Leeds CITY COUNCIL

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Report of the DIRECTOR OF RESOURCES

Executive Board

Date: 11th February 2011

Subject: TREASURY MANAGEMENT STRATEGY 2011/12

Electoral Wards Affected:	**Specific Implications For:**	
	Equality and Diversity	☐
	Community Cohesion	☐
	Narrowing the Gap	☐

Eligible for Call In ✓

Not Eligible for Call In (recommendations 7.2 to 7.5) ✓

EXECUTIVE SUMMARY

1. This report sets out for Members' approval the Treasury Management Strategy for 2011/12, and also provides an update on the implementation of the 2010/11 strategy.

2. The Council's level of net external debt is anticipated to be £1,515m by 31/03/11, £105m below expectations in November 2010. Full year revenue savings of £9.8m from treasury management activity are anticipated for 2010/11, including £7.9m assumed in the budget.

3. The debt budget is forecast to rise by £6.8m in 2011/12 when compared to 2010/11.

4. The Authorised limit has been increased to £2.43bn in 2010/11 and £2.5bn from 2011/12 onwards. The operational boundary has also been increased to £2.255bn in 2010/11 and £2.325bn from 2011/12 onwards. These changes reflect an increase in the authorised limit of £220m and operational boundary of £195m relating to other long term liabilities as a result of PFI schemes and finance lease coming on balance sheet.

5. The report also includes for approval, an updated Treasury Management Policy Statement.

1 Purpose Of This Report

1.1 This report sets out for approval by Members the Treasury Management Strategy for 2011/12 and the revised affordable borrowing limits under the prudential framework. It also provides Members with a review of strategy and operations in 2010/11.

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) 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 twice a year.

2.2 In order to comply with this legal requirement recommendations 7.2, to 7.5 of this report are not eligible for call-in.

3 Main Issues

3.1 Review of Strategy and Borrowing Limits 2010/11

3.1.1 The current debt forecasts are given in Table 1 below, which shows that net external borrowing is now expected to be £1,515m by the end of 2010/11. This is £105m less than expectations in November 2010 and is due to slippage in the capital programme of £28m and increased revenue balances of £77m. Included within this is a £39m provision for equal pay. A capital programme update is included as a separate agenda item.

Table 1

ANALYSIS OF BORROWING 2010/11	2010/11 Feb 10 Report £m	2010/11 Nov 10 Report £m	2010/11 This Report £m
Net Borrowing at 1 April	1,482	1,414	**1,414**
New Borrowing for the Capital Programme – Non HRA	111	188	**160**
New Borrowing for the Capital Programme – HRA	16	15	**16**
Debt redemption costs charged to Revenue (Incl HRA)	(28)	(27)	**(28)**
Reduced/(Increased) level of Revenue Balances	(1)	30	**(47)**
Net Borrowing at 31 March*	1,580	1,620	1,515
Capital Financing Requirement			**1,737**
* Comprised as follows			
Long term borrowing Fixed	1,369	1,329	1,354
Variable (less than 1 Year)	110	25	0
New Borrowing	122	272	142
Short term Borrowing	0	25	50
Total External Borrowing	1,601	1,651	1,546
Less Investments	21	31	31
Net External Borrowing	**1,580**	**1,620**	**1,515**
% borrowing funded by short term and variable rate loans	14%	20%	12%

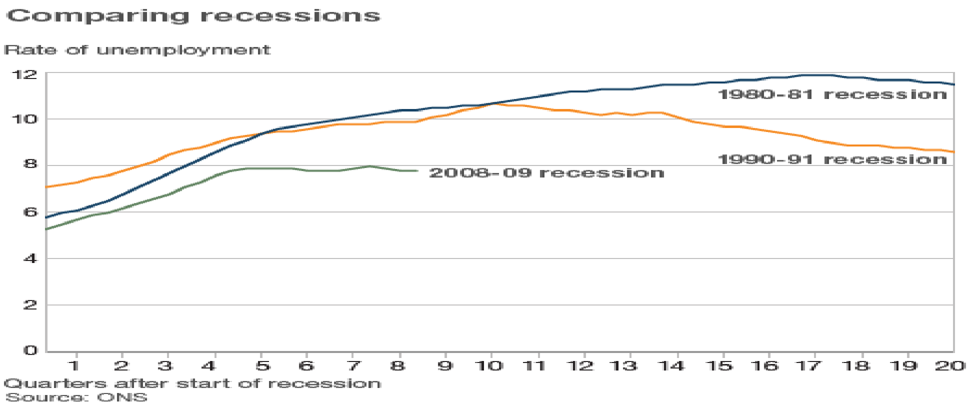
Note: The Capital Financing Requirement (CFR) is the maximum level of debt (i.e. borrowing and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years capital programmes.

3.1.2 Since the November update on strategy to Executive Board, the balance of risks to the economy continue to be weighted to the downside. Consumer and business confidence continues as a drag on the housing market. Mortgage approvals are at weak levels and continue to decline.

3.1.3 GDP growth is likely to have peaked in the current period of recovery at 1.2% in quarter 2 of 2010, with Quarter 3 growth being 0.7% and Quarter 4 provisional release showing a shock contraction of 0.5%. This has heightened the risk of a double dip recession and the spectre of another round of quantitative easing.

3.1.4 The trend of falling unemployment (on the benefit claimant count) has now been replaced since July 2010 with small increases which are likely to be the start of a new trend for some years of rising unemployment. The latest figures show that unemployment has hit 2.5m. The following graphic illustrates the rate of unemployment in this recession when compared to the 80/81 and 90/91 recessions.

