

Item 6 (c) – Treasury Management Strategy

The attached report was considered by the Cabinet on 5 February 2015, relevant minute extract below:

Cabinet – 5 February 2015 (Minute 76)

The Portfolio Holder for Finance and Resources introduced a report setting out the Council's Treasury Management Strategy for 2015/16, covering its borrowing arrangements and its annual investment strategy. The annual investment strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members' attention was drawn to paragraph 61 of the report, which provided further details on Enhanced Money Market Funds (EMMFs). These funds had not been utilised because of concerns from some Members that they carried more risk than other permitted investments, but it was proposed they would be utilised from 2015/16. Alternatively, the Principal Accountant suggested that the limit for lending to any of the top five Building Societies not meeting minimum credit rating requirements be increased from £2 million to £4 million each and the limit for lending to Handelsbanken be increased from £3 million to £5 million to give options rather than lending to the Government at 0.25%.

Members noted that the Finance and Resources Advisory Committee had recommended that:

- a) investments in AAA rated Enhanced Money Market Funds be commenced with an overall limit of £5 million which may be in a single fund or split between different funds;
- b) the limit for investments in any of the top five Building Societies not meeting minimum credit rating requirements be increased from £2 million to £4 million each;
- c) the limit for lending to Handelsbanken be increased from £3 million to £5 million; and
- d) subject to those comments, Cabinet recommend that Council approve the Treasury Management Strategy for 2015/16.

Members noted the sale of the Icelandic bank investment which brought the matter to a conclusion. The overall result was that the Council recovered the full amount of the original investment.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) investments in AAA rated Enhanced Money Market Funds be commenced with an overall limit of £5 million which may be in a single fund or split between different funds;
- b) the limit for investments in any of the top five Building Societies not meeting minimum credit rating requirements be increased from £2 million to £4 million each;
- c) the limit for lending to Handelsbanken be increased from £3 million to £5 million; and
- d) subject to those comments, Cabinet **recommend that Council approve the Treasury Management Strategy for 2015/16.**