ITEM No …7………..

REPORT TO: **POLICY & RESOURCES COMMITTEE – 6 DECEMBER 2021**

REPORT ON: **TREASURY MANAGEMENT ACTIVITY 2021/2022 (MID-YEAR REVIEW)**

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

REPORT NO: **330-2021**

1 PURPOSE OF REPORT

To review the Treasury Management activities for the period 1 April to 30 September 2021.

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 2021/2022 Revenue Budget, will be achieved. A saving of around £3.2m 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 8 March 2021, the Policy and Resources Committee approved the Council's Treasury Policy Statement (Report no. 57-2021, article III 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 8 March 2021, the Policy and Resources Committee approved the Council's Treasury Management Strategy for 2021/2022 (Report no. 58-2021, article IV of minute refers). This monitoring report covers the Treasury Management activity over the first six months of 2021/2022 financial year.

5 DEBT POSITION

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

		1 April 2021		30 September 2021	
Funding type		Principal £m	Average Rate %	Principal £m	Average Rate %
Long-term Fixed Rate	PWLB	460.4	4.1	474.1	3.9
	Market	30.0	4.2	30.0	4.2
Long-term Variable Rate	PWLB	-	-	-	-
	Market	10.0	4.9	10.0	4.9

Total Long-term Debt		500.4	4.1	514.1	4.0
Short-term Fixed Rate	Market	35.4	0.2	26.8	0.1
Total Debt		**535.8**	**3.8**	**540.9**	**3.8**

6 ACTUAL BORROWING

6.1 Long-Term - Public Work Loans Board

The loans undertaken during the 6 months to 30th September are detailed below:

Date	Amount	Interest rate	Term (years)	Maturity date
23/06/2021	£5,000,000	1.83%	50.0	15/06/2071
09/07/2021	£5,000,000	1.80%	49.5	15/01/2071
12/07/2021	£5,000,000	1.74%	49.9	15/06/2071
22/07/2021	£5,000,000	1.64%	50.0	15/07/2071
Total	**£20,000,000**			

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 borrowing was undertaken:

Month	Lowest Amount Outstanding £m	Highest Amount Outstanding £m	End of month Amount Outstanding £m	Interest Rate Range %	
2021				Min	Max
April	35.4	45.4	45.4	0.03	0.95
May	43.9	45.4	43.9	0.03	0.55
June	43.9	58.9	46.4	0.02	0.19
July	41.4	51.4	41.4	0.02	0.08
August	31.8	41.4	31.8	0.05	0.08
September	26.8	31.8	26.8	0.06	0.08

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 £171m).

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 2021 below shows:

Month	Lowest Amount Lent £m	Highest Amount Lent £m	End of month Amount Lent £m	Interest Rate Range %	
2021				Min	Max
April	1.0	18.0	2.0	0.01	0.01
May	2.0	19.0	4.7	0.01	0.01
June	0.5	20.0	1.5	0.01	0.01

July	1.5	38.0	11.5	0.01	0.01
August	11.5	42.0	18.0	0.01	0.01
September	21.0	32.5	21.0	0.01	0.01

All of the above investments complied with the 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 2021	£7,402,312
Withdrawals made within period	0
Value of funds invested at end of period	£7,402,312
Value of funds at 30 September 2021	£7,373,158
Capital Growth of Investments	(£29,154)
Income from Investments	£123,700
Total Return on Investments in period	£94,546

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

9 OUTLOOK FOR THE SECOND HALF OF 2021/2022

The Council's appointed treasury advisors (Link Group) assist the Council in formulating a view on interest rates. Link Group provided the following forecasts on 29th September 2021. These interest rate forecasts are for various terms, PWLB certainty rates are gilt yields plus 80bps:

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%
3m average earnings	0.10%	0.10%	0.20%	0.20%	0.30%	0.30%
6m average earnings	0.20%	0.20%	0.30%	0.30%	0.40%	0.40%
12m average earnings	0.30%	0.40%	0.50%	0.50%	0.50%	0.60%
5yr PWLB Rate	1.40%	1.40%	1.50%	1.50%	1.60%	1.60%
10yr PWLB Rate	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
25yr PWLB Rate	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%
50yr PWLB Rate	2.00%	2.00%	2.10%	2.20%	2.20%	2.20%

