ITEM No …7………..

REPORT TO: **POLICY AND RESOURCES COMMITTEE – 11 JANUARY 2021**

REPORT ON: **TREASURY MANAGEMENT ACTIVITY 2020/2021 (MID-YEAR REVIEW)**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **15-2021**

1 PURPOSE OF REPORT

To review the Treasury Management activities for the period 1 April to 30 September 2020.

2 RECOMMENDATION

The Committee is asked to note the information contained herein.

3 FINANCIAL IMPLICATIONS

The Treasury Management activity during the first half of the current financial year indicates that the Loans Fund interest rate of 3.50%, assumed when setting the 2020/2021 Revenue Budget, will be achieved. A saving of around £2.1m against budget provision for capital financing costs in HRA and General Services is being projected. Capital financing costs are continually monitored throughout the financial year.

4 BACKGROUND

The Council operates a balanced budget, which broadly means cash raised during the year will meet its revenue cash expenditure. An integral part of the treasury management operations is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

At its meeting on 7 December 2020, the Policy and Resources Committee approved the Council's Treasury Policy Statement (Report no. 279-2020, article XV of minute refers) setting out the policies which would govern all borrowing and lending transactions carried out by the Council.

The Treasury Policy Statement requires that the Policy and Resources Committee will receive and consider the Treasury Management Strategy at the beginning of each new financial year.

On 7 December 2020, the Policy and Resources Committee approved the Council's Treasury Management Strategy for 2020/2021 (Report no. 280-2020, article XVI of minute refers).

The Policy and Resources Committee approved the Loans Fund Policy Review on 30 September 2019 (Report no. 279-2019, article VII of minute refers). The report recommendations agreed to amend the loans fund advances repayment mechanism and resultant debt charges profile for current and future loans repayments.

This monitoring report covers the Treasury Management activity over the first six months of 2020/2021 financial year.

5 **DEBT POSITION**

The Council's gross debt position at the beginning and mid-point of the financial year was as follows -

Funding type		1 April 2020 Principal £m	1 April 2020 Average Rate %	30 September 2020 Principal £m	30 September 2020 Average Rate %
Long-term Fixed Rate	PWLB	468.5	4.1	456.1	4.1
	Market	25.0	4.4	25.0	4.4
Long-term Variable Rate	PWLB	-	-	-	-
	Market	15.0	4.3	15.0	4.3
Total Long-term Debt		508.5	4.1	496.1	4.1
Short-term Fixed Rate	Market	77.8	1.0	57.8	0.8
Total Debt		**586.3**	**3.7**	**553.9**	**3.8**

6 **ACTUAL BORROWING**

6.1 **Long-Term - Public Work Loans Board**

No long-term borrowing was undertaken in the report period.

6.2 **Short-Term - Market**

In order to indicate the level of short-term borrowing, shown below are the lowest and highest daily amounts outstanding each month, together with the short-term borrowing position at the end of every month and the range of interest rates at which borrowings were made -

Month	Lowest Amount Outstanding £m	Highest Amount Outstanding £m	End of month Amount Outstanding £m	Interest Rate Range %	
2020				Min	Max
April	72.8	72.8	72.8	0.72	1.25
May	72.8	82.8	82.8	0.38	1.25
June	77.8	82.8	77.8	0.38	1.25
July	77.8	77.8	77.8	0.38	1.25
August	67.8	77.8	67.8	0.38	1.25
September	57.8	67.8	57.8	0.38	1.03

The Council's Treasury Strategy document provides that the amount of the overall borrowing which may be outstanding by way of variable rate exposure should be no greater than 30% of net borrowings included in Prudential Code Indicators (circa £178m).

7 **ACTUAL LENDING**

Balances on reserves and variations in cash flow requirements mean that there will be surplus funds which will be invested for short periods (maximum of 364 days). Short term investments will be restricted only to those institutions identified in the Council's Approved Counterparties list provided they have maintained a suitable credit rating.

The lending figures shown include funds held on behalf of Tay Road Bridge Joint Board, Tayside Valuation Joint Board and Tayside Contracts.

