Meeting of:	**Cabinet**
Date of Meeting:	**Thursday, 21 July 2022**
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Annual Treasury Management Report 2021/22
Purpose of Report:	To present to Cabinet the annual review report on Treasury Management 2021/22
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Matt Bowmer, Head of Finance / Section 151 Officer
Elected Member and Officer Consultation:	Matt Bowmer, Head of Finance / Section 151 Officer
Policy Framework:	This is a matter for Executive decision by Cabinet and for referral to Full for Council for approval

Executive Summary:

- The Council's borrowing requirement reduced by £1.086M in 2021/22 giving a total Capital Financing Requirement of £197.675M on 31st March, 2022. At the same date, the Council held £153.347M of Gross External Borrowing. The Council was therefore under borrowed by £44.328M as of 31st March, 2022.
- The Council's External Borrowing was well within the Authorised Limit and Operational Boundary set for 2021/22.
- The Council held Loans from the Public Works Loan Board (PWLB) £146.502M, Concessionary Loans from Welsh Government (WG) £0.500M, Market Loans £4.000M, Town Centre Loans £0.550M, Salix Loans £1.695M and a Temporary Loan £0.100M on 31st March, 2022.
- The Council borrowed £8.000M from PWLB to refinance maturing debt.
- The Council continued to finance new Capital Expenditure of £4.132M from internal borrowing.
- Land Appropriation between the Housing Revenue Account (HRA) & the General Fund Account (GF) took place in 2021/22 amounting to £0.740M.
- During 2021/22 the Council added Corporate Notice Accounts with Santander Bank PLC as a new investment tool and continued to place investments with the Debt Management Office (DMO),

Local & Police Authorities, Money Market Funds (MMFS), Treasury Bills and Lloyds Bank PLC Deposit Accounts. The Council held investments of £93.620M on 31st March, 2022.

Recommendation

1. That Cabinet accepts the annual report on Treasury Management 2021/22 and that the report be referred to Council for approval.

Reason for Recommendation

1. To accept and refer the report to Council.

1. Background

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code), the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the Welsh Government (WG) revised guide on Local Government Investments (April 2010).

1.2 During 2021/22 the reporting requirements were that Full Council should receive the following reports:

- An Annual Treasury Strategy in advance of the year (Council 10/03/2021, minute no 474).
- A Mid-year Treasury Update Report (Council 06/12/2021, minute no 615).
- An Annual Review Report comparing actual activity to the strategy (this report).

1.3 This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 1st March, 2021 to support Members' scrutiny role.

1.4 This annual outturn Treasury Management Report covers.

The Economy/Interest rates in 2021/22
The Strategy for 2021/22
Compliance with Treasury Limits and Prudential Indicators
The Borrowing Outturn for 2021/22
The Investment Outturn for 2021/22

The UK Economy and Interest Rates 2021/22

1.5 The following information has been prepared by the Authority's Treasury Management Advisors Link Asset Services and sets out the changing conditions under which Treasury Management operations were carried out.

1.6 Forecasts at the time of approval of the Treasury Management and Investment Strategy in March 2021 were:

Link Group Interest Rate View as at 9th November 2020													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	010	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	010	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

1.7 Over the last two years the coronavirus outbreak has done huge damage to the UK economy and to economies around the world. The Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, but left the Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting in December 2021, 0.50% in February 2022 and then 0.75% in March 2022.

1.8 Now most of the economy has opened and is nearly back to business as usual, the Gross Domestic Product (GDP) numbers have been robust (9% year on year Quarter 1 2022) and sufficient for the Monetary Policy Committee (MPC) to focus on tackling the second round effects of inflation, now that the Consumer Price Index (CPI) measure has already risen to 6.2% in February 2022 was expected to exceed 8% in April.

