PERTH AND KINROSS COUNCIL

7 October 2020

TREASURY & INVESTMENT STRATEGY and PRUDENTIAL INDICATORS 2020/21 – 2028/29

Report by Head of Finance (Report No. 20/179)

PURPOSE OF REPORT
This report details the Council's proposed Treasury Strategy for 2020/21 to 2028/29 and the Investment & Property Strategy for 2020/21.

1. BACKGROUND / MAIN ISSUES

1.1 The Treasury and Investment Strategy details the expected activities of the Council's treasury function for the relevant financial years. Its submission to the Council is a requirement of the Council's approved Treasury Management Practices (TMPs) and is also a requirement under the CIPFA Code of Practice for Treasury Management. The Investment Strategy details the Permitted Investments of the Council, and outlines the risks associated with the expected investment activities. The submission of an annual Investment Strategy is a requirement of the Local Government Investments (Scotland) Regulations 2010. The report also provides an annual review of treasury activity undertaken in 2019/20.

1.2 In determining the Treasury Strategy, the Council is required to review its Prudential Indicators. The Council considered the Composite Capital Budget for the 9-years to 2028/29 at its meeting on 30 September 2020 (report 20/175 refers). Updated Prudential Indicators for the 9 years 2020/21 to 2028/29 are therefore also included in this report.

1.3 The proposed strategy for the financial years 2020/21 to 2028/29 in respect of the treasury management function covers:

- Annual Review of 2019/20
- The Council's current Treasury position
- Prospects for interest rates
- Capital requirements and the borrowing strategy 2020/21 to 2028/29
- The Investment Strategy 2020/21
- Investment properties 2020/21
- Debt rescheduling opportunities
- The Prudential Code
- Prudential Indicators 2020/21 to 2028/29

2. ANNUAL REVIEW 2019/20

2.1 The Council approved the Treasury & Investment Strategy for the 10 financial years 2019/20 to 2028/29 at its meeting on 27 February 2019 (report 19/59 refers).

2.2 The initial outlook for interest rates in 2019/20 was that they were expected to increase gradually in anticipation of increased economic growth and inflation. However, it was recognised that considerable economic and political uncertainty remained which ultimately led to significant falls in rates in the run up to the UK's expected departure from the European Union on 31 October 2019. This then continued in the aftermath of the General Election in December 2019, and again in response to the developing covid-19 pandemic in early 2020.

2.3 Consequently, throughout the year, Public Works Loans Board (PWLB) rates fell to historic low levels. Given the Council's planned Capital expenditure and borrowing requirement over the next few years, the Council borrowed £170 million in 2019/20, for an average term of 46.6 years and average rate of 1.8%. It should also be noted that due to a large increase in borrowing demand across the UK, the PWLB increased their lending rates by 1% on 9 October 20019. On 12 March 2020, they subsequently reduced the rates for borrowing for Council Social Housing. The PWLB are also currently consulting on new lending terms which may lead to reduced rates for other infrastructure investment.

2.4 As a result of the significant increase in borrowing, the Council's short-term investment balances also increased and averaged £143 million over the year (£56 million in 2018/19) and peaked at £211 million on 30 March 2020. Further, due to the increase in the balance of investments, the Council approved a revised Lending & Investment policy on 25 September 2019 (report 19/277 refers) in order to manage the increased investments in an effective and low risk way. This resulted in an increased use of fixed deposits for up to 12 months in highly rated banks.

2.5 Throughout the year, all Treasury activity was regularly reported to Council through the quarterly reports. There were no breaches in compliance with the Council's approved Treasury Management Policy and all investments were undertaken in accordance with the approved Investment Strategy. However, it was anticipated that investments would not exceed £80 million during the year unless further new borrowing was undertaken early in the year. As noted above, significant borrowing was undertaken, and investments peaked at £211 million in March 2020.

2.6 As a result of the borrowing undertaken during the year, the Council's PWLB portfolio increased from £340 million to £498 million, with the average rate reducing from 3.03% to 2.61%. The Council's Consolidated Loans Fund rate, calculated in accordance with statutory guidance, was 3.06%.

2.7 The Strategy and Investment policy in respect of Common Good and Property Investments were also complied with in full.

