Report No.
FSD23044

London Borough of Bromley

PART 1 - PUBLIC

Decision Maker:	**Resources, Commissioning and Contracts Management Portfolio Holder**
Date:	**For pre-decision scrutiny by Executive, Resources and Contracts PDS Committee on 3 July 2023 and to be reported to Council for decision on 17 July 2023**
Decision Type:	Non-Urgent Executive Non-Key
Title:	**TREASURY MANAGEMENT – ANNUAL REPORT 2022/23**
Contact Officer:	Sean Cosgrove, Principal Accountant Tel: 020 8461 7709 E-mail: sean.cosgrove@bromley.gov.uk
Chief Officer:	Peter Turner, Director of Finance Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk
Ward:	All

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1. Reason for report

1.1. This report summarises treasury management activity during the fourth quarter of 2022/23 and includes the Treasury Management Annual Report for 2022/23, 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.

1.2. Investments as at 31 March 2023 totalled £344.0m and there was no outstanding external borrowing. For information and comparison, the balance of investments stood at £388.7m as at 31 December 2022 and £377.8m as at 31 March 2022.

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2. RECOMMENDATION(S)

2.1. The Resources, Commissioning and Contracts Management Portfolio Holder is requested to:

(a) note the Treasury Management Annual Report for 2022/23

(b) approve the actual prudential indicators within the report

2.2. Council is requested to:

(a) note the Treasury Management Annual Report for 2022/23

(b) approve the actual prudential indicators within the report

Impact on Vulnerable Adults and Children

1. Summary of Impact: None

Corporate Policy

1. Policy Status: Existing policy. To maintain appropriate levels of risk, particularly security and liquidity, whilst seeking to achieve the highest rate 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: Provisional net interest earnings of £7,213k achieved against a budget of £2,841k for 2022/23 (a surplus of £4,372k.) The budget for 2023/24 is £9,841k.

5. Source of funding: Net investment income

Personnel

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

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

Legal

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

2. Call-in: Call-in is applicable

Procurement

1. Summary of Procurement Implications: N/A

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: N/A

3. COMMENTARY

3.1 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.

3.2 This report includes details of investment performance in the final quarter of 2022/23 and the annual report for the whole of the 2022/23 financial year.

3.3 The 2022/23 Annual Treasury Strategy, including the Minimum Revenue Provision (MRP) policy statement and prudential indicators, was originally approved by Council in February 2022.

3.4 Changes in the regulatory environment have placed a much greater onus on Members to undertake 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.

3.5 The Council has monies available for treasury management investment as a result of the following:

- Positive cash flow;
- 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.

3.6 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 needs to substantially run down capital receipts and reserves. Against a backdrop of unprecedented cuts in Government funding which will require the Council to make 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.

3.7 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 in 2016/17, £5.6m in 2017/18, £5.5m in 2018/19, £5.4m in 2019/20, £5.3m in 2020/21, £5.4m in 2021/22 and £4.5m in 2022/23 (lower than previous years due to underoccupancy of commercial units.) This is based on a longer-term investment timeframe of at least three to five years and ensures that the monies available can attract higher yields over the longer term.

3.8 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 future investment decisions will also need to consider the high likelihood that interest rates will continue to rise. The available resources for the medium term, given the ongoing reductions in Government funding, will need to be regularly reviewed.

Treasury performance in the quarter ended 31 March 2023

3.9 **Borrowing**: the Council's healthy cashflow position continues and, other than some short-term borrowing at the end of 2015/16, no borrowing has been required for a number of years. However, it is highly likely that borrowing will be required for any further capital expenditure not funded by capital receipts or grants unless the financial position of the Council significantly improves in the medium and longer term. This also recognises the limited ability of the Council to increase its reserves compared with previous years. In the context of rising interest rates, the timing of any such borrowing will be crucial.

3.10 **Investments**: the following table sets out details of investment activity during the fourth quarter and the full financial year:

	Qtr ended 31/03/23		2022/23 full year	
	Deposits	**Ave rate**	**Deposits**	**Ave rate**
	£m	**%**	**£m**	**%**
Balance of "core" investments bfwd	250.00	2.57	260.00	0.62
New investments made in period	15.00	4.63	210.00	3.14
Investments redeemed in period	-35.00	0.64	-240.00	0.58
"Core" investments at end of period	**230.00**	**2.97**	**230.00**	**2.97**
Money Market Funds	0.00	3.7	0.00	2.18
CCLA Property Fund*	40.00	-3.46	40.00	-14.90
Multi-Asset Income Funds*	40.00	1.04	40.00	-7.92
Schroders Diversified Growth Fund	20.00	8.97	20.00	-4.88
Project Beckenham loan	4.00	6.00	4.00	6.00
Sovereign bonds	10.00	1.84	10.00	1.84
"Alternative" investments at end of period	**113.99**	**0.93**	**113.99**	**-8.65**
Total investments at end of period	**344.00**	**2.29**	**344.00**	**-0.88**

*The rates shown here are the total return (i.e.. the dividend income plus the change in capital value.) A more detailed breakdown of the rates for these investments is shown in the relevant paragraphs.

