Item 4

21 February 2024

Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Finance

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Treasury Management Strategy and Annual Investment Strategy 2024/25

Purpose of report:

To advise members of the planned Treasury Management Strategy and Annual Investment Strategy to be adopted for 2024/25, the prudential and treasury indicators for 2023/24 to 2026/27 and the Capital Strategy.

Recommendations:

The committee is asked to note:

(a) The Treasury Management Strategy and Annual Investment Strategy for 2024/25;
(b) The prudential and treasury indicators for 2023/24 to 2026/27;
(c) The Capital Strategy;

and refer the report to the City Administration Committee for approval.

Ward No(s): Citywide: ✓

Local member(s) advised:Yes ☐ No ☐ Consulted: Yes ☐ No ☐

Treasury Management Strategy and Annual Investment Statement 2024/25

1. Introduction

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as '*The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.*

1.2 The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure during the year. In addition, the council's capital plans require longer-term cash flow planning to ensure that the council can meet its capital spending obligations.

1.3 The treasury management function ensures that cash flow is adequately planned with cash being available when it is needed.

1.4 This strategy, together with the approved capital programme and annual revenue estimates, establishes the financial management framework for the management of the council's resources throughout the coming year. The Capital Strategy enhances the current reporting framework by setting out the strategic context in which capital expenditure and investment decisions are made.

2. Reporting framework

2.1 The Local Government in Scotland Act 2003, and supporting regulations, requires the council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code). Both the Prudential Code and the Treasury Management Code have been adopted in full. In addition, a regulatory framework for investments was established with effect from 1 April 2010. This effectively requires the council to set out its Treasury Management Strategy and Annual Investment Strategy, including prudential and treasury indicators for the next three years.

2.2 The Treasury Management Strategy and Annual Investment Strategy (incorporating the Capital Strategy) will be submitted for committee approval prior to the new financial year. There is also a requirement to approve the Treasury Management and Investment Annual Report and to carry out a mid-year review of treasury management, the investment strategy and performance.

2.3 The council's treasury management activity is currently reported to the Finance and Audit Scrutiny Committee. In addition, it is considered appropriate for the City Administration Committee to approve the strategy for the forthcoming financial year and subsequently be approved by full council, in line with the requirements of the Treasury Management Code.

Treasury Management Strategy 2024/25

3. Capital Financing Requirement

3.1 The council's Capital Financing Requirement (CFR) is essentially a measure of the council's underlying need to borrow. There is an estimated increase in the CFR of £160m for 2024/25, based on assumptions within the council's current capital investment plan, and forecast debt repayment.

3.2 In addition, there will be a refinancing requirement in respect of Public Works Loan Board (PWLB) loans maturing in 2024/25 (£18m), and also potential for a number of market loans to be recalled. There may also be further new borrowing in respect of any rescheduling opportunities that may arise, as set out in this paper.

3.3 Following the introduction of the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 the council is required from 1 April 2016 to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

3.4 Following an assessment of options available, the council will continue to apply the annuity method. For historical assets, principal debt repayments have been re-profiled to be consistent with the period in which future benefits are derived from the asset base. This reflects a prudent realignment of costs to match the consumption of the council's assets over their remaining lives. As at 31 March 2023 the council's commitment to repay loans fund advances was £1,695m. These advances are repaid over time with advances for assets currently operational repaid by 31 March 2064. As new assets become operational, the council's loan debt repayments will increase, the impact of which will be included in future year's financial forecasts.

4. Prospects for interest rates

4.1 The council's treasury advisor (Link Asset Services) has provided the council with their view of probable interest rates for the financial years 2024/25 to 2026/27.

(a) Long-term

The current and expected interest rates for long-term borrowing from the PWLB are provided in the table below and highlight a gradual decrease from the current position. The PWLB rates quoted take account of the application of a 0.2% certainty rate reduction, introduced by the government in return for council's providing their borrowing forecast information. Glasgow City Council is able to access the certainty rate reduction.

PWLB forecast	2023/24 %	2024/25 %	2025/26 %	2026/27 %
5 year	4.9	4.7	3.8	3.5
10 year	5.0	4.7	3.8	3.6
25 year	5.3	4.9	4.2	4.0
50 year	5.1	4.7	4.0	3.8

(b) Short-term

The 'Bank Rate' is the official Bank of England rate paid on commercial bank reserves. Following the cost-of-living crisis, record levels of inflation and an unprecedented 9 consecutive interest rate rises during 2022/23, there is now signs of stabilisation within the UK economy. Growth is still slow but inflation rates are falling towards the 2% target set by the Monetary Policy Committee (MPC). As a result, no further increases to bank rates are expected during 2024/25 and the current forecast is that these should actually begin to fall towards the end of 2024 and into 2025. The table below shows the current forecast for the Bank Rate to 2026/27.

	2023/24 %	2024/25 %	2025/26 %	2026/27 %
Bank rate forecast	5.25	5.00	3.25	3.00

5. Current treasury position

5.1 A summary of the council's treasury portfolio as at 31 December 2023 is outlined in Appendix 1.

6. Borrowing strategy 2024/25

6.1 The council's borrowing strategy will be based upon the following factors:

6.1.1 The council's reserve and fund balances may be utilised to limit external borrowing as an alternative to investing these resources. Reducing investment balances rather than increasing external borrowing will both deliver interest savings, foregoing interest earned at historically low rates as opposed to interest rates paid on external borrowing, and limit exposure to investment risk. However, the current levels of internal funds is insufficient to support this approach and therefore the option to use these to limit levels of external borrowing is extremely limited.

6.1.2 Short-term borrowing from money markets or other local authorities is traditionally expected to be cheaper than long-term borrowing and is therefore usually an attractive option throughout the financial year. However, as with internal borrowing, there is very limited scope for this within the current markets and any potential borrowing tends to be at a rate that would not be desirable to the council. Any decision around taking short-term borrowing at a higher rate, in anticipation of reducing long-term external borrowing rates, requires to be balanced with the potential additional long-term benefit, once the rates fall.

6.1.3 Long-term fixed rate market loans at rates below PWLB rates for the equivalent maturity period, where available, will be considered.