3. THE CURRENT TREASURY POSITION

3.1 In order to put the proposed treasury strategy for 2020/21 to 2028/29 into context, the Council's treasury position at the start of the financial year as at 31st March 2020 is shown below:

		PRINCIPAL AMOUNT (£million)	AVERAGE RATE (%)
Fixed Rate	• Public Works Loan Board (PWLB)	498.0	2.61
	• Market Bonds	0.2	0.00
		498.2	2.61
Variable Rate	• Market Bonds	43.2	4.59
	• Local Loans	19.6	0.87
		62.8	3.43
TOTAL GROSS DEBT		**561.0**	**2.70**
TOTAL SHORT-TERM MARKET INVESTMENTS		**206.0**	**0.99**
TOTAL NET DEBT		**355.0**	**3.69**

3.2 The projected Borrowing Requirement for each of the next nine years, which is a significant determinant of treasury activity, is summarised below. This reflects the approved Capital expenditure within the Council's Composite and Housing Capital Investment Budgets which is to be funded by new borrowing. The Borrowing Requirement is also adjusted to ensure the Council's total debt matches the useful life of the underlying assets.

£ million	2020/21	2021/22	2022/23	2023/24	2024/25	2025-2029	Total
Borrowing Requirement	53.1	71.2	142.4	59.6	47.4	94.2	467.9

3.3 The above figures are based upon the Composite Capital Budget for 2020/21 to 2028/29 and the Housing Revenue Account Capital Investment Programme for 2020/21 to 2024/25. As the Housing Capital Investment Programme covers a shorter time period than the Composite Programme, Housing estimates have been included for the years to 2028/29 in order to ensure the time periods match.

3.4 The above figures do not take account of the estimated annual borrowing requirement carried-forward between years in order to match cashflow requirements. However, they do reflect the front loading of the Council's planned Capital expenditure.

3.5 In light of the level of borrowing undertaken in 2019/20 when PWLB rates reached historic lows, together with projected slippage on the Capital programme as a result of covid-19, there is no requirement to undertake any new borrowing in 2020/21 or 2021/22 to finance the Council's planned Capital expenditure in both the current and next financial year.

4. PROSPECTS FOR INTEREST RATES

4.1 The Council's treasury adviser, Link Asset Services Ltd, assists the Council in formulating a view on interest rates. Appendix I shows forecasts of the Bank Base Rate (or short-term/variable rates) and longer-term fixed interest rates, whilst Appendix II shows the forecast in graphical form. These forecasts were prepared before the coronavirus outbreak and therefore reflect the expected outlook for interest rates in normal times. The production of interest rate forecasts has been suspended due to the extent of the current economic uncertainties. However, it is anticipated that rates will remain at their current low levels for some time, before gradually rising back to normal levels.

4.2 The Monetary Policy Committee (MPC) reduced the Bank Base Rate by 0.50% to 0.25% on 11 March 2020 and then to 0.1% on 19 March 2020. This was in response to the growing coronavirus outbreak and its significant effect on global economic activity and growth in the UK and in other global economies. This has, in turn, significantly increased the level of uncertainty and volatility in financial markets. This level of uncertainty is expected to continue for a prolonged period, with the chance that the Bank Base Rate could be cut further to 0%, and potentially to negative levels. As a result of the low Bank Base rate, investment rates on bank deposits are also exceptionally low.

4.3 In the longer term, in order to manage economic growth and anticipated inflationary pressures as the UK returns to normal economic conditions, interest rates are anticipated to gradually increase. Consequently, subject to periods of volatility, the forecast for UK interest rates shows a gradual increase over the next few years once economic activity starts to recover.

4.4 The Council's borrowing costs are largely determined by the Public Works Loan Board's (PWLB) interest rates, which in turn are determined by the yield on UK Government gilts. Gilt yields have been at exceptional low levels; however, they fell sharply again in March 2020 at the onset of the coronavirus outbreak. PWLB rates are therefore expected to remain at low levels throughout 2020/21.

4.5 As with any forecast, the above interest rate expectations are subject to variation. The main sensitivities of the above forecast are likely to be as follows:

- A further fall in long term rates which, for example, could occur if the current crisis continued for a prolonged period and economic growth or inflation fell significantly from their current levels

- An unexpected sharp rise in both long and short-term rates could occur if, for example, economic growth recovered faster than expected, or if inflation increased more rapidly than expected as the economy begins to recover, bringing forward increases in the Bank Rate.

4.6 Interest rate forecasts throughout the period covered by the Capital Programme must be considered, particularly when determining the most appropriate timing for new borrowing. This is particularly the case as the Council's current Borrowing Requirement is larger than historic levels, much of which is required in the earlier years of the current 9-year programme.