	Jun-23	Sep-23	Dec-23	Mar-24
Bank Rate View	0.50%	0.50%	0.50%	0.50%
3m average earnings	0.50%	0.50%	0.50%	0.50%
6m average earnings	0.60%	0.60%	0.70%	0.80%
12m average earnings	0.70%	0.80%	0.90%	1.00%
5yr PWLB Rate	1.60%	1.70%	1.70%	1.70%
10yr PWLB Rate	2.00%	2.10%	2.10%	2.10%
25yr PWLB Rate	2.40%	2.50%	2.50%	2.60%
50yr PWLB Rate	2.20%	2.30%	2.30%	2.40%

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings. As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 2023/24 and a third one to 0.75% in quarter 4 of 2023/24. 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 note that no changes have been made to the Treasury Risk Register since last assessment in September 2021 (attached in Appendix 3).

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.

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **25 NOVEMBER 2021**

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
2020/21	30%	100%
2021/22	30%	100%
2022/23	30%	100%
2023/24	30%	100%
2024/25	30%	100%
2025/26	30%	100%

Actual External Debt

	31/03/2020	**31/03/2021**
	£'000	£'000
Actual borrowing	586,266	535,842
Actual other long- term liabilities	160,585	156,055
Actual external debt	**746,851**	**691,897**

Maturity structure of fixed rate borrowing 2020/21

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
2020/21	566,000	177,000	743,000	536,000	177,000	713,000
2021/22	646,000	173,000	819,000	616,000	173,000	789,000
2022/23	682,000	169,000	851,000	652,000	169,000	821,000
2023/24	711,000	164,000	875,000	681,000	164,000	845,000
2024/25	747,000	160,000	907,000	717,000	160,000	877,000
2025/26	745,000	155,000	900,000	715,000	155,000	870,000