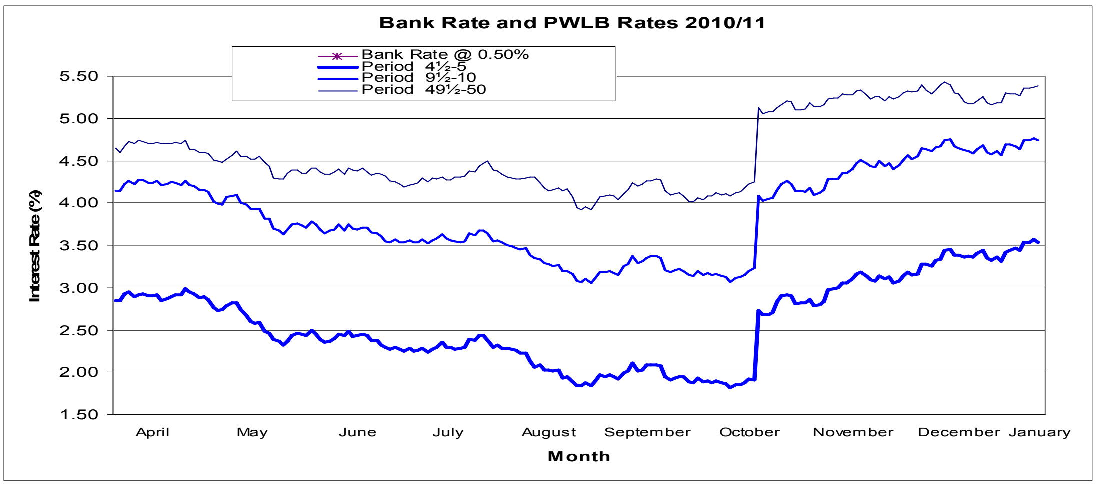
Chart 1



3.1.5 CPI inflation has remained consistently high during 2010. It hit 3.7% in November. Although inflation has remained above the Bank of England's target of 2.0% for the past 13 months, they are confident that inflation will fall back under the target over the next two years. The ONS said the biggest drivers of inflation were air transport, fuel, utility bills and food costs. The Retail Prices Index (RPI) measure of inflation rose to 4.8% from 4.7% in November 2010.

3.1.6 Sterling has strengthened against the US dollar and confidence has returned that the UK will retain its AAA rating. In addition, international investors now view UK government gilts as being a safe haven from EU government debt. The consequent increase in demand for gilts has helped to add downward pressure on gilt yields and PWLB rates. If there is a second round of QE, this is likely to put further downward pressure on gilt yields and on PWLB rates, or at the least, prolong the period they stay at these low levels. However as the chart below shows PWLB rates are starting to trend upwards.

Chart 2



3.1.7 Since the November half year report short term rates have remained at historic low levels. The Council's treasury advisors' latest forecast for Quarter 1 2011 are that the 50 and 25 year PWLB rate will be around 5.2% and the 10 Year PWLB around 4.40%. These rates are predicted to remain volatile as the economy starts its recovery process.

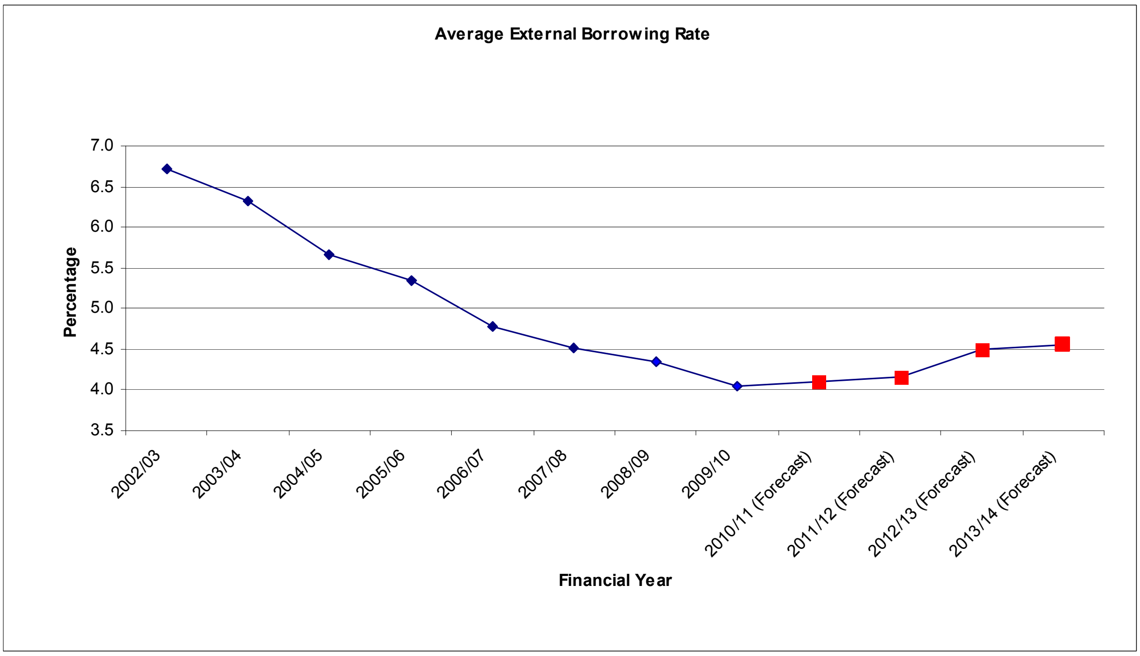
3.1.8 The strategy of continuing to fund the borrowing requirement to support the capital programme from short dated loans and internal balances continues. Therefore no further long term funding or rescheduling has taken place. This strategy is projected to generate full year savings of £9.8m against a budgeted target of £7.9m.

3.1.9 The forecast borrowing requirement for 2010/11 is now £101m. The levels of capital programme slippage, cash reserves, economic conditions and short term interest rates will continue to be monitored before additional monies are borrowed. Given that short term rates are at historical lows the Council will continue to fund the remaining borrowing requirement, if required, at short term rates.

3.2 Interest Rate Performance

3.2.1 The average rate of interest paid on the Council's external debt for 2009/10 was 4.05% as reported in the Annual Treasury Management Report 2009/10 to Executive Board on 21st July 2010. This rate is now forecast to increase slightly to 4.10% for 2010/11. Chart 3 shows how the average external borrowing rate has fallen from 6.72% in 2002/03. As rates begin to rise the expectation is that the Councils average cost of borrowing will also begin to rise. The Government has already increased the PWLB rates and therefore the cost of borrowing to local authorities.

Chart 3



3.3 Strategy for 2011/12

3.3.1 Table 2 shows that net borrowing is expected to rise by £108m to £1,626m during the course of 2011/12. The Capital Programme report is presented elsewhere on this agenda.

Table 2

ANALYSIS OF BORROWING 2010/11 – 2013/14		2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Net Borrowing at 1 April		1,414	1,515	1,623	1,642
New Borrowing for the Capital Programme – Non HRA		160	104	65	7
New Borrowing for the Capital Programme - HRA		16	3	0	0
Debt redemption costs charged to Revenue(Non HRA)		(28)	(32)	(36)	(37)
Reduced/(Increased) level of Revenue Balances		(47)	33	(10)	(12)
Net Borrowing at 31 March		1,515	1,623	1,642	1,600
* Comprised as follows					
Long term borrowing	Existing Fixed	1,354	1,386	1,469	1,393
	Existing Variable (Less than 1yr)	0	55	50	130
	New Borrowing	142	108	19	(42)
Short term Borrowing		50	95	115	125
Total External Borrowing		1,546	1,644	1,653	1,606
Less Investments		31	21	11	6
Net External Borrowing		1,515	1,623	1,642	1,600
% gross borrowing exposed to interest rate risk		12%	16%	11%	13%

Note: Borrowing exposed to interest rate risk in any one year is made up of short term borrowing, new long term borrowing and existing variable loans (i.e. LOBOs with an option falling within the year).

