ABERDEEN CITY COUNCIL

COMMITTEE:	Finance, Policy and Resources
DATE:	16 February 2016
INTERIM DIRECTOR:	Richard Ellis
TITLE OF REPORT:	Treasury Management Policy and Strategy
REPORT NUMBER:	CG/16/007

CHECKLIST COMPLETED: Yes

1. PURPOSE OF REPORT

To outline the Treasury Management Policy and Strategy for 2016/17 to 2018/19, for approval.

2. RECOMMENDATION(S)

The Committee is asked to consider the report and make recommendations to Council for approval as follows:-

a) Consider and approve the Council's Treasury Management Policy Statement for 2016/17 to 2018/19 as detailed at Appendix 1,

b) Consider and approve the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19 as detailed at Appendix 2,

c) Approves the Counterparty list as detailed at Appendix 3,

d) Note the Council's proposed Prudential Indicators for 2016/17 to 2020/21 as detailed at Appendix 4,

e) Note the progress against the actions from the recent Audit Scotland report on Borrowing and Treasury Management in Councils as detailed at Appendix 5.

3. FINANCIAL IMPLICATIONS

Treasury Management activities influence the loans pool interest rates and aims to minimise the cost of borrowing. This directly impacts upon costs chargeable to the Council's revenue budgets through the interest rates that are applied to capital financing costs. Whilst the level of borrowing a Council can undertake is now devolved from the Scottish Government to individual Councils, it will still be constrained by the requirement for capital investment to be affordable, sustainable and prudent. The main test of affordability will be whether the capital financing costs can be contained within the revenue budgets.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

5.1 Introduction

The Council previously approved a Treasury Management Policy on 18 February 2015. Part of this policy is to report annually on a strategy for future financial years. A final report reviewing Treasury Management activities for the year, as well as a mid-year review, will also be presented to Committee in due course.

With effect from 1 April 2004, Councils are now required by regulation to have regard to the Prudential Code (the Code) when carrying out their duties under part 7 of the Local Government in Scotland Act 2003.

It is a requirement of this Code that Treasury Management is carried out in accordance with good professional practice. The Code requires compliance with the CIPFA "Code of Practice for Treasury Management in the Public Services", which this Council does. The 2009 update to the CIPFA Code of Practice states that Treasury Management Strategy must be approved annually by full Council.

Historically, the Council's annual programme of capital investment has been funded by Treasury Management activities, such as additional long-term borrowing.

5.2 Treasury Management Policy Statement 2016/17 to 2018/19

The proposed Treasury Management Policy Statement for 2016/17 to 2018/19 is set out in detail at Appendix 1, and is subject to annual review.

This Policy Statement uses a form of words as recommended by CIPFA in its Code of Practice for Treasury Management in the Public Services.

5.3 Borrowing and Investment Strategy 2016/17 to 2018/19

There are no key changes within the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19.

Updated investment regulations were approved by the Scottish Government from April 2010. Under these regulations, Appendix 2 includes for Committee's consideration and approval, the Council's Borrowing and Investment Strategy for 2016/17 to 2018/19. This will be subject to annual review.

The process of setting this strategy takes account of the pre-existing structure of the Council's debt and investment portfolios.

The limits on fixed rate debt and variable rate debt within this Treasury Management Strategy may be subject to further change, in line with market conditions. However, any such change to these limits would be reported to Committee.

One of the key areas of the investment regulations is permitted investments. Under the regulations, local authorities are required to set out in their Strategy the types of investment that they will permit in the financial year. These will be known as permitted investments. The Council is required to set a limit to the amounts that may be held in such investments at any time in the year, although some types of investment may be classed as unlimited, e.g. Bank deposits (subject to individual Counterparty list limits).

Permitted Investment instruments identified for use in the financial years 2016/17 to 2018/19 are listed in Appendix 2.

The Annual Investment Strategy is also required to identify:-

- the different types of risk that each permitted type of investments are exposed to;
- the objectives for each type of permitted investment;
- details of the maximum value and maximum period for which funds may prudently be invested; and
- procedures for reviewing the holding of longer-term investments

5.4 Counterparty List

The Council, as part of its Treasury Policy, has an approved listing of banks and other financial institutions (the Counterparty list) with which it can undertake short-term money investments.

