Report No.
FSD17059

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Resources Portfolio Holder** **Council**
Date:	**For Pre-Decision Scrutiny by Executive and Resources PDS Committee on 14th June 2017** **Council 26th June 2017**
Decision Type:	Non-Urgent / Executive / Non-Key
Title:	**TREASURY MANAGEMENT - ANNUAL REPORT 2016/17**
Contact Officer:	James Mullender, Principal Accountant Tel: 020 8313 4292 E-mail: james.mullender@bromley.gov.uk
Chief Officer:	Director of Finance
Ward:	All wards

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1. Reason for report

1.1 This report summarises treasury management activity during the March quarter and includes the Treasury Management Annual Report for 2016/17, which is required to be reported to full Council. The report ensures that the Council is implementing best practice in accordance with the CIPFA Code of Practice for Treasury Management. Investments as at 31st March 2017 totalled £269.9m and there was no external borrowing. For information and comparison, the balance of investments stood at £304.5m as at 31st December 2016 and £285.5m as at 31st March 2016 (plus £24.4m of temporary borrowing), and, at the time of writing this report (31st May 2017) it stood at £294.9m. The report also proposes changes to the Council's Treasury Management Strategy.

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2. RECOMMENDATION(S)

2.1 The Portfolio Holder and Council are asked to:

(a) Note the Treasury Management Annual Report for 2016/17;

(b) Approve the following changes to the Council's Treasury Management Strategy -

(i) Inclusion of a secured loan that helps deliver the Council's housing objectives, as detailed in section 3.5.2;

(ii) An increase to the limit for pooled investment schemes to £80m as detailed in section 3.5.3;

(iii) A reduction to the counterparty rating criteria for Housing Associations to A- as detailed in section 3.5.4;

(iv) A temporary increase in the counterparty limit with Lloyds bank as detailed in section 3.5.5; and

(c) Approve the actual prudential indicators within the report.

Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rates of return on investments.

2. BBB Priority: Excellent Council.

Financial

1. Cost of proposal: N/A

2. Ongoing costs: N/A

3. Budget head/performance centre: Interest on Balances

4. Total current budget for this head: £3.491m budget (net interest earnings) in 2016/17; surplus of £0.671m achieved in 2016/17. Budget for 2017/18 £2.891m

5. Source of funding: Net investment earnings

Staff

1. Number of staff (current and additional): 0.25 fte

2. If from existing staff resources, number of staff hours: 9 hours per week

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Legal

1. Legal Requirement: Non-statutory - Government guidance.

2. Call-in: Call-in is applicable

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.

2. Summary of Ward Councillors comments:

3 COMMENTARY

3.1 General

3.1.1 Under the requirements of the CIPFA Code of Practice on Treasury Management, the Council is required, as a minimum, to approve an annual treasury strategy in advance of the year, a mid-year review report and an annual report following the year comparing actual activity to the strategy. In practice, the Director of Finance has reported quarterly on treasury management activity for many years, as well as reporting the annual strategy before the year and the annual report after the year-end. This report includes details of investment performance in the final quarter of 2016/17 and the annual report for the whole of the financial year 2016/17.

3.1.2 The 2016/17 annual treasury strategy, including the MRP (Minimum Revenue Provision) Policy Statement and prudential indicators, was originally approved by Council in February 2016, and was subsequently amended following approval by Council in September 2016 to reflect:

- A reduction to the sovereign rating criteria to AA-;
- A reduction to the individual counterparty rating criteria to BBB+;
- An increase to the maximum investment period with Banks 1C category from 6 months to 1 year;
- The inclusion of investments with Housing Associations; and
- The inclusion of Variable Net Asset (VNAV) Money Market Funds.

3.1.3 Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the actual position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

3.1.4 The Council has monies available for Treasury Management investment as a result of the following:

- Positive cash flow;
- Monies owed to creditors exceed monies owed by debtors;
- Receipts (mainly from Government) received in advance of payments being made;
- Capital receipts not yet utilised to fund capital expenditure;
- Provisions made in the accounts for liabilities e.g. provision for outstanding legal cases which have not yet materialised;
- General and earmarked reserves retained by the Council.

