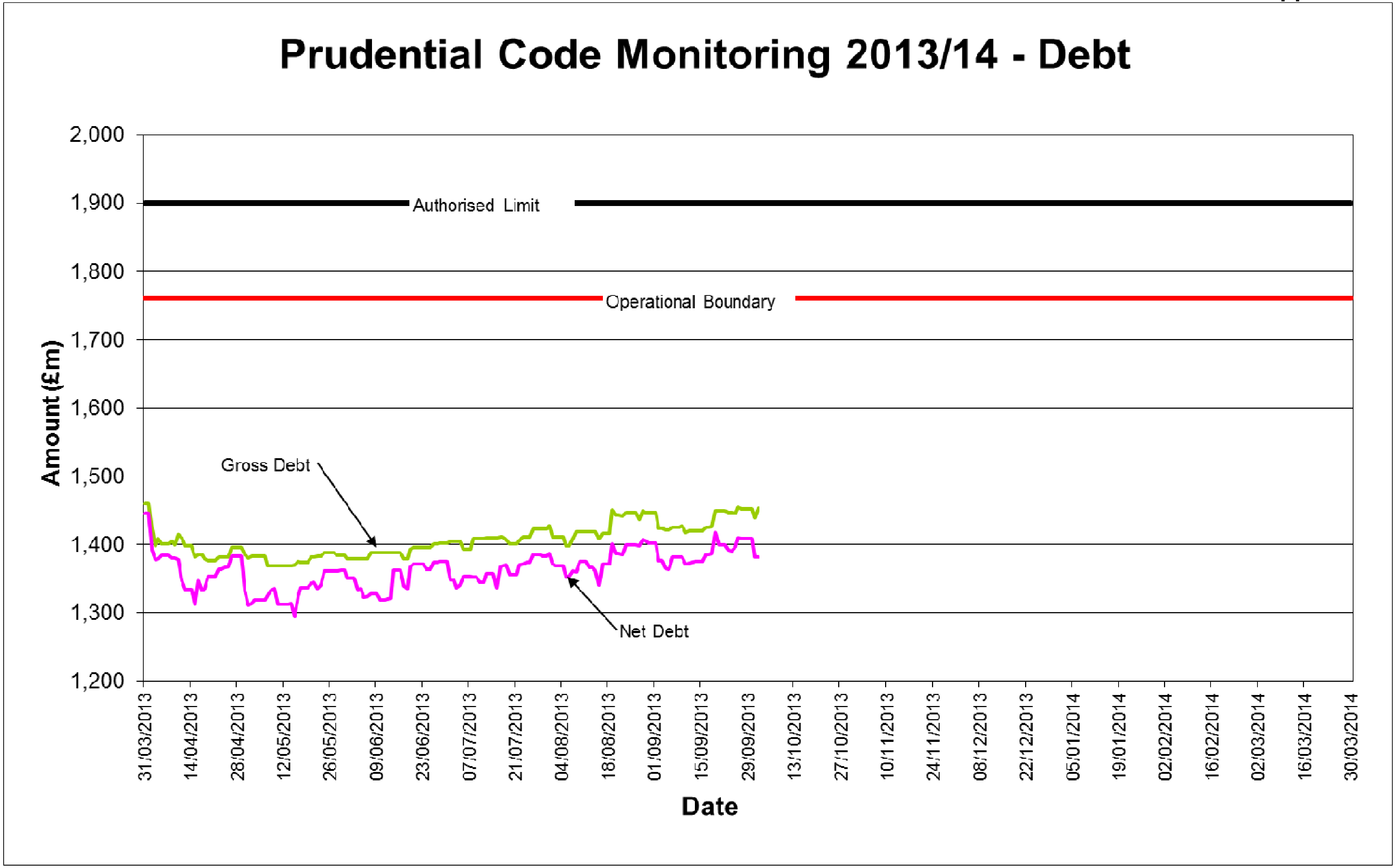
**Appendix B**

## Leeds City Council - Prudential Indicators 2013/14 - 2015/16

| No. | PRUDENTIAL INDICATOR | 2013/14 | 2014/15 | 2014/15 |
|---|---|---|---|---|
| | **(1). EXTRACT FROM BUDGET AND RENT SETTING REPORTS** | | | |
| | **Ratio of Financing Costs to Net Revenue Stream** | | | |
| 1 | General Fund - Excluding DSG (Note1) | 12.02% | 13.40% | 14.06% |
| 2 | HRA | 13.67% | 11.66% | 10.79% |
| | **Impact of Unsupported Borrowing on Council Tax & Housing Rents** | **£ . P** | **£ . P** | **£ . P** |
| 3 | increase in council tax B7(band D, per annum) (Note 2) | 14.51 | 55.17 | 92.33 |
| 4 | increase in housing rent per week | 0.00 | 0.00 | 0.00 |
| 5 | Net Borrowing and the capital financing requirement (Note 3) | OK | OK | OK |
| | **Estimate of total capital expenditure** | | | |
| 6 | Non HRA | 193,820 | 244,006 | 155,051 |
| 7 | HRA | 61,123 | 67,758 | 69,048 |
| | TOTAL | 254,943 | 311,764 | 224,099 |
| | **Capital Financing Requirement (as at 31 March)** | **£'000** | **£'000** | **£'000** |
| 8 | Non HRA | 1,610,581 | 1,659,375 | 1,668,404 |
| 9 | HRA | 703,368 | 758,060 | 818,129 |
| | TOTAL | 2,313,949 | 2,417,435 | 2,486,533 |
| 9a | **Limit of HRA Indebtedness as implemented under self financing** | 726,155 | 726,155 | 726,155 |

| No. | PRUDENTIAL INDICATOR | 2013/14 | 2014/15 | 2014/15 |
|---|---|---|---|---|
| | **(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS** | **£'000** | **£'000** | **£'000** |
| 10 | **Authorised limit for external debt - (Note 5)** | | | |
| | borrowing | 1,900,000 | 1,900,000 | 1,900,000 |
| | other long term liabilities | 650,000 | 700,000 | 700,000 |
| | TOTAL | 2,550,000 | 2,600,000 | 2,600,000 |
| 11 | **Operational boundary - (Note 5)** | | | |
| | borrowing | 1,760,000 | 1,760,000 | 1,760,000 |
| | other long term liabilities | 610,000 | 665,000 | 665,000 |
| | TOTAL | 2,370,000 | 2,425,000 | 2,425,000 |
| 14 | **Upper limit for fixed interest rate exposure** | | | |
