ANNEX 6

Service & Resource Planning 2012/13 – 2016/17
Treasury Management Strategy Statement and Annual Investment Strategy for 2012/2013

Introduction

1. The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

2. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act). 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.

3. The proposed strategy for 2012/13 in respect of the following aspects of the treasury management function is based upon the views of the Council's Treasury Management Strategy Team (TMST)[1], informed by market forecasts provided by the Council's treasury advisor, Arlingclose Limited. The strategy covers:

    - Treasury limits in force which limit the treasury risk and activities of the Council;
    - Prudential Indicators;
    - the current treasury position;
    - prospects for interest rates;
    - the borrowing strategy;
    - the borrowing requirement and
    - the investment strategy;

4. The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The code was adopted by Council on 1 April 2003. All treasury activity will comply with relevant statute, guidance and accounting standards.

Treasury Limits for 2012/13 to 2014/15

5. It is a statutory duty for the Council to determine and keep under review the amount it can afford to borrow. This amount is termed the 'Affordable Borrowing Limit'. The Authorised Limit represents the legislative limit specified in section 3 of the Local Government Act 2003.

[1]Comprising the Assistant Chief Executive & Chief Finance Officer, Head of Corporate Finance, Principal Financial Manager – Treasury & Pension Fund Investments, and Financial Manager – Treasury Management.

6. The Council must have regard to the Prudential Code when setting the 'Authorised Borrowing Limit'. The Authorised Limit essentially requires the Council to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon future council tax levels is 'acceptable'.

7. Whilst termed an "Affordable Borrowing Limit", the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

Prudential Indicators for 2012/13 to 2014/15

8. The Prudential Indicators set out below are part of the integrated treasury management strategy.

9. The local authority should ensure that the 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 increases to the capital financing requirement for the current and next two financial years.

10. The authority had no difficulty meeting this requirement in 2011/12, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

11. It is recommended that Cabinet recommends Council to approve the prudential indicators for the next three financial years.

PRUDENTIAL INDICATOR	2011/12	2012/13	2013/14	2014/15
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	**£'000**	**£'000**	**£'000**	**£'000**
	probable outturn	**estimate**	**estimate**	**estimate**
Operational Boundary for external debt -				
Borrowing	468,000	466,000	458,000	446,000
other long term liabilities	40,000	40,000	40,000	40,000
TOTAL	508,000	506,000	498,000	486,000
Authorised Limit for external debt -				
Borrowing	478,000	476,000	468,000	456,000
other long term liabilities	40,000	40,000	40,000	40,000
TOTAL	518,000	516,000	508,000	496,000
Gross and Net debt Upper Limit of net debt expressed as:				
Net Debt / Gross Debt	70%	70%	70%	70%
Upper limit for fixed interest rate exposure expressed as: Net principal re fixed rate borrowing / investments	150%	150%	150%	150%
Upper limit for variable rate exposure expressed as: Net principal re variable rate borrowing / investments	25%	25%	25%	25%
Upper limit for total principal sums invested for over 364 days	£100m	£100m	£100m	£100m

Maturity structure of fixed rate borrowing during 2011/12	**Lower Limit %**	**Upper Limit %**
Under 12 months	0	20
12 months and within 24 months	0	25
24 months and within 5 years	0	35
5 years and within 10 years	5	40
10 years and above	50	95

Total External Debt as at 31.03.11	**£’000**
External Borrowing	434,414
Financing Liability	29,929
Total	**464,339**

Forecast Treasury Portfolio Position

12. The Council's treasury forecast portfolio position for the 2012/13 financial year comprises:

	Principal £m	Average Rate %
Opening External Debt Balance		
PWLB	370.728	4.62%
Money Market Loans	50.000	3.94%
TOTAL EXTERNAL DEBT	420.728	
2012/13 Average Cash Balance		
Average Monthly Cash Balance	224.37	
Average Monthly Externally Managed	24.70	
TOTAL INVESTMENTS	249.07	

Prospects for Interest Rates

Current Medium Term Financial Plan

13. The strategy for 2011/12 approved by Council in February 2011 set out forecast interest rates over the medium term. The forecast was for an average base rate of

0.75% in 2011/12
1.75% in 2012/13,
2.50% in 2013/14,
2.75% in 2014/15,
2.75% in 2015/16.