1.9 Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2 year yields remain close to their recent 11 year high and 10 year yields of 1.65% are close to their recent six year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

1.10 Historically, a further rise in US Treasury yields would probably drag UK gilt yields higher as there is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from increases in utilities prices, council taxes etc. are strong headwinds for any economy to deal with. In addition, from 1st April, 2022, employees are required to pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

1.11 In 2020/21 there was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. This way of thinking now seems very outdated, inflation is here and a perfect storm of labour and supply side shortages, commodity price inflation, the impact of Russia’s invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

Other Economies & Interest Rates 2021/22

1.12 In the USA, following the March Federal Open Market Committee (FOMC) meeting markets priced in a further 225 bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5% on 16th March, 2022.

1.13 The upward pressure on inflation from higher oil prices and potential knock on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Quarter1 2022), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

1.14 More recently, the inversion of the 10y 2y Treasury yield spread at the end of March led to predictable speculation that the Federal Government’s interest rate hikes would quickly push the US economy into recession. Quarter1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in Quarter 4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Quarter 1, a number unchanged from the post pandemic 2021 average. Unemployment is only 3.8%.

1.15 In the Eurozone with inflation having jumped to 7.5% in March it seems increasingly likely that the European Central Bank (ECB) will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June, earlier than the Quarter 3 date which the ECB targeted in March. The market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would restart asset purchases if required.

1.16 While inflation has hit the headlines recently, the risk of recession has also been rising. Among the larger countries in the European Union, Germany is most likely to experience a “technical” recession because its GDP contracted in Quarter 4 2021, and its performance has been subdued in Quarter 1 2022. However, overall, Quarter 1 2022 growth for the Eurozone is expected to be 0.3% quarter/quarter with the year/year figure posting a healthy 5.2% gain.

1.17 In China, after a concerted effort to get on top of the coronavirus outbreak in Quarter1 of 2020, economic recovery was strong in the rest of the year. However, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near term economic performance is likely to be subdued. Official GDP numbers suggest growth of 4% year on year, but other data measures suggest this may be an overstatement.

1.18 In Japan, the Japanese economic performance through 2021/22 has been tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% year on year with Quarter 4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

1.19 World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

1.20 Until recent years, world growth has been boosted by increasing globalisation with countries specialising in the production of goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, with the rise of China as an economic superpower over the last 30 years now accounting for 18% of total world GDP and Russia's recent invasion of Ukraine the world economy has become unbalanced. In addition, the post pandemic period exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies versus autocracies. It is, therefore, likely that there will be a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China and to a much lesser extent Russia to supply products and vice versa. This is likely to reduce world growth rates.

1.21 During the pandemic, the governments of western countries provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth.

Treasury Management Strategy 2021/22

1.22 During 2021/22 the fallout of the Coronavirus pandemic from March 2020 continued to have a significant impact on the Council's treasury management activities.

1.23 Investment returns remained low for much of 2021/22. However, by utilising the range of investment tools available the Council managed to avoid negative rates when placing investments.

1.24 Funds available for investment were placed with the Debt Management Office (DMO), other Local Authorities, Money Market Funds (MMFS) Lloyds Instant Access Accounts, Treasury Bills and Santander Corporate Notice Accounts.

1.25 The Santander Corporate Notice Accounts were opened in December 2021. The Council is required to give either a 35-, 95- or 180-day period of notice before funds can be withdrawn without penalty. These deposits attract a slight better return as they are less liquid.

1.26 The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.

1.27 The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash starved businesses to survive the various lockdowns/negative impact on their cashflow.

1.28 The Government supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets and a reduced appetite to borrow which in turn made the investment of surplus funds more challenging.

1.29 Cash flow forecasting also continued to be problematic as it was difficult to profile the Council's financial commitments.

1.30 Consequently, investment earnings rates remained low until the latter part of the year when inflation concerns indicated that the Bank of England would need to raise interest rates to combat the effects of growing levels of inflation.

1.31 The Bank of England raised interest rates from 0.1% to 0.25% in December 2021, 0.50% in February 2022 and again to 0.75% in March 2022.

1.32 The Section 151 Officer continued to adopt a cautious approach with respect to treasury management operations. The Council's primary objectives for the management of its investments are to give priority to the security and liquidity of its funds before seeking the best rate of return.