An analysis of the lending position to 30 September 2020 below shows:

Month	Lowest Amount Lent £m	Highest Amount Lent £m	End of month Amount Lent £m	Interest Rate Range %	
2020				Min	Max
April	5.5	48.0	5.5	0.30	0.45
May	2.5	15.5	2.5	0.31	0.41
June	2.5	27.5	11.0	0.23	0.32
July	16.0	31.0	18.5	0.12	0.24
August	18.5	46.5	22.0	0.04	0.18
September	18.5	30.3	18.5	0.04	0.10

All of the above investments complied with approved Treasury Policy Statement.

8 SPECIFIED INVESTMENTS

In accordance with the Treasury Management Strategy, in specific circumstances, specified funds identified by the Executive Director of Corporate Services are invested in longer term investment vehicles. These funds are Common Good; General Insurance; and Maintenance and Perpetuity of Lairs. These investments may have a higher risk threshold and can be subject to market fluctuation. Investment activity in the current financial year is summarised as follows -

Value of funds invested at 1 April 2020	£6,948,783
Withdrawals made within period	0
Value of funds invested at end of period	£6,948,783
Value of funds at 30 September 2020	£7,593,758
Capital Growth of Investments	£644,975
Income from Investments	£126,787
Total Return on Investments in period	£771,762

The specified investment portfolio has increased in value and continues to provide the required budgetary income.

9 OUTLOOK FOR THE SECOND HALF OF 2020/2021

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 11th August 2020. However, following the conclusion of the review of PWLB margins over gilt yields on 25th November 2020, all forecasts below have been reduced by 1%. These are forecasts for certainty rates, gilt yields plus 80bps –

Link Asset Services Interest Rate View							
	Dec-20	**Mar-21**	**Jun-21**	**Sep-21**	**Dec-21**	**Mar-22**	**Jun-22**
Bank Rate View	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
3 Month LIBID	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
6 Month LIBID	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
12 Month LIBID	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
5yr PWLB Rate	0.80%	0.80%	0.80%	0.80%	0.80%	0.90%	0.90%
10yr PWLB Rate	1.10%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%
25yr PWLB Rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%
50yr PWLB Rate	1.30%	1.30%	1.40%	1.40%	1.40%	1.40%	1.50%
	Sep-22	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**
Bank Rate View	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
3 Month LIBID	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
6 Month LIBID	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
12 Month LIBID	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%
5yr PWLB Rate	0.90%	0.90%	0.90%	1.00%	1.00%	1.00%	1.00%
10yr PWLB Rate	1.20%	1.20%	1.20%	1.30%	1.30%	1.30%	1.30%
25yr PWLB Rate	1.70%	1.70%	1.70%	1.80%	1.80%	1.80%	1.80%
50yr PWLB Rate	1.50%	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%

The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

A full Economic Update is available within Appendix 2 of this report.

10 PRUDENTIAL CODE INDICATORS

The Treasury Management activity at mid year was maintained within the prudential code limits. Updated indicators are shown in Appendix 1. Limits for future years have been amended to take account of current expectations.

11 RISK

The Treasury Risks have been reviewed and the following change has been made to the Treasury Risk Register attached in Appendix 3:

- Risk 2 (Decline / Rise in Interest Rates) – The risk that the Council may not achieve its target level of interest for budgetary purposes, having impact on revenue budgets, resulting in mandatory efficiencies. This risk has been reduced as a result of the outcome of the Public Work Loan Board (PWLB) Consultation published on 25th November 2020, and the subsequent UK Government decision to reverse the HM Treasury increase to Public Work Loan Board (PWLB) rates by 1%. The lower rate came into effect for any new PWLB borrowing from 26th November 2020, and as a result, the likelihood of the Council not achieving its budget target in respect of interest payable reduced.

12 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues other than the risks noted in the Treasury Risk Register contained within the report.

13 CONSULTATIONS

The Council’s Management Team have been consulted in the preparation of this report.

14 BACKGROUND PAPERS

None.