6.1.4 Current PWLB rates are forecast to have reached their peak during 2023 with a gradual decrease then forecast over the next couple of years. As a result, consideration will be given to the timing of any new fixed rate long-term borrowing. Although more expensive in the short-term, fixed rate borrowing between 1 and 5 years will be utilised to secure funds, with the aim of replacing these in the future with longer-term borrowing if the rates decrease as forecast. The fixed rate borrowing also provides an element of budget certainty in respect of future years.

6.1.5 Consideration will be given to forward contracts for long-term fixed rate market loans, where available. This may allow new borrowing to be secured, to be drawn down at a specified date in the future. Such loans may command slightly higher interest rates than the actual at the time of the drawdown, however, this requires to be offset against there being no cost of carry or investment risk through borrowing now.

6.2 The council's annual estimates include appropriate provision for financing costs of capital expenditure. The key principles of the strategy will be to minimise debt interest costs over the medium-term and to achieve a more even spread in the debt maturity profile. It is anticipated that a range of solutions will be employed in order to mitigate against interest rate risk, as outlined above. The Executive Director of Finance, in conjunction with the treasury advisors, will continually monitor interest rate forecasts and adopt a pragmatic approach to changing circumstances.

7. Policy on borrowing in advance of need

7.1 The council will not borrow more than or in advance of its needs solely in order to profit from the investment of the additional sums borrowed. In accordance with the revised Prudential Code, any decision to borrow in advance will be considered carefully to ensure value for money and security of funds. Specifically, there will be a clear link to the capital investment programme and maturity profile of the existing debt portfolio, which supports the decision to take funding in advance of need.

8. Debt rescheduling

8.1 The principle reasons for debt rescheduling include:

- The generation of cash savings; and
- To enhance the balance of the debt maturity profile, mitigating the risk of re-financing at a higher rate of interest in any year in the future.

8.2 Current short-term borrowing rates are comparable to the longer-term fixed interest rates, however, forecasts suggest that these long-term rates should fall in the future and therefore short-term borrowing will continue to be preferred for 2024/25. Once the rates fall to an acceptable level, longer-term borrowing will be taken to replace these short-term loans and lock-in more preferential interest rates to minimise the impact on the debt maturity profile. With current investment balances and future cashflow forecasts, it is unlikely that there will be any opportunity for making savings by reducing investment balances to repay debt prematurely in 2024/25.

8.3 Opportunities for debt rescheduling will be monitored on an ongoing basis throughout the year, with rescheduling undertaken if benefits were to accrue.

9. Treasury management performance

9.1 The headline performance indicator for treasury management is the pooled interest rate representing the rate of interest charged for capital advances. The pooled interest rate for 2024/25 is estimated at 3.44%, based on the strategy set out in this paper. The strategy for 2024/25 and future years is to minimise potential increases to this level.

10. Prudential and treasury Indicators 2023/24 to 2026/27

10.1 The council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to ensure that the council's capital investment plans are affordable, prudent and sustainable. The prudential and treasury indicators for 2023/24 to 2026/27 are outlined in Appendix 2 & 3 and reflect approved capital expenditure plans and future years' forecasts. These indicators are relevant for the purpose of setting an integrated treasury management strategy.

Annual Investment Strategy

11. Investment policy

11.1 The council's investment policy has regard to the Local Government Investment (Scotland) Regulations 2010, the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 and the Treasury Management Code 2021. Investment priorities will be security, minimising the risk of any loss on the principal sum invested, and liquidity. The council will aim to achieve the optimum return on its investments commensurate with levels of security and liquidity requirements. The risk appetite of the council will be low in order to give priority to security of investments.

11.2 The Prudential Code 2021 emphasises that the borrowing of monies purely to invest or on-lend and make a return is unlawful and the council will not engage in such activity. The limit of investments will reflect the level of available council reserve fund balances and borrowing in advance to meet capital financing requirements, in line with the borrowing strategy, together with provision for managing the council's day-to-day cash flow requirements. Investments will be managed both internally and externally, with external fund managers managing the investment of specific fund balances.

11.3 In respect of internally managed investments, investment instruments identified for potential use during the year, together with specific investment limits, are listed in Appendix 4. Treasury risks associated with investments and the control of such risks are also outlined in Appendix 4. Within the constraints of the policy, due consideration will also be given to the diversification of investments and in relation to environmental, social and governance (ESG) aspects of investing with any counterparties and countries, in order to limit a concentration of investments with too few counterparties or countries as well as limiting the exposure of any investment to significant ESG risks.

11.4 There has been considerable change in the types of investment instrument brought to the market in recent years. Given the fluidity of this area, members will be kept informed and requested to approve the use of any new instruments, as appropriate, in order to allow maximum flexibility.

12. Creditworthiness policy – Financial institutions

12.1 The council uses Fitch ratings to derive its counterparty criteria and, where a counterparty does not have a Fitch rating, the equivalent Moody's rating is used. This is overlaid by the creditworthiness service provided by treasury advisors. This service uses a sophisticated modelling approach, with credit ratings from the three main rating agencies (Fitch, Moody's, Standard and Poors) forming the core element. The modelling also determines suggested duration periods for investments.

12.2 The council will continue to limit exposure to credit risk by ensuring that all investments are placed with the higher rated bodies from a weekly credit list of worldwide potential counterparties. The investment criteria to be adopted from 1 April 2024 is outlined in Appendix 5, while a sample credit list on this basis as at 31 December 2023 is given in Appendix 6, for illustration purposes. These investment criteria will be kept under review throughout the year and amended, if required, to ensure that they continue to be fit for purpose.

12.3 As part of this strategy the council will also invest in creditworthy banks using Link Asset Services as an intermediary. This will help to ensure the council achieves optimum investment performance consistent with the management of risk. The appropriate scrutiny checks will be applied prior to implementing this approach.

12.4 Credit ratings will be monitored on an ongoing basis. The council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service. If a downgrade results in the counterparty no longer meeting the council's minimum criteria, no further investment will be made with that institution, with immediate effect. In addition, the council will not place sole reliance on credit ratings and this external creditworthiness service. Market information and information on government support for banks will also be considered when making investment decisions.

12.5 The continuing regulatory changes in the banking sector are designed to achieve greater stability, lower risk and remove expectations of government support. As a result it is anticipated that the 'Support' rating will ultimately be withdrawn or become redundant. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to individual institutions.