3.3.2 There is a wide range in forecasts of the path of the economy in 2011/12. The outlook is for muted growth in 2011/12 although the Bank of England and the Office for Budget Responsibility are forecasting much stronger growth than most forecasters are currently expecting.

3.3.3 The recovery of the economy will ultimately depend upon a number of factors including the strength or weakness of economic growth in our trading partners (the US and EU) and the potential in the US for more quantitative easing. Within the UK key factors will be the degree to which government austerity programmes will dampen economic growth and consumer confidence, the speed of recovery of the banks, availability of credit to borrowers. The potential for a major EU sovereign debt crisis could have a significant impact on financial markets and the global and UK economy.

3.3.4 Low short term interest rates will focus any new borrowing in the very short periods. This strategy will generate lower borrowing costs but it is set against locking in low longer term rates. PWLB rates on loans of less than ten years duration are expected to be substantially lower than longer term PWLB rates offering a range of options for new borrowing which will spread debt maturities away from a concentration in long dated debt. Table 3 shows the forecast of rates by the Council’s treasury advisors.

Table 3

	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Mar-13	Mar-14
Bank rate	0.50%	0.50%	0.50%	0.75%	1.00%	2.25%	3.25%
5yr PWLB rate	3.30%	3.30%	3.40%	3.50%	3.60%	4.30%	5.00%
10yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.70%	5.10%	5.40%
25yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%
50yr PWLB rate	5.20%	5.20%	5.20%	5.30%	5.30%	5.50%	5.70%

3.3.5 When very short term interest rates start to rise longer term borrowing will be locked in when prudent. Longer term debt will be taken with regard to the rate available and the Council's maturity profile.

3.3.6 The Director of Resources will continue to monitor market conditions so that debt rescheduling and interest savings can be made. However, the current spread between new borrowing and rescheduling rates will continue to severely affect the ability of the Council to reschedule PWLB loans and generate cash discounts and interest savings.

3.3.7 The Council's borrowing strategy will give consideration to new borrowing in the following order of priority: -

- The cheapest borrowing will be internal borrowing by running down cash balances and foregoing interest earned at historically low rates. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years
- Temporary borrowing from the money markets or other local authorities
- PWLB variable rate loans for up to 10 years
- Short dated borrowing from non PWLB sources
- Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintain an appropriate balance between PWLB and market debt in the debt portfolio.
- PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt

3.3.8 The requirement to borrow new money is determined by the size of the Council's capital programme. The debt cost of servicing this requirement is shown in the following table.

Table 4	Debt Budget	Increase from the previous year
	£m	£m
2010/11	57,072	-
2011/12	63,880	6,808
2012/13	73,562	9,682
2013/14	72,972	(590)

3.3.9 The debt budget is based upon the interest rate assumptions detailed below in Table 5.

Table 5	Short term rate	Long term rates
2010/11	0.5%	0.5%
2011/12	0.5%	4.5%
2012/13	2.0%	5.5%
2013/14	6.0%	6.0%

3.3.10 These assumptions on borrowing rates have associated risks. For example in 2011/12 if interest rates are 0.25% higher than assumed on both short and long debt, full year debt costs would increase by £390k.

3.4 Borrowing Limits for 2010/11, 2011/12, 2012/13 and 2013/14

3.4.1 The authorised limit represents the legislative limit on the Council's external debt under the Local Government Act 2003. It should be set with sufficient headroom above the operational boundary to allow flexibility for planned borrowing to be undertaken, in order for prudent treasury management decisions to be taken and temporary cash flow fluctuations to be managed. It is recommended that Council approve the following authorised limits for its gross external debt for the next three years. Council is also asked to delegate authority to the Director of Resources to make adjustments between the two separate limits provided that the overall limit remains unchanged. Any such adjustments will be reported to the next available Council meeting following the change.

3.4.2 As part of the move towards International Financial Reporting Standards, PFI schemes under IFRIC 12 and finance leases are now included in the balance sheet under other long-term liabilities. The initial estimate was £380m but on receipt of the final guidance the estimate has been revised to £600m. Therefore the Authorised limit has been increased to £2.43bn in 2010/11 and £2.5bn from 2011/12 onwards.

Recommended: **Authorised Limits as follows:**

Authorised Limit	**2010/11 £m**	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**
Borrowing	1,830	1,900	1,900	1900
Other Long Term Liabilities	600	600	600	600
Total	**2,430**	**2,500**	**2,500**	**2,500**

3.4.3 The operational boundary should reflect the maximum anticipated level of external debt consistent with budgets and cash flow forecasts. It should be seen as a management tool for ongoing monitoring of external debt, and may be breached temporarily due to unusual cash flow movements.

3.4.4 Other long term liabilities have been increased to £565m in 2010/11 onwards to reflect PFI schemes and finance lease adjustment outlined in 3.4.3. The limits have been rolled forward into 2011/12 as outlined below. The overall operational boundary has been increased to £2.255bn in 2010/11 and £2.325bn from 2011/12 onwards.

Recommended: Operational Boundaries as follows:

Operational Boundary	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Borrowing	1,690	1,760	1,760	1,760
Other Long Term Liabilities	565	565	565	565
Total	**2,255**	**2,325**	**2,325**	**2,325**

3.5 Treasury Management Indicators

3.5.1 Appendix A highlights the borrowing limits and other prudential indicators.

3.5.2 The first prudential indicator in respect of treasury management is that the Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. This was adopted by the Council at the Executive Board meeting on the 13th March 2003.

3.5.3 The Council is required to set an upper limit on its fixed interest rate exposures that represents the maximum proportion of its net borrowing (i.e. measured as a percentage of its total borrowing less investments) which the Council will have at any given time during the period at fixed interest rates. The purpose of the limit is to ensure that the Council has the flexibility to take advantage of falling interest rates by ensuring a minimum level of variable rate debt. However setting a limit less than 100% can restrict the Council’s ability to borrow in advance of need when long term fixed interest rates are at their low point. (This is the case since in general amounts borrowed in advance are invested, meaning that the net borrowing figure on which the limit is based will be lower than the total fixed borrowing outstanding.) Therefore to provide the Council with maximum flexibility it is recommended that a limit of 115% be set for each year.