1.33 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. External borrowing was only undertaken to refinance maturing external debt. Maturing Debt was refinanced at a lower interest rate.

1.34 This potential reduction of the Council’s investments balances at times of elevated credit risk, poor investment return, the continued threat of the Coronavirus pandemic and the Russian Invasion of Ukraine was still considered the most prudent option available to the Authority throughout 2021/22.

1.35 The Council's primary objective for the management of its debt is to ensure its long-term affordability. Most of its loans have therefore been borrowed from the Public Works Loan Board at long term fixed rates of interest.

1.36 The Section 151 Officer advises that all treasury management activity undertaken during the financial year complied with the approved strategy, the CIPFA Code of Practice, and the relevant legislative provisions.

2. Key Issues for Consideration

The Council's Capital Expenditure and Financing

2.1 The Council undertakes Capital Expenditure on long term assets. These activities may either be financed immediately through capital or revenue resources e.g., capital receipts, capital grants etc. Alternatively, the activities can give rise to a borrowing need which would create an increase in the Council's Capital Financing Requirement (CFR).

2.2 The table below shows the Council's capital expenditure and how it is financed.

In Year Movement in Capital Financing Requirement	**2021/22**	**2021/22**	**2021/22**
	General Fund	**HRA**	**Total**
	£M	**£M**	**£M**
Total Capital Expenditure	56.355	10.056	66.411
Financed in Year	(52.223)	(10.056)	(62.279)
Minimum Revenue Provision	(3.617)	(1.601)	(5.218)
Appropriation of land from GF to HRA	(0.740)	0.740	0.000
Movement in Capital Finance Requirement/Unfinanced Capital Expenditure*	(0.225)	(0.861)	(1.086)

*This is capital expenditure that will be funded by a reduction in the Council's borrowing requirement.

The Council's Overall Borrowing Need

2.3 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council’s indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend.

2.4 Part of the Council’s treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council’s cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

Gross Borrowing and the Capital Financing Requirement (CFR)

2.5 To ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its Gross External Borrowing does not (except in the short term) exceed the total of the Capital Financing Requirement in the preceding year (2020/21) plus the estimates of any additional CFR for the current year (2021/22) and the next two financial years. The Council has complied with this prudential indicator in 2021/22.

2.6 The table below highlights the Council's Gross External Borrowing position against the CFR.

	31 March 2021	**31 March 2022**	**31 March 2022**
	Actual	**Budget**	**Actual**
	£M	**£M**	**£M**
CFR General Fund	119.822	126.943	119.594
CFR HRA	78.941	104.078	78.081
Total CFR	198.763	231.021	197.675
Gross Borrowing Position	**(152.735)**	**(198.382)**	**(153.347)**
Under/(Over) Borrowing of CFR	46.028	32.639	44.328

The Authorised Limit

2.7 The Authorised Limit is the affordable borrowing limit required by Section 3 of the Local Government Act 2003. Once it has been set, the Council does not have the power to borrow above this level.

The Operational Boundary

2.8 The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or above the boundary is acceptable subject to the Authorised Limit not being breached.

Actual Financing Costs as a Proportion of Net Revenue Stream

2.9 This indicator identifies the trend in the cost of capital (borrowing and long-term obligation costs net of investment income) against the net revenue stream.

2.10 The Council's performance against the above indicators in 2021/22 is set out in the table below.

2.11 Authorised Limit / Operation Boundary v Gross Borrowing

	2021/22
	£M
Authorised Limit	223.352
Maximum Gross Borrowing Position in Year	153.347
Operational Boundary	212.948
Average Gross Borrowing Position	148.588

2.12 Interest Rate Exposure

	2020/21	2021/22
	£M	£M
Upper Limit for Fixed Interest Rate Exposure	146.635	149.247
Upper Limit for Variable Rate Exposure expressed as an absolute value	0	0

2.13 Financing Costs as a proportion of Net Revenue Stream

	Non HRA (Council Tax)	HRA (Rents)
	%	%
2021/22 Budget	3.07	21.28
2021/22 Actual	3.10	21.66

Treasury Position

2.14 The Council's treasury management debt and investment position is organised by the treasury management service to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting and through officer activity detailed in the Council's Treasury Management Practices.

