APPENDIX M

Treasury Management Strategy Statement 2016/17

1. Introduction

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year.

1.2. The CIPFA *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) requires the Council to ensure that its capital investment plans are affordable, prudent, and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code requires that a number of indicators are approved by the Council and monitored each year.

1.3. In addition, the Department for Communities and Local Government (CLG) has previously issued *Guidance on Local Council Investments* that requires the Council to approve an investment strategy before the start of each financial year, and *Guidance on Minimum Revenue Provision* (MRP) which requires the Council to approve an annual MRP statement setting out its policy on the methodologies adopted for making provision for the repayment of debt.

1.4. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Codes and the CLG Guidance.

1.5. Through its treasury management activities the Council is exposed to a range of financial risks and the successful identification, monitoring and control of these risks are therefore central to the Council's treasury management strategy.

2. External Context

2.1. **Economic background:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to the low annual CPI inflation. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

2.2. The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

2.3. China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

2.4. **Credit outlook:** The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

2.5. Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council, although this does not appear to be adequately reflected in the returns from cash deposits.

2.6. **Interest rate forecast:** The Council's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

2.7. A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

3. Local Context

3.1. At 31 March 2015, the Council had £10.759 million of borrowing and other long-term liabilities, and £28.003 million of investments (including cash and cash equivalents). Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31-Mar-15 Actual £m	31-Mar-16 Estimate £m	31-Mar-17 Estimate £m	31-Mar-18 Estimate £m	31-Mar-19 Estimate £m	31-Mar-20 Estimate £m
CFR	**8.822**	**8.663**	**8.504**	**8.345**	**6.186**	**6.027**
Less other long-term liabilities *	-4.759	-4.759	-4.759	-4.759	-3.759	-3.759
Borrowing CFR	**4.063**	**3.904**	**3.745**	**3.586**	**2.427**	**2.268**
External borrowing	-6.000	-6.000	-6.000	-6.000	-6.000	-6.000
Borrowing in excess of CFR	**-1.937**	**-2.096**	**-2.255**	**-2.414**	**-3.573**	**-3.732**
Usable reserves	-27.845	-28.560	-27.280	-27.247	-28.030	-28.455
Working capital	1.779	1.779	1.779	1.779	1.779	1.779
Investments	**28.003**	**28.877**	**27.756**	**27.882**	**29.824**	**30.408**

* Includes amounts owed on finance leases and a repayable advance from Essex County Council as part funding towards the Braintree Local Authority Mortgage Scheme

3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.

3.3. The Borrowing CFR reflects the amount of capital expenditure incurred which has not been financed from capital receipts or other resources and, therefore, is an indicator of the level of borrowing required for capital purposes. The table above shows that actual borrowing is greater than the Borrowing CFR – a position that has been created from activity in the past when the Council borrowed to fund capital investment. This excess borrowing contributes to the cash balances available for investment and in recent years has enabled the Council to acquire investment property assets as well as undertake a number of "invest to save" projects which have generated additional revenue income or savings on expenditure.

3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation.

4. <u>Capital Expenditure and Borrowing Strategy</u>

4.1. The Council's planned capital expenditure and financing plans are set out in the table below with further detail provided in the capital programme section of report on the *Council Budget and Council Tax 2016/17 and Medium-Term Financial Strategy 2016/17 to 2019/20.*

Table 2: Capital Expenditure and Financing Plans

	2015/16 Latest £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Capital Programme	**6.255**	**5.733**	**1.945**	**1.933**	**1.878**
Funded by:					
Capital Receipts	(3.670)	(4.628)	(1.497)	(1.485)	(1.430)
Better Care Funding	(0.418)	(0.418)	(0.418)	(0.418)	(0.418)
Growth Area Funding	(1.165)	(0.555)	0.000	0.000	0.000
Third Party Contributions	(0.386)	(0.100)	0.000	0.000	0.000
New Homes Bonus	(0.501)	0.000	0.000	0.000	0.000
Revenue & Reserves	(0.115)	(0.032)	(0.030)	(0.030)	(0.030)
Total Finance	**(6.255)**	**(5.733)**	**(1.945)**	**(1.933)**	**(1.878)**
Change in CFR	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

4.2. Table 2 shows that the Council's capital expenditure plans are expected to be self-funded resulting in no increase in the underlying need to borrow. In the event that capital resources raised are lower than estimated, or their receipt delayed, the Council has the option to borrow either temporarily or on a longer-term basis, subject to this being affordable, prudent, and sustainable.