3.1.5 Some of the monies identified above are short term and investment of these needs to be highly "liquid", particularly if it relates to a positive cash flow position, which can change in the future. Future monies available for Treasury Management investment will depend on the budget position of the Council and whether the Council will need to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding (which will require the Council to make further revenue savings to balance the budget in future years), there is a likelihood that such actions may be required in the medium term, which will reduce the monies available for investment.

3.1.6 The Council has also identified an alternative investment strategy relating to property investment. To date, this has resulted in actual and planned acquisitions which generated £4.6m income in 2016/17, and full-year income of £5.7m. This is based on a longer term investment timeframe of at least 3 to 5 years, and ensures that the monies available can attract higher yields over the longer term.

3.1.7 A combination of lower risk investment relating to Treasury Management and a separate investment strategy in the form of property acquisitions (generating higher yields and risks) provides a balanced investment strategy. Any investment decisions will also need to consider the likelihood that interest rates will increase at some point. The available resources for the medium term, given the ongoing reductions in Government funding, will need to be regularly reviewed.

3.2 **Treasury Performance in the quarter and year ended 31st March 2017**

3.2.1 **Borrowing:** Other than the £24.4m of external temporary borrowing outstanding as at 31st March 2016, which was fully repaid by 4th April 2016, no other borrowing was required for the year.

3.2.2 **Investments:** No investments were placed in the March quarter. The following table sets out details of investment activity during the March quarter and the whole of the financial year 2016/17:-

		Qtr ended 31/03/17			01/04/16 to 31/03/17	
Main investment portfolio		**Deposits**	**Ave Rate**		**Deposits**	**Ave Rate**
		£m	**%**		**£m**	**%**
Balance of "core" investments b/f		210.50	1.52		240.50	1.43
New investments made in period		-	-		85.00	1.21
Investments redeemed in period	Cr	17.50	1.41	Cr	132.50	1.22
"Core" investments at end of period		193.00	1.42		193.00	1.42
Money Market Funds		6.90	para 3.4.1		6.90	para 3.4.1
Santander 180 day notice account		30.00	para 3.4.2		30.00	para 3.4.2
CCLA Property Fund		30.00	para 3.4.3.2		30.00	para 3.4.3.2
Diversified Growth Funds		10.00	para 3.4.3.4		10.00	para 3.4.3.4
Total investments at end of period		**269.90**	**n/a**		**269.90**	**n/a**

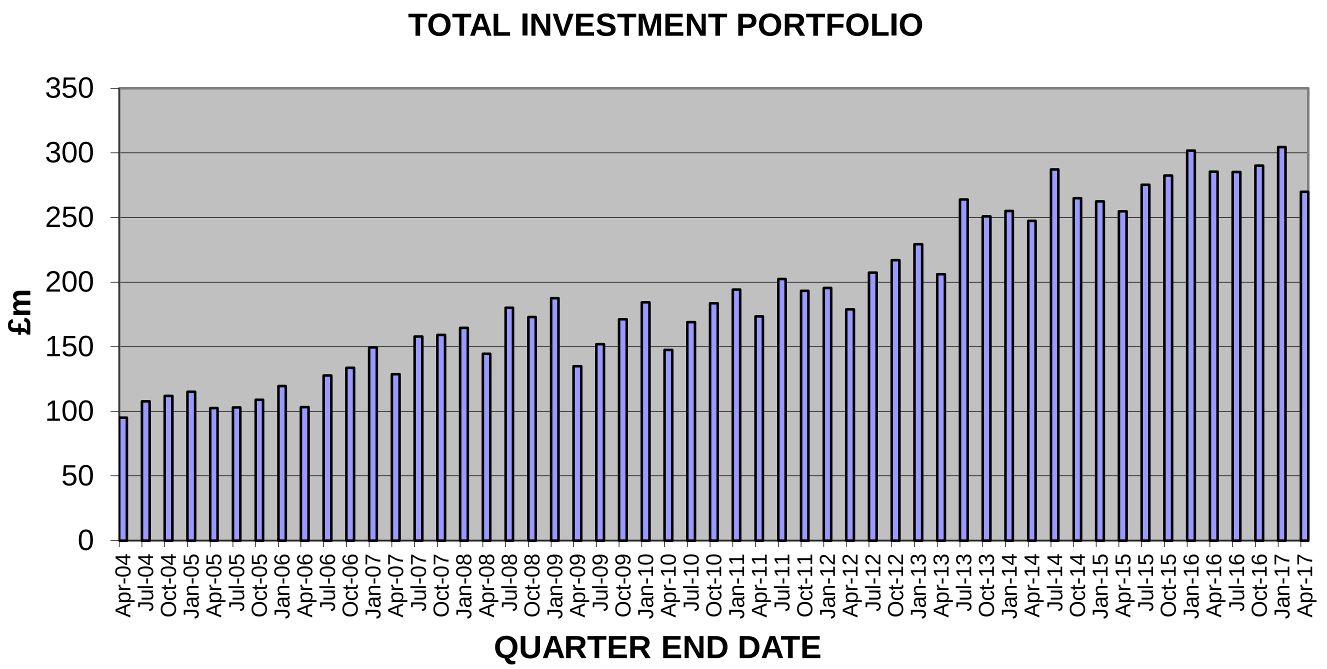
3.2.3 Details of the outstanding investments at 31st March 2017 are shown in maturity date order in Appendix 1 and by individual counterparty in Appendix 2. An average return of 1.2% was assumed for new investments in the 2016/17 budget in line with the estimates provided by the Council's external treasury advisers, Capita, and with officers' views. The average return on the new "core" investments placed during 2016/17 was 1.21%, compared to the average LIBID rates of 0.20% for 7 days, 0.32% for 3 months, 0.46% for 6 months and 0.70% for 1 year.