4.7 In October 2019 the PWLB unexpectedly increased their borrowing rates by 1%. Therefore, whilst it is anticipated that UK gilt yields will remain around their recent low levels over the next year, there will not be the same opportunities for borrowing at recent low rates as a result of the PWLB's revised interest rate policy. However, the PWLB have introduced some borrowing facilities for purposes, such as social housing and infrastructure, at discounted rates.

4.8 The new Council Social Housing rate was introduced in March 2020 at 1% below their standard rate whilst the details of the infrastructure facilities are still to be announced. In addition, the PWLB have undertaken a consultation on their proposed new lending terms, the outcome which is also still to be announced. The current forecasts indicate that short term borrowing will continue to be cheaper than longer term borrowing over the next few years. However, longer term borrowing gives longer term savings and reduces the refinancing risk in later years.

5. CAPITAL REQUIREMENTS AND BORROWING STRATEGY

5.1 The Council still requires significant levels of new borrowing over the next few years to fund the Capital Budget. However, following the advance borrowing undertaken in 2019/20, and in consideration of the interest rate forecasts, there is no immediate need to borrow in 2020/21 or 2021/22 based on current planned expenditure. Therefore, new borrowing would only be undertaken if opportunities arise to borrow at exceptionally low levels or to take advantage of further discounted rates that the PWLB may make available through their programmes for infrastructure. Short term temporary borrowing will be used to meet any immediate cashflow requirements where necessary if longer term borrowing is deferred. The flexibility to borrow in advance of need is permissible where it can be shown to be cost-effective but must be considered in conjunction with the associated additional risks and low returns of the resultant increase in short term investments.

5.2 Other appropriate market instruments may offer favourable rates in comparison to the PWLB and may be used where appropriate. Such market instruments also allow borrowing to be agreed in advance and drawn down at prescribed future dates (usually up to 3 years ahead). Therefore, alternative sources of borrowing will be evaluated and considered where they offer savings or other advantages over PWLB borrowing.

5.3 The Council’s Treasury Strategy is based on being “risk-aware" and the Council will actively seek to manage its treasury risks. The Council’s borrowing position will continue to be reported on an ongoing basis to Council as part of the Quarterly Treasury Activities and Compliance reports.

5.4 The Council’s borrowing strategy will be continuously reviewed and may change if there are unexpected movements in interest rates. This could impact the borrowing strategy as follows:

- If there was an unexpected further fall in long term rates, long-term borrowing in advance of immediate need would be considered when rates were anticipated to have troughed.
- If there was an unexpected sharp rise in long term rates, fixed rate funding would be deferred, and short-term borrowing used to meet immediate needs. Longer term borrowing would be considered in future when longer term rates fell from their peaks.

5.5 The Prudential Code also requires authorities to detail their strategy on gross and net debt where there is a significant level of both investments and borrowing. It is not possible or desirable to have no investments at all, due to the daily variations in the Council’s cashflow, or following the borrowing of long-term debt. The level of investments may also increase where there are significant levels of short-term Reserves. The Council’s level of investments has increased significantly following the increased level of long term borrowing undertaken last year. Investments may increase further if further borrowing was undertaken at the current low interest rates, however they are anticipated to reduce steadily over the next 2 years in line with the delivery of the Capital Programme.

6. INVESTMENT STRATEGY 2020/21

6.1 The requirement to set an annual Investment Strategy is determined by the Local Government Investments (Scotland) Regulations 2010. These requirements include specifying the Permitted Investments of the Council and setting an annual strategy, including identifying the risks associated with the strategy and the minimum reporting requirements.

6.2 The proposed Permitted Investments of the Council are shown at Appendix III. These reflect low risk investment products and, together with the application of the approved Lending & Investment Policy (*TMP4, Schedule 4.6 Approved Lending & Investment Policy*), ensure investments are only made with low risk counterparties.

6.3 The Council approved revised lending limits on 25 September 2019 (report 19/277 refers), and it is not proposed to make any further changes to the range of investment instruments or monetary limits. The current limits ensure that the Council always maintains sufficient liquidity and a spread of investments, whilst the specific counterparty list is reviewed continuously by the Head of Finance in light of credit-rating changes and other market information. However, within the Prudential Indicators, it is proposed to increase the limit for investments over 1 year, in order to bring them into line with the revised limits in the lending policy approved last year.