These interest rates were used as a basis for constructing the strategic measures budget for 2011/12 to 2015/16.

Arlingclose's View

14. The Council uses the services of Arlingclose Limited to provide investment advice to the Council, as part of this service they help the Council to formulate a view on interest rates.

15. Arlingclose's current view on interest rates is that the Bank Rate will remain at 0.5% for the duration of their medium term forecast to December 2014 with the possibility that the official bank of England base rate may not rise until 2016.

16. The forecast variation to this view has been estimated at 0.75% in March 2013 rising to 1.0% in June 2013 and remaining at that rate for the remainder of the

forecast to December 2014. This is the forecast that is expected to apply if the Bank of England's Monetary Policy Committee begin to raise the base rate before December 2014.

17. Arlingclose expect the 1 year LIBID rate to rise from 1.75% to 2.40% over the same period, indicating that short-term borrowing will become more expensive.

Treasury Management Strategy Team's View

18. The Council's TMST, taking into account the advice from Arlingclose, and the current economic outlook, have determined the rates to be included in the Strategic Measures budget for 2012/13 and over the medium term. The Bank Rate forecasts set out below represent the average rate for the financial year:

- 2012/13 0.50%
- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.00%

19. It is the view of the team that as rates achieved on deposits in the past have been over and above that of the Bank Rate that a return rate should also be budgeted for. The team has agreed that the target return rate should be 0.50% higher than the average Bank Rate for each year over the medium term. The rate this gives is set out below. These rates have been incorporated into the strategic measures budget estimates:

- 2012/13 1.00%
- 2013/14 1.00%
- 2014/15 1.00%
- 2015/16 1.00%
- 2016/17 1.50%

Borrowing Strategy

Arlingclose's View

20. For the Public Works Loan Board (PWLB) new borrowing rates, Arlingclose have forecast as follows:

- The 50 year gilt yield is expected to start the financial year at 3.40%, increasing gradually to 4.25% by December 2014.
- The 20 year gilt yield is expected to start the financial year at 3.05% rising steadily to 3.75% by the end of the forecast in December 2014.
- The 10 year gilt yield is expected to start the financial year at 2.30%, gradually rising to 3.00% by December 2014.
- The 5 year gilt yield is expected to start the financial year at 1.30% with gradual quarterly increases forecast to reach 2.50% in December 2014.

21. Arlingclose's forecasts have an upside variation range of between 25 and 50 basis points, and a downside variation range of between 25 and 50 basis points depending on the economic and political climate.

22. This forecast indicates, therefore, that there is a range of options available when setting a borrowing strategy for 2012/13. Short dated gilt yields are forecast to be lower than medium and long dated gilt yields during the 2012/13 financial year with medium term gilt rates slightly lower than longer term gilt rates.

23. Arlingclose's view is that momentum in economic growth is scarce. Conventional monetary policy has become largely redundant; the Bank of England and the US Federal Reserve have signaled their respective official interest rates will be on hold through to the end of 2012. Arlingclose believe that it could be 2016 before official interest rates rise.

24. The Bank of England's Monetary Policy Committee has returned to unconventional monetary policy and embarked on a further round of Quantitative Easing. Arlingclose expect that there will be more to come.

Treasury Management Strategy Team's View

25. 2012/13 is expected to be a time of continued low Bank Rate. Therefore the "cost of carry" associated with the long term borrowing compared to temporary investment returns means that the appetite for new long term borrowing brings with it additional short term costs. Financing the Council's borrowing requirement internally would reduce the "cost of carry" in the short term, however this must be weighed against the possibility of refinancing any short term internal borrowing at a time when PWLB rates exceed those currently available.

26. The Council's TMST therefore have agreed that they should continue to have the option to fund new or replacement borrowing up to the value of 25% of the portfolio (currently approximately £50m) through internal borrowing. This will have the effect of reducing some of the "cost of carry" of funding.