3.2.4 Reports to previous meetings have highlighted the fact that options with regard to the reinvestment of maturing deposits have become seriously limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, most recently in September 2016, as detailed in para 3.1.2, and previously in October 2014 (an increase from £40m to £80m in the lending limits of both Lloyds and RBS, and an increase in the maximum period from 2 years to 3 years) have alleviated this to some extent, but there are still not many investment options available other than placing money with instant access accounts at relatively low interest rates. As Lloyds is no longer part-nationalised, it is requested that the limit be temporarily retained at £80m as detailed in section 3.5.5.

3.2.5 As a result of these changes to the criteria, and the addition of the pooled funds described in section 3.4.3, the Council's treasury management performance compares very well with that of other authorities; the Council was in the top decile nationally for both 2014/15 and 2015/16 (the most recent CIPFA treasury management statistics available).

3.2.6 Active UK banks on the Council's list now comprise only Lloyds, RBS, HSBC, Barclays, Santander UK, Goldman Sachs International Bank, Standard Chartered, and Nationwide and Skipton Building Societies, and all of these have reduced their interest rates significantly in recent years. The Director of Finance will continue to monitor rates and counterparty quality and take account of external advice prior to any investment decisions.

3.2.7 The chart below shows total investments at quarter-end dates back to 1st April 2004 and shows how available funds have increased steadily over the years. This has been a significant contributor to the over-achievement of investment income against budgeted income in recent years.



3.3 **Interest Rate Forecast**

3.3.1 On 4th August 2016, the Monetary Policy Committee of the Bank of England voted unanimously to reduce the Base Rate to 0.25% from 0.5% (the rate it has been since March 2009). Previous indications from markets were that a further cut wasn't ruled out, however current expectations are that rates will remain at this level until mid-2019 and then begin to slowly increase.

Date	LATEST FORECAST (May17)				PREVIOUS FORECAST (Nov16)			
	Base Rate	3 month Libid	6 month Libid	1 year Libid	Base Rate	3 month Libid	6 month Libid	1 year Libid
Jun-17	0.25%	0.30%	0.40%	0.60%	0.25%	0.30%	0.40%	0.70%
Dec-17	0.25%	0.30%	0.40%	0.70%	0.25%	0.30%	0.40%	0.70%
Jun-18	0.25%	0.30%	0.40%	0.80%	0.25%	0.30%	0.40%	0.80%
Dec-18	0.25%	0.40%	0.50%	0.90%	0.25%	0.40%	0.50%	0.90%
Jun-19	0.50%	0.60%	0.70%	1.10%	0.50%	0.60%	0.70%	1.10%
Dec-19	0.75%	0.80%	0.90%	1.30%	0.75%	0.80%	0.90%	1.30%