3.11 Details of the outstanding investments at 31 March 2023 are shown in maturity date order in Appendix 2 and by individual counterparty in Appendix 3. The return on the new "core" investments placed during the fourth quarter of 2022/23 was 4.63% (4.81% during the third quarter).

3.12 Reports to previous meetings have highlighted the fact that options with regards to the reinvestment of maturing deposits have become limited in recent years following bank credit rating downgrades. Changes to lending limits and eligibility criteria, as well as the introduction of pooled funds and housing associations have alleviated this to some extent. More recently, however, successive increases in the Bank of England base rate have fed through into significantly improved lending rates with eligible counterparties.

3.13 At their meeting in February 2023, as an amendment to the proposed Treasury Strategy, the Executive, Resources and Contracts PDS Committee agreed to place new investments only in countries listed as "free" or "partly free" in the Freedom House index. Any investments already held in such countries cannot be renewed at maturity and the principal must be placed elsewhere. This obviously places an additional limit on the number and range of counterparties available. The Council is mitigating this concern by setting up new counterparties that meet Bromley's eligibility criteria.

3.14 The chart in Appendix 1 shows total investments at quarter-end dates back to 1 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 budget in recent years.

Interest rate forecast (provided by Link Group)

3.15 At the time of writing, the current Bank of England base rate is 4.50%, following an increase at the May 2023 meeting of the Monetary Policy Committee. The market believes that further rises will follow, especially in the light of persistent inflationary pressures in the economy.

3.16 Link Group, who provide the Council with intelligence and advice on the treasury function, had issued its usual interest rate forecast at the end of March 2023. However, in the light of subsequent movements in the market, it then reforecast its rates, as shown in the table below. Link has stated that it believes that the rate will next increase at the end of June 2023 (after the writing of this report) and then again in September 2023, peaking at 5.0% before falling in 2024. Link's latest interest rate view is shown in the table below.

Link Group Interest Rate View	25.05.23												
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

3.17 The following table, also provided by Link, is included here for context and shows the scope and timing of the changes in forecast.

Comparison of forecasts for Bank Rate today v. previous forecast													
Bank Rate	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
25.05.23	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
27.03.23	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50	2.50
Change	0.25	0.50	0.75	0.75	1.00	0.75	0.50	0.50	0.00	0.00	0.00	0.00	0.00

Money Market Funds

3.18 The Council currently has five AAA rated Money Market Fund accounts ("MMFs"), with Federated Prime Rate, Aberdeen Standard (formerly known as Ignis), Insight, 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 MMFs have risen considerably in recent months. At the time of writing, all offer comparable rates of interest, at around 4.5%, with the exception of Fidelity which offers 4.4%.

3.19 The total balance held in MMFs has varied during the year to date moving from £4m as at 31 March 2022 to £26m as at 30 September 2022, £25m as at 31 December 2022 and down to zero as at 31 March 2023. MMFs, though currently offering attractive rates compared to recent years, are still among the lowest-ranked of all eligible investment vehicles in terms of interest rates offered, with the exception of the Government Debt Management Account Deposit Facility. However, they are the most liquid, with funds able to be redeemed up until midday for same-day settlement.

3.20 Daily balances in the MMFs vary considerably throughout the year, though tend to be lower in February and March when the Council's income from Council Tax and Business Rates is significantly lower than the rest of the year and so there is less liquid cash available for investment purposes. Occasionally, these balances are inflated to ensure that the Council has sufficient liquidity to cover any 'non-standard' expenditure such as property purchases or other significant items of capital expenditure.

Housing Associations

3.21 Deposits with Housing Associations have recently attracted favourable rates and the Council's Treasury Management Strategy Statement has an overall limit for Housing Association investments of £80m. Current investments in Housing Associations total £10m, which is a single investment with an interest rate of 0.6%, placed for two years in August 2021 when interest rates across the market were much lower than at present.