12.6 Regulatory changes also required banks to ring-fence essential banking services from investment banking with effect from 1 January 2019. While the structure of the banks included within this process may have changed, the fundamentals of credit assessment has not. The council continues to assess the new-formed entities in the usual way with those with sufficiently high ratings being considered for investment purposes.

13. Investment strategy

13.1 The council's in-house managed investments will be made with reference to reserve balances, day to day cash flow requirements and the outlook for short-term interest rates. The Bank Rate, currently at 5.25%, is expected to hold for the first half of 2024/25 before gradually decreasing into 2025/26 with further gradual decreases expected in future years in a bid to bring inflation levels back towards the 2% target set by the MPC.

13.2 Given the recent volatility with investment rates, the council will generally avoid locking into longer-term deals unless attractive rates are available with counterparties of relatively high creditworthiness.

13.3 For its cash flow generated balances, the council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits.

13.4 In addition to internally managed investments, externally managed investments are currently held in respect of Sundry Trusts and the City Funds (Insurance Fund and Common Good Fund). These funds are held with investment brokers Ruffer Limited Liability Partnership and are all invested on a longer-term basis. The investment objectives of theses portfolios are to preserve the capital fund and achieve low volatility positive returns. Performance of externally managed investments is reported regularly to the Executive Director of Finance and is included in the Treasury Management annual report and mid-year review.

13.5 The Executive Director of Finance will continue to monitor the economic environment and adopt a pragmatic approach to changing circumstances. A balanced view of risk against return will be taken in respect of all investments. It is anticipated that return on investments will be limited in 2024/25 as a result of Bank Rate forecasts and the over-riding principal of risk aversion. Investment activity will be reported upon at the end of the financial year, as part of the Annual Treasury Report.

14. Non-treasury investments

14.1 Non-treasury investments are defined as the following categories:

- All shareholding, unit holding and bond holding, including those in a local authority owned company
- Loans to a local authority company or other entity formed by a local authority to deliver services
- Loans made to third parties
- Investment property

14.2 The council currently holds shares in a number of companies. It is the principal shareholder in Scottish Event Campus Ltd, holding 19,900,000 of ordinary £1 shares and representing 90.87% of the issued share capital. The council is also the principal member of City Building (Contracts) Limited Liability Partnership, City Property Glasgow (Investments) Limited Liability Partnership, City Property Glasgow (Operations SL1) Limited Liability Partnership, City Property Glasgow (Operations SL2) Limited Liability Partnership and City Property Glasgow (Operations SL3) Limited Liability Partnership. The council is also an equal joint member of City Building (Glasgow) Limited Liability Partnership with the Wheatley Group.

14.3 The authority currently has no finance arrangements or loans to local authority companies. Any such finance arrangements or loans would be subject to specific committee approval.

14.4 Externally managed investments are held in respect of Sundry Trusts the City Funds (Insurance Fund and Common Good Fund) and are managed by Ruffer Limited Liability Partnership. As at 31 December 2023, the total market value of these funds was £39.9m (Sundry Trusts at £17.2m and City Funds at £22.7m).

14.5 The authority may make loans to third parties, where this is consistent with meeting the service objectives of the council and for which, specific statutory provision exists. Such loans up to a value of £50,000 will be approved by service directors under delegated powers, as outlined in the scheme of delegation. Loans above £50,000 are subject to specific committee approval.

14.6 For service reasons loans to third parties may be offered at an interest rate below the market rate. Where the loan is advanced at less than a market interest rate there is an associated loss of investment return which would otherwise have been earned on these monies. The cost to the council in this respect is reflected in the authority's accounts. All loans to third parties will be recognised as investments and detailed within the Annual Investment Report.

14.7 The council no longer holds significant levels of investment property, largely due to the transfer of such assets to City Property Glasgow (Investments) LLP on 31 March 2010.

15. Capital Strategy

15.1 The Prudential Code places a requirement on authorities to prepare a Capital Strategy, with specific objectives being to demonstrate that capital investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability. The Capital Strategy provides the longer-term context in which capital investment decisions are made and gives consideration to both risk and reward, and impact on the achievement of priority outcomes. The Capital Strategy is included as Appendix 7 of this report.

16. Training

16.1 The Treasury Management Code requires the proper officer to ensure that members with responsibility for treasury management receive adequate training in order to support their scrutiny role. Member training on treasury management issues last took place in February 2023 with the training materials subsequently being loaded to the council GOLD (Glasgow Online Learning and Development) system for repeat future viewing as required. The training needs of treasury management officers are periodically reviewed.

17. Policy on the use of external providers

17.1 The council currently uses Link Asset Services as its external treasury management advisors however this contract expires on 31 March 2024. A new tender process is underway to appoint a successor to provide these services to the council from 1 April 2024. The tender process will be finalised in February 2024 with the successful bidder providing the necessary services from 1 April 2024 onwards. No material

impact to current services or operations is anticipated as a result of this tender process. It is recognised, however, that responsibility for treasury management decisions remains with the council at all times and it will ensure that undue reliance is not placed upon our external service providers.

17.2 For short-term market borrowing and investments the council utilises a number of brokers to access sterling cash markets. This ensures that the council ensures best value in daily cash flow management.

18. Scheme of delegation and role of the Section 95 officer

18.1 In line with relevant guidance notes, the treasury management scheme of delegation and the treasury management role of the Section 95 officer is outlined in Appendix 8.

19. Policy and resource impacts framework

19.1 Resource implications

Financial:	Financial implications of this report will be reflected in the revenue estimates for 2024/25.
Legal:	No new legal issues
Personnel:	No direct personnel issues
Procurement:	No relevant procurement issues

19.2 Council Strategic Plan: No impact

19.3 Equality impacts: No impact

19.4 Sustainability impacts: No impact

19.5 Privacy and Data Protection impacts No impact

20. Recommendations

20.1 The committee is asked to note:

a) The Treasury Management Strategy and Annual Investment Strategy for 2024/25;
b) The prudential and treasury indicators for 2023/24 to 2026/27;
c) The Capital Strategy;

and refer the report to the City Administration Committee for approval.