6.4 Details of how investments are managed are contained in the Treasury Management Practices (TMPs). The TMPs are reviewed annually, whilst the treasury policies are reviewed continuously in light of prevailing economic and market conditions. A copy of the Treasury Systems Document, which includes the TMPs, is available on the Councillor's CHIP Sharepoint site.

6.5 The Council generally only invests short-term cashflow surpluses. Such investments in total are unlimited, as they are determined by cashflow balances. However, investments are limited with each counterparty to ensure any risk is spread.

6.6 Longer term investments may arise where the Council has significant cash-backed reserves or following borrowing in advance of need within the determined Capital Financing (Borrowing) Requirement. Longer term investments carry greater counterparty risk and a higher market risk of adverse movements in interest rates. Therefore, such investments are currently limited to £45 million in total (around 20% of the portfolio, as at September 2020) and up to a maximum of 3 years and are only undertaken after consideration of cashflow and interest rate forecasts to determine the optimum duration. This strategy will be reviewed continuously in light of economic forecasts and market developments.

6.7 The level of investments increased early in the financial year and have subsequently been falling gradually. This pattern is anticipated to continue in the second half of the year in line with the cashflow projections over the year. The total level of investments at the start of the current financial year were £255 million reducing to their current level of £238 million (at 29 September 2020). They are expected to continue to reduce gradually over the remainder of the year, subject to daily variations, unless further new borrowing is undertaken during the year or if the profile of the Council's expenditure during the year changes.

6.8 It is anticipated that the following type of investments will be used by the Council in 2020/21:

- Money Market Funds (MMFs)
- Bank deposits on instant access or notice accounts,
- Fixed deposits with banks and other local authorities,

6.9 Fixed deposits are generally used for cashflow surpluses which are not required within the next 3 months, whilst investment in MMFs, instant access or notice accounts vary in line with daily fluctuations in the Council's cashflow in order to meet more immediate needs. The amounts in each are dependent on several factors, such as changes in cashflow, including long term borrowing, available rates and market opportunities which may arise.

6.10 The Permitted Investments also include loans to third parties. Such loans will be constrained by virtue of the Service having to meet all costs related to the granting of such loans. All loans to third parties must be approved by Council.

6.11 The submission of Quarterly Treasury and Compliance reports are intended to provide elected members with regular updates on the Council's Treasury and Investment activities and an opportunity to exercise scrutiny over the Council's Treasury Management arrangements throughout the year.

6.12 The Common Good Funds operate with relatively small cash balances and with no other financial investments. The Common Good Committees also have authority to grant loans to third parties, and these are included as Permitted Investments. However, the granting of such loans in practice is rare, with each individual proposed loan requiring the specific approval of the relevant Common Good Committee. It is proposed that investments with the Perth & Kinross Council Loans Fund, together with third party loans, remain the only Permitted Investments for the Common Good Funds. It is not proposed to change the terms under which the Common Good Funds place deposits with the Loans Fund.

6.13 In addition, the Common Good Funds hold various properties which generate rental income, and which are therefore deemed to be Investment Properties, and covered by the investment regulations.

6.14 Investments made by any charity or trust administered by the Council are not within the scope of the Investment Regulations and this Strategy. However, any other Council funds that are managed by external investment managers would be covered by this strategy, and the investment manager would therefore be bound by this Investment Strategy in relation to those funds. It is not proposed to use any external investment manager during 2020/21, other than for the Council's charitable funds.

7. INVESTMENT PROPERTIES 2020/21

7.1 Properties held solely to earn rental income and/or for capital appreciation, and not used by the Council for service delivery or administrative purposes, are also covered by the Investment Regulations. Accordingly, an additional permitted investment category of "Investment Property" has been included in the list of Permitted Investments. The Council's initial limit was established as "unlimited", and this remains unaltered.

7.2 Budgeted gross income of the portfolio in 2020/21 is £1,871,000, with the latest projection indicating that the final income will be £1,830,000 as a result of movement in tenancies and vacancies in the small business units. Considering the ongoing pandemic (Covid-19) there are additional risks in terms of rents being collected in the short to medium term within the commercial portfolio. The strategy action plan for the rationalisation of the commercial property portfolio remains on programme.

7.3 The Annual Property Investment Strategy 2020/21 is attached in Appendix IV and covers property purchased or managed for the following purposes:

- Socio Economic e.g. precinct shops and community facilities
- Economic development e.g. Industrial Estates and workshop units.
- Revenue generation e.g. St Johns Centre head lease

7.4 The overall aim of the attached Property Investment Strategy for Perth & Kinross Council is to support the objectives of the “2018/22 Corporate Plan – Securing the Future”, and in doing so, it meets the requirements of the Regulations.