Loan to Project Beckenham

3.22 On 26 June 2017, Council approved the inclusion in the strategy of a secured loan to Project Beckenham, relating to the provision of temporary accommodation for the homeless, that had previously been agreed to be advanced from the Investment Fund. A loan of £2.3m was made in June 2017, at a rate of 6% (increasing to 7.5% if the loan to value ratio exceeds a specified value). £1.0m of this loan was re-paid during 2019/20, leaving a balance of £1.3m as at the end of March 2020. Advances totalling £2.45m were made in 2020/21 and 2021/22 leaving a balance of £3.75m. A further five loan advances totalling £1.2m were made in 2022/23 and repayments of £960k were received in November and December leaving the balance as at 31 March 2023 at £4.0m, as shown in the following table:

FY	Bal bfwd £'000	Advanced £'000	Repaid £'000	Bal cfwd £'000
Prior to 2019/20	0	2,313	0	2,313
2019/20	2,313	0	(1,000)	1,313
2020/21	1,313	800	0	2,113
2021/22	2,113	1,650	0	3,763
2022/23	3,763	1,200	(960)	4,003

Sovereign bonds

3.23 During November 2021, it was agreed that the Council's treasury management strategy be amended to allow investment in sterling-denominated sovereign bonds, subject to a maximum of duration of three years and an exposure limit of £25m. On 30 November 2021, an investment of £10m was made for two years at a rate of 1.84%.

Pooled investment schemes

3.24 In September 2013, the Portfolio Holder and, subsequently, 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 five years. The limit was subsequently increased to £40m by Council in October 2015, £80m in June 2017 and £100m in December 2017. Such investments would require the approval of the Director of Finance in consultation with the Resources, Commissioning and Contracts Management Portfolio Holder.

3.25 Until March 2018, accounting rules required that the change in capital value of these investments be held in the Available for Sale Financial Assets Reserve, and only recognised in revenue on the sale of the investment. In year projections for interest on balances therefore only reflected the dividends from these investments.

3.26 However, from 2018/19 onwards, local authorities have been required to account for financial instruments in accordance with IFRS9. One of the results of this is that changes in the capital value of pooled fund investments are recognised in revenue in-year. Subsequently, MHCLG issued regulations providing a statutory override to reverse the impact of IFRS9 on the Council's General Fund, which came into force in December 2018 and would apply until 31 March 2023, after which it was intended for movements in value to be recognised in year. Following consultation, DLUHC announced in January that the override would be extended for a further two years to 31 March 2025, after which the standard will be applied fully.

3.27 Due to the regulations being time limited and the potentially volatile nature of these investments, interest/dividend earnings above a determined threshold have been set aside in an earmarked Income Equalisation reserve. This will protect the Council against unexpected variations in the capital value of these investments and any timing issues arising from the expiry of the statutory override. Details are shown in the following table:

FY	Threshold %	Bal bfwd £'000	Set aside £'000	Bal cfwd £'000
2018/19	2.5	0	1,509	1,509
2019/20	2.5	1,509	1,196	2,705
2020/21	2.0	2,705	1,520	4,225
2021/22	2.0	4,225	1,676	5,901
2022/23	2.0	5,901	2,044	7,945

CCLA Property Fund

3.28 Following consultation between the Director of Finance and the 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 (July 2014), £5m (March 2015), £10m (October 2015), £5m (October 2016) and £10m (October 2017). The investment in the CCLA Fund is viewed as a medium- to long-term investment and dividends are paid quarterly. A breakdown of dividends earned and capital growth is provided in the table below.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
01/02/14- 31/03/14	4.29	-29.64	-25.35
01/04/14 - 31/03/15	5.03	3.44	8.47
01/04/15 - 31/03/16	5.02	1.63	6.65
01/04/16 - 31/03/17	4.55	-2.50	2.05
01/04/17 - 31/03/18	4.58	2.41	6.99
01/04/18 - 31/03/19	4.46	1.57	6.03
01/04/19 - 31/03/20	4.45	-3.68	0.77
01/04/20 - 31/03/21	4.30	-0.71	3.60
01/04/21 - 31/03/22	3.82	17.29	21.12
01/04/22 - 31/03/23	4.19	-19.09	-14.90
Cumulative return	4.39	-0.45	3.94

3.29 The annualised fund return for the year to 30 March 2023 was capital decline of -19.09% and dividends paid of 4.19%, resulting in a total return of -14.90%. Since inception, dividends paid have averaged 4.39% per annum and the capital value has fallen by -0.45% per annum resulting in a net annual return of 3.94%.

Multi-Asset Income Fund

3.30 Following approval by Council in June 2017, the limit for pooled investment schemes was increased to £80m and an investment of £30m was made in July 2017 in the Fidelity Multi-Asset Income Fund, following the agreement of the Resources, Commissioning and Contracts Management Portfolio Holder. A subsequent investment of £10m was made in December 2019.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
12/07/17 - 31/03/18	4.42	-6.27	-1.85
01/04/18 - 31/03/19	4.26	1.45	5.71
01/04/19 - 31/03/20	4.37	-11.81	-7.44
01/04/20 - 31/03/21	4.38	9.52	13.9
01/04/21 - 31/03/22	4.16	-4.98	-0.82
01/04/22 - 31/03/23	4.17	-12.08	-7.92
Cumulative return	4.26	-3.84	0.42

3.31 The annualised fund return for the year to 31 March 2023 was a capital decline of -12.08% and dividends paid of 4.17%, resulting in a total return of -7.92%. Since inception, dividends paid have averaged 4.26% per annum and the capital value has declined by -3.84% per annum resulting in a net annual return of 0.42%.