27. If market conditions change during the 2012/13 financial year such that the policy to borrow internally is no longer in the interests of the council, the TMST will review the borrowing strategy and report any changes to Cabinet.

28. The team's forecast for PWLB rates over the medium term are 4.5% p.a. for 2012/13 – 2016/17. These rates do not impact on the strategic measures budget because it is anticipated that no additional external borrowing will be arranged in 2012/13.

29. From 1 April 2011, the Government have replaced the 'credit approval' system and provided capital resources as grant rather than borrowing consent. As a result of this change there are no plans to borrow externally. Internal borrowing will be used to finance prudential schemes.

LOBOs (Lender's option/Borrower's option)

30. The Council has set a maximum limit of 20% of the debt portfolio to be borrowed in the form of LOBOs. It is recommended that this remain as the limit for 2012/13. As at 30 November 2011, LOBOs represent 13.44% of the total external debt.

31. The Council has four £5m LOBO's with call options in 2012/13. The first has call options in April 2012 and October 2012, the second has call options in July 2012 and January 2013 and the remaining two have call options in October 2012 only. If the lender chooses to increase the current rate of interest payable, the Council will evaluate alternative financing options before deciding whether or not to accept the new rate offered. It is likely that the debt will be repaid.

32. Henley College is designated a sixth form college. The Council will have regard to, and where appropriate give consent to the College to arrange borrowing for its own purposes.

Annual Investment Strategy

33. The Council has regard to the Office of the Deputy Prime Minister's Guidance on Local Government Investments ("the Guidance") issued in March 2004 and CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). It also has regard to the subsequent Communities and Local Government update to the Investment Guidance, Capital Finance Regulations and Minimum Revenue Provision Guidance issued in April 2010. The Council's investment priorities are:-

    (a) The security of capital and
    (b) The liquidity of its investments

34. The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

35. Investment instruments identified for use in the 2012/13 financial year are listed below under the 'Specified' and 'Non-Specified' Investment categories. Guidance states that specified investments are those requiring "minimal procedural formalities". The placing of cash on deposit with banks and building societies 'awarded high credit ratings by a credit rating agency', the use of AAA rated Money Market Funds (MMFs) and investments with the UK Government and local authorities qualify as falling under this phrase as they form a normal part of day to day treasury management.

36. Money market funds (MMFs) will be utilised, but good treasury management practice prevails and whilst MMFs provide good diversification the council will also seek to diversify any exposure by using more than one MMF where practical. It should be noted that while exposure will be limited, the use of

MMFs does give the council exposure to institutions that may not be included on the approved lending list for direct deposits. This is deemed to be an acceptable risk due to the benefits of diversification.

37. Non specified investment products are those which take on greater risk. They are subject to greater scrutiny and should therefore be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy; this applies regardless of whether they are under one year investments and have high credit ratings.

38. The updated CIPFA Code of Practice on Treasury Management (2009) recommends that Council's have regard to the ratings issued by the three major credit rating agencies (Fitch, Moodys and Standard & Poors) and to use the lowest common denominator approach when determining which credit ratings to apply.

39. Whilst the Council will have regard to the ratings provided by these three ratings agencies, it is the opinion of the TMST that using the lowest common denominator approach is too prescriptive and overly mechanical and may engender an over reliance on credit ratings alone.

40. The Council uses Fitch ratings as the basis by which to set its minimum credit criteria for deposits and derive its counterparty limits. The TMST may further limit these by using other available information such as Credit Default Swap Rates, Share prices, Ratings Watch & Outlook notices and other quality Financial Media sources. Counterparty limits and maturity limits are derived from the credit rating matrix as set out in the tables at paragraphs 51 and 52 respectively.

41. Notification of any rating changes (or ratings watch and outlook notifications) by Fitch are monitored daily by a member of the Treasury Management Team. Rating changes by other credit rating agencies are reported to the TMST by Arlingclose.

42. Where a change in credit rating places a counterparty on the approved lending list outside the credit matrix (as set out in tables at paragraphs 51 and 52, that counterparty will be immediately removed from the lending list.