Recommended: Upper limit on fixed interest rate exposures for 2010/11, 2011/12, 2012/13 and 2013/14 of 115%

3.5.4 The Council is required to set an upper limit on its variable interest rate exposures and represents the maximum proportion of debt the Council will have at any given time during the period at variable interest rates and exposed to interest rate rises. In evaluating this figure, LOBOs are treated as being variable in the year in which an option occurs and fixed in other years. The limit should be set in order to maintain a balance between managing the risk of rate rises and allowing sufficient flexibility to take advantage of any fall in rates. It is therefore recommended that a limit of 40% of debt be set for each year.

Recommended: Upper limit on variable interest rate exposures for 2010/11, 2011/12, 2012/13 and 2013/14 of 40%

3.5.5 The Council is required to set upper and lower limits for the maturity structure of its borrowings. This is designed to limit the risk of exposure to high interest rates by restricting the level of maturing debt in any given year. The limits represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. Whilst the Council has taken advantage of low short term rates it is forecast to reach the upper limit in 2011/12 and therefore to ensure the Council has sufficient flexibility to continue to take advantage of lower short dated rates it is proposed to increase the limits as shown in the following table. These increases do impact upon the risk profile of the Council but are considered to be within acceptable limits.

Maturity structure of fixed rate borrowing	Lower Limit	Current Upper Limit	Revised Upper Limit
under 12 months	0%	10%	15%
12 months and within 24 months	0%	10%	20%
24 months and within 5 years	0%	30%	35%
5 years and within 10 years	0%	25%	40%
10 years and above	25%	90%	90%

Recommended: Upper and Lower limits on fixed rate maturity structure as above.

3.6 <u>Investment Strategy and Limits</u>

3.6.1 The Council's actual external borrowing need is reduced by the availability of revenue balances. The Treasury policy allows for the external investment of these balances at advantageous rates but with due regard for security of capital invested. Investment of surplus balances in general will be limited to cash flow and liquidity management although the interest rate outlook will be kept under review to identify any opportunities for longer term investment.

3.6.2 The approved 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.

3.6.3 The investment strategy 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.

3.6.4 The Prudential code requires that Councils set limits on investments for periods longer than 364 days. It is proposed to maintain the limits as outlined below.

Recommended: Upper limit on sums invested for periods longer than 364 days:

Total principal sum invested for a period longer than 364 days	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m
Upper limit	150	150	150	150

4 Implications For Council Policy And Governance

4.1 The legislative framework which governs the treasury management function is described in section 2. This framework includes compliance with the CIPFA Treasury Management Code of Practice.

4.2 The Treasury Management Policy Statement was approved by full Council in February 2009. The Policy statement has now been updated to reflect the requirements of the revised CIPFA Treasury Management Code and the Prudential Code and is attached at Appendix C.

5 Legal and Resource Implications

5.1 The treasury management strategy for 2011/12 and update of 2010/11 recognises the borrowing required to fund the capital programme requirements of both General Fund and HRA. Provision for the revenue cost of this borrowing has been made within the revenue budget and the target set for treasury management savings.

6 Conclusions

6.1 The treasury management strategy 2011/12 enables borrowing to be undertaken to fund the capital programme for both General Fund and HRA with due regard to risk, forecast interest rates and the maturity of debt.

7 Recommendations

That the Executive Board:

7.1 Approve the initial treasury strategy for 2011/12 as set out in Section 3.3 and note the review of the 2010/11 strategy and operations set out in Sections 3.1 and 3.2.

7.2 Recommend to Council the setting of borrowing limits for 2010/11. 2011/12, 2012/13 and 2013/14 as set out in Section 3.4.

7.3 Recommend to Council the setting of treasury management indicators for 2010/11, 2011/12, 2012/13 and 2013/14 as set out in Section 3.5.

7.4 Recommend to Council the setting of investment limits for 2010/11, 2011/12, 2012/13 and 2013/14 as set out in Section 3.6.

7.5 Recommend to full council to adopt the revised Treasury management policy statement.

Associated Documents

a) Treasury Management Strategy 2010/11 – Executive Board 12th February 2010
b) Treasury Management Annual Report 2010/11 – Executive Board 21st July 2010
c) Treasury Management Strategy Update 2010/11 – Executive Board 3rd November 2010

Appendix A

Leeds City Council - Prudential Indicators 2010/11- 2013/14

No.	PRUDENTIAL INDICATOR	2010/11	2011/12	2012/13	2013/14
	(1). EXTRACT FROM BUDGET AND RENT SETTING REPORTS				
	Ratio of Financing Costs to Net Revenue Stream				
1	General Fund - Excluding DSG (Note1)	9.47%	10.97%	12.64%	12.53%
2	HRA	11.98%	13.02%	13.81%	13.73%
	Impact of Unsupported Borrowing on Council Tax & Housing Rents	£ . P	£ . P	£ . P	£ . P
3	increase in council tax B7(band D, per annum) (Note 2)	129.27	170.42	201.49	217.64
4	increase in housing rent per week	0.00	0.00	0.00	0.00
		£'000	**£'000**	**£'000**	**£'000**
5	**Net external borrowing requirement**	1,515,000	1,623,000	1,642,000	1,600,000
	The Net Borrowing Requirement should not exceed the capital financing requirement (Note 3)	OK	OK	OK	OK
	Estimate of total capital expenditure	**£'000**	**£'000**	**£'000**	**£'000**
6	Non HRA	278,889	241,006	100,216	19,205
7	HRA	62,105	42,704	36,803	27,800
	TOTAL	340,994	283,710	137,019	47,005
	Capital Financing Requirement (as at 31 March)	**£'000**	**£'000**	**£'000**	**£'000**
8	Non HRA	928,090	999,516	1,029,277	999,689
9	HRA	808,795	811,389	811,389	811,389
	TOTAL	1,736,885	1,810,905	1,840,666	1,811,078

No.	PRUDENTIAL INDICATOR	2010/11	2011/12	2012/13	2013/14
	(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	**£'000**	**£'000**	**£'000**	**£'000**
10	**Authorised limit for external debt - (Note 5)**				
	borrowing	1,830,000	1,900,000	1,900,000	1,900,000
	other long term liabilities	600,000	600,000	600,000	600,000
	TOTAL	2,430,000	2,500,000	2,500,000	2,500,000
11	**Operational boundary - (Note 5)**				
	borrowing	1,690,000	1,760,000	1,760,000	1,760,000
	other long term liabilities	565,000	565,000	565,000	565,000
	TOTAL	2,255,000	2,325,000	2,325,000	2,325,000
14	**Upper limit for fixed interest rate exposure**				
	expressed as either:-				
	Net principal re fixed rate borrowing / investments OR:-	115%	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%	40%
	Net interest re variable rate borrowing / investments				
		£'000	**£'000**	**£'000**	**£'000**
17	**Upper limit for total principal sums invested for over 364 days (Note 5**	150,000	150,000	150,000	150,000
	(per maturity date)				

16	Maturity structure of fixed rate borrowing 2010/11	Lower Limit	Upper Limit	Projected 31/03/11	Projected 31/03/11
	under 12 months	0%	15%	5%	4.5%
	12 months and within 24 months	0%	20%	6%	6.1%
	24 months and within 5 years	0%	35%	25%	25.0%
	5 years and within 10 years	0%	40%	6%	6.1%
	10 years and above	25%	90%	58%	58.3%

otes.