Glasgow City Council

Treasury portfolio position

	Nominal amount at 31/12/23 £000	Annual average interest rate %
Fixed rate borrowing		
Public Works Loan Board	950,333	
Market loans	449,161	
Gross debt *(see notes 1 and 2)*	**1,399,493**	**4.22%**

	Nominal amount or valuation at 31/12/23 £000	Annual average interest rate %
Investments		
Internally managed (various counterparties)	48,090	5.34%
Externally managed *(see note 3)*		
Ruffer (City Funds)	22,771	-6.09%
Ruffer (Sundry Trusts)	17,221	-6.08%
	39,992	
Total investments	**88,082**	
Net debt	**1,311,411**	

Notes:

1. The value of total debt outstanding as at 31 December 2023 includes £19.993m in respect of debt managed by Glasgow City Council on behalf of Police Scotland.

2. Gross debt includes an amount of £170m subject to interest rate call during 2024/25.

3. The rates of return in respect of externally managed investments are in respect of the 2023 calendar year.

Glasgow City Council **APPENDIX 2**

Prudential and treasury indicators

2023/24 - 2026/27 Estimates

2023/24 Revised Estimate		2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
	Prudential indicators for prudence			
£m	1) Capital expenditure	£m	£m	£m
130	Gross capital expenditure	280	260	250
150	Less: Capital income	80	90	60
10	Less: Other long-term liabilities	60	10	10
-30	Net in year borrowing requirement	140	160	180
£m	2) Capital financing requirement (CFR)	£m	£m	£m
2,660	Total CFR at 31 March	2,820	2,940	3,080
-60	Movement in CFR	160	120	140
	Represented by:			
10	Assets acquired under finance lease	60	10	10
-30	Net in year borrowing requirement (above)	140	160	180
-40	Less: Scheduled principal repayment	-40	-50	-50
-60	Total	160	120	140
£m		£m	£m	£m
1,770	3) Authorised limit for borrowing	1,940	2,060	2,200
1,040	Authorised limit for long-term liabilities	1,030	1,030	1,030
2,810	Authorised limit for external debt	2,970	3,090	3,230
£m		£m	£m	£m
1,710	4) Operational boundary for borrowing	1,870	1,990	2,130
1,000	Operational boundary for long-term liabilities	1,000	1,000	1,000
2,710	Operational boundary for external debt	2,870	2,990	3,130
£m	5) Gross debt and the CFR	£m	£m	£m
2,180	Gross debt at 31 March	2,340	2,460	2,600
2,660	Total CFR at 31 March	2,820	2,940	3,080
-480	Gross debt less the CFR at 31 March	-480	-480	-480
	Prudential indicators for affordability			
%	6) Ratio of financing costs to net revenue	%	%	%
8.7%	stream	12.2%	9.8%	10.1%
	Treasury indicators - borrowing limits			

Upper	Lower	7) Maturity structure of fixed rate borrowing	Upper	Lower	Upper	Lower	Upper	Lower
20%	0%	a) Under 12 months	20%	0%	20%	0%	20%	0%
20%	0%	b) 12 months and within 24 months	20%	0%	20%	0%	20%	0%
50%	0%	c) 24 months and within 5 years	50%	0%	50%	0%	50%	0%
75%	0%	d) 5 years and within 10 years	75%	0%	75%	0%	75%	0%
90%	15%	e) 10 years and above	90%	15%	90%	15%	90%	15%

Upper	Lower	8) Maturity structure of variable rate borrowing	Upper	Lower	Upper	Lower	Upper	Lower
20%	0%	a) Under 12 months	20%	0%	20%	0%	20%	0%
20%	0%	b) 12 months and within 24 months	20%	0%	20%	0%	20%	0%
50%	0%	c) 24 months and within 5 years	50%	0%	50%	0%	50%	0%
75%	0%	d) 5 years and within 10 years	75%	0%	75%	0%	75%	0%
90%	0%	e) 10 years and above	90%	0%	90%	0%	90%	0%

Treasury indicator - investment

£m	9) Upper limit on principal sums invested for	£m	£m	£m
100	over 365 days	100	100	100

Note:

Following deferral of the previous timetable and with effect from 1 April 2024, accounting changes take effect with the introduction IFRS 16 'Leases'. The estimated impact of these changes are included in the prudential indicators above.

Liability Benchmark

The Treasury Management Code 2021 set out a requirement for a new Liability Benchmark (LB) prudential indicator to be included in the Treasury Management Strategy from 2023/24. The Code requires Glasgow City Council (GCC) to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, however CIPFA strongly recommends that the LB is produced for at least 10 years. The GCC indicator therefore includes the LB for the next 10 years in line with the CIPFA recommendation.

The Purpose of the Liability Benchmark is to:

Compare an Authority's existing loan portfolio to its future need for loan debt

There are four components to the LB: -

1 **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.

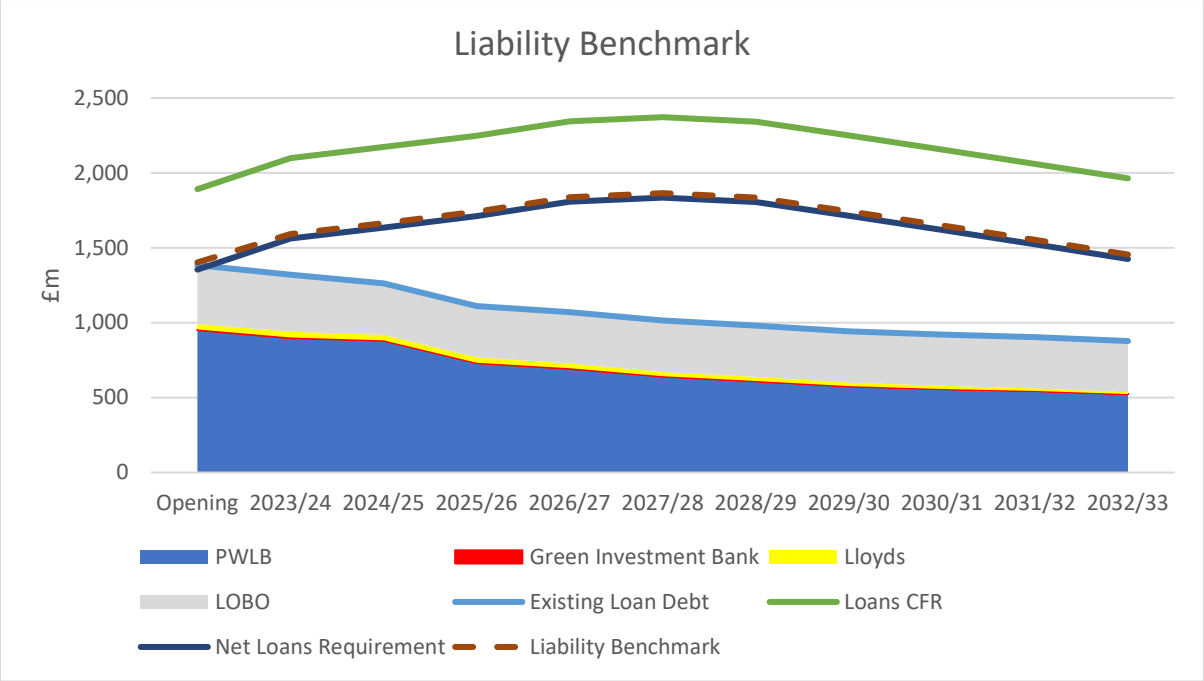
2 **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.

