

## Appendix 1 Treasury Management Strategy – proposed amendments

Reference	Comment
16, table 4	<p>1. BBB+ Banks Unsecured.</p> <p><b>ADD:</b> Further acceptable criteria “£2.5m/7days for the Council’s banker”.</p> <p><b>REASON:</b> To allow the day to day management of cash within the Council’s own bank account – the present limit of £1m is insufficient to accommodate very short-term cash fluctuations.</p> <p>2. Pooled funds.</p> <p><b>ADD:</b> Covered bond funds to pooled funds category limit.</p> <p><b>REASON:</b> To allow for investment in Bond funds.</p>
18	Update text to “National Westminster Bank plc” to reflect the Council’s new bankers
30 table 5	<p>Non-specified investments:</p> <p>1. <b>AMEND:</b> The limit for ‘total investments without credit ratings or rated below A-’ to £20m (+£10M).</p> <p><b>REASON:</b> The investment in LAPF and Nat-West bank maximum balances means the present limit is inadequate. The increase is to re-instate previous flexibility to invest in suitable institutions (including unrated building societies).</p> <p>2. <b>AMEND:</b> Total limit on non-specified investments to £40m (+£10m).</p> <p><b>REASON</b> – as 1 above</p>
31 table 6	<p>Investment limits</p> <p>1 <b>AMEND:</b> ‘Any single organisations, except the UK central government and <u>Local Authority Property Fund</u>’:</p> <p><b>REASON:</b> to accommodate total investments with the Local Authority Property Fund.</p> <p>2. <b>AMEND</b> money market funds limit to £15m:</p> <p><b>REASON:</b> This will allow better management of short-term cash surpluses. The individual limits on funds will remain at £5m.</p> <p>3 <b>REMOVE:</b> “Max of £5m in covered bonds” from Negotiable</p>

	<p>instruments line.</p> <p><b>REASON:</b> Judges unnecessary given the wider sector and counterparty limits and its inclusion would restrict the Council's ability to invest in both covered bonds and pooled covered bonds.</p>
33 table 7	<p>Voluntary credit rating measure</p> <p>1 <b>AMEND</b> to 'A' from A+.</p> <p><b>REASON:</b> At present A+ is above that employed commonly by other Local Authorities and a target of A would be more in line with sector practice.</p>
33 table 9	<p><b>Principal sums invested for periods longer the 364 days</b></p> <p>1 <b>AMEND:</b> Increase the figures in this table 'across the board' by the expected level of 'available for sale' investments (£10m LAPF and £5m for pooled bond funds) reflecting the open maturity of such whilst still highlighting the potential for capital losses if sold.</p> <p><b>REASON</b> At present the tiered limits in table 9 do not take into account the long-term nature of Investments in variable net asset value pooled funds.</p>