1 **The indicator for the ratio of financing costs to net revenue stream for General Fund is now calculated based on the Net Revenue Charge less the Dedicated Schools Grant (DSG). The Government changed the funding of education to DSG from 2006/07.**

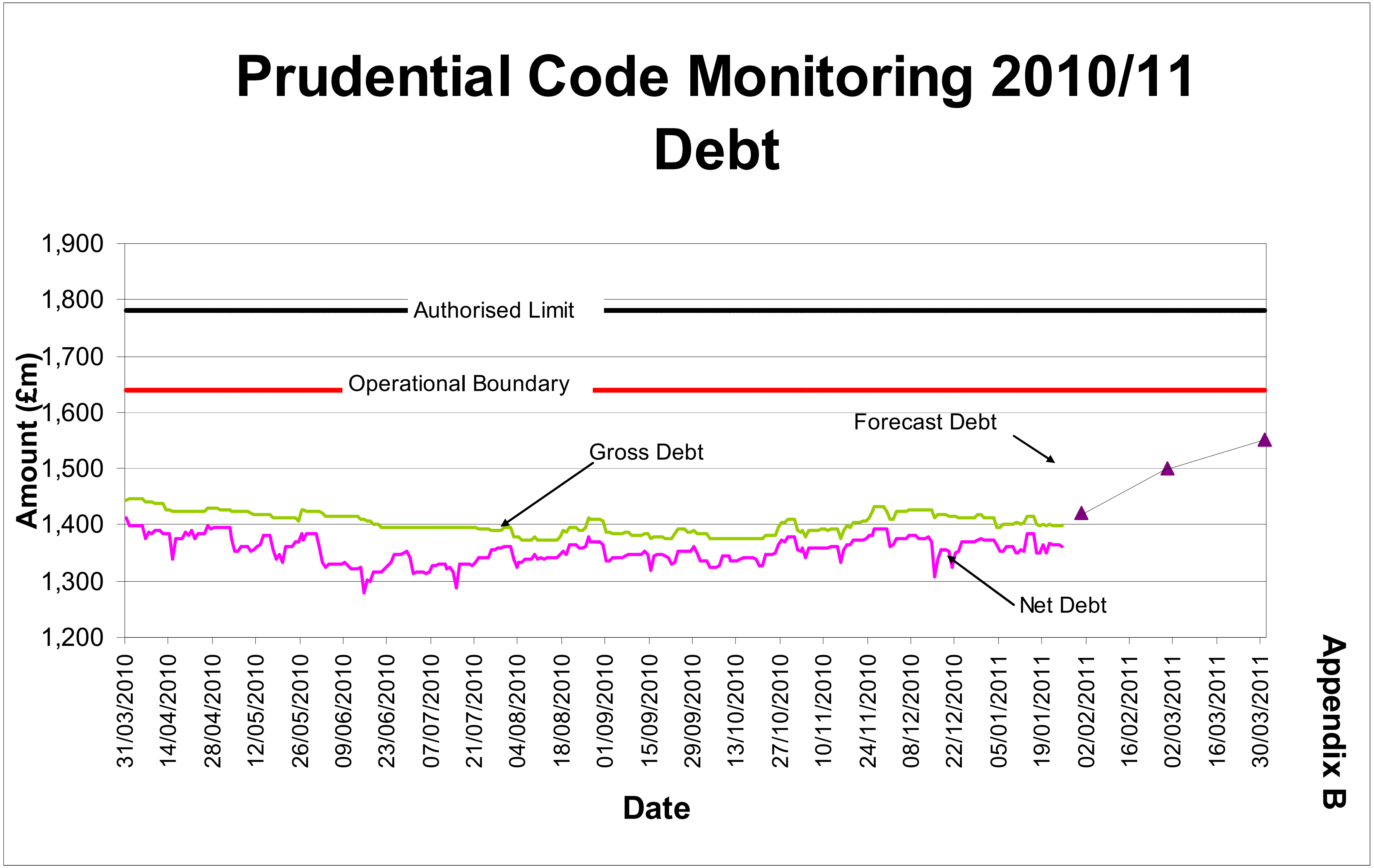
2 **The code requires that the Council identifies the capital financing costs arising from unsupported borrowing expressed as the amount per band D property.**

3 **In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council should ensure that net external borrowing does not exceed the total capital financing requirement in the preceding year plus estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.**

4 **Prudential indicator 12 relates to actual external debt at 31st March, which will be reported in the Treasury Management Annual Report.**

5 **Prudential indicator 13 relates to the adoption of the CIPFA Code of Practice on Treasury Management amended 2009 and has been formally adopted**

6 **The HRA figures are based upon the continuation of the current Housing Subsidy Regime . However, it should be noted that the current review of Council Housing Finance may result in this being replaced by a system of self financing for local housing authorities.**


Prudential Code Monitoring 2010/11
Debt
Amount (£m)
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
Authorised Limit
Operational Boundary
Forecast Debt
Gross Debt
Net Debt
31/03/2010
14/04/2010
28/04/2010
12/05/2010
26/05/2010
09/06/2010
23/06/2010
07/07/2010
21/07/2010
04/08/2010
18/08/2010
01/09/2010
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22/12/2010
05/01/2011
19/01/2011
02/02/2011
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02/03/2011
16/03/2011
30/03/2011
Date

Appendix B

Appendix C

Treasury Management Policy Statement

1 Introduction

1.1 The following document sets out the Treasury Management Policy Statement (TMPS) for the Authority, which fully complies with the requirements of the Prudential Code.