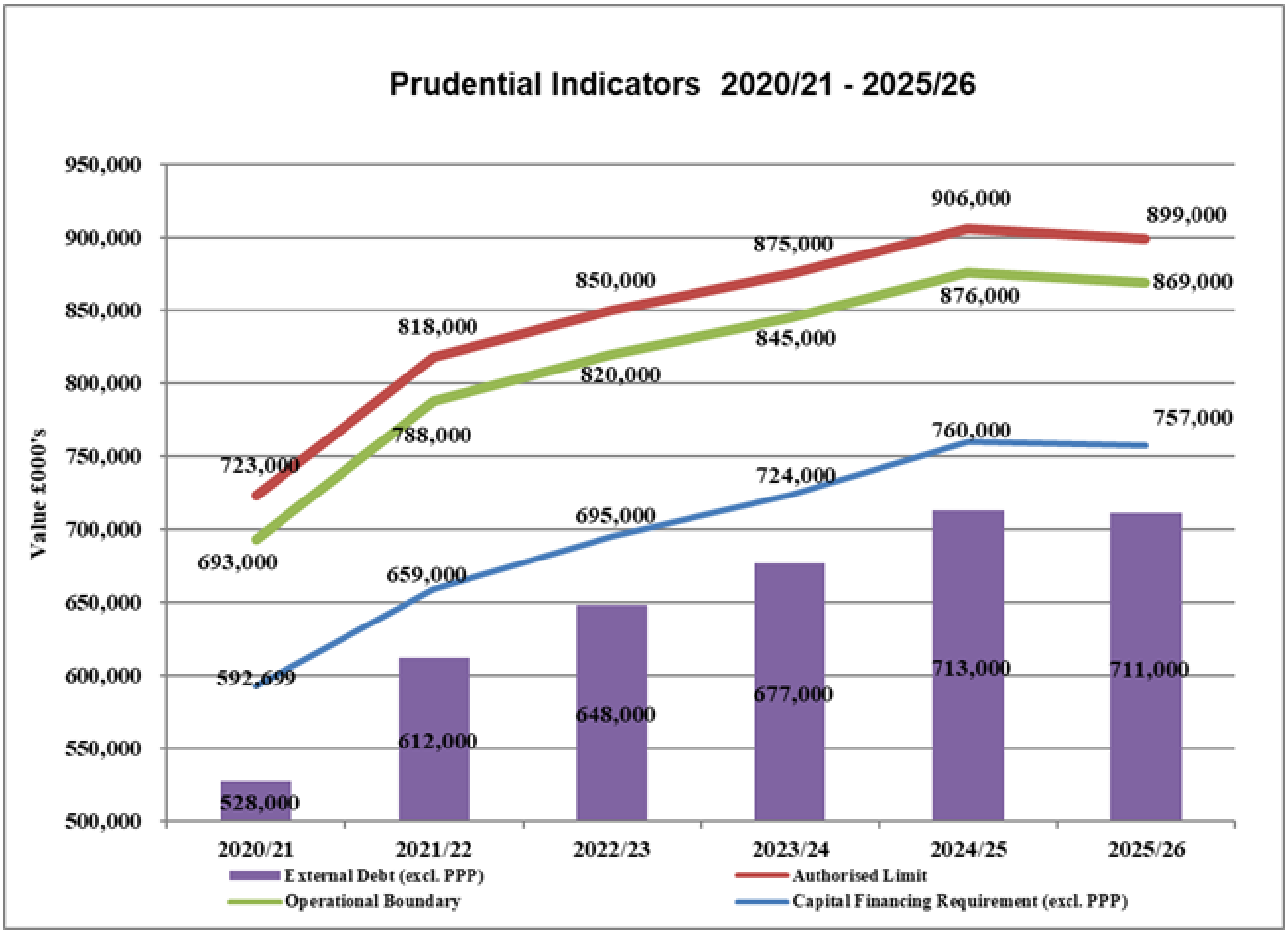
PRUDENTIAL CODE INDICATORS - PRUDENTIAL INDICATORS

	Capital Expenditure			Ratio of financing costs to net revenue stream	
	Non-HRA £000	HRA £000	Total £000	Non-HRA %	HRA %
2020/21	39,537	7,316	46,853	4.9	35.1
2021/22	75,616	29,962	105,578	5.4	34.7
2022/23	60,083	21,960	82,043	5.4	37.1
2023/24	51,207	23,615	74,822	6.0	37.1
2024/25	56,619	22,958	79,577	6.4	37.1
2025/26	23,000	14,626	37,626	7.4	37.1

	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
2020/21	564,079	527,271	(36,808)	409,730	182,969	592,699	3,155
2021/22	527,000	612,000	85,000	459,000	200,000	659,000	66,301
2022/23	612,000	648,000	36,000	487,000	208,000	695,000	36,000
2023/24	648,000	677,000	29,000	510,000	214,000	724,000	29,000
2024/25	677,000	713,000	36,000	538,000	222,000	760,000	36,000
2025/26	713,000	710,000	(3,000)	532,000	225,000	757,000	(3,000)

	NBR v CFR Difference
	Total £000
2020/21	65,428
2021/22	47,000
2022/23	47,000
2023/24	47,000
2024/25	47,000
2025/26	47,000

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


Prudential Indicators 2020/21 - 2025/26
950,000
900,000
850,000
800,000
750,000
700,000
650,000
600,000
550,000
500,000
Value £000's
906,000
899,000
875,000
850,000
818,000
869,000
876,000
845,000
820,000
757,000
760,000
788,000
723,000
724,000
695,000
693,000
659,000
592,699
713,000
711,000
677,000
648,000
612,000
528,000
2020/21
2021/22
2022/23
2023/24
2024/25
2025/26
External Debt (excl. PPP)
Authorised Limit
Operational Boundary
Capital Financing Requirement (excl. PPP)

APPENDIX 2

ECONOMIC UPDATE AS AT 30 SEPTEMBER 2021

UK

Monetary Policy Committee Meeting 24.9.21

- The Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn. Two of the MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.

- There was a major shift in the tone at this meeting from the previous meeting in August which had focussed on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." This flagged up a potential danger that labour shortages could push up wage growth by more than expected and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g. the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system.