3.4 **Other Investments**

3.4.1 Money Market Funds

3.4.1.1 The Council currently has 6 AAA-rated Money Market Fund accounts, with Prime Rate, Ignis, Insight, Blackrock, Fidelity and Legal & General, all of which have a maximum investment limit of £15m. In common with market rates for fixed-term investments, interest rates on money market funds have fallen considerably in recent years. The Ignis, Legal & General and Prime Rate funds currently offer the best rate (around 0.25%). The total balance held in Money Market Funds has varied during the year, moving from zero as at 1st April 2016 to £24.7m as at 30th June 2016, £24.8m as at 30th September 2016, £24.0m as at 31st December 2016 and £6.9m as at 31st March 2017.

3.4.1.2 The Money Market Funds offer the lowest interest of all eligible investment vehicles with the exception of the Government Debt Management Account Deposit Facility (currently 0.10%), or deposits with other Local Authorities and banks/building societies for less than 6 months. During the year, funds have been withdrawn to fund other, more attractive investments, most recently in the December quarter, when the Council invested a further £5m in the CCLA property fund.

Money Market Funds	Date Account Opened	Ave. Rate 2016/17	Ave. Daily balance 2016/17	Actual balance 31/03/17	Latest Balance 31/05/17	Latest Rate 31/05/17
		%	£m	£m	£m	%
Prime Rate	15/06/2009	0.39	11.8	-	1.9	0.24
Ignis	25/01/2010	0.40	10.9	6.9	15.0	0.25
Insight	03/07/2009	0.37	4.1	-	-	0.22
Legal & General	23/08/2012	0.39	7.9	-	15.0	0.24
Blackrock	16/09/2009	0.29	-	-	-	0.13
Fidelity	20/11/2002	0.30	-		-	0.14
TOTAL			34.7	6.9	31.9	

3.4.2 <u>Santander 180 Day Notice Account</u>

3.4.2.1 In November 2015, £10m was placed with Santander UK in their 180 day notice account at a rate of 1.15%. This was a very good rate for (potentially) 6 month money, but notice was given in May 2016 to ensure that this did not breach the one year maximum permitted with Santander. Although Santander had notified the Council that the rate would reduce to 0.90% from September 2016 (a reduction of 0.25% matching the Bank of England base rate reduction), the rate was still very good comparatively, so the Council deposited a further £20m in the notice account during August 2016.

3.4.2.2 Since then, Santander standardised the rates for its notice accounts (the Council's rates were above those available to other customers), and bringing them more in line with market rates. As a result, the rate would decrease to 0.55% from 1st June 2017, so the Council gave notice to withdraw the full £30m, which will be returned at the start of October 2017.

3.4.3 <u>Pooled Investment Schemes</u>

3.4.3.1 In September 2013, the Portfolio Holder and Full Council approved the inclusion of collective (pooled) investment schemes as eligible investment vehicles in the Council's Investment Strategy with an overall limit of £25m and a maximum duration of 5 years. The limit was subsequently increased to £40m by Council in October 2015, and it is proposed that this be further increased to £80m (see section 3.5.3). Such investments would require the approval of the Director of Finance in consultation with the Resources Portfolio Holder.

<u>CCLA Property Fund</u>

3.4.3.2 Following consultation between the Director of Finance and the Resources Portfolio Holder, an account was opened in January 2014 with the CCLA Local Authorities' Property Fund and an initial deposit of £5m was made, followed by further deposits of £5m in July 2014, £5m in March 2015, £10m in October 2015 and £5m in October 2016. The investment in the CCLA Fund is viewed as a medium to long-term investment and dividends are paid quarterly. The investment returned 5.25% net of fees in 2014/15, 5.02% in 2015/16 and 4.55% in 2016/17.

Diversified Growth Funds

3.4.3.3 In October 2014, the Council approved the inclusion of investment in Diversified Growth Funds (DGFs) in the investment strategy and, in December, £5m was invested with both Newton and Standard Life. The Funds both performed very well in just over three months to 31st March 2015; the Newton Fund returning 21.5% and the Standard Life Fund returning 21.9%. In accordance with the Council decision, 27% of the total return will be transferred to the Parallel Fund, set up in 2014/15 with an opening balance of £2.7m to mitigate the potential revenue impact of future actuarial Pension Fund valuations.