2 Background

2.1 CIPFA first published its Code of Practice on Treasury Management in May 1992. There have been subsequent revisions over the years culminating in the latest version of the code, the fully revised Second Edition 2009, which recommends that all public service organisations adopt, as part of their standing orders and financial procedures, the following four clauses.

a) This Authority adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the Code), as described in Section 4 of that Code.

b) Accordingly, this Authority will create and maintain, as the cornerstones of effective treasury management:

- A TMPS, stating the policies and objectives of its treasury management activities
- Suitable Treasury Management Practices (TMP's), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

c) The Executive Board will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a half year update and an annual report after its close, in the form prescribed in its TMP's.

d) This organisation delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive Board, and for the execution and administration of treasury management decisions to the Director of Resources, who will act in accordance with the organisation's TMPS and Treasury Management Practices and, if he/she is a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management.*

2.2 CIPFA recommends that an organisation's TMPS adopts the following forms of words to define the policies and objectives of its treasury management activities:

- This organisation defines its treasury management activities as: "The management of the organisation's 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."
- This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the

analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

- This organisation 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, and to employing suitable performance measurement techniques, within the context of effective risk management."

2.3 These key recommendations and form of words as specified above were adopted by the Executive Board on the 12th March 2003.

2.4 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.

2.5 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 similarly be set by Council.

2.6 The requirements of the Prudential Code are set out within the Council's Financial Procedures.

3 Objectives of Treasury Management

3.1 The primary objective is to reduce cost of debt management with which the other objectives are deemed to be consistent. Varying degrees of emphasis will be placed upon the "secondary objectives" at different times contingent upon prevailing market conditions.

3.2 The objectives are identified as follows:

a) To reduce the cost of debt management;

b) To ensure that best use is made of the Housing Subsidy Grant and that all new accounting principles are examined to provide benefits where possible;

c) To effect funding at the lowest point of the interest rate cycle;

d) To maintain a flexible approach regarding any financial matters that may effect the Authority;

e) To keep under constant review advice on investment/repayment of debt policy;

f) To maintain a prudent level of volatility dependant upon interest rates;

g) To set upper and lower limits for the maturity structure of its borrowings and to maintain a reasonable debt maturity profile;

h) To specifically ensure that the Leeds City Council does not breach Prudential Limits passed by the Council;

i) To ensure that the TMPS is fully adhered to in every aspect.

4 Approved Activities of the Treasury Management Operation

4.1 The approved activities of the Treasury Management operation cover:

a. borrowing;

b. lending;

c. debt repayment and rescheduling;

d. financial instruments new to the authority;

e. risk exposure; and

f. cash flow.

4.2 It is the Council's responsibility to approve the TMPS. The Executive Board will receive and consider as a minimum:

a) an annual treasury management strategy before the commencement of the new financial year (which sets out the likely operations for the forthcoming year);

b) an annual report on the treasury management activity after the end of the year to which it relates.

4.3 The Director of Resources will:

a) implement and monitor the TMPS, revising and resubmitting it for consideration to the Board and the Council, periodically if changes are required;

b) draft and submit a Treasury Management Strategy to the Board, in advance of each financial year;

c) draft and submit an update report on treasury management activity to the Board

d) draft and submit an annual report on treasury management activity to the Board; and

e) implement and monitor the Strategy, reporting to the Board any material divergence or necessary revisions as and when required;

5 Formulation of Treasury Management Strategy

5.1 Whilst this TMPS outlines the procedures and considerations for the treasury function as a whole, requiring revision occasionally, the Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This Strategy will be submitted to the Executive Board for approval before the commencement of each financial year.

5.2 The formulation of the annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter term variable interest rates (for instance, the Council may postpone borrowing if fixed interest rates are falling).

5.3 The Treasury Management Strategy is also concerned with the following elements:

a) the prospects for interest rates;

b) the limits placed by Council on treasury activities (per this TMPS);

c) the expected borrowing strategy;

d) the temporary investment strategy;

e) the expectations for debt rescheduling.

5.4 The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using published forecasts where applicable), and highlight sensitivities to different scenarios.

6 Approved Methods and Sources of Raising Capital Finance

6.1 Under the Local Government Act 2003 a local authority may borrow money for:

a) for any purpose relevant to its functions under any enactment, or
b) for the purposes of the prudent management of its financial affairs.

A local authority may not, without the consent of the Treasury, borrow otherwise than in sterling.

6.2 Local authorities have in the past only been able to raise finance in accordance with the Local Government and Housing Act 1989, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

		Fixed	Variable
	Public Works Loans Board (PWLB)	●	●
	European Investment Bank (EIB)	●	●
*	Stock Issues	●	●
	Market Long-Term	●	●
	Market Temporary	●	●
	Local Temporary	●	●
*	Local Bonds	●	
	Overdraft		●
*	Negotiable Bonds	●	●
	Internal (capital receipts & revenue balances)	●	●
*	Commercial Paper	●	
*	Medium Term Notes	●	
	Finance Leases	●	●

* (Not used at present by this Council)

7 Approved Instruments and Organisations for Investments

7.1 With effect from the 1st April 2004, to coincide with the introduction of the prudential code, new legislation has been issued to deal with the issue of Local Government Investments. This legislation lifts the restrictions on Councils with external debt to not hold investments for more than 364 days. Further freedoms are also provided which will give Council's greater flexibility and hence access to higher returns, provided that any investment strategy is consistent with the new prudential framework.

7.2 The Council will have regard to the CLG Guidance on Local Government Investments (second Edition) issued in March 2010 and CIPFAs Treasury Management in Public Services Code of Practice and Cross Sectrorial Guide. The Council's investment priorities are:

a) The security of capital

b) The liquidity of investments

c) and finally, the yield of the investment

7.3 The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The Council does not have the authority to undertake borrowing purely to invest or lend and make a return as this is unlawful and as such will not engage in such activity.

7.4 The Director of Resources will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising time, type and specific counterparty limits. This criteria is outlined below. Should any revisions occur to the criteria, they will be submitted to the Executive Board for approval. Where individual counterparties newly obtain the required criteria, they will be added to the list. Similarly, those ceasing to meet the criteria will be immediately deleted. The criteria uses ratings from the three rating agencies and those relating Fitch and are explained in Annex A.

7.5 The Council's approved Treasury Policy is to use the recommended lending list provided by Sector, the Council's treasury advisers. The Sector list is compiled on a matrix approach using data from recognised international credit rating agencies as well as information on individual counterparties drawn from Credit Default Swap (CDS) levels, which provide ratings of institutions across four categories. The Sector list had in the past ranked institutions as 'excellent' (or 'purple', 'red' and 'Orange'), 'good' (or 'green'), or no ranking (i.e. not advised to lend to). Sector has now further split the rankings of institutions regarded as excellent into five colours (red, orange, blue, purple and yellow) to reflect the length of time over six months that amounts can be placed with them and to reflect the explicit support level given to UK part nationalised banks (Blue), and the special category for investment in UK gilts, supranationals and collateralised deposits (Yellow). The revised rating categories are shown below. Sector continues to provide regular updates to this list, as institutions' credit ratings change. The use of the Sector list was introduced and reported to Executive Board in the Treasury Strategy and Policy report of February 2002.