The Council's Counterparty list is compiled using credit rating information supplied by the major credit rating agencies to Capita Asset Services, the Council's appointed Treasury Management advisors.

The Counterparty list was last updated on 15 September 2015, and is attached at Appendix 3.

5.5 Other Developments

Prudential Code

The Council is required to comply with the requirements of the Prudential Code. This includes the setting of a number of Prudential Indicators. Included within these indicators are a number of Treasury Management Indicators for External Debt.

However, the Code does state "It will probably not be significant if the operational boundary is breached temporarily on occasions due to variations in cash flow. However, a sustained or regular trend above the operational boundary would be significant and should lead to further investigation and action as appropriate".

The Council has in place an early warning system to highlight when these indicators are likely to be breached. No indicators were breached during the previous year.

The Prudential Indicators 2015/16 to 2020/21 will be considered and approved by Council at its budget meeting on 25th February 2016. The proposed Prudential Indicators, based on the assumptions made in the budget report, are presented to this committee for information at Appendix 4. It should be noted that alterations to capital investment, particularly that funded by borrowing, agreed by Council in setting its budget may affect the Prudential Indicators.

5.6 Audit Scotland Report - Borrowing and Treasury Management in Councils

This committee considered this report and the proposed actions arising from its recommendations at its meeting of 3rd December 2015. Updates on progress against the actions can been seen at Appendix 5.

5.7 National Limit on Local Authority Borrowing

HM Treasury has a reserve power to limit local authority borrowing for 'national economic reasons'. Legislation specifies that any such 'National Limit' would be used to protect the country's economic interest if local borrowing under the Prudential Code, albeit prudent locally, were unaffordable nationally.

In principal, a national limit could be set at any point during any financial year. Any such national limit would be implemented, based on local authorities outstanding borrowing with all future borrowing being reduced proportionately. There are no known plans for the introduction of a National Limit at this time.

6. IMPACT

Improving Customer Experience –
No direct impact arising from this report.

Improving Staff Experience –
No direct impact arising from this report

Improving our use of Resources –
The strategy of using cost-effective short-term borrowing to help reduce the Council's financing costs demonstrates a pro-active approach, which will use the Council's resources more effectively.

Corporate -
If an active Treasury Management policy is not undertaken and implemented there may be future budgetary implications for the Council through greater than budgeted capital financing costs.

Public –
This report is likely to be of interest to the public as it reports on Treasury Management strategy and demonstrates the Council's stewardship of public funds.

7. MANAGEMENT OF RISK

The CIPFA Code of Practice states that in the use of financial instruments for the prudent management of risk, priority must be given to security and liquidity, when investing funds.

8. BACKGROUND PAPERS

CIPFA "Code of Practice for Treasury Management in the Public Services",
Capita Asset Services "Treasury Management Annual Investment Strategy",
Scottish Government "The Investment of Money by Scottish Local Authorities".

9. REPORT AUTHOR DETAILS

Neil Stewart, Treasury Officer,
nstewart@aberdeencity.gov.uk, 01224 522696

Appendix 1

ABERDEEN CITY COUNCIL

TREASURY MANAGEMENT POLICY STATEMENT FOR 2016/17 TO 2018/19

The proposed Treasury Management Policy for 2016/17 to 2018/19 is as follows:

1. Aberdeen City Council will adopt the CIPFA Treasury Management in Public Services Code of Practice. The Council will also have regard to the Local Government Investment (Scotland) Regulations 2010.

2. The Council defines its treasury management activities as:
   The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

4. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

5. The Council's appointed Treasury Advisors are Capita Asset Services. Their expertise will continue to be used by the Council in making Treasury decisions in areas such as debt rescheduling, interest rate forecasts, market conditions, advice on new types of financial instruments and compiling the Council's Counterparty list.