Global Diversified Income Fund

3.32 During 2020/21 a new investment was made in the Global Diversified Income Fund managed by Schroders. The aim of this fund is to provide long-term capital growth and income of 3-5% per annum. An initial investment of £10m was made in March 2021, followed by a further £10m in April 2021. A breakdown of dividends earned and capital growth is provided in the table.

Annualised net return	Dividend %	Capital gain/(loss) %	Total return %
01/03/21 - 31/03/21	2.45	2.43	4.88
01/04/21 - 31/03/22	2.96	-3.15	-0.19
01/04/22 - 31/03/23	3.50	-8.38	-4.88
Cumulative return	3.22	-5.59	-2.38

3.33 The annualised fund return for the year to 31 March 2023 was a capital decline of -8.38% and dividends paid of 3.50%, resulting in a total return of -4.88%. Since inception, dividends paid have averaged 3.22% per annum and the capital value has declined by -5.59% per annum resulting in a net annual return of -2.38%.

Property acquisition scheme (Meadowship Homes)

3.34 As agreed by the Executive during 2021, the Council has embarked on a property acquisition scheme with Orchard & Shipman. This involved the formation of an LLP which will be a joint venture between the Council and Orchard & Shipman. As part of this scheme, the Council will make a £20m loan (in tranches) for 50 years (and £67m from the Pensions Insurance Corporation.) Annual repayments on the Council loan will start from year 3 of 1.6% (£320k) per annum and increasing annually by CPI (collared at 0-4%). As the Effective Interest Rate on the loan is dependent on CPI, it is possible that this will be lower than the rate the Council might achieve through treasury management investments, so there may be a loss of treasury management income. Phase 2 of the scheme was approved in July 2022, involving a further Council loan of £15m on similar repayment terms to the initial scheme, in addition to a £58m loan from Phoenix Life.

Actual prudential indicators for 2022/23

3.35 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 2022/23 were approved by the

Executive and the Council in February/March 2022. Appendix 4 sets out the actual performance in 2022/23 against those indicators.

Economic background during 2022/23 (provided by Link Asset Services)

3.36 Further information on the economic background is included as Appendix 5.

Revised Treasury Management and Prudential Codes

3.37 During December 2021 CIPFA published a revised Prudential Code (Prudential Code for Capital Finance in Local Authorities) and Treasury Management Code (Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes). This Council is required to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to full Council for approval. The requirements of the revised Codes, to the extent to which they apply to the Council, have been incorporated into the Treasury Management Strategy Statement and Annual Investment Strategy as approved by Council in February 2023.

Regulatory framework, risk and performance

3.38 The Council's treasury management activities are regulated by a variety of professional codes, 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, DLUHC 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 8 November 2007.

3.39 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 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

5.2 The provisional outturn for net interest on investments in 2022/23 was £7,213k compared to the budget of £2,841k, mainly due to the continued high level of balances available for investment as well as the high level of interest earned on the pooled funds, housing association deposits and the Project Beckenham loan – and, in the second half of the year, rapid increases in the Bank of England base rate, which has increased returns on Money Market Funds and on investments placed after that point.

5.3 The budget for 2023/24 has been set at £9,841k. This reflects an expected reduction in balances available for investment as a result of the utilisation of capital receipts and grants/contributions as well as earmarked revenue reserves. Whilst the Bank of England base rate is expected to continue to rise and this has improved counterparty rates, there will be a time lag before the impact of this fully feeds through. Additionally, there is still significant uncertainty as to how long this rise will continue and to what level, meaning we cannot be certain it will translate into investment opportunities that will provide a sustainable return in excess of what is currently being achieved on the entire portfolio.

5.4 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. Although the Council does not currently borrow to finance its General Fund capital spending plans, officers still plan and forecast the longer-term cash flow position in order to ensure that the Council can meet its capital spending obligations and that it maintains balances (working capital) at a prudent and sustainable level.

5.5 The Council's Treasury Management Strategy and day-to-day operations of the treasury function are informed by our professional adviser, Link Group. Link Group advises the Council on counterparties, investment and borrowing options, and risk management.

6. LEGAL IMPLICATIONS

6.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

6.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice and Statutory Guidance on Local Government Investments.

Non-applicable sections:	Impact on Vulnerable Adults and Children, Personnel, Legal and Procurement Implications
Background documents: (access via Contact Officer)	CIPFA Code of Practice on Treasury Management 2021 CIPFA Prudential Code for Capital Finance in Local Authorities 2021 DLUHC Guidance on Investments External advice from Link Group