8. DEBT RESCHEDULING

8.1 Debt rescheduling involves prematurely repaying existing loans and replacing them with new loans at lower interest rates. Any savings in interest costs, however, must be assessed against the premium payable to the lender to compensate for their loss of interest. The amount of premium payable to the PWLB is calculated by reference to the difference in the interest rate on the existing loan and the prevailing interest rates for new borrowing. The main benefits of undertaking rescheduling include:

- Generating interest savings, without exposing the Council to additional risk,
- Ensuring a better-balanced maturity profile and volatility ratio in the portfolio,
- Reducing the level of investments.

8.2 The current low interest rate environment, together with the PWLB’s premature repayment terms, means that any early redemption of PWLB loans is likely to be prohibitively expensive and unlikely to generate savings. Further, the low average rate and maturity profile of the Council’s long-term debt mean that it is unlikely that the current portfolio will offer any significant opportunities. Consequently, there is unlikely to be any debt rescheduling undertaken in 2020/21, however interest rates will continue to be monitored to identify any opportunities which may arise.

9. THE PRUDENTIAL CODE

9.1 The Prudential Code requires the Council to set Prudential Indicators for at least the next three years to ensure that the Council’s plans are affordable, sustainable and prudent. However, to improve longer term strategic and forward planning, the Council now normally maintains Prudential Indicators for the entire period of the approved Capital Budget.

9.2 The Council has a statutory duty (under the Local Government in Scotland Act 2003) to determine, and keep under review, how much it can afford to allocate to Capital expenditure. The level of Capital Financing Costs strongly influences the level of capital expenditure funded by borrowing and, therefore, the size of the ongoing Capital programme. Effective and proactive Treasury Management aims to minimise these costs (“Loan Charges”) and their impact on the overall finances of the Council, whilst not exposing the Council to undue risk in the longer term. Adverse movements in interest rates, for example, would directly impact on the level of Capital expenditure which is affordable and sustainable.

10. PRUDENTIAL INDICATORS 2020/21 to 2028/29

10.1 The principal means of monitoring and controlling adherence to the Council's capital and treasury plans, and ensuring that they remain affordable, sustainable and prudent, is the determination and monitoring of Prudential Indicators. These Indicators must relate to, and be consistent with, the Council's approved Capital Budget and Treasury Management Strategy.

10.2 It is, therefore, proposed to update the Prudential Indicators for the nine-year period covered by the Composite Capital Budget considered by the Council on 30 September 2020. In addition, as detailed at Section 3.3 (above), provisional estimates have been assumed for the Housing Capital Programme for the years 2025/26 to 2028/29 in order to match the time period covered by the Capital programmes.

10.3 The full set of proposed Prudential Indicators for 2020/21 to 2028/29, including limits, is shown at Appendix V. The Council is free to set each indicator or limit at any level felt appropriate, however, once set, they must not be breached. Any amendment to these limits must be approved by the Council. The limits proposed are based on the levels of capital investment that have been calculated as being affordable and sustainable, on a prudent basis. In the case of Treasury Management, the proposed limits have been set to allow sufficient flexibility for the Council to consider new opportunities which may arise, such as debt rescheduling exercises, or to manage exceptional (short-term) cashflows whilst maintaining the desired level of control and risk management.

10.4 The Indicators include estimates of the Council's underlying need to borrow for a Capital purpose (Capital Financing Requirement or Borrowing Requirement) and ensure that the borrowing periods are consistent with the type of capital expenditure being funded. The amount of external debt is measured at two levels:

- Operational Boundary – is the level of external debt *estimated* for each year. The actual level of debt may exceed this level in the short-term following exceptional cashflows, however the trend over the period being considered should be consistent with the Operational Boundary. As such it is not a limit, but an indicator of the probable level of external debt.

- Authorised Limit – is the *maximum* level of external debt approved by the Council and is also known as the "Statutory Limit" and must not be exceeded. It includes headroom over the Operational Boundary to allow for some unexpected fluctuations or movements. It therefore measures the level of debt which could be affordable in the medium-term, but which may not be sustainable in the longer term. Any increase to the Authorised Limit, for example following revision to the Council's Capital Plans or due to unforeseen circumstances, would require the prior approval of the Council.