43. Where a counterparty has been placed on Negative Watch or Outlook by a credit rating agency, the counterparty's status on the approved lending list will be reviewed by the TMST and appropriate action taken.

44. In addition, the TMST apply further limits, to mitigate risk by diversification. These include:

- Limiting the amount lent to banks in any one country (excluding the UK) to a maximum of 20% of the investment portfolio.
- Limiting the amount lent to any bank, or banks within the same group structure to 15% of the investment portfolio.

45. Where the Council has deposits on instant access, this balance will not be considered when limiting the amount lent to any bank or group of banks to 15%, however the limits as set out in paragraphs 51 and 52 will still apply.

46. Counterparty limits as set out in paragraphs 51 and 52, may be temporarily exceeded by the accrual and application of interest amounts onto accounts such as call accounts and money market funds. Where the application of interest causes the balance with a counterparty to exceed the agreed limits, the balance will be reduced when appropriate, dependent upon the terms and conditions of the account and cashflow forecast.

47. Any changes to the approved lending list will continue to be reported to Cabinet as part of the monthly Financial Monitoring Report

Specified Investments

48. All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the 'high' credit rating criteria where applicable.

Investment Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house and Fund Managers
Term Deposits – UK Government	N/A	In-house
Term Deposits – Banks and Building Societies	Fitch short-term F1, Long-term A, Individual rating C with support rating 2 or individual rating B with support rating 3, Minimum Sovereign Rating AA	In-house and Fund Managers
Term Deposits with Nationalised Banks with Government Guarantee for wholesale deposits	N/A	In-house
Term Deposits with Part Nationalised banks by the UK Government	N/A	In-house
Certificates of Deposit issued by Banks and Building Societies	A1 or P1	In-house on a buy and hold basis and Fund Managers
Money Market Funds with a Constant Net Asset Value	AAA	In-house and Fund Managers

Investment Instrument	Minimum Credit Criteria	Use
Other Money Market Funds and Collective Investment Schemes[2]	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.	In-house and Fund Managers
UK Government Gilts	AAA	In-house on a buy and hold basis and Fund Managers
Treasury Bills	N/A	In-house and Fund Managers

Non-Specified Investments

49. A maximum of 50% of the portfolio will be held in non-specified investments.

Investment Instrument	Minimum Credit Criteria	Use	Max % of total Investments	Max Maturity Period
Debt Management Agency Deposit Facility (maturities in excess of 1 year)[3]	N/A	In-house and Fund Managers	50%	3 years
Term Deposits – UK Government (maturities in excess of 1 year)	N/A	In-house	50%	3 years
Term Deposits – other Local Authorities (maturities in excess of 1 year)	N/A	In-house	50%	3 years
Term Deposits – Banks and Building Societies (maturities in excess of 1 year)	Fitch short-term F1+, Long-term AA-, Individual rating B, with support rating 2	In-house and Fund Managers	50% in-house; 100% External Funds	3 years

[2] I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

[3] Debt Management Agency Deposit Facility currently limit deposits to 6 months. The ability to deposit in excess of 1 year is retained if such deposits become available.

Investment Instrument	Minimum Credit Criteria	Use	Max % of total Investments	Max Maturity Period
Structured Products (eg. Callable deposits, range accruals, snowballs, escalators etc)	Fitch short-term F1+, Long-term AA-, Individual rating B, with support rating 2 or Individual rating B/C with support rating 1	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
UK Government Gilts with maturities in excess of 1 year	AAA	In-house on a buy and hold basis. Fund Managers	50% in-house; 100% External Funds	5 years in-house, 10 years fund managers
Bonds issued by Multilateral development banks	AAA	In-house on a buy and hold basis and Fund Managers	50% in-house; 100% External Fund	5 years in-house, 10 years fund managers
Bonds issued by a financial institution which is guaranteed by the UK Government	AAA	In-house on a buy and hold basis. Fund Managers	50% in-house; 100% External Fund	5 years in-house, 10 years fund managers
Supranationals	N/A	In-house. Fund Managers	50% in-house; 100% of External Fund	5 years in-house, 30 years fund managers
Money Market Funds and Collective Investment Schemes[4] but which are not credit rated	N/A	In-house and Fund Managers	50% In-house; 100% External Funds	Pooled Funds do not have a defined maturity date