4.3. In response to the Peer Challenge, undertaken in October 2003, an action plan was developed which would focus the Council's actions in addressing its projected budget shortfall. The action plan is based around three work streams: commercialisation; growing our economy; and investment strategy. It has been recognised that in advancing opportunities identified under each of these work streams there may be a need to undertake new borrowing on the basis of "invest to save".

4.4. The following tables set out the Prudential Indicators required to support the Council's view that its current capital expenditure plans are affordable and sustainable in terms of their impact on the revenue account and Council Tax:

Table 3: Ratio of Financing Costs to Net Revenue Stream

	2015/16 Latest £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
Ratio	**-1.10%**	**-2.04%**	**-2.16%**	**-2.20%**	**-2.12%**

4.5. The above ratio identifies the trend in net financing cost (i.e. the cost of borrowing and other long term liabilities, less interest and dividend income from investments) against the Council's budget (or net revenue stream). The estimates of net financing costs include current and planned commitments and demonstrate that over the medium term investment income is expected to exceed borrowing costs. As an indicator of affordability, Table 4 shows the incremental impact of capital investment decisions on Council Tax. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the budget requirement arising from the proposed capital programme (i.e. the impact of new schemes added to the capital programme).

Table 4: Incremental Impact of Capital Expenditure Plans on Council Tax

	Proposed Budget 2016/17	Forward Projection 2017/18	Forward Projection 2018/19	Forward Projection 2019/20
Incremental Impact	**£7,000**	**£13,000**	**£19,000**	**£26,000**
Band D Equivalent	**£0.13**	**£0.26**	**£0.38**	**£0.49**

4.6. The incremental impact on Council Tax takes account of any direct revenue costs that the capital projects might incur along with the opportunity cost of funding i.e. the reduction in interest income that would otherwise be obtained from investment; offset by any savings or additional income that proposed capital projects are expected to generate.

4.7. The figures in Table 3 and 4 above do not provide for any new borrowing arising from "invest to save" projects; however, before such borrowing is undertaken the relevant schemes will have to be able to demonstrate that they can at least repay the associated interest and loan repayments (applying the Council's policy on Minimum Revenue Provision) and therefore should at a minimum have an overall neutral impact on the Council's budget.

4.8. The Council currently holds £6 million of loans. The balance sheet forecast in Table 1 and capital expenditure plans in Table 2 shows that, subject to any future "invest to save projects" the Council does not anticipate increasing its borrowing in 2016/17. Capital finance may be raised by utilising operating and finance leases for short-life assets (e.g. replacement vehicles and plant).

4.9. The Council's current borrowing is in the form of two £3 million LOBO (Lender's Option Borrower's Option) type loans where the lender has the option to propose an increase in the interest rate at set intervals that, if exercised, means the Council has the option to either accept the new rate or to repay the loan at no additional cost. The loan agreements provide for these options at six monthly intervals (March and September) providing a potential refinancing risk; however, in the current low interest rate environment it is unlikely that the lender will exercise their option. In certain circumstances the Council may be able to negotiate premature redemption terms with the lender. The Council, in conjunction with Arlingclose continues to keep this option under review but will only proceed where any exit penalty is considered fair value and leads to an overall cost saving or a reduction in risk.

4.10. The Council is required to approve limits on borrowing activity by setting two indicators:

The Authorised Limit – this is the maximum (statutory) level of external borrowing determined by the Council. A total limit of £25 million will apply for 2016/17 and each subsequent year covered by the latest Medium Term Financial Strategy (MTFS), comprising both borrowing and other long-term liabilities. This limit provides some headroom to undertake new borrowing for invest to save schemes where this can be supported by a fully costed business case.

The Operational Boundary – this is the probable level of external debt during the course of a year. Actual external debt could vary above or below this boundary for short periods, therefore, it is used as a means of monitoring debt to ensure that the authorised limit is not breached. The boundary is set by reference to the estimates of capital expenditure, the capital financing requirement, and cash flow requirements. An overall limit of £11 million will apply for 2016/17 and each subsequent year of the MTFS comprising both borrowing and other long-term liabilities.