Note: the Loans CFR peaks after five years as only approved prudential borrowing is included whereas all other inputs are projected forward for 10 years.

3 **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.

4 **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. Short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).

APPENDIX 3



Analysis of Liability Benchmark

The chart above details the Liability Benchmark forecast for GCC over the next 10 years.

Mismatches between actual loan debt outstanding and the liability benchmark can be be explained as follows...

- Any years where actual loans are less than the benchmark indicate a future borrowing requirement.
- Any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement).

The treasury strategy explains how the treasury risks inherent in these mismatched positions will be managed.

Appendix 4

Permitted investments – Treasury investments

This council approves the following forms of investment instrument for use as permitted investments:

Investment instrument	2024/25 investment limit £m
1. Government backed deposits	
a) **Debt Management Agency Deposit Facility (DMADF)** This offers the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury. It is effectively an investment placed with the government. However, as it is low risk it also earns low rates of interest.	Unlimited
b) **Deposits with counterparties currently in receipt of government support / ownership** This provides another dimension of creditworthiness in terms of government backing through either direct (partial or full) ownership or the banking support package. This implies that the government will ensure the continuity of these institutions. As such, these investments are considered to offer a low and acceptable level of risk.	£50m
2. Local authorities or other public bodies These are seen as quasi UK Government debt and, as such, counterparty risk is considered very low.	£50m
3. Non-government backed deposits	
a) **Term deposits with high credit worthiness banks and building societies including amounts lodged with banks through an intermediary** For term deposits, investments are made with credit worthy financial institutions until a specified maturity date. It offers a higher rate of return than the DMADF and the residual risks around using such banks and building societies are considered to be at a low and acceptable level.	£25m
b) **Call accounts with high credit worthiness banks and building societies** Similar to 3a above, only with instant access to recalling cash deposited. This may offer a lower rate of return than that which could be earned from the same institution by making a term deposit, however, still above the DMADF. Some use of call accounts is desirable to ensure liquidity requirements can be met.	£25m

4. Money Market Funds (MMFs) MMFs are AAA rated and offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. MMFs offer an effective way of minimising risk exposure while still achieving better rates of return than available through the DMADF.	£25m
5. Government liquidity funds. These are very similar to MMFs but only invest in government debt issuance with highly rated governments. They offer a lower rate of return than MMFs but slightly higher than the returns from the DMADF.	£30m
6. Securities Issued or guaranteed by governments	
a) **Treasury bills** These are short-term bills (up to 12 months) issued by the government and so are backed by the sovereign rating of the UK. The return is higher than the DMADF and they can be sold if there is a need for access to cash at any point in time, although early sales could incur a net cost during the period of ownership.	£30m
b) **Gilts** These are longer-term debt issuance by the UK government and are backed by the sovereign rating of the UK. The advantage over Treasury bills is that they generally offer higher yields the longer it is to maturity.	£30m

Treasury risks

All the investment instruments outlined above are subject to the following risks:

1. **Credit and counterparty risk**
   This is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's finances. There are no counterparties where this risk is zero although AAA rated organisations have a very high level of creditworthiness.

2. **Liquidity risk**
   This is the risk that instant access to cash will not be available when it is needed. Investments can range from being instant access to term, that is, money is locked in until an agreed maturity date. However, some forms of investment, for example, gilts can usually be sold immediately if the need arises.

3. **Market risk**
   This is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, in certain circumstances, exposure to market risk may be sought, with a view to obtaining a long-term increase in value. This applies to the

investment of Sundry Trusts and the City Funds (Insurance Fund and Common Good Fund) managed by external fund managers.

4. **Interest rate risk**
   This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in the Prudential Indicators within this report.

5. **Legal and regulatory risk**
   This is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

The level of both risk exposure and liquidity influences the rate of return on investments. Generally, the lower the risk or the higher the liquidity, the lower the rate of return.

Controls on treasury risks

1. **Credit and counterparty risk**
   The council has set minimum credit criteria to determine which counterparties and countries are of high creditworthiness to enable investments to be made safely.

2. **Liquidity risk**
   The council has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.

3. **Market risk**
   In respect of in-house managed investments, the council generally does not purchase investment instruments which are subject to market risk in terms of fluctuation in their value. The authority may purchase treasury bills as their value does not vary much during their short life. Externally managed investments are subject to market risk, however, this is consistent with the longer-term view, afforded by the nature of the specific funds invested.

4. **Interest rate risk**
   The council manages this risk by having a view of the future course of interest rates and formulates a treasury management strategy accordingly. The strategy aims to minimise net interest costs, consistent with control of risk.

5. **Legal and regulatory risk**
   The council will not undertake any form of investing until it has ensured that it has necessary powers and also complied with all regulations.

Environmental, Social and Governance (ESG) consideration

The council is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring environmental, social and governance (ESG) factors into the decision-making process for investments. Within this, the council is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The council uses ratings from

Fitch and Moody's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement.