2.15 At the beginning and the end of 2021/22, the Council's treasury position was as follows.

Debt Portfolio	31st March 2021		31st March 2022	
	Principal	Rate Payable	Principal	Rate Payable
	£M	%	£M	%
Fixed Rate Funding				
PWLB	144.417	4.699	146.502	4.518
Concessionary Loans	0.500	0.000	0.500	0.000

Town Centre Loans	0.550	0.000	0.550	0.000
Salix Loans	1.168	0.000	1.695	0.000
Variable Rate Funding				
Market Loans	6.000	5.320	4.000	4.500
Temporary Loan	0.100	0.056	0.100	0.140
Total Debt	**152.735**		**153.347**	
CFR	(198.763)		(197.675)	
Over/(Under) Borrowing	**(46.028)**		**(44.328)**	

Movement in Net Debt

	31st March 2021	31st March 2022
	£M	£M
Total Debt	152.375	153.347
Total Investments	(92.160)	(93.620)
Net Debt	60.215	59.727

Maturity Structure of Debt Portfolio

2.16 The Maturity Structure of the Debt Portfolio (excluding accrued interest and accounting adjustments) is set out below.

	2021/22 Original Limits	2021/22 Actual*	2021/22 Actual
	%	£M	%
Less than one year	20	7.962	5.19
Between one and two years	20	9.902	6.46
Between two and five years	30	23.145	15.09
Between five and ten years	40	19.247	12.55
Between ten and twenty years	100	54.365	35.46
Between twenty and thirty years	100	18.276	11.92
Between thirty and forty years	100	16.450	10.73
Between forty and fifty years	100	4.000	2.60
Total		**153.347**	**100**

Borrowing Outturn 2021/22

2.17 During 2021/22 £4,131,889 of additional internal funds were used in the financing of capital expenditure. An average rate of interest was charged to reflect the use of capital resources. The total charges for interest and principal including for prudential borrowing during the year 2021/22 were £7,329,179 and £5,217,496, respectively.

2.18 For all borrowing excluding loans that are advanced under the Local Government Borrowing Initiative and those borrowed on an interest free basis an original estimate of 3.65% has been included in the estimates for 2021/22. The actual rate was 3.70%.

2.19 The Council internally borrowed for one new loan totalling £702,889. This new borrowing comprised of an additional interest free loan from Salix to finance the street lighting energy reduction scheme.

2.20 The Council also raised one loan for supported borrowing in the sum of £3,429,000 as part of the Council's General Capital Funding for 2021/22.

2.21 Loans borrowed from the Public Works Loan Board (PWLB) are intended to assist local authorities in meeting their longer term borrowing requirements.

2.22 The Council externally borrowed two new loans from the PWLB totalling £8.000M during 2021/22 at an average rate of 2.43%, these funds were used to refinance maturing debt. New capital expenditure borrowing was financed from internal resources.

2.23 During 2021/22 the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow were used as an interim measure. This avoided the cost of carry on any new long term borrowing that was not immediately used to finance capital expenditure.

2.24 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this is being kept under review by the Section 151 Officer to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or refinancing maturing debt.

2.25 Market loans represent non PWLB loans. This debt comprises of one loan for £4.000M, a loan for £2.000M matured on 8th November, 2021. The £4.000M loan will mature on 23rd February, 2054.

2.26 The Concessionary Loan for £0.500M was due to mature in August 2022 but the maturity date has now been extended until the financial year 2024/25. This loan was advanced by Welsh Government and is interest free.

2.27 The Town Centre Loan for £0.550M is repayable on the 31st March, 2035. The loan is also interest free and advanced by Welsh Government.

2.28 The loans advanced by Salix and Salix SEELS for £1,666,613 and £28,843 respectively are to fund the street lighting energy reduction scheme and the installation of a new boiler at Stanwell Comprehensive School. These are repayable over 10 & 9.1 years in equal instalments. The loans are interest free funding.