7.6 The Council's policy states that it will lend up to £15 million to an institution ranked as 'excellent' and up to £5 million for up to 3 months to an institution ranked as 'good'. A number of these institutions exist within the same group of companies as parents or subsidiaries. A limit to the risk exposure of the council for groups of banks borrowing limit has also been set of £30m. These limits do not apply to the Councils' Banker where we have an unlimited deposit facility as part of our banking arrangements. The Council's banking arrangements are the subject of a separate contract, and as such volumes and levels of transactions are not subject to the counterparty ratings and limits that are in place on external investments. Other local authorities are classified with an excellent rating and as such attract a £15m investment limit.

General Bank Selection Criteria

Institutions with Short Term rating F1+
and Long Term Rating AAA, AA+,AA

Individual	Support			
	1	2	3	4
A	Purple	Purple		
A/B	Purple	Purple		
B	Purple	Purple		
B/C	Purple	Purple		
C				
C/D				
D				

Institutions with Short Term rating F1+
and Long Term Rating AA-

Individual	Support			
	1	2	3	4
A	Orange	Orange		
A/B	Orange	Orange		
B	Orange	Orange		
B/C	Orange	Orange		
C				
C/D				
D				

Institutions with Short Term rating F1+
and Long Term Rating AAA, AA+,AA,AA-

Individual	Support			
	1	2	3	4
A	Red	Red	Red	
A/B	Red	Red	Green	
B	Red	Red	Green	
B/C	Red	Red	Green	
C	Red	Red	Green	
C/D				
D				

Institutions with Short Term rating F1+
and Long Term Rating A+,A

Individual	Support			
	1	2	3	4
A	Red	Red	Green	
A/B	Red	Red	Green	
B	Red	Red	Green	
B/C	Green	Green		
C	Green	Green		
C/D				

D				

Please refer to the Annex A for definitions of the Fitch ratings.

Where the following investment limits are applied by the Council's Treasury policy:

Sector Ranking	Meaning	Limit on Amount Lent	Current Limits on Duration
General Bank			
Purple	Excellent	£15m	2 Years
Orange	Excellent	£15m	1 Year
Red	Excellent	£15m	6 Months
Green	Good	£5m	3 Months
Other			
Yellow	Excellent	£15m	5 Years
Blue	Excellent	£15m	1 Year

7.7 The above criteria typically generated a list of approximately 56 'excellent' rated institutions and 24 'good' institutions at the time of writing.

7.8 Within the investment limits outlined above the Council has access to a number of investment instruments. These are listed below as specified and non specified investment categories. Specified investments are defined as "minimal procedural formalities" under the March 2004 ODPM guidance.

a) **<u>Specified Investments</u>**

(All such investments will be sterling denominated, with **maturities of any period meeting** the minimum 'high' rating criteria where applicable)

Fixed Term Deposits with fixed rates	**Use**
Debt Management Agency Deposit Facility	In-house
Term deposits – local authorities	In-house
Term deposits – banks and building societies	In-house and fund managers

In the following table the determination as to whether the following are specified or non specified is at the discretion of the Authority depending on the element of the return that is fixed, **provided that the maturity of the investment falls within 1 year.**

Fixed term deposits with variable rate and variable maturities: -	
1. Callable deposits	In-house and fund managers
2. Range trade	In-house and fund managers
3. Snowballs	In-house and fund managers
Certificates of deposits issued by banks and building societies	In-house buy and hold and fund managers
UK Government Gilts	In-house buy and hold and Fund Managers
Bonds issued by multilateral development banks	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Bonds issued by a financial institution which is guaranteed by the UK government	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Sovereign bond issues (i.e. other than the UK govt)	In house on a 'buy and hold basis' and Fund Managers
Treasury Bills	Fund Managers
Collective Investment Schemes structured as	

Open Ended Investment Companies (OEICs):	
1. Money Market Funds	In-house and fund managers
2. Enhanced cash funds	In-house and fund managers
3. Short term funds	In-house and fund managers
4. Bond Funds	In-house and Fund Managers
5. Gilt Funds	In-house and Fund Managers

Note: If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

b) **<u>Non-Specified Investments</u>**:

Non-specified investments are those where the return is uncertain.

Maturities of ANY period.

	Use
Corporate Bonds : ***the use of these investments would constitute capital expenditure***	In house on a 'buy and hold basis' and Fund Managers
Floating Rate Notes : ***the use of these investments would constitute capital expenditure unless they are issued by a multi lateral development bank***	Fund managers

All the investments in the following table are non-specified as returns could be uncertain and **the maturity of the investment is greater than 1 year.**

Fixed term deposits with variable rate and variable maturities	
1. Callable deposits	In-house and fund managers
2. Range trade	In-house and fund managers
3. Snowballs	In-house and fund managers
Certificates of deposits issued by banks and building societies	In house on a 'buy and hold basis' and Fund managers
UK Government Gilts	In house on a 'buy and hold basis' and Fund Managers
Bonds issued by multilateral development banks	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Bonds issued by a financial institution which is guaranteed by the UK government	In-house on a 'buy-and-hold' basis. Also for use by fund managers
Sovereign bond issues (i.e. other than the UK govt)	In house on a 'buy and hold basis' and Fund Managers
Collateralised deposits	In house and fund managers
Property fund: ***the use of these investments would constitute capital expenditure***	Fund manager
1. Bond Funds	In-house and Fund Managers
2. Gilt Funds	In-house and Fund Managers
Collective Investment Schemes structured as Open Ended Investment Schemes	
Bond Funds	In-house and Fund Managers
Gilt Funds	In-house and Fund Managers

7.9 The Director of Resources will continue to monitor the range of investment instruments available and make changes to the list as appropriate.

8 Policy on Interest Rate Exposure

8.1 As required by the Prudential Code, the Council must approve before the beginning of each financial year the following treasury limits:

a) the overall borrowing limit;

b) the amount of the overall borrowing limit which may be outstanding by way of short term borrowing;

c) the maximum proportion of interest on borrowing which is subject to variable rate interest.

8.2 The Director of Resources is responsible for incorporating these limits into the Annual Treasury Management Strategy, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Director of Resources shall submit the changes for approval to the Executive Board before submission to the full Council for approval.