| | expressed as either:- | | | |
| | Net principal re fixed rate borrowing / investments OR:- | 115% | 115% | 115% |
| | Net interest re fixed rate borrowing / investments | | | |
| 15 | **Upper limit for variable rate exposure** | | | |
| | expressed as either:- | | | |
| | Net principal re variable rate borrowing / investments OR:- | 40% | 40% | 40% |
| | Net interest re variable rate borrowing / investments | | | |
| 17 | **Upper limit for total principal sums invested for over 364 days (Note 5** | 150,000 | 150,000 | 150,000 |
| | (per maturity date) | | | |

| 16 | **Maturity structure of fixed rate borrowing 2013/14** | **Lower Limit** | **Cumulative** Upper Limit | **Projected** 31/03/2014 |
|---|---|---|---|---|
| | under 12 months | 0% | 15% | 0.00% |
| | 12 months and within 24 months | 0% | 20% | 9.72% |
| | 24 months and within 5 years | 0% | 35% | 21.71% |
| | 5 years and within 10 years | 0% | 40% | 12.34% |
| | 10 years and within 20 years | | | 3.18% |
| | 20 years and within 30 years | | | 0.41% |
| | 30 years and within 40 years | 25% | 90% | 18.29% |
| | 40 years and within 50 years | | | 34.37% |
| | 50 years and above | | | 0.00% |
| | | | | 100% |


Prudential Code Monitoring 2013/14 - Debt
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
Amount (£m)
Authorised Limit
Operational Boundary
Gross Debt
Net Debt
31/03/2013
14/04/2013
28/04/2013
12/05/2013
26/05/2013
09/06/2013
23/06/2013
07/07/2013
21/07/2013
04/08/2013
18/08/2013
01/09/2013
15/09/2013
29/09/2013
13/10/2013
27/10/2013
10/11/2013
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08/12/2013
22/12/2013
05/01/2014
19/01/2014
02/02/2014
16/02/2014
02/03/2014
16/03/2014
30/03/2014
Date

**Appendix D**
# Equality, Diversity, Cohesion and Integration Screening

Leeds CITY COUNCIL

As a public authority we need to ensure that all our strategies, policies, service and functions, both current and proposed have given proper consideration to equality, diversity, cohesion and integration.