For short term investments with counterparties, the council utilises the ratings provided by Fitch and Moody's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings. Working with Link Asset Services, the council will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment process and will update accordingly.

The council only holds short term cash deposits to manage its cashflow. There is currently insufficient information to enable ESG factors to be fully considered when placing these deposits.

Current investment guidance, both statutory and from CIPFA, makes it clear that all investing must adopt Security, Liquidity and Yield (SLY) principles and that ethical principles must play a subordinate role to these priorities.

Glasgow City Council

Counterparty investment criteria

Fitch rating (minimum)

Long-term	A and above (i.e. A+, AA-)
Short-term	F1

Moody's rating (minimum)

Long-term	A2 and above (i.e. A1, Aa3)
Short-term	P-1

Link Asset Services – Creditworthiness services overlay

A sophisticated modelling approach with credit ratings from all three rating agencies (Fitch, Moody's and Standard and Poor's) forming the core element, supplemented by Credit Default Swap (CDS) spreads, sovereign ratings and other market information, providing suggested duration of investments.

Credit methodology changes

Changes to credit rating methodology will be required as a result of the expected phasing out of implied levels of sovereign support, with 'support' ratings being effectively redundant.

Maximum investment limit

Refer to Appendix 4.

Maximum investment period

Based on Link Asset Services creditworthiness services suggested duration bands.

Glasgow City Council

Counterparty investment list

Weekly credit list: Friday, 29/12/23	Fitch		Moody's		
	Long-term	Short-term	Long-term	Short-term	Suggested duration (CDS adjusted)
United Arab Emirates	**AA**		**Aa2**		
First Abu Dhabi Bank PJSC	AA-	F1+	Aa3	P-1	O
Australia	**AAA**		**Aaa**		
Australia and New Zealand Banking Group Ltd.	A+	F1	Aa3	P-1	O
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	O
Macquarie Bank Ltd.	A	F1	A1	P-1	R
National Australia Bank Ltd.	A+	F1	Aa3	P-1	O
Westpac Banking Corp.	A+	F1	Aa3	P-1	O
Belgium	**AA-**		**Aa3**		
BNP Paribas Fortis	A+	F1	A1	P-1	R
KBC Bank N.V.	A+	F1	Aa3	P-1	O
Canada	**AA+**		**Aaa**		
Bank of Montreal	AA-	F1+	Aa2	P-1	O
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	O
Canadian Imperial Bank of Commerce	AA-	F1+	Aa2	P-1	O
National Bank of Canada	A+	F1	Aa3	P-1	R
Royal Bank of Canada	AA-	F1+	Aa1	P-1	O
Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	O
Denmark	**AAA**		**Aaa**		
Danske A/S	A+	F1	A2	P-1	R
Finland	**AA+**		**Aa1**		
Nordea Bank Abp	AA-	F1+	Aa3	P-1	O
France	**AA-**		**Aa2**		
BNP Paribas	A+	F1	Aa3	P-1	O
Credit Agricole Corporate and Investment Bank	A+	F1	Aa3	P-1	O
Credit Agricole S.A.	A+	F1	Aa3	P-1	O
Credit Industriel et Commercial	A+	F1	Aa3	P-1	O
Germany	**AAA**		**Aaa**		
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	O
Landesbank Berlin AG			Aa3	P-1	O
Landesbank Hessen-Thueringen Girozentrale	A+	F1+	Aa3	P-1	O
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	P
NRW.BANK	AAA	F1+	Aa1	P-1	P
Netherlands	**AAA**		**Aaa**		
ABN AMRO Bank N.V.	A	F1	Aa3	P-1	R
BNG Bank N.V.	AAA	F1+	Aaa	P-1	P
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	O
ING Bank N.V.	AA-	F1+	Aa3	P-1	O
Nederlandse Waterschapsbank N.V.			Aaa	P-1	P
Norway	**AAA**		**Aaa**		
DNB Bank ASA			Aa1	P-1	O
Qatar	**AA-**		**Aa3**		
Qatar National Bank	A	F1	Aa3	P-1	R
Singapore	**AAA**		**Aaa**		
DBS Bank Ltd.	AA-	F1+	Aa1	P-1	O

Weekly credit list: Friday, 29/12/23	Fitch		Moody's		
	Long-term	Short-term	Long-term	Short-term	Suggested duration (CDS adjusted)
Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	Aa1	P-1	O
United Overseas Bank Ltd.	AA-	F1+	Aa1	P-1	O
Sweden	**AAA**		**Aaa**		
Skandinaviska Enskilda Banken AB	AA-	F1+	Aa3	P-1	O
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	O
Swedbank AB	AA-	F1+	Aa3	P-1	O
Switzerland	**AAA**		**Aaa**		
UBS AG	A+	F1	Aa2	P-1	O
United Kingdom	**AA-**		**Aa3**		
Al Rayan Bank Plc			A1	P-1	R
Bank of Scotland PLC (RFB)	A+	F1	A1	P-1	R
Barclays Bank PLC (NRFB)	A+	F1	A1	P-1	R
Barclays Bank UK PLC (RFB)	A+	F1	A1	P-1	R
Goldman Sachs International Bank	A+	F1	A1	P-1	R
Handelsbanken Plc	AA	F1+	0	0	O
HSBC Bank PLC (NRFB)	AA-	F1+	A1	P-1	O
HSBC UK Bank Plc (RFB)	AA-	F1+	A1	P-1	O
Lloyds Bank Corporate Markets Plc (NRFB)	A+	F1	A1	P-1	R
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	R
National Bank Of Kuwait (International) PLC	A+	F1	0	0	R
NatWest Markets Plc (NRFB)	A+	F1	A1	P-1	R
Santander Financial Services plc (NRFB)	A+	F1	A1	P-1	R
Santander UK PLC	A+	F1	A1	P-1	R
Standard Chartered Bank	A+	F1	A1	P-1	R
Nationwide Building Society	A	F1	A1	P-1	R
United States	**AA+**		**Aaa**		
Bank of America N.A.	AA	F1+	Aa1	P-1	O
Bank of New York Mellon, The	AA	F1+	Aa1	P-1	P
Citibank N.A.	A+	F1	Aa3	P-1	O
JPMorgan Chase Bank N.A.	AA	F1+	Aa1	P-1	O
Wells Fargo Bank, NA	AA-	F1+	Aa1	P-1	O
Debt Management Office	**AA-**		**Aa3**		**Y**
Government Supported/Owned Banks					
National Westminster Bank PLC (RFB)	A+	F1	A1	P-1	B
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	B