3.4.3.4 However, performance has not been so impressive in 2015/16 and 2016/17, with net returns of 0.85% and 2.23% respectively for the Newton Fund, and the -5.04% and 0.37% respectively for the Standard Life Fund. The overall net returns since inception have been 3.93% and 0.57% for the Newton and Standard Life funds respectively.

Annualised return	**Newton %**	**Standard Life %**
22/12/14 - 31/03/15	21.46	21.85
01/04/15 - 31/03/16	0.85	-5.04
01/04/16 - 30/03/17	2.23	0.37
Cumulative return	3.93	0.57

3.4.3.5 This downturn in performance echoes that seen in the Pension Fund's DGFs (and Global Equities Funds to an extent) during 2015/16 and subsequent rebound during 2016/17. However, it should be noted that these types of investments should be considered as longer term investments over a three to five year period.

3.4.3.6 To reflect the changes to the Pension Fund asset allocation strategy, and on the basis of Multi-Asset Income Funds being a better income related investment with low volatility, it is currently intended that the DGF investments will be sold and the funds invested in Multi-Asset Income Funds (see also section 3.5.3). Details of the investment options considered as part of the Pension Fund's asset allocation review were reported to Pensions Investment Sub-Committee on 22nd February and 5th April 2017.

3.4.4 External Cash Management

3.4.4.1 As reported to the Executive and Resources PDS Committee on 3rd February 2016, the contract with Tradition UK Ltd was terminated in December 2015, and the two remaining investments matured in March 2017.

3.5 Proposed changes to the Treasury Management Strategy

3.5.1 As detailed in para 3.2.4, the Council's investment options have reduced in recent years, and it is increasingly difficult to identify institutions to places deposits with which provide a good return. The Council has therefore broadened its investment strategy to help mitigate this e.g. by including pooled investment schemes, and it is proposed that the following changes be made to the Council's Treasury Management Strategy:

3.5.2 Inclusion of a secured loan that helps deliver the Council's housing objectives

3.5.2.1 On 14th March 2017, the Executive approved a secured loan relating to a residential development in Beckenham that would also help to provide temporary accommodation for the homeless at a significant saving to the Council.

3.5.2.2 It was originally agreed that the loan would be made from the Council's Investment Fund; however, to help retain these funds for further investment property purchases, it is proposed that the provision of this loan be included in the Treasury Management Strategy to allow it to be made from treasury management resources.

3.5.3 Increase to the limit for pooled investment schemes to £80m

3.5.3.1 As a result of the good returns earned by the Council's current investments in pooled funds (£30m in the CCLA property fund which has provided an average annual return of 4.91%, and £10m in Diversified Growth Funds (DGFs) providing an average annual return of 2.25%), it is proposed that the limit for such investments be increased to £80m.

3.5.3.2 Although the DGFs have provided returns significantly above those of the Council's 'standard' treasury management investments, they have also seen significant volatility. As a result, and following the changes to the Pension Fund asset allocation strategy agreed by Pensions Investment Sub-Committee in April 2017, which includes the removal of the allocation to DGFs, and introduced allocations to pooled property funds and Multi-Asset Income Funds (MAI Funds), it is currently intended that the DGFs will be sold and invested in MAI Funds.

3.5.3.3 MAI Funds are similar to DGFs in that they are pooled funds consisting of various classes of assets to provide diversity, but are more focussed on income generating assets, and are therefore generally less volatile. A low level of derivatives will be a key criterion when selecting which fund(s) to invest in.

3.5.3.4 When pooled investment schemes were originally approved for inclusion in the Council's Treasury Management Strategy, authority to make these investments was delegated to the Director of Resources in consultation with the Resources Portfolio Holder. It is proposed that this delegation continue for this additional £40m.

3.5.3.5 Details of the requirements for the investment in pooled funds were reported to Executive and Resources PDS Committee and Council in September 2013, and are summarised below:

- To minimise capital risk, a longer period of 3-5 years will be required;
- Returns should be expected to exceed normal secured fixed term lending to eligible institutions by 2%;
- It must be possible to sell investments within 6 months (9 for property);
- The investment vehicle must have a proven track record over 3-5 years;
- Historically, volatility must have been low; and
- The Council's external adviser, Capita must support the proposals.