9 Policy on External Managers

9.1 The Authority has recently included in its Policy the appointment of external investment fund managers. In the past, the Council has taken the view that the appointment of external fund managers would not justify the investment of senior management time in terms of the expected marginal return over what could be achieved by investing the funds internally, internal investment reducing the level of the Council's external debt.

9.2 However, the fact that a fund manager's expertise allows for a wider investment portfolio than would be operated by Council officers may give opportunities for capital gains to supplement interest earned on investment of revenue balances.

9.3 It is felt appropriate therefore that the Policy allows for the use of external fund managers and although none are being used at present, this situation will be kept under review. Appointment of a fund manager would take place following a tender exercise and submissions on target performance.

10 Policy on Delegation and Review Requirements and Reporting Arrangements

10.1 The Council is responsible for determining the borrowing limits detailed in section 8 above. Other responsibilities and duties are delegated as follows.

10.2 The Executive Board has responsibility for determining and reviewing treasury strategy and performance. (See section 5 above).

10.3 The Director of Resources and through him/her to his/her staff has delegated powers for all borrowing and lending decisions. This delegation is required in order that the authority can react immediately to market interest rate movements and therefore achieve the best possible terms. The Director of Resources and staff will operate in accordance with the Code of Practice for Treasury Management in Local Authorities.

10.4 Delegation within the Department of Resources operates on the following basis and is summarised in Annex B:

a) The practical organisation within the Resources Department is that all aspects of borrowing/lending strategy over the year are determined or reported to regular monthly meetings of the Finance Performance Group attended by the Director of Resources and Chief Officer (Financial Development). Quarterly, treasury strategy review meetings take place with the Principal Finance Manager and Treasury Manager.

b) Implementation of decisions at such meetings and the day to day management of the Treasury Operations is delegated without limit to the Chief Officer (Financial Development) and through him/her, or in his/her absence, to either the Principal Finance Manager or the Treasury Manager and on occasions the Assistant Finance Manager.

c) Consultations will be made by the Director of Resources on Treasury Management matters with:

- The Chief Executive: so that he/she can ensure proper Treasury systems are in place and are properly resourced.

- External Treasury Advisers : so that they can advise and monitor the process of fixing strategy and policy on Treasury Matters and advise on the economic outlook, prospects for interest rates and credit worthiness

Annexe A

FITCH CREDIT RATING DEFINITIONS

Source: Fitch Ratings

International Short-Term Credit Ratings

A short-term rating has a time horizon of less than 12 months for most obligations, or up to three years for US public finance securities, and thus places greater emphasis on the liquidity necessary to meet financial commitments in a timely manner.

FI *Highest credit quality*. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

F2 *Good credit quality*. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.

F3 *Fair credit quality*. The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

B *Speculative*. Minimal capacity for timely payment of financial commitments, plus vulnerability to near-term adverse changes in financial and economic conditions.

C *High default risk*. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon a sustained, favorable business and economic environment.

D *Default.* Denotes actual or imminent payment default. “+” or “-“may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA’ long-term rating category, to categories below 'CCC', or to short-term ratings other than 'FI'.

International Long-Term Credit Ratings Investment Grade

AAA *Highest credit quality*. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA *Very high credit quality*. 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A *High credit quality*. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB *Good credit quality*. 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category.

Speculative Grade

BB *Speculative*. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not investment grade.

B *Highly speculative*. 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.

CCC, CC *High default risk*. Default is a real possibility. Capacity for meeting and C financial commitments is solely reliant upon sustained, favourable business or economic developments. A 'CC' rating indicates that default of some kind appears probable. 'C' ratings signal imminent default.

DDD, DD *Default*. The ratings of obligations in this category are based on and D their prospects for achieving partial or full recovery in a reorganisation or liquidation of the obligor. 'DDD' designates the highest potential for recovery of amounts outstanding on any securities involved. 'DD' indicates expected recovery of 50% - 90% of such outstandings, and 'D' the lowest recovery potential, i.e. below 50%.

Individual Ratings

Fitch's Individual Ratings attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. These ratings are designed to assess a bank's exposure to, appetite for, and management of risk and thus represents Fitch's view on the likelihood that it would run into significant difficulties such that it would require support.

A A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment, or prospects.

B A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

C An adequate bank which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.

D A bank which has weaknesses of internal and/or external origin. There are concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects .

E A bank with very serious problems which either requires or is likely to require external support.
Note: In addition, FITCH uses gradations among these five ratings, i.e AIB, BIC, CID, and DIE.

Support Ratings

Support/Legal Ratings do not assess the quality of a bank. Rather, they are Fitch's assessment of whether it would receive support in the event of difficulties. Fitch emphasises that these ratings constitute their opinions alone - although they may discuss the principles underlying them with the supervisory authorities, the ratings given to banks are Fitch's own and are not submitted to the authorities for their comment or endorsement.

1 A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.

2 A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.

3 A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.

4 A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.

5 A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

It must be emphasised that in the Support rating Fitch is not analysing how "good" or "bad" a bank is, but merely whether in Fitch’s opinion it would receive support if it ran into difficulties.

DELEGATIONS IN RELATION TO TREASURY MANAGEMENT

FULL COUNCIL	EXECUTIVE BOARD	CORPORATE GOVERNANCE & AUDIT COMMITTEE	CENTRAL & CORPORATE FUNCTIONS SCRUTINY BOARD
Borrowing limits	Treasury Management Strategy	Adequacy of treasury Management policies and practices	Review / scrutinise any aspects of the Treasury management function
Changes to borrowing limits	Monitoring reports in year	Compliance with statutory guidance	
Treasury Management Policy	Performance of the treasury function		

DELEGATIONS TO OFFICERS

DELEGATION SCHEME	TO WHOM	FUNCTION DELEGATED
Officer delegation scheme (Executive Functions) (p186)	Director of Resources	Making arrangements for the proper administration of the authority's financial affairs
Sub delegation scheme (p21 App1 Corporate & S151 responsibilities)	Discharged through Chief Officers	Making arrangements for the proper administration of the authority's financial affairs
Sub delegation scheme (p24 executive Functions)	To Chief Officers in relation to areas within their remit	Making arrangements for the proper administration of the authority's financial affairs
Sub delegation scheme (p53 Financial Procedure Rules – Treasury Management)	Function discharged by Chief Officer Financial Development	Treasury Management function

OPERATIONAL AUTHORITY OF OFFICERS

POLICY DOCUMENT	TO WHOM	OPERATIONAL AUTHORITY
Treasury Management Policy (section 10)	- Chief Officer Financial Development - Principal Financial Manager - Treasury Manager - Assistant Finance Manager	Implementation of decisions taken at Treasury strategy review meetings and day to day management of treasury operations

Annexe B