Appendix 2

ABERDEEN CITY COUNCIL

BORROWING STRATEGY FOR 2016/17 TO 2018/19

The proposed Treasury Management Borrowing Strategy for 2016/17 to 2018/19 is as follows:

1. Under the Prudential Code previous borrowing restrictions linked to consents no longer apply. Short-term PWLB (Public Works Loans Board) rates for periods of up to 10 years continue at relatively low levels and the strategy would be to borrow, if required, in these periods to take advantage of those rates. In addition to PWLB, there may be an opportunity to use longer-term LOBO (Lenders Option, Borrowers Option) loans, once interest rates start to rise again. Rates are monitored on an on-going basis to determine the optimum time to undertake any necessary borrowing. When decisions on new borrowing are being made, due consideration must also be given to the Council's Debt Maturity Profile.

2. Approximately 85% of the Council’s borrowing is in long-term fixed rate loans, which reflects the lower interest rates available in recent years. Whilst there is no immediate intention to reschedule debts in 2016/17, if opportunities arise to do so that will result in a decrease in the Council’s cost of borrowing then these will be fully examined to determine whether this represents Best Value. Due care and attention to FRS 25 and 26 will be examined prior to entering any such commitment.

3. It is recommended that the Council sets an upper limit on its fixed interest rate exposures for 2016/17, 2017/18 and 2018/19 of 100% of its net outstanding principal sums.

4. It is further recommended that the Council sets an upper limit on its variable interest rate exposures for 2016/17, 2017/18 and 2018/19 of 30% of its net outstanding principal sums. This means that the Head of Finance will manage fixed interest rate exposures within the range 70% to 100% and variable interest rate exposures within the range 0% to 30%.

5. It is recommended that the Council sets upper and lower limits for the maturity structure of its borrowing as follows:

   Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate:

	Upper limit	Lower limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	90%	25%

6. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

INVESTMENT STRATEGY FOR 2016/17 TO 2018/19

The proposed Treasury Management Investment Strategy for 2016/17 to 2018/19 is as follows:

1. The Council's investment priorities are: -
   (a) the security of capital and
   (b) the liquidity of its investments.

2. The risk appetite of this Council is low in order to give priority to security of its investments. The Council will also aim to achieve the optimum return on its investments in line with proper levels of security and liquidity.

3. The Council's approved counter party list will be adhered to when making short-term investments and reviewed as necessary. This ensures that only those counter parties with the highest credit ratings are used within the maximum limits set. If it is considered necessary to make any changes to the list Committee approval will be sought.

4. Prior to the introduction of the current investment regulations, investments made by Scottish local authorities were limited to one year. This restriction was removed from 1st April 2010 and the Council accordingly wishes to make use of these powers at times when such investing is both appropriate and attractive.

5. Short-term investment rates for periods of up to 12 months continue at relatively low levels and in line with the Council's recent borrowing strategy of borrowing short-term to take advantage of lower rates, the Council does not envisage having substantial surplus funds to invest. Therefore any surplus cash which the Council does have at it's disposal will be required to be kept fairly liquid for cashflow purposes, and accordingly will be invested on a short-term basis, using either Bank deposits or Money Market Funds.

6. Rates are monitored on an on-going basis to determine the optimum time to undertake any investments. When decisions on new investments are being made, due consideration must also be given to the Council's projected cashflow position.

7. With the introduction of investment regulations, the Local Authority investment market will start to develop new products. In order to protect against any possible loss of income, the power to add a new investment instrument to the list of Permitted Investments, should be delegated to the Head of Finance. Any such approval would be reported at the next committee meeting.

LIST OF PERMITTED INVESTMENTS

This Council approves the following forms of investment instrument for use as permitted investments: -

DEPOSITS - Unlimited (subject to individual Counterparty list limits)
Debt Management Agency Deposit Facility
Term deposits – local authorities (as per Counterparty list)
Call accounts – banks and building societies (as per Counterparty list)
Term deposits – banks and building societies (as per Counterparty list)
Fixed term deposits with variable rate/maturities (Structured deposits, as per Counterparty list)

COLLECTIVE INVESTMENT SCHEMES - £70m
Government Liquidity Funds
Money Market Funds (subject to individual Counterparty list limits)
Enhanced cash funds
Gilt Funds
Bond Funds