2.29 Temporary Loans represent loans that have no fixed maturity date. Current loans have been borrowed from the Vale of Glamorgan Welsh Church Act Fund. Interest is calculated using SONIA (Sterling Overnight Interbank Average) rates.

Borrowing In Advance of Need

2.30 The Council is under borrowed on 31st March, 2022 and has not borrowed in advance of its needs during 2021/22.

Debt Rescheduling

2.31 The Council did not undertake any rescheduling activities during 2021/22 as the average differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Investment Outturn for 2021/22

2.32 All investment activity during 2021/22 conformed to the approved strategy and the Council did not encounter any liquidity difficulties in year.

Internally Managed Investments

2.33 The Council manages investments in house and can invest with those institutions which meet the minimum credit rating criteria and are included on the approved lending list as laid out in the investment strategy. The Council currently invests short term for a range of periods from overnight to 364 days, dependent on its cash flows, its interest rate view, and the interest rates/periods on offer although this will be reviewed during 2021/22.

2.34 Investment movements for 2021/22 are summarised as follows.

Investment Portfolio	**Actual 31st March 2021**	**Actual Return %**	**Actual 31st March 2022**	**Actual Return %**	**Interest 2021/22**
	£M		**£M**		**£000**
Debt Management Account Deposit Facility (DMADF)	0.000	0.0317	26.650	0.1178	28.629
Local Authorities	68.750	0.5889	55.500	0.1486	60.505
Federated Hermes Money Market Fund	9.550	0.0220	0.100	0.1336	9.138

CCLA Money Market Fund	9.100	0.0462	4.100	0.1878	0.413
Treasury Bills	0.000	N/A	6.500	0.2474	7.033
Lloyds Instant Access	0.210	0.0100	0.010	0.0100	0.208
Lloyds Monthly Bonus	4.550	0.0217	0.010	0.0100	0.555
Santander Corporate Notice Accounts	0.000	N/A	0.750	0.1944	1.304
Total	92.160		93.620		107.785

All interest amounts stated in the above table are inclusive of accrued interest.

2.35 The continuing market uncertainties because of the coronavirus pandemic, the Russian Invasion of Ukraine and the unpredictability of revenue streams resulted in most of the funds still being invested very cautiously during 2021/22.

2.36 Deposits placed with local authorities and the DMO were for periods between overnight and 364 days.

2.37 Deposits placed with Money Market Funds and the Lloyds Accounts had Instant access and were drawn down when needed to meet the Council's financial commitments.

2.38 Included in the interest payment for the Lloyds Monthly Bonus Account was an additional interest payment of £155 for funds placed more than 31 days.

2.39 Treasury Bills during 2021/22 were invested for periods of one month and six months.

2.40 Three deposits totalling £2.250m were placed in Santander Corporate Notice Accounts during 2021/22, £1.500M on 35 day notice, £0.250M on 95-day notice & £0.750M on 180 day notice**.**

2.41 The Section 151 Officer will continue to keep the borrowing and investment strategies under review.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The Treasury Management and Investment Strategy ensures that the financial plans of the Council are sustainable into the future and do not adversely impact on future generations.

3.2 The Treasury and Investment Strategy underpins the financial management of the Council and its ability to achieve its well-being objectives as set out in the Corporate Plan.

4. Climate Change and Nature Implications

4.1 Councils and the UK Government are widely implemented on policy on the response the Climate change.

4.2 Money Market Funds selected by the Council regularly monitor the environmental, social and governance (ESG) risk management activities with whom they invest.

5. Resources and Legal Considerations

Financial

5.1 Money is borrowed for capital purposes and interest is charged to revenue accounts.

Employment

5.2 There are no direct employment issues relating to this report

Legal (Including Equalities)

5.3 Compliance with the Local Government Act 2003 and CIPFA's "Code of Practice for Treasury Management in the Public Services" is mandatory.

6. Background Papers

CIPFA's Code of Practice for Treasury Management in the Public Services" (2017 Edition), "The Prudential Code" (2017 Edition) and WG guidance on local authority investments.