GREGORY COLGAN
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **22 DECEMBER 2020**

APPENDIX 1

PRUDENTIAL CODE INDICATORS - TREASURY MANAGEMENT INDICATORS

Adoption of Revised CIPFA Treasury Management Code of Practice	Yes

Upper limit for variable and fixed rate exposure

	Net principal re variable rate borrowing / investments	Net principal re fixed rate borrowing / investments
2019/20	30%	100%
2020/21	30%	100%
2021/22	30%	100%
2022/23	30%	100%
2023/24	30%	100%
2024/25	30%	100%

Actual External Debt

	31/03/2019	**31/03/2020**
	£'000	£'000
Actual borrowing	598,847	586,266
Actual other long term liabilities	122,720	160,585
Actual external debt	**721,567**	**746,851**

Maturity structure of fixed rate borrowing 2019/20

Period	Lower %	Upper %
Under 12 months	0	10
12 months & within 24 months	0	15
24 months & within 5 years	0	25
5 years & within 10 years	0	25
10 years +	50	95
Upper limit for total principal sums invested for over 364 days	n/a	No sums will be invested longer than 364 days

External debt, excluding investments, with limit for borrowing and other long-term liabilities separately identified

	Authorised Limit			**Operational Boundary**		
	Borrowing £000	Other £000	Total £000	Borrowing £000	Other £000	Total £000
2019/20	616,000	161,000	777,000	586,000	161,000	747,000
2020/21	657,000	177,000	834,000	627,000	177,000	804,000
2021/22	690,000	173,000	863,000	660,000	173,000	833,000
2022/23	723,000	169,000	892,000	693,000	169,000	862,000
2023/24	751,000	164,000	915,000	721,000	164,000	885,000
2024/25	785,000	160,000	945,000	755,000	160,000	915,000