10.5 For the current Capital plans and Treasury Strategy described in this report, it is not proposed to increase the Authorised Limit from its current limit of £900 million for each year from 2020/21 to 2028/29. The limit is also consistent with the funding strategy for the Council's Capital plans, Loans Fund policies and the Medium-Term Financial Plan. It is based on total gross external borrowing and long-term liabilities under PPP/PFI arrangements and takes account of when the borrowing requirement is at its peak over the ten-year period which is then applied in each year (to allow flexibility). The Operational Boundary for each year is also shown within Appendix V.

10.6 It is proposed to increase the limit for investments made for over 365 days from £10 million to £45 million. This is necessary to align the Prudential Indicators with the revised Investment limits approved by the Council on 25 September 2019 (report 19/277 refers) due to the higher investment balances. Any investments for over 1 year will only be considered when projected cashflow balances allow and no change is proposed to the maximum duration of investments of 3 years.

10.7 All the proposed Indicators at Appendix V comply with the CIPFA Code of Practice for Treasury Management in the Public Services.

11. CONCLUSION AND RECOMMENDATIONS

11.1 Treasury operations are undertaken within a dynamic and volatile environment, which can significantly affect the cost of borrowing and returns from investing. Annual interest charges are currently in the region of £14 million per annum (General Fund and Housing Revenue Account combined) and projected to rise to around £25 million by 2029/30, with this increase being addressed through the managed use of the Council's Capital Fund. The setting of an appropriate strategy is, therefore, essential in ensuring that the Council is not exposed to undue risks and costs. The strategy outlined in this report is designed to ensure that the Council achieves the best possible returns on its borrowings and investments, whilst seeking to minimise risk in light of prevailing and forecast market conditions.

11.2 The Investment Strategy outlined in this report covers all matters required by the Investment Regulations, and lists the proposed Permitted Investments.. These will be reviewed on an ongoing basis as the economic environment changes and/or new investment products are introduced into the financial markets. The proposed Permitted Investments for 2020/21 remain unchanged and there are no proposed changes to investment limits, nor to the definition of approved counterparties. However, it is proposed to bring the Prudential Indicator for sums invested over 1 year into line with the lending policy.

11.3 The Investment Strategy, in conjunction with the Treasury Management Practices (TMPs), also includes references to the various risks associated with investments, how these will be controlled, and the considerations and procedures to be followed. Security and liquidity of sums invested remains the primary objectives over investment income. The proposed Permitted Investments carry a low level of risk.

11.4 The report also outlines the link between Treasury Management and the Capital Budget. Accordingly, the report also proposes updated Prudential Indicators for the years 2020/21 to 2028/29.

11.5It is recommended that the Council:

i) Approves the 9-year Treasury Strategy for 2020/21 to 2028/29, as detailed in this report, which is submitted in accordance with the Council's approved Treasury Management Practices (TMP).
ii) Approves the Permitted Investments and Investment Strategy for 2020/21 outlined at Section 6 and detailed at Appendix III of this report.
iii) Approves the Property Investment Strategy for 2020/21 outlined at Section 7 and detailed at Appendix IV of this report.
iv) Approves the proposed Prudential Indicators for 2020/21 to 2028/29 outlined at Section 10 and detailed at Appendix V of this report.

Author(s)

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Approved

Name	Designation	Date
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ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	**Yes / None**
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	Yes
Asset Management (land, property, IST)	Yes
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	Yes
Sustainability (community, economic, environmental)	Yes
Legal and Governance	None
Risk	None
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Corporate Plan

1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

(i) Giving every child the best start in life;
(ii) Developing educated, responsible and informed citizens;
(iii) Promoting a prosperous, inclusive and sustainable economy;
(iv) Supporting people to lead independent, healthy and active lives; and
(v) Creating a safe and sustainable place for future generations.

1.2 This report relates to all these objectives.

2. Resource Implications

Financial

2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

Workforce

2.2 There are no direct workforce implications arising from this report other than those reported within the body of the main report.

Asset Management (land, property, IT)

2.3 There are no direct asset management implications arising from this report other than those reported within the body of the main report.

3 Assessments

Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

Strategic Environmental Assessment

3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Sustainability

3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

4. Consultation

4.1 The Chief Executive, and the Council's Treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. APPENDICES

- Appendix I – Outlook for Interest Rates.
- Appendix II – Forecast for Interest Rates (Link Asset Services Ltd).
- Appendix III – Permitted Investments 2020/21.
- Appendix IV – Property Investment Strategy 2020/21
- Appendix V – Prudential Indicators 2020/21 to 2028/29