

Appendix 1 Treasury Management Strategy – proposed amendments

Reference	Comment
16, table 4	<p>1. BBB+ Banks Unsecured.</p> <p>ADD: A stand-alone limit of “£2.5m/7days for the Council’s own banker”.</p> <p>REASON: That the Council’s own banker be excluded from the limits for banks rated BBB+, but to maintain capacity 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>ADD: Covered bond funds to pooled funds category limit.</p> <p>REASON: 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. AMEND: The limit for ‘total investments without credit ratings or rated below A-’ to £20m (+£10M).</p> <p>REASON: The investment in Local Authority Property Fund (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. AMEND: Total limit on non-specified investments to £40m (+£10m), and Limit for Total medium and long-term investments to £35m (+£15m)</p> <p>REASON – as 1 above</p>

31 table 6	<p>Investment limits</p> <p>1 AMEND: ‘Any single organisations, except the UK central government and <u>Local Authority Property Fund</u>’:</p> <p>REASON: to accommodate total investments with the Local Authority Property Fund.</p> <p>2. AMEND money market funds limit to £15m:</p> <p>REASON: This will allow better management of short-term cash surpluses. The individual limits on funds will remain at £5m.</p> <p>3 REMOVE: “Max of £5m in covered bonds” from Negotiable instruments line.</p> <p>REASON: Judged 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 AMEND to ‘A’ from A+.</p> <p>REASON: 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>Principal sums invested for periods longer the 364 days</p> <p>1 AMEND: 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>REASON 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>