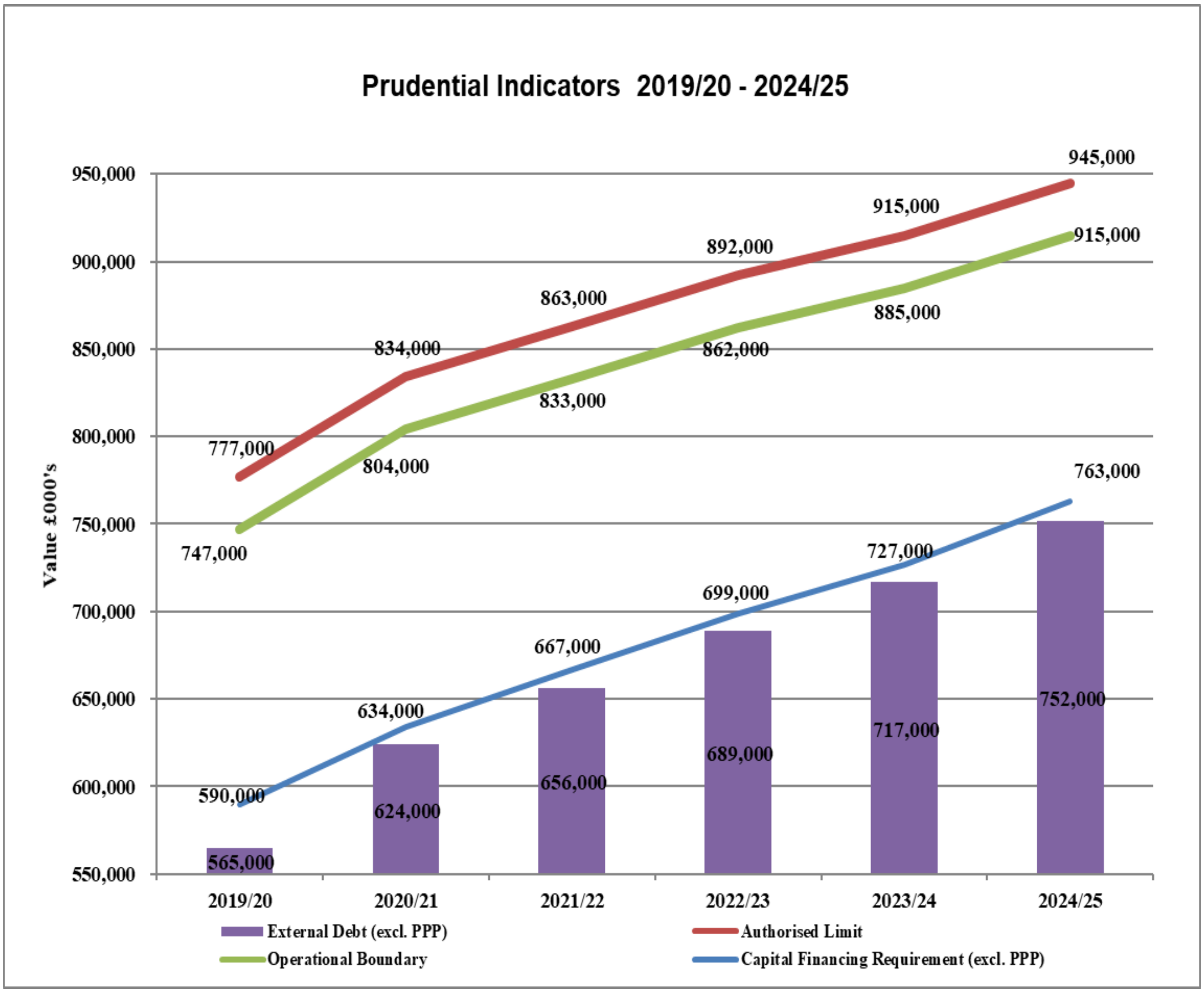
PRUDENTIAL CODE INDICATORS - PRUDENTIAL INDICATORS

	Capital Expenditure			Ratio of financing costs to net revenue stream	
	Non-HRA £000	HRA £000	Total £000	Non-HRA %	HRA %
2019/20	47,548	23,565	71,113	5.7	43.8
2020/21	66,761	23,431	90,192	5.7	37.9
2021/22	51,317	30,732	82,049	6.1	41.4
2022/23	49,363	24,002	73,365	5.9	36.8
2023/24	50,494	17,993	68,487	6.5	27.6
2024/25	55,600	21,514	77,114	7.2	33.0

	Net Borrowing Requirement (NBR)			Capital Financing Requirement (CFR)			
	1 April £000	31 March £000	Movement £000	Non-HRA £000	HRA £000	Total £000	Movement £000
2019/20	575,953	564,079	(11,874)	401,136	188,408	589,544	(4,864)
2020/21	565,000	624,000	59,000	437,000	197,000	634,000	44,000
2021/22	624,000	656,000	32,000	459,000	207,000	666,000	32,000
2022/23	656,000	689,000	33,000	485,000	214,000	699,000	33,000
2023/24	689,000	717,000	28,000	511,000	216,000	727,000	28,000
2024/25	717,000	752,000	35,000	541,000	221,000	762,000	35,000

	NBR v CFR Difference
	Total £000
2019/20	24,000
2020/21	10,000
2021/22	10,000
2022/23	10,000
2023/24	10,000
2024/25	10,000

The following provides a graphical representation of the 5 year projection:



Prudential Indicators 2019/20 - 2024/25
Value £000's
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
2019/20
2020/21
2021/22
2022/23
2023/24
2024/25
777,000
834,000
863,000
892,000
915,000
945,000
747,000
804,000
833,000
862,000
885,000
915,000
590,000
634,000
667,000
699,000
727,000
763,000
565,000
624,000
656,000
689,000
717,000
752,000
External Debt (excl. PPP)
Authorised Limit
Operational Boundary
Capital Financing Requirement (excl. PPP)

APPENDIX 2

Economic Update

- As expected, the Bank of England's Monetary Policy Committee kept Bank Rate unchanged on 6th August. It also kept unchanged the level of quantitative easing at £745bn. Its forecasts were optimistic in terms of three areas:

  - The fall in **GDP** in the first half of 2020 was revised from 28% to 23% (subsequently revised to -21.8%). This is still one of the largest falls in output of any developed nation. However, it is only to be expected as the UK economy is heavily skewed towards consumer-facing services – an area which was particularly vulnerable to being damaged by lockdown.