[4] Pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Investment Instrument	Minimum Credit Criteria	Use	Max % of total Investments	Max Maturity Period
Sovereign Bond Issues	AAA	In-house on a buy and hold basis. Fund Managers	50% in-house; 100% External Funds	5 year in-house, 30 years fund managers

The maximum limits for in-house investments apply at the time of arrangement.

Counterparty Limits

50. The Council also manages its credit risk by setting counterparty limits. The forecast average cash balance is predicted to *increase* in 2012/13 and reduce again in 2013/14 due to capital finance cashflow. It is proposed that there should be no change to counterparty limits. The matrix below sets out the proposed limits for 2012/13. The TMST may further restrict lending limits dependent upon prevailing market conditions.

Short Term Rating F1+, Long Term Rating AAA, AA+, AA, AA-				
	Support			
Individual	**1**	**2**	**3**	**4**
A	£25m	£25m	£20m	
A/B	£25m	£20m	£10m	
B	£20m	£20m	£10m	
B/C	£15m	£15m		
C	£10m	£10m		

Minimum Short Term Rating F1, Long Term Rating A+, A				
	Support			
Individual	**1**	**2**	**3**	**4**
A	£15m	£15m	£10m	
A/B	£15m	£15m	£5m	
B	£15m	£15m	£5m	
B/C	£10m	£10m		
C	£5m	£5m		

Maturity Limits

51. The Council also manages its counterparty risk by setting maturity limits on deposits, restricting longer term lending to the very highest rated counterparties. The table below sets out the maximum approved limits. The TMST may further restrict lending criteria in response to changing market conditions.

Short Term Rating F1+, Long Term Rating AAA, AA+, AA, AA-				
	Support			
Individual	1	2	3	4
A	3 years	3 years	6 mths	
A/B	3 years	3 years	3 mths	
B	3 years	3 years	3 mths	
B/C	364 days	6 mths		
C	6 mths	3 mths		

Minimum Short Term Rating F1, Long Term Rating A+, A				
	Support			
Individual	1	2	3	4
A	6 mths	6 mths	3 mths	
A/B	6 mths	6 mths	3 mths	
B	6 mths	6 mths	3 mths	
B/C	3 mths	3 mths		
C	3 mths	3 mths		

Other institutions included on the councils lending list

52. In addition to highly credit rated banks and building societies the authority may also place deposits with:-
    - AAA rated Money Market funds,
    - Collective Investment Schemes
    - Local authorities.

53. Given the ongoing turmoil in the banking sector it is proposed that any further changes required to the Annual Treasury Management Strategy & Annual Investment Strategy continues to be delegated to the Chief Finance Officer in consultation with the Leader of the Council and Cabinet Member for Finance.

Structured Products

54. As at 30 November 2011, the Council had £20m of structured products within its investment portfolio. Structured products involve varying degrees of additional risk over fixed rate deposits, with the potential for higher returns. It is recommended that the authority continue to use structured products up to a maximum of 10% of the investment portfolio. The Council will continue to monitor structured products and consider restructuring opportunities as appropriate.

External Fund Managers

55. The Council currently has £24.4m invested with external fund managers (as at 30 November 2011). £12.2m with Scottish Widows Investment Partnership (SWIP) and £12.2m with Investec. The aim of the funds is to diversify the investment portfolio and outperform the Council's in-house investment performance over a rolling three year period.

56. The performance of the external funds is monitored by the TMST throughout the year. The benchmark for SWIP and Investec is the 7 day LIBID (London Interbank BID rate) compounded weekly. SWIPs target return is 128% of the benchmark over a 3 year rolling period. Investec are targeted to return 7 day LIBID + 1.02% net of fees over a 3 year rolling period. The Council will continue to monitor the performance of the externally managed funds against both their benchmarks and the in-house investment returns.