Notes:

1) RFB and NRFB refers to 'Ringfenced' and 'Non-ringfenced' banks
2) In addition to utilising Money Market Funds and the Debt Management Office for investments, the council also currently utilises Royal Bank of Scotland for cash flow purposes

Key to suggested maximum investment periods:

Y (Yellow) - 60 months
P (Purple) - 24 months
B (Blue) - 12 months and government backed
O (Orange) - 12 months
R (Red) - 6 months
G (Green) - 3 months

Appendix 7

Capital Strategy

1. Introduction

As part of the Prudential Code the council is required to prepare a capital strategy that provides an overview of the proposed capital investment priorities, treasury management activity and governance arrangements. The strategy does not replace any of these existing programmes and strategies but consolidates these in a single document.

2. Strategic Context

The capital investment strategy supports the delivery of the Council Strategic Plan 2022-2027 Strategic Plan - Glasgow City Council. This plan identified four key challenges and commitments to be delivered against them. The key challenges are:

- Reduce poverty and inequality in our communities
- Increase opportunity and prosperity for all our citizens
- Fight the climate emergency in a just transition to a net zero Glasgow
- Enable staff to deliver essential services in a sustainable, innovative, and efficient way for our communities.

The focus of the capital strategy is therefore to support the delivery against these challenges through targeted investments in our assets to develop the council's infrastructure, enhance capabilities and improve efficiency of service delivery.

In addition to this the council is also committed to the delivery of The Glasgow Community Plan Glasgow Community Plan and the Glasgow City Development Plan City Development Plan - Glasgow City Council. These plans outline various activities that align to the strategic plan and therefore are complementary to the delivery of the capital strategy.

3. Operational Context

The council manages its physical assets across a number of "asset classes". These asset classes include:

- Property and Land
- Fleet
- ICT
- Land and Open Spaces
- Infrastructure
- Civic Collections

The council has adopted various approaches to the development of each asset class as outlined below:

Land and Property

The council approved its overall Property and Land Strategy at the City Administration Committee of 7 February 2019, Land and Property Strategy

Fleet

The council's fleet strategy was approved by the City Administration Committee on the 12 September 2019 Fleet Strategy 2020-30.

ICT

The council has entered into a seven year contractual relationship with CGI for the provision and transformation of its ICT infrastructure. In addition the council has established its Digital Glasgow strategy to develop the use and application of ICT to benefit both the council itself and the citizens of Glasgow. Digital Glasgow Strategy

Land and Open Spaces

The council's Open Space Strategy was approved by the City Administration Committee on 6 February 2020. Open Space Strategy. This strategy, together with the associated Vision for Glasgow Parks and Greenspace policy Our Dear Green Place will form the basis of the council's approach to the management of open spaces.

Infrastructure

The council's infrastructure is related to roads, lighting, pavements and bridges. The Environment, Sustainability and Carbon Reduction Committee considers a report annually in relation to the current condition of infrastructure and options for the underlying development of the assets. The latest report can be found here Infrastructure Status Report.

Civic Collections

Glasgow has the largest and finest civic collection in the UK which is managed on behalf of the city by Glasgow Life. They are managed under the terms of the Collections Management Policy.

4. Current Investment Programme

The council's current investment programme is focused on key priorities linked to the strategic plan. This is a "live" programme that is updated throughout the year in respect of additional funding and new investment decisions and specifically as part of the annual budget process.

The current approved programme has gross expenditure of £1.6 billion, gross income of £0.6 billion, resulting in net expenditure of £1.0 billion. The main elements of the programme are outlined below:

Appendix 7

Service	Approved Programme £000	Key Elements
Glasgow Life	40,800	Glasgow Life Investment
Neighbourhoods Regeneration and Sustainability	598,200	Roads and Footways, Street lighting, Active Travel, Fleet Investment, Depot Investment, Structures, Play Park Investment, Neighbourhood Infrastructure Improvements, City Centre Regeneration, Cycling infrastructure, Crematoria refurbishment, Flood Prevention, Vacant and Derelict Land, Community Asset Fund, Community Hubs, Hydrogen refuse collection vehicles, Boiler Renewal
City Deal	125,700	Drainage, public realm works, Regeneration Areas
Education Services	110,000	Education Estate, Expansion of Early Years Provision, Gaelic Schools Investment
Social Work Services	46,700	Children's residential strategy, Local authority care homes
Insurance	600	Insurance Projects
Transformation	106,600	Development and Innovation, ICT Infrastructure
Total Direct Net Expenditure	**1,028,600**	
Asset Sales	-14,400	
General Capital Grant	-51,400	
Total Net Expenditure	**962,800**	

Full details on individual projects and progress on delivery are contained within the quarterly investment programme reports provided to the Finance and Audit Scrutiny Committee.

5. Future Investment Priorities

The council's future investment priorities will continue to be aligned to its strategic objectives and outcomes. Each asset class has adopted a different approach to identifying investment need over the medium term:

- The Land and Property Strategy outlines the key actions to deliver the objectives of the strategy and notes that investment decisions and opportunities to identify revenue savings and capital receipts will be considered as part of the council's annual budget process
- Fleet continues to seek investment opportunities to support the upgrading of vehicles and lower emissions in line with the overall fleet strategy.
- ICT investment has already been captured within the arrangements with CGI. However, investment may increase as new developments in technology provide new opportunities for savings and improved resilience.
- The conditions survey for infrastructure assets identifies a range of options and includes the impact on the physical state of the asset and the levels of financial investment required to achieve this outcome
- Other asset classes bring forward investment proposals on a case-by-case basis as these are identified.

Ultimately, the capacity to invest in the various asset classes is driven by the available resources over the term of the investment programme.