  - The peak in the **unemployment rate** was revised down from 9% in Q2 to 7½% by Q4 2020.

  - It forecast that there would be excess demand in the economy by Q3 2022 causing CPI **inflation** to rise above the 2% target in Q3 2022, (based on market interest rate expectations for a further loosening in policy). Nevertheless, even if the Bank were to leave policy unchanged, inflation was still projected to be above 2% in 2023.

- It also squashed any idea of using **negative interest rates**, at least in the next six months or so. It suggested that while negative rates can work in some circumstances, it would be "less effective as a tool to stimulate the economy" at this time when banks are worried about future loan losses. It also has "other instruments available", including QE and the use of forward guidance.

- The MPC expected the £300bn of **quantitative easing** purchases announced between its March and June meetings to continue until the "turn of the year". This implies that the pace of purchases will slow further to about £4bn a week, down from £14bn a week at the height of the crisis and £7bn more recently.

- In conclusion, this would indicate that the Bank could now just sit on its hands as the economy was recovering better than expected. However, the MPC acknowledged that the "medium-term projections were a less informative guide than usual" and the minutes had multiple references to **downside risks,** which were judged to persist both in the short and medium term. One has only to look at the way in which second waves of the virus are now impacting many countries including Britain, to see the dangers. However, rather than a national lockdown, as in March, any spikes in virus infections are now likely to be dealt with by localised measures and this should limit the amount of economic damage caused. In addition, Brexit uncertainties ahead of the year-end deadline are likely to be a drag on recovery. The wind down of the initial generous furlough scheme through to the end of October is another development that could cause the Bank to review the need for more support for the economy later in the year. Admittedly, the Chancellor announced in late September a second six-month package from 1st November of government support for jobs whereby it will pay up to 22% of the costs of retaining an employee working a minimum of one third of their normal hours. There was further help for the self-employed, freelancers and the hospitality industry. However, this is a much less generous scheme than the furlough package and will inevitably mean there will be further job losses from the 11% of the workforce still on furlough in mid-September.

- Overall, **the pace of recovery** is not expected to be in the form of a rapid V shape, but a more elongated and prolonged one after a sharp recovery in June through to August which left the economy 11.7% smaller than in February. The last three months of 2020 are now likely to show no growth as consumers will probably remain cautious in spending and uncertainty over the outcome of the UK/EU trade negotiations concluding at the end of the year will also be a headwind. If the Bank felt it did need to provide further support to recovery, then it is likely that the tool of choice would be more QE.

- There will be some **painful longer-term adjustments** as e.g. office space and travel by planes, trains and buses may not recover to their previous level of use for several years, or possibly ever. There is also likely to be a reversal of globalisation as this crisis has shown up how vulnerable long-distance supply chains are. On the other hand, digital services are one area that has already seen huge growth.

- One key addition to **the Bank's forward guidance** 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". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate

- The **Financial Policy Committee** (FPC) report on 6th August revised down their expected credit losses for the banking sector to "somewhat less than £80bn". It stated that in its assessment "banks have buffers of capital more than sufficient to absorb the losses that are likely to arise under the MPC's central projection". The FPC stated that for real stress in the sector, the economic output would need to be twice as bad as the MPC's projection, with unemployment rising to above 15%.

- **US.** The incoming sets of data during the first week of August were almost universally stronger than expected. With the number of new daily coronavirus infections beginning to abate, recovery from its contraction this year of 10.2% should continue over the coming months and employment growth should also pick up again. However, growth will be dampened by continuing outbreaks of the virus in some states leading to fresh localised restrictions. At its end of August meeting, the Fed tweaked **its inflation target** from 2% to maintaining an average of 2% over an unspecified time period i.e. following periods when inflation has been running persistently below 2%, appropriate monetary policy will likely aim to achieve inflation moderately above 2% for some time. This change is aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade so financial markets took note that higher levels of inflation are likely to be in the pipeline; long term bond yields duly rose after the meeting. The Fed also called on Congress to end its political disagreement over providing more support for the unemployed as there is a limit to what monetary policy can do compared to more directed central government fiscal policy. The FOMC's updated economic and rate projections in mid-September showed that officials expect to leave the fed funds rate at near-zero until at least end-2023 and probably for another year or two beyond that. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