5. Annual Minimum Revenue Provision Policy 2016/17

5.1. Where a local authority has financed capital expenditure by debt, it must put aside revenue resources to repay that debt in later years. The amount charged to the revenue budget (and hence against Council Tax) is known as Minimum Revenue Provision (or MRP) and it is this requirement that ensures borrowing is affordable and sustainable.

5.2. Statutory guidance requires that the Council sets an annual policy with regards to the basis on which MRP is determined. The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits (or where borrowing is supported by Government funding, MRP is aligned with the period over which grant will be received). There are different methodologies for calculating MRP depending upon circumstances, and the following are those that will be applied by this Council:

Regulatory method – applies Regulations to any pre-2008 capital expenditure. As the Council's CFR on pre-2008 expenditure is negative there is no requirement for MRP to be made on this past expenditure (i.e. effectively the Council has over provided for past debt).

Asset life method – for new unsupported borrowing. MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments (or where appropriate on an annuity basis calculated using an annual interest rate equivalent to any related loan). MRP on purchases of freehold land will be charged over a maximum of 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over a maximum of 20 years.

Lease life method – for assets acquired using finance lease arrangements. MRP will match the portion of the annual lease payment used to write-down the lease liability.

Capital loans – where capital loans are made to other bodies no MRP will be charged as there is an expectation of a subsequent repayment. If loans have been financed by borrowing then capital receipts generated by any annual repayments will be set aside to repay debt.

5.3. Based on the Council's latest estimates of its CFR on 31 March 2016, the budget for MRP has been set as follows:

Table 5: Budget for MRP 2016/17

	31-Mar-16 Est. CFR £m	2016/17 Est. MRP £
Capital Expenditure before 01-04-2008	-0.933	-
Unsupported Capital Expenditure after 31-03-2008	4.330	159,300
Finance Leases *	3.425	334,000
Loans to Other Bodies	2.000	-
Total	**8.822**	**493,300**

* MRP on finance leases is included in the budgeted annual lease rentals

6. Investment Strategy

6.1. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In 2014/15 the average sum invested across the year was £38.52 million and peaked at just over £50 million. In the current year the estimated average invested is currently around £46 million with a peak of over £54 million. Similar levels are expected to be maintained in the forthcoming year.

6.2. **Objectives:** Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.3. **Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Council has diversified into more secure and/or higher yielding asset classes during 2014/15 a position that will be maintained throughout 2015/16 and into future years.

6.4. **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types shown in the table below, subject to the cash limits (per counterparty) and the time limits shown.

<u>Table 6: Approved Investment Counterparties and Limits</u>

Credit Rating	Financial Institutions: Unsecured	Financial Institutions/ Securities: Secured	Government/ Local Authorities	Registered Providers e.g. Housing Associations
UK Govt./ Local Authorities			Unlimited	
A or higher	£3m 13 months	£5m 5 years		£5m 5 years
A-	£3m 6 months	£4m 2 years		
BBB+	£2m 100 days	£3m 6mths		
BBB	£1m overnight/ call	£2m 100 days		
Unrated Building Societies	£1m 6 months			
MMFs & Pooled Funds	£5m per fund			

This table must be read in conjunction with the notes below

6.5. **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

6.6. **Financial Institution Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

6.7. **Financial Institution Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one financial institution will not exceed the cash limit for secured investments.

6.8. **UK Government/ local authorities :** Loans, bonds and bills issued or guaranteed by the UK Government or local authorities. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Deposits will be placed with the Debt Management Office where insufficient other counterparties are available and/ or for short-term cash flow.

6.9. **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

6.10. **Money Market Funds (MMF) and Pooled Funds:** Shares in diversified investment vehicles consisting of different investment instruments, including equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Pooled Funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

6.11. **Risk Assessment and Credit Ratings**: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn at short notice will be made with that organisation until the outcome of the review is announced. This policy will not apply to “negative outlooks”, which indicate a long-term direction of travel rather than an imminent change of rating.