GOVERNMENT SECURITIES - £10m
Treasury Bills
UK Government Gilts
Bond issuance (from financial institution guaranteed by UK Government)
Bonds issued by multilateral development banks

CORPORATE SECURITIES - £10m
Certificates of deposit (as per Counterparty list)

PERMITTED INVESTMENTS - NON TREASURY INVESTMENTS

The Council can also invest in the following areas, which are outwith the Treasury Management scope and would be subject to separate committee approval: -

a) All share holding, unit holding and bond holding, including those in a local authority owned company;
b) Loans to a local authority company or other entity formed by a local authority to deliver services;
c) Loans made to third parties;
d) Investment properties.

TREASURY RISKS AND CONTROLS

All treasury borrowing and investments are subject to the following risks: -

1. Credit and counter-party risk: this is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the organisation particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA rated organisations have a very high level of creditworthiness.

   Control: This authority has set minimum credit criteria to determine which counterparties are of high creditworthiness to enable investments to be made safely.

2. Liquidity risk: this is the risk that cash will not be available when it is needed. All counterparties are subject to at least a very small level of liquidity risk, as credit risk can never be zero. Liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. However, it has to be pointed out that while some forms of investment e.g. gilts, CDs, corporate bonds can usually be sold immediately if the need arises, there are two caveats: - a. cash may not be available until a settlement date up to three days after the sale b. there is an implied assumption that markets will not freeze up and so the instrument in question will find a ready buyer.

   Control: This authority has a cash flow forecasting model to enable it to determine how long investments can be made for and how much can be invested.

3. Market risk: this is the risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long-term increase in value.

   Control: This authority does not purchase investment instruments that are subject to market risk in terms of fluctuation of their value.

4. Interest rate risk: this is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Treasury Indicators in this report. All types of investment instrument have interest rate risk except for instruments with a variable rate of interest.

   Control: This authority manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or alternatively, seeks to minimise borrowing costs.

5. Legal and regulatory risk: this is the risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the organisation suffers losses accordingly.

   Control: This authority will not undertake any form of investing until it has ensured that it has all the necessary powers and also complied with all regulations.

Appendix 3

ABERDEEN CITY COUNCIL
COUNTERPARTY LIST

Deposits up to 12 months

UK Nationalised and Part Nationalised Banks - £30m limit

Lloyds Banking Group (includes Lloyds TSB Bank plc, Bank of Scotland)

The Royal Bank of Scotland Group plc
(includes Royal Bank of Scotland plc, National Westminster Bank plc)

UK Banks - £20m limit

HSBC Bank plc

Other Banks - £10m limit

Handelsbanken

UK Local Authorities, including Police Authorities - £10m limit

Deposits up to 6 months

UK Banks - £10m limit

Barclays Bank plc

Santander UK plc (includes Cater Allen)

Standard Chartered Bank

UK Building Societies - £10m limit

Nationwide Building Society

Deposits up to 3 months

Council's Bankers - £20m limit

Clydesdale Bank plc

UK Banks - £10m limit

Close Brothers

UK Building Societies - £10m limit

Coventry Building Society

Leeds Building Society

Collective Investment Schemes - £70m total limit

Money Market Funds - £10m limit

Deutsche Managed Sterling Fund

Federated Short Term Sterling Prime Fund

Goldman Sachs Sterling Liquid Reserve Fund

Ignis Liquidity Fund

Morgan Stanley Sterling Liquidity Fund

Aberdeen Liquidity Fund - Sterling

State Street Global Advisors GBP Liquidity Fund

Appendix 4

ABERDEEN CITY COUNCIL
2015/16 to 2020/21

THE PRUDENTIAL CODE
For Capital Finance in Local Authorities

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.

The key objectives of the Code are to ensure:-

- The Council's capital programmes are affordable, prudent and sustainable.
- Treasury management decisions are taken in accordance with good professional practice.

The Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.

In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing and non-housing capital programmes that the Council wishes to embark upon. The Code also requires that the underlying requirement to finance PPP projects and finance leases be included when setting the indicators.