- **EU.** The economy was recovering well towards the end of Q2 after a sharp drop in GDP, (e.g. France 18.9%, Italy 17.6%). However, the second wave of the virus affecting some countries could cause a significant slowdown in the pace of recovery, especially in countries more dependent on tourism. The fiscal support package, eventually agreed by the EU after prolonged disagreement between various countries, is unlikely to provide significant support and quickly enough to make an appreciable difference in weaker countries. The ECB has been struggling to get inflation up to its 2% target and it is therefore expected that it will have to provide more monetary policy support through more quantitative easing purchases of bonds in the absence of sufficient fiscal support.

- **China.** After a concerted effort to get on top of the virus outbreak in Q1, economic recovery was strong in Q2 and has enabled it to recover all of the contraction in Q1. However, this was achieved by major central government funding of yet more infrastructure spending. After years of growth having been focused on this same area, any further spending in this area is likely to lead to increasingly weaker economic returns. This could, therefore, lead to a further misallocation of resources which will weigh on growth in future years.

- **Japan.** There are some concerns that a second wave of the virus is gaining momentum and could dampen economic recovery from its contraction of 8.5% in GDP. It has been struggling to get out of a deflation trap for many years and to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. The resignation of Prime Minister Abe is not expected to result in any significant change in economic policy.

- **World growth.** Latin America and India are currently hotspots for virus infections. World growth will be in recession this year. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

APPENDIX 3

Six Monthly Risk Report

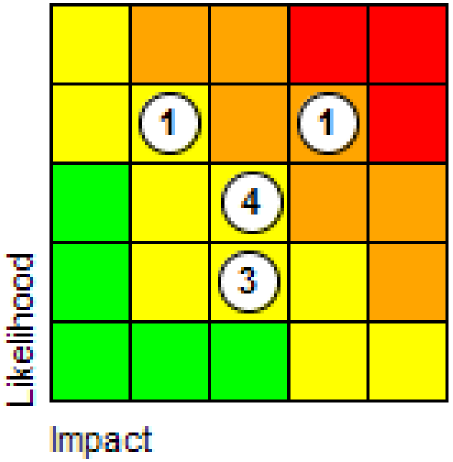
Treasury Risk Register Report

Report Author: Executive Director of Corporate Services

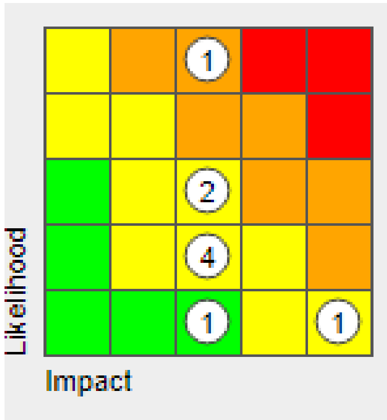
Generated: December 2020

Total Risk Summary

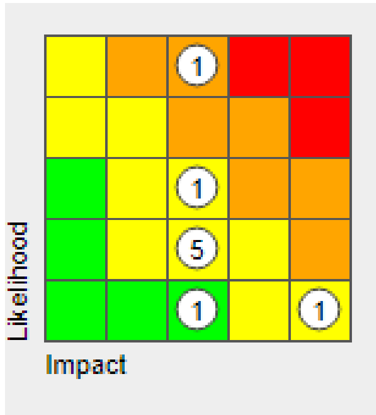
Inherent Risk



Risk at last report Sep 2020

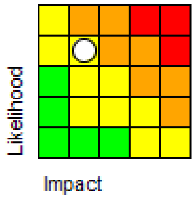
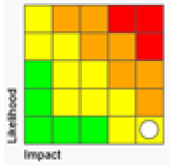
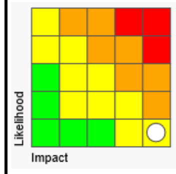
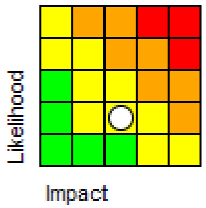
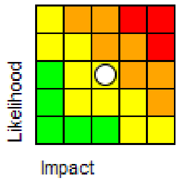
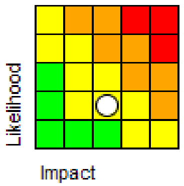