- At the September meeting, the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices that will likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. To emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August, and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Whereas in August, the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.

- Following this, financial markets priced in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, which looks ambitious considering that the MPC has stated that it wants to see what happens to the economy, and particularly employment once furlough ends at the end of September. At the MPC's meeting in February 2022, it will only have employment figures for November available, therefore in order to get a clearer picture of employment trends, the MPC would need to wait until the May meeting when it would have data up until February 2022, and they will also have a clearer understanding of the likely peak of inflation.

- The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows:

    1. Placing the focus on raising Bank Rate as "the active instrument in most circumstances".

    2. Raising Bank Rate to 0.50% before starting on reducing its holdings.

    3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.

    4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

COVID-19 vaccines

These enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The question remains is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

Rest of World

US - During the first part of the year, markets were unsettled by President Biden's determination to push through a $1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from Covid. This was in addition to the $900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American Families plan over the next decade. Financial markets were alarmed that all this stimulus was happening at a time in the US when the economy had already been growing strongly during 2021, and the vaccination programme has enabled a rapid opening up of the economy. Also that the Fed was still providing monetary stimulus through monthly QE purchases, and that the shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation.

It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of "substantial further progress towards the goal of reaching full employment". However, the weak growth in August, (announced 3.9.21), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK.

EU - The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

China - After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.

Japan - 2021 has been a patchy year in combating Covid. However, after a slow start, nearly 50% of the population are now vaccinated and Covid case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election – which his party is likely to win.

World growth - World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.

Supply shortages - The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

APPENDIX 3

Six Monthly Risk Report

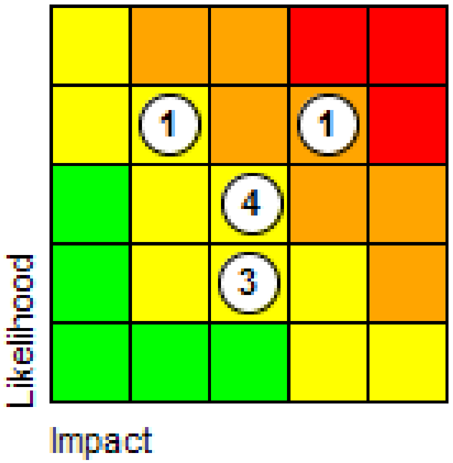
Treasury Risk Register Report

Report Author: Executive Director of Corporate Services

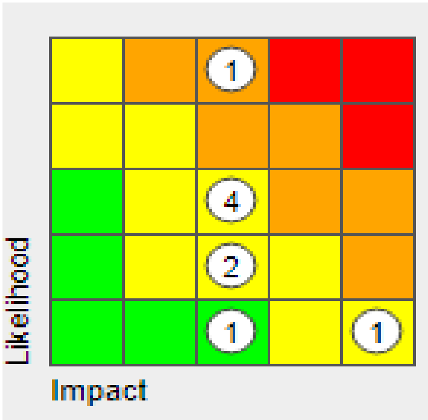
Generated: November 2021

Total Risk Summary

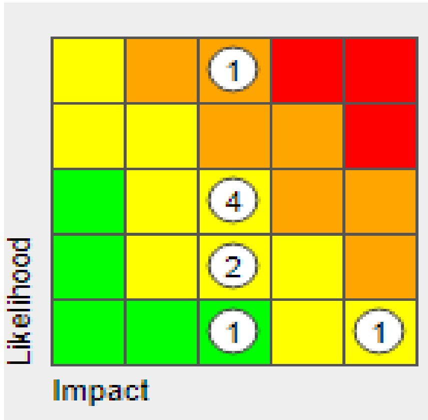
Inherent Risk



Risk at last report Sep 2021



Residual Risk Nov 2021

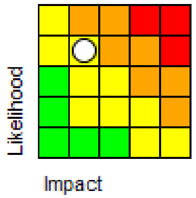
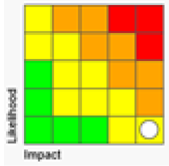
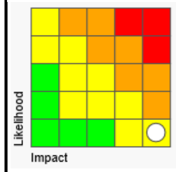
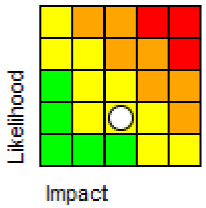
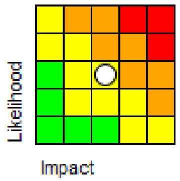
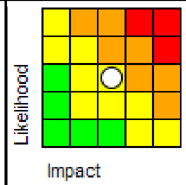


