

Committee Financial Investment Board	Date: 5 February 2015
Subject: Treasury Management Strategy Statement and Annual Investment Strategy 2015/16	Public
Report of: The Chamberlain	For Decision

Summary

The attached document sets out the City's Treasury Management Strategy Statement and Annual Investment Strategy for 2015/16. The document includes the various Prudential Indicators required to be set for the City Fund to ensure that the City's capital investment plans are affordable, prudent and sustainable. The main proposals within the document are incorporated within the separate report entitled "City Fund - 2015 Budget Report" being considered by the Finance Committee on 17 February 2015.

The key areas to highlight are:

- As at 31 December 2014, the City had cash balances totalling some £650m. This is higher than usual because of the proximity of a number of large capital payments. Some £150m is being held as part of the City's contribution to Crossrail in March 2016 and a further £34m is for known property purchases (section 3).
- Changes to credit methodology used by the main rating agencies (Fitch, Moody's and Standard & Poor's) including the removal of "uplifts" that came from sovereign support and selection of short and long term ratings (section 7.1).
- In assessing the creditworthiness of prospective counterparties the City uses a risk weighted scoring system rather than just using the lowest rating from the credit rating agencies (section 7.3) This is unchanged from previous years.
- It is proposed that the City continues to be prepared to lend monies for up to three years' duration based on risk assessments for each opportunity undertaken by Treasury Officers and discussed with the Chamberlain. This policy differs from the policy of most other local authorities which tend to favour shorter investments. As the current returns on deposits for 2 and 3 years are considered insufficient, no new long term deposits have been made (sections 7.6 & 7.7).

The main changes to the document from last year's version are highlighted in yellow

Recommendation

It is recommended that the Financial Investment Board reviews and approves the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2015/16, and submits it to the Court for formal adoption.

Appendices

Treasury Management Strategy Statement and Annual Investment Strategy 2015/16

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