A **screening** process can help judge relevance and provides a record of both the **process** and **decision.** Screening should be a short, sharp exercise that determines relevance for all new and revised strategies, policies, services and functions. Completed at the earliest opportunity it will help to determine:

- the relevance of proposals and decisions to equality, diversity, cohesion and integration.
- whether or not equality, diversity, cohesion and integration is being/has already been considered, and
- whether or not it is necessary to carry out an impact assessment.

| | |
|---|---|
| **Directorate: Resources** | **Service area: Audit and Investment** |
| **Lead person: Bhupinder Chana** | **Contact number: 51332** |

| |
|---|
| **1. Title: Treasury Management Strategy Update 2013-2014** |
| Is this a:<br>[X] **Strategy / Policy** [ ] **Service / Function** [ ] **Other**<br><br>**If other, please specify** |

| |
|---|
| **2. Please provide a brief description of what you are screening** |
| **The report gives an update on the treasury management strategy for 2013/14.** |

### 3. Relevance to equality, diversity, cohesion and integration

All the council's strategies/policies, services/functions affect service users, employees or the wider community – city wide or more local. These will also have a greater/lesser relevance to equality, diversity, cohesion and integration.

The following questions will help you to identify how relevant your proposals are.

When considering these questions think about age, carers, disability, gender reassignment, race, religion or belief, sex, sexual orientation and any other relevant characteristics (for example socio-economic status, social class, income, unemployment, residential location or family background and education or skills levels).

| **Questions** | **Yes** | **No** |
|---|---|---|
| Is there an existing or likely differential impact for the different equality characteristics? | | X |
| Have there been or likely to be any public concerns about the policy or proposal? | | X |
| Could the proposal affect how our services, commissioning or procurement activities are organised, provided, located and by whom? | | X |
| Could the proposal affect our workforce or employment practices? | | X |
| Does the proposal involve or will it have an impact on<br>• Eliminating unlawful discrimination, victimisation and harassment<br>• Advancing equality of opportunity<br>• Fostering good relations | | <br>X<br><br>X<br>X |

If you have answered **no** to the questions above please complete **sections 6 and 7**

If you have answered **yes** to any of the above and;

- Believe you have already considered the impact on equality, diversity, cohesion and integration within your proposal please go to **section 4.**
- Are not already considering the impact on equality, diversity, cohesion and integration within your proposal please go to **section 5.**

| **4. Considering the impact on equality, diversity, cohesion and integration** |
|---|
| If you can demonstrate you have considered how your proposals impact on equality, diversity, cohesion and integration you have carried out an impact assessment.<br><br>Please provide specific details for all three areas below (use the prompts for guidance). |
| • **How have you considered equality, diversity, cohesion and integration?**<br>(**think about** the scope of the proposal, who is likely to be affected, equality related information, gaps in information and plans to address, consultation and engagement activities (taken place or planned) with those likely to be affected) |
| • **Key findings**<br>**(think about** any potential positive and negative impact on different equality characteristics, potential to promote strong and positive relationships between groups, potential to bring groups/communities into increased contact with each other, perception that the proposal could benefit one group at the expense of another) |
| • **Actions**<br>**(think about** how you will promote positive impact and remove/ reduce negative impact) |

| **5.** If you are **not** already considering the impact on equality, diversity, cohesion and integration you **will need to carry out an impact assessment**. | |
|---|---|
| Date to scope and plan your impact assessment: | |
| Date to complete your impact assessment | |
| Lead person for your impact assessment<br>(Include name and job title) | |

| **6. Governance, ownership and approval**<br>Please state here who has approved the actions and outcomes of the screening | | |
|---|---|---|
| **Name** | **Job title** | **Date** |
| Bhupinder Chana | Principal Financial Manager Capital & Treasury Management | 4th October 2013 |

| **7. Publishing**<br>This screening document will act as evidence that due regard to equality and diversity has been given. If you are not carrying out an independent impact assessment the screening document will need to be published.<br><br>Please send a copy to the Equality Team for publishing | |
|---|---|
| **Date screening completed** | 4thOctober 2013 |
| **Date sent to Equality Team** | 4th October 2013 |
| **Date published**<br>(To be completed by the Equality Team) | |