The Code requires the following Prudential Indicators are set for the Council:-

	Capital Expenditure						
	2014/15 £'000 Actual	**2015/16 £'000 Estimate**	**2016/17 £'000 Estimate**	**2017/18 £'000 Estimate**	**2018/19 £'000 Estimate**	**2019/20 £'000 Estimate**	**2020/21 £'000 Estimate**
Non HRA	57,923	92,776	157,682	162,201	57,741	58,321	65,120
HRA	39,295	55,329	48,084	58,077	59,358	60,269	61,141

	Ratio of Financing Costs to Net Revenue Stream						
	2014/15 £'000 Actual	2015/16 £'000 Estimate	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate	2020/21 £'000 Estimate
Non HRA	6.3%	6.3%	6.9%	7.2%	7.7%	8.1%	8.3%
HRA	15.7%	15.5%	16.8%	17.6%	18.5%	18.1%	17.5%

	Capital Financing Requirement						
	2014/15 £'000 Actual	2015/16 £'000 Estimate	2016/17 £'000 Estimate	2017/18 £'000 Estimate	2018/19 £'000 Estimate	2019/20 £'000 Estimate	2020/21 £'000 Estimate
Non HRA	486,619	497,292	516,578	570,115	587,002	584,493	582,965
HRA	228,997	254,703	272,714	299,451	325,760	350,796	374,372
Total	**715,616**	**751,995**	**789,292**	**869,566**	**912,762**	**935,289**	**957,337**

The Prudential Code states:
"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

The Head of Finance reports that the Council can meet this requirement in 2015/16, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt					
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Operational Boundary	770,154	807,451	887,725	930,921	953,448	975,496
10% Margin	77,015	80,745	88,772	93,092	95,345	97,550
Total	**847,169**	**888,196**	**976,497**	**1,024,013**	**1,048,793**	**1,073,046**

	Operational Boundary for External Debt					
	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Borrowing	664,091	703,866	786,751	833,169	858,693	882,535
Other Long Term Liabilities	106,063	103,585	100,974	97,752	94,755	92,961
Total	**770,154**	**807,451**	**887,725**	**930,921**	**953,448**	**975,496**

Estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a) for Band D Council Tax

2016/17	2017/18	2018/19	2019/20	2020/21
£0	£0	£0	£0	£0

Whilst there would be an incremental impact on Council Tax, this is shown above as nil on the basis that Council Tax will not be increased.

(b) for average weekly housing rents (assuming that increased capital investment is financed by way of cfcr and borrowing)

2016/17	2017/18	2018/19	2019/20	2020/21
£1.01	£1.35	£0.15	£0	£0

No.	Recommendation	Comments	Proposed Actions	Progress on Actions
Council officers should:				
1.	Use the treasury management strategy to present a wider strategic view of borrowing and treasury management. It should use clear and accessible language and be prepared for councillors as the key audience. It should include how the borrowing strategy is informed by corporate priorities and capital investment needs. The strategy should include: • links to capital investment plans and corporate objectives; • all borrowing and other debt; • prudential indicators as a core part of the strategy; • a clear assessment of the affordability and the impact on revenue budgets both in the short and long term.	The Council's annual Treasury Management Policy and Strategy report currently gives an overview of the authority's strategy for the following three financial years. The report includes the Council's Treasury Management Policy Statement, Borrowing Strategy and Investment Strategy.	Review the Treasury Management Policy & Strategy report in conjunction with current reporting arrangements around capital and prudential indicators, taking account of this recommendation, to ensure reporting to councillors contains sufficient detail whilst remaining clear and understandable.	Prudential Indicators now included within the Annual Treasury Management Policy and Strategy report. Would look for proposed training to councillors to include this report to inform what, if any changes are required from their perspective.
2.	Create more detailed and longer-term borrowing and treasury management analysis as informed by the council's financial strategy. It should include:– • scenario planning to show the potential impact of different budget scenarios, income generation plans, and changes in external factors such as interest rates; • analysis of capital financing options to compare affordability and sustainability between different debt and borrowing options; • the use of indicators over a longer period than the minimum three years set by the Prudential Code.	The Council's loan maturity profile analyses the long-term borrowing due for repayment in each year, up to 2078. This is a key document and all long-term borrowing is undertaken with reference to this, to minimise any chance of future refinancing risk. Scenario plans are currently prepared when any new longer-term borrowing options are proposed. The different borrowing scenarios are scrutinised and compared, and these findings are used to support the decisions made. The Council currently produces the prudential indicators for the current year and also three financial years ahead.	Review the current methodology for scenario planning and analysis of financing options to ensure they continue to be fit for purpose. Consider the calculation and reporting of prudential indicators for at least a five year period in line with the current budget setting regime.	Prudential indicators calculated and reported for the five year period 2016/17 to 2020/21.