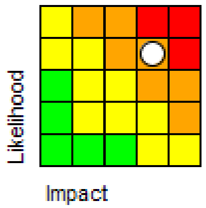
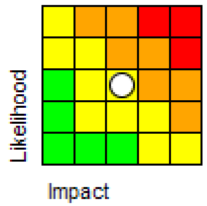
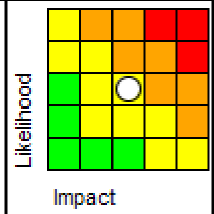
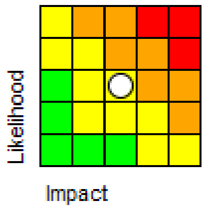
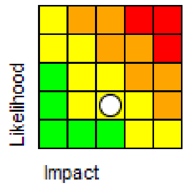
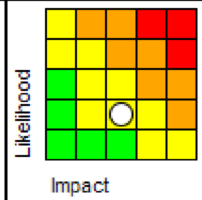
Residual Risk Dec 2020

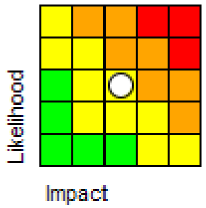
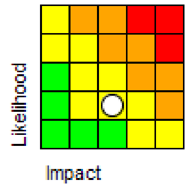
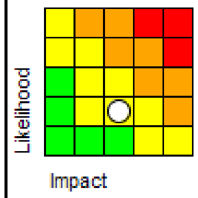
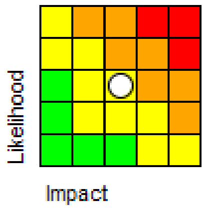
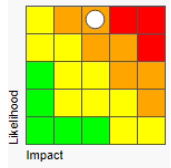
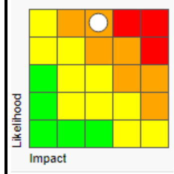


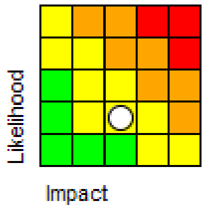
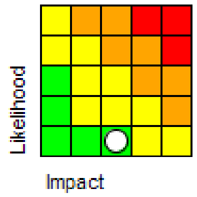
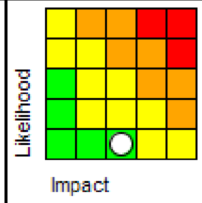
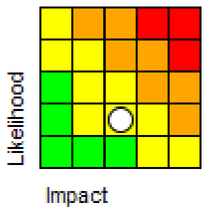
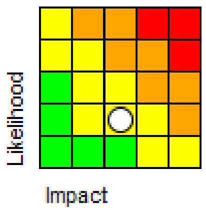
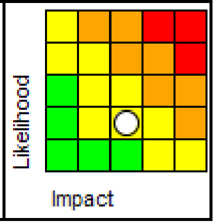
Six Monthly Risk Report

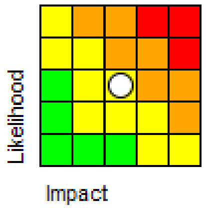
Treasury Risk Register Report
Report Author: Executive Director of Corporate Services
Generated on: December 2020