3.5.4 Reduction of the counterparty rating criteria for investments with Housing Associations to A-

3.5.4.1 In September 2016, Council approved the inclusion of investments with Housing Associations within the Treasury Management Strategy for a maximum period of 2 years, and maximum deposit of £10m with any one Housing Association and £25m in total. The counterparty rating criteria was originally set at AA-, however there are none currently looking to borrow with this rating. At present there are A- rated Housing Associations offering around 0.85% for one year and 1.1% for two years, which is around 0.35% higher than other local authorities and the majority of equivalently rated banks and building societies. It is therefore proposed that the rating criteria be reduced to A-, in-line with the criteria for corporate bonds.

3.5.5 Temporary increase in the limit with Lloyds bank

3.5.5.1 Following the final sell-off of shares by the government in May 2017, Lloyds can no longer classified as a part-nationalised bank, and the limit has therefore reduced to £30m. However, the actual total on deposit with Lloyds will remain above this limit until some of the existing deposits mature in April/May 2018 (£40m), November 2018 (£5m) and July/August 2019 (£10m).

3.5.5.2 It is therefore requested that the limit for Lloyds be temporarily kept at £80m until May 2018 and then reducing to £40m, £35m in November 2018 and finally to £30m in August 2019.

3.6 Actual prudential indicators for 2016/17

3.6.1 The old capital control system was replaced in April 2004 by a prudential system based largely on self-regulation by local authorities themselves. At the heart of the system is The Prudential Code for Capital Finance in Local Authorities, developed by CIPFA. The Code requires the Council to set a number of prudential indicators designed to monitor and control capital expenditure, financing and borrowing. The indicators for 2016/17 were approved by the Executive and the Council in February 2016 and were revised and updated in December 2016. Appendix 3 sets out the actual performance in 2016/17 against those indicators.

3.7 Economic Background during 2016/17 (provided by Capita Treasury Solutions)

3.7.1 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

3.7.2 In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

3.7.3 Further information on the global economic background is included as Appendix 4.

3.8 Regulatory Framework, Risk and Performance

3.8.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;

- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken (although no restrictions have been made to date);

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;

- Under the Act, the CLG has issued Investment Guidance to structure and regulate the Council's investment activities;

Under section 238(2) of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

3.8.2 The Council has complied with all of the above relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular, its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

4 POLICY IMPLICATIONS

4.1 In line with government guidance, the Council's policy is to seek to achieve the highest rate of return on investments whilst maintaining appropriate levels of risk, particularly security and liquidity.

5 FINANCIAL IMPLICATIONS

5.1 An average rate of interest of 1.52% was achieved in 2016/17, including 1.21% on all new "core" investments placed during the year (compared to the budget assumption of 1.2%), money market funds and pooled investment schemes. The final outturn for net interest on investments and borrowing in 2016/17 was £4,162k compared to the budget of £3,491k. This was in no small part due to returns on the CCLA Property Fund. The other main contributory factor was the fact that average investment balances during the year (£305m) were higher than expected.

5.2 With regard to 2017/18, the reduction to the Bank of England base rate, coupled with the ability of banks to borrow from the Bank of England at very low rates though its Term Funding Scheme is expected to impact on the rates the Council will receive for new fixed term deposits, with 0.9% assumed in the 2017/18 revenue budget, in line with the estimates provided by the Council's external treasury advisers, Capita, earlier in the year. In addition to this, further Investment Fund and Growth Fund expenditure, and the Highways Investment capital scheme are expected to the reduce the funds available for investment, and a reduction of £600k was included in the 2017/18 budget.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Treasury Management - Annual Investment Strategy 2016/17, Council, 22nd February 2016 Treasury Management - Quarter 1 Performance 2016/17 and Investment Strategy, Council, 26th September 2016 Treasury Management - Annual Report 2012/13 and Performance Quarter 1, 2013/14, Council, 23rd September 2013 Provision of Temporary Accommodation, Executive, 14th March 2017 (Part 2) Pension Fund Asset Allocation Strategy Review – Follow-Up Report, Pensions Investment Sub-Committee, 5th April 2017 CIPFA Code of Practice on Treasury Management CIPFA Prudential Code for Capital Finance in Local Authorities CLG Guidance on Investments External advice from Capita Treasury Solutions