

Appendix 4

Changes to the 2017/18 Treasury Management Strategy Statement

4.1 In February 2017, the 2017/18 Treasury Management Strategy Statement was approved by Council as required by the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) and Department for Communities and Local Government (DCLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

4.2 The Treasury Management Strategy Statement fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA code and DCLG guidance.

4.3 During the period since the February Council approval of the TMSS, officers have been working in consultation with the Cabinet Member for Financial Management on developing options to mitigate the adverse effect on investment income from interest rates remaining lower for longer than planned and increased CPI inflation that is set to rise to circa 3%. An option explored has been to invest in secured unrated corporate bond investments. This will require the Authority to expand the list of instruments it can invest in. Full Council approval is required make this amendment.

4.4 The changes proposed are highlighted in bold below and have been made in consultation with the Authority's external treasury adviser. Any investment in these new instruments will subject to the officers undertaking robust due diligence including specialist advice as required, compliance with the Authority's financial strategy and approval of the S151 officer in consultation with the Cabinet Member for Financial Management.

Table 1: Original Approved Investment Counterparties

| Credit Rating | Banks Unsecured* | Banks Secured* | Government | Corporates | Registered Providers |
|---------------|-----------------------|-------------------|-----------------------|--------------------|----------------------|
| UK Govt | n/a | n/a | Unlimited 50 years | n/a | n/a |
| AAA | £25m 5 years | £25m 20 years | £25m 50 years | £15m 20 years | £15m 20 years |
| AA+ | £25m 5 years | £25m 10 years | £25m 25 years | £15m 10 years | £15m 10 years |
| AA | £25m 4 years | £25m 5 years | £25 15 years | £15m 5 years | £15m 10 years |
| AA- | £25m 3 years | £25m 4 years | £25m 10 years | £15m 4 years | £15m 10 years |
| A+ | £25m 2 years | £25m 3 years | £15m 5 years | £15m 3 years | £15m 5 years |
| A | £25m 13 months | £25m 2 years | £15m 5 years | £15m 2 years | £15m 5 years |
| A- | £25m 6 months | £25m 13 months | N/A | £15m 13 months | £15m 5 years |
| BBB+ | £15m 100 days | £15m 6 months | N/A | £10m 6 months | £10m 2 years |
| BBB or BBB- | £15m next day only | £15m 100 days | N/A | N/A | N/A |
| None | £1m 6 months | N/A | N/A | £50,000 5 years | £10m 5 years |
| Pooled funds | £25m per fund | | | | |

Table 2: Revised Approved Investment Counterparties

| Credit Rating | Banks Unsecured* | Banks Secured* | Government | Corporates | Registered Providers |
|---------------|--|-------------------|-----------------------|-------------------|----------------------|
| UK Govt | n/a | n/a | Unlimited 50 years | n/a | n/a |
| AAA | £25m 5 years | £25m 20 years | £25m 50 years | £15m 20 years | £15m 20 years |
| AA+ | £25m 5 years | £25m 10 years | £25m 25 years | £15m 10 years | £15m 10 years |
| AA | £25m 4 years | £25m 5 years | £25 15 years | £15m 5 years | £15m 10 years |
| AA- | £25m 3 years | £25m 4 years | £25m 10 years | £15m 4 years | £15m 10 years |
| A+ | £25m 2 years | £25m 3 years | £15m 5 years | £15m 3 years | £15m 5 years |
| A | £25m 13 months | £25m 2 years | £15m 5 years | £15m 2 years | £15m 5 years |
| A- | £25m 6 months | £25m 13 months | N/A | £15m 13 months | £15m 5 years |
| BBB+ | £15m 100 days | £15m 6 months | N/A | £10m 6 months | £10m 2 years |
| BBB or BBB- | £15m next day only | £15m 100 days | N/A | N/A | N/A |
| None | £1m 6 months | N/A | N/A | £5m 5 years | £10m 5 years |
| Pooled funds | £25m per fund These include Bond Funds, Gilt Funds, Equity, Enhanced Cash Funds, Mixed Asset Funds and Money Market Funds | | | | |