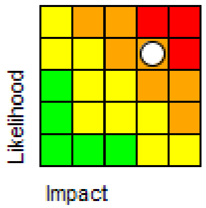
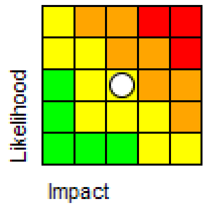
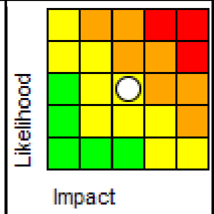
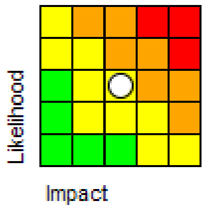
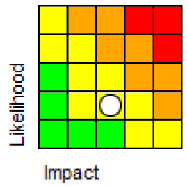
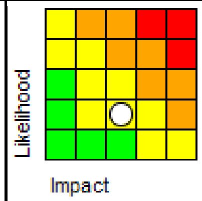
Six Monthly Risk Report

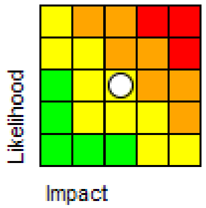
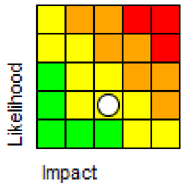
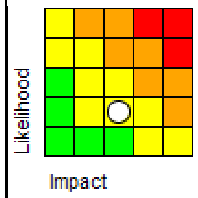
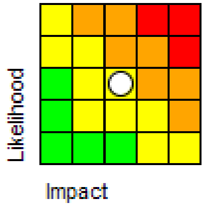
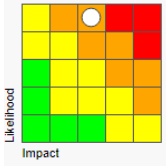
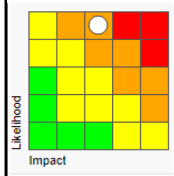
Treasury Risk Register Report

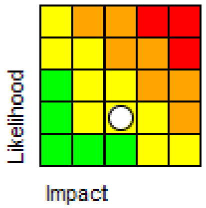
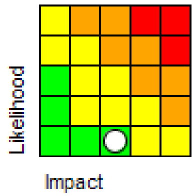
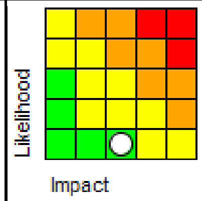
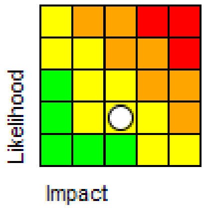
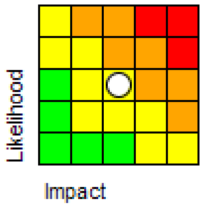
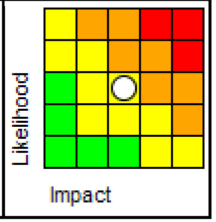
Report Author: Executive Director of Corporate Services

Generated on: November 2021

Risk Title	Risk Factors	Potential Effect	Potential Outcome	Inherent Risk	Control Measures/Mitigation	Risk Sep 2021	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 2021	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 2021	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 2021	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.		

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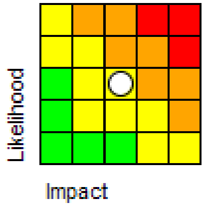
9. Over reliance on key officers	Detrimental decisions made in relation to financial investment management.	Specialist nature of work means there are relatively few experts in this field	If an officer leaves or falls ill knowledge gap may be difficult to fill.		. Key officers transfer specialist knowledge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