6.12. **Other Information on the Security of Investments**: Regard will be given to other available information on the credit quality of organisations in which the Council invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

6.13. **Specified Investments**: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
    - the UK Government,

- a UK local Council, parish council or community council, or
- a body or investment scheme of “high credit quality”.

The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

6.14. **Non-specified Investments**: Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as acquisition of company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are contractually due to mature 12 months or longer from the date of arrangement, or are held with the intention of being long-term even where shorter notice can be given; or investments with bodies and schemes not meeting the Council’s definition of high credit quality. Limits on non-specified investments are shown in the table below.

Table 7: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£15m
Total investments without credit ratings or rated below the Council’s definition of high credit quality	£10m
Total Non-Specified Investments	**£25m**

6.15. **Investment Limits**: The Council’s revenue reserves available to cover investment losses are forecast to be around £22 million over the medium-term, within which the General Fund unallocated balance is expected to be around £8 million. On this basis the maximum that will be lent to any one organisation (other than the UK Government or other local authority) will be £5 million, which leaves a buffer on the General Fund balance of circa £3 million which is double the current minimum level assessed as required by the Corporate Director. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Limits are for investment purposes and are in addition to any sums held with Lloyds Bank Plc (Lloyds) for the purposes of day-to-day banking activities. These sums will normally be held at no more than £1.5million, however, for practical purposes sums maybe higher for short periods to meet cash flow requirements. Limits also exclude the deposit with Lloyds held as a cash-backed indemnity for the Braintree Local Authority Mortgage Scheme.

6.16. **Liquidity Management**: The Council prepares a summarised cash flow forecast linked to its medium term financial strategy to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to these forecasts.

A detailed in-year cash flow statement is maintained to manage short-term liquidity requirements

7. Treasury Management Indicators

7.1. The Council measures and manages its exposures to treasury management risks using the following indicators.

7.2. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk and applies for 2016/17 and the subsequent three financial years. In determining the limits the following local circumstances have been taken into account:

7.3. The Council's outstanding borrowing is currently subject to six monthly call options when the interest rate could be varied; consequently this debt is treated as being at variable rate. The interest rate on lease finance and other long-term liabilities is set at the time of entering into the arrangement and therefore these are deemed fixed rate.

7.4. Investments are treated as variable where the period to maturity of an investment is up to 364 days, or have no set maturity date e.g. money market funds and pooled funds. Investments with a known maturity date greater than 364 days will be deemed fixed.

7.5. The following limits shall apply:

- The upper limit on exposure to fixed interest rates will be 100% for debt, and £5 million for investments.
- The upper limit on exposure to variable interest rates will be 80% for debt and 100% for investments.

7.6. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limit on the long-term principal sum invested to final maturities beyond 364 days, or where the intention is to hold the investment for more than one-year, will be £15m.

8. Other Items

8.1. **Policy on Use of Financial Derivatives:** Financial derivatives may be embedded into loans and investments entered into by the Council where the objective is either to reduce interest rate risk and/ or to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits).

8.2. The Council does not intend to use standalone financial derivatives (such as swaps, forwards, futures and options) unless it can be clearly demonstrated that their use reduces the overall level of financial risks and only having taken appropriate specialist advice.

8.3. **Treasury Management Training:** The Corporate Director (Finance) will ensure that all Members with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

8.4. Relevant Members will be involved in strategy and other meetings with the Council's external treasury advisors; and provided with information and guidance as is deemed appropriate by the Corporate Director.

8.5. Senior staff with responsibility for the treasury management function have a professional responsibility to ensure that they are aware of, and apply the Codes and Guidance covering the treasury management function. In addition, all are subject to mandatory continuing professional development requirements.

8.6. The Council's external treasury advisor provides regular training events and workshops covering a variety of treasury management and related matters which officers attend. These events also provide opportunities to network with other local authorities and share best practice.

8.7. **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

9. Financial Implications

9.1. The budget for investment income in 2016/17 is £671,000. The budget for debt interest to be paid in 2016/17 is £282,000, with a further £167,000 estimated interest payable within the annual rental payment made on finance leases.

9.2. The Council will receive £60,800 interest on its deposit with Lloyds for the Braintree LAMS of which Essex County Council is paid half.