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2020	Residual Risk
1. Loss of capital due to counterparty collapse	The Council loses its principal investment or investment becomes impaired	Counterparty collapses or faces a financial crisis rendering it unable to repay investments	. The Council may suffer financial loss . The repayment of funds from the counterparty could be significantly delayed or impaired Either of these outcomes could have an adverse impact on operational funding levels		Per the Treasury Management Strategy: . Maximum investment value on approved counterparties in order to spread and reduce risk. . Controls and procedures are in place to ensure investment and durations limits with approved counterparties are not exceeded. . Counterparties are also monitored and reviewed on a weekly basis at least or more regularly if considered necessary to do so. Limiting the threshold rating for approval of counterparties.		
2. Decline / rise in interest rates	. The Council may not achieve its target level of interest for budgetary purposes.	Interest rates continue to remain at an all-time low with very little movement.	. No change to base rate and associated market investment rates. . Lower risk counterparties not offering competitive rates.		. Arranging longer term investments where investment objectives and criteria allows in order to capitalise on higher rate of returns without risk of opportunity cost. . Offsetting the loss of interest income by undertaking refinancing		

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2020	Residual Risk
	. Impact on revenue budget resulting in mandatory efficiencies affecting service delivery				loans at lower rates than previously undertaken as opportunities arise. The Council continually monitors base rate and rates being achieved against budget to ensure it has secured the best value possible in the challenging economic climate.		
3. Fraudulent activity (now incorporating cybercrime)	. Financial loss to the Council as a direct consequence of fraudulent activity . Loss of money for the Council Disciplinary action for the staff involved . Reputational damage	Potential fraud by staff	Fraudulent activity		. Segregation of staff duties. . Review and monitor of internal controls to ensure the correct protocol across all relevant areas is being followed. . Ensure all insurance policies and relevant guarantees (Fidelity £2m per individual circumstance) are fully up to date.		
4. Money laundering	. Fine and/or imprisonment . Reputational damage	Money laundering by external parties	External parties pay a transaction by cash and subsequently request a refund		. Ensure the money laundering policy is reviewed and up to date. . Reconcile refunds back to source of income. . Raise awareness of this issue amongst staff		

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2020	Residual Risk
					. Review requirements of financial regulations.		
5. Network Failure / banking system being inaccessible	Daily Treasury functions will not be carried out	The Council is unable to carry out its daily treasury functions due to a network failure	RBS Bankline is unavailable or the Council's network has failed		Invoke the business continuity plan to minimise the effects of a network issue.		
6. Revenue Budgets	The Council may not be able to execute some desired projects	Revenue budgets are unable to meet borrowing costs of capital schemes	Revenue budgets come under pressure from restricted government funding or non-delivery of programmed savings		. Revenue budgets monitored on monthly basis and future year forecasts undertaken. . Reserve some capital receipts to cover borrowing costs in the short term. . Ensure monthly financial reports and Forecasts are produced and analysed . All borrowing decisions are made based on prudential indicators and are planned based on long term projections. . Capital Plans and borrowing is reviewed annually before the revenue budget is set to ensure that the costs are affordable.		

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2020	Residual Risk
7. Lack of suitable counterparties	Use of counterparties not paying best value rates.	The Council does not have enough "space" with approved counterparties to place investments/deposit surplus cash balances.	Rising cash balances and a restricted counterparty list		The Council continually monitors its approved counterparty listing in conjunction with cash balances. Any potential new investment opportunities are discussed at Treasury Management performance meetings. The Council uses call accounts and money market funds to deposit surplus cash balances in the event of no space with other counterparties and also to ensure there is always cash instantly available in order to meet payment obligations when they fall due. However, there are also limits on the amounts deposited to such funds. The Council has a facility to deposit cash with the Debt Management Office should all other investment options be exhausted.		
8. Lack of expertise of Committee or amongst officers	Financial consequence	Lack of training and continuous professional development.	Detrimental decisions made in relation to financial investment management.		. Provision of training . External investment advice . Consultation with peer groups.		

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2020	Residual Risk
9. Over reliance on key officers	Detrimental decisions made in relation to financial investment management.	Specialist nature of work means there are relatively few experts in this field	If an officer leaves or falls ill knowledge gap may be difficult to fill.		. Key officers transfer specialist knowledge to colleagues. . Procedures & guidance available. . In the short-term advice can be sought from external investment adviser and/or peer support.