3.	Share strategies with other councils to help inform good practice, and exchange of ideas	Treasury matters are regularly discussed with other Scottish Councils, particularly Aberdeenshire Council, with whom we have a close working relationship. Capita, our appointed Treasury advisers work with the majority of local authorities in Scotland, and good practice and ideas are shared. We are also members of an Investment Benchmarking group, where our strategies, average rates of return etc. are compared.	Continue to participate in forums and working groups with other councils and specialist advisors.	A Finance Officers Forum was used when considering good practice across Councils on funding assumptions for calculating the Prudential Indicators for future years. Advice was also sought from Audit Scotland and CIPFA.
4.	Carry out joint planning with other councils to identify future qualification and training needs and enhance their capacity, in order to negotiate with training providers	Treasury training is currently provided to the Council in the form of workshops and seminars, which include talks by industry respected speakers. These courses are provided by Capita (part of our Treasury Advisory contract) and also by CIPFA's Scottish Treasury Management Forum.	Raise with contacts at other councils as and when the opportunity arises.	A representative will be attending CIPFA's Scottish Treasury Management Forum Workshop in February which is an ideal opportunity to network with other Council's around this type of issue.
5.	Review the content of year-end reports to ensure they provide an assessment of the effectiveness of the year's borrowing and treasury management activities and the performance of the treasury management function. This should include appropriate indicators, comparative figures, and appropriate explanations.	The year-end treasury report currently provides details of key areas from the performance of the function over the previous 12 months. These include the average Loans Pool rates for the year, all new long-term borrowing undertaken, explanations for particular courses of borrowing/investment action taken (and their financial impact) and a snapshot of the Council's investments as at 31st March.	Review the year end report, taking account of this recommendation, to ensure sufficient and relevant information, comparisons and explanation is provided.	

Council Officers and councillors involved in treasury management should:				
6.	Review governance arrangements, and update as necessary, to ensure they provide: • the treasury management strategy, mid-year and year-end reports to the same council committee, and that the full council has access to them; • councillors with mid-year reports by the end of December each year; • councillors with the wider picture, that is, make the links to capital investment decisions and revenue budgets; • councillors with access to all reports relating to borrowing and treasury management activity including risk registers.	The current governance arrangements include the reporting of the annual Treasury Management Policy and Strategy, mid year review and year end report to the Finance, Policy and Resources Committee for initial consideration and referral to Council for approval. The report to approve the strategy for the forthcoming and following two years is considered and approved in February, the mid year report as close to December as possible (dependent on committee dates) and the year end report the following June (dependent on committee dates). The annual strategy includes a section on treasury management risks and controls in relation to borrowing and investments. Reporting on revenue and capital budgets provide information on the links between the two.	No action required in relation to reporting arrangements. A review of reporting on revenue and capital budgets will be undertaken to ensure the wider picture and links are clearly made.	
7.	Ensure scrutiny arrangements are robust by: • considering widening the range of training options to councillors on borrowing and treasury management activities and whether this training should be mandatory; • considering whether training for councillors provides a balance of scrutiny skills and knowledge of treasury management.	Training was last made available to councillors in February 2013.	Consult with councillors on what training and support they would like to see in this area and thereafter work with our Treasury Advisors to develop and deliver training to meet their needs.	CIPFA and CAPITA Asset Services have developed a programme of learning and development, the outcome of which is to provide elected members with a greater understanding of borrowing and treasury management and further developed scrutiny skills. This will be further investigated to ensure its suitability and organised thereafter.