As part of the budget proposals for the 2022-23 budget a three year invest programme was approved to reflect the needs of the various asset classes. In summary these proposals included investment in the following areas:

	2022-23	**2023-24**	**2024-25**	**Total**
	£000	**£000**	**£000**	**£000**
Property	26,450	39,900	48,150	**114,500**
Infrastructure	12,040	25,000	30,050	**67,090**
Fleet	9,636			**9,636**
Regeneration	800	800	800	**2,400**
Total	**48,926**	**65,700**	**79,000**	**193,626**

To reflect the impact of programme slippage and delays over the 3 years, the revised profiling of this budget is now:

	2022-23 & 2023-24	**2024-25**	**Future Years**	**Total**
	£000	£000	£000	**£000**
Property	23,384	42,454	48,662	**114,500**
Infrastructure	20,219	29,358	17,513	**67,090**
Fleet	2,436	7,200		**9,636**
Regeneration	1,600	800		**2,400**
Total	**47,639**	**79,812**	**66,175**	**193,626**

Full details of the individual projects and programmes can be found as part of the council's 2022-23 budget papers.

6. Sources of Funding

The council's main sources of funding are outlined below:

Scottish Government Grant

As part of the annual grant settlement the Scottish Government provides councils with funding to support their investment programmes. This comes to councils in two ways:

- General Capital Grant (GCG) – This funding is applied to the programme at the discretion of the council to support the whole programme. In 2023-24 this funding in Glasgow amounted to £51.4million

- Specific Capital Grant (SCG) – This funding is provided to support specific investment priorities of the Scottish Government but delivered through the council. In 2023-24 this funding amounted to £69.0 million and supported programmes associated with vacant and derelict land, supporting house building by housing associations, cycling walking and safer streets.

- Other Capital Grants

The council also receives grants from external organisations e.g. Heritage lottery funding, European Union funding to support its capital programme. This funding is received on a case by case basis and supports specific outcomes from specific programmes within the programme. The level of grant varies over time depending on individual programmes.

The most significant of these grants relates to the City Deal programme with the UK and Scottish Government agreeing to fund £500m each to support a total programme of more than £1bn across the city region. Glasgow's share of this overall programme is £330m.

Asset Sales

This reflects the receipts from the sale of assets that are no longer required for strategic purposes. The council has established targets of £7.4 million in 2023-24 however actual delivery of assets sales will reflect market conditions each year.

Borrowing

The council has powers to borrow for investment purposes. The associated borrowing costs (principal and Interest) are assessed annually and incorporated within the council's annual estimates process.

The council's approach to managing borrowing costs is to contain the revenue implications of any additional investment expenditure within the existing financial envelope unless specific provision is made available through the annual budget process or committee approval. In addition where an investment proposal is supported by a business case that identifies net savings this programme can proceed on a "spend to save" basis

7. Investment Prioritisation

As part of the council's annual estimates process the capacity for investment is considered and balanced against the identified investment need and the wider financial position of the council.

In assessing this position key factors include:

- Statutory and regulatory requirements
- Spend to save initiatives
- Strategic policy alignment
- External funding gearing

Members consider the application of investment resources and include recommendations as part of their budget proposals each year. These proposals may reflect single projects or form part of multi-year programmes designed to address issues on a phased basis.

This process ensures that the financial implications of each investment decision are aligned to one of the key strategic themes and the financial implications embedded within the current and future year's budgets.

8. Treasury Management

The capital strategy requires to be aligned to the council's Treasury Management Strategy to ensure that appropriate cash resources are available to meet the demands of the programme and the operational needs of the council.

The council's Treasury Management Strategy identifies the council's need to borrow and the basis upon which it is planning to manage this process each year. In addition the strategy outlines the council's risk appetite for investing surplus cash and the framework within which this will be managed.

The council's debt outstanding at £2.2 billion is within both its operational limit of £2.7 billion and its authorised limit of £2.8 billion. The operational limit establishes a trigger which borrowing may, but not normally, exceed and the authorised limit is the level at which borrowing should not exceed. Both these limits are subject to review annually.

9. Programme Governance

The investment programme activity is managed and governed at various levels within the council

Appendix 7

Investment Programme

- The overall investment programme is approved by the City Administration Committee or Council on an ongoing basis and particularly through the annual estimates process
- On a quarterly basis a report is provided to the City Administration Committee outlining progress to date and highlighting any significant issues. This report and further detailed reports are also considered by the Finance and Audit Scrutiny Committee on a quarterly basis
- Any changes to the agreed programme will be approved either by the City Administration Committee or Council
- A senior officer group (Capital Programme Board) meets on a regular basis to review progress on the delivery of the investment programme.
- A senior officer group (Capital Planning Board) meets on a regular basis to review investment priorities and pressures over the medium term.

Treasury Management

- Treasury Management activity is governed by the Local Government Scotland Acts 1975 and 2003 and the CIPFA Treasury Management in Public Services Code of Practice 2021
- The annual Treasury Management and Investment Strategy is approved by the City Administration Committee and Council after consideration by the Finance and Audit Scrutiny Committee at the start of each year
- The Annual and Mid-Year Treasury Management performance report is considered by the Finance and Audit Scrutiny Committee
- On a four weekly basis Senior officers within Financial Services meet to review treasury management activity and performance
- The council currently employs Link Asset Services as its treasury management advisors however this contract expires on 31 March 2023 and a new contract will be awarded for the provision of these services from 1 April 2024. The successful bidder will be notified in February 2024.

In addition to these specific controls both the investment programme and treasury management activity are subject to both internal and external audit.

Resources

The investment programme and treasury management activity are supported by professionally qualified accountants and support staff within financial services. All staff have established local government experience and a knowledge of the relevant policies and procedures as required.

Appropriate training has been provided to Members on local government finance and treasury management. This is updated and revised as required.

Appendix 8

Treasury Management - Scheme of delegation

(i) Full Council

- approval of annual strategy

(ii) City Administration Committee

- approval of annual strategy, for approval by full council
- approval of/amendments to the treasury management policy statement and treasury management practices
- consider recommendations from Finance and Audit Scrutiny Committee

(iii) Finance and Audit Scrutiny Committee

- review the treasury management policy and procedures, and annual strategy, and make recommendations to the City Administration Committee
- consider mid-year review of treasury management strategy and performance, and annual report, and make recommendations to the City Administration Committee

Treasury Management - Role of the Section 95 officer

The S95 (responsible) officer has the following responsibilities:

- recommending treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management review reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.