57. On December 1 2010 the mandate with Investec was switched to one where predefined proportions are invested in 3 different types of investment fund, known as the Dynamic approach. The weighting in each fund is as follows:

Fund Name	Weighting
Liquidity Fund	5%
Short Dated Bond Fund	65%
Target Return Fund	30%

58. The investment objectives of each fund are as follows:

- Liquidity Fund – to achieve a superior return to that of cash deposits while maintaining capital and preserving liquidity

- Short Dated Bond Fund – to provide capital stability and income through investment in short term fixed income and variable rate securities listed or traded on one or more Recognised Exchanges

- Target Return Fund – to produce a positive return over the longer term regardless of market conditions by investing primarily in interest bearing assets and related derivatives

59. The Liquidity and Short Dated Bond Funds are AAA rated funds with varying degrees of liquidity. The target return fund is an unrated fund and is deemed to be of higher risk. The weighting of the funds under the Dynamic approach is designed to benefit from the upside risk of the Target Return fund whilst dampening volatile returns with the more stable Liquidity and Short Dated Funds.

60. The performance of the Investec fund has been undermined by its exposure to more volatile elements of the investment market. However, it is expected that in the long run the structure of the fund will produce improved returns.

61. The SWIP mandate includes an allocation to gilts, which was intended to diversify the council's investment portfolio. However, due to the low returns available from short dated gilts over recent years, the fund has been invested in Money Market Funds rather than a segregated portfolio. Whilst the returns achieved in the last 12 months have been above benchmark, they have been achieved through investments in instruments which are not comparable with

the benchmark and do not offer diversification above that which could be achieved through direct in-house investment in the Money Market funds.

62. The TMST will keep external fund investments under review and consider alternative instruments and fund structures, to manage overall portfolio risk. It is recommended that authority to withdraw or advance additional funds to/from external fund managers continue to be delegated to the TMST.

Investment Strategy

63. The weighted average maturity (WAM) of in-house deposits as at 30 November 2011 was 202.7 days. This is made up of £43.3m of instant access balances with a maturity of 1 day, and £219.9m of deposits with a WAM of 242.3 days.

64. With the prospect of interest rates remaining lower for longer, and to protect against the downside risk of the timing of base rate changes, the TMST will aim to maintain the WAM of deposits by lending longer term to local authorities and maintaining a relatively high instant access balance, diversified using MMFs. The benefit of maintaining a longer WAM is that it will give a greater degree of certainty, and dampen the volatility, of investment returns.

65. During 2011/12 the Treasury Management team continued a rolling programme of 6 month deposits with a selection of counterparties deemed to be of higher credit quality in order to pick up in yield for 6 months deposits whilst maintaining a relatively low WAM. However, the ability to continue this strategy has been limited by a reduction in the number of counterparties deemed to be of sufficiently high quality for longer-term deposits.

66. The Council has had the facility to invest directly in UK Government Gilts, T-bills, Certificates of Deposits and other Sovereign Bonds since early 2010. The Council will continue to keep this facility in place and may invest in such products if market conditions are favourable, or if alternative options are limited. If availability of acceptable credit worthy institutions is reduced, the council may use the Debt Management Office Deposit Facility and will continue to prioritise security and liquidity of assets over investment returns.

Performance Monitoring

67. The Council will monitor its Treasury Management performance against other authorities, through its membership of the CIPFA Treasury Management benchmarking club. Latest performance figures will be reported in the Annual Review Report which will be considered by Cabinet in June 2012.

68. The Council will benchmark its internal return against 3 month LIBID.

Investment Training

69. All members of the Treasury Management Strategy team are members of a professional accounting body. In addition, key Treasury Management officers receive in-house and externally provided training as deemed appropriate. Key Treasury Management officers will be encouraged to study towards the replacement course for the discontinued CIPFA and ACT[5] joint Certificate on International Treasury Management – Public Finance when it becomes available.

Recommendations

70. The recommendations arising from the updated strategy are set out in the main body of the report.

[5] Association of Corporate Treasurers