PERTH AND KINROSS COUNCIL

31 March 2021

TREASURY & INVESTMENT STRATEGY and PRUDENTIAL INDICATORS 2021/22 – 2028/29

Report by the Head of Finance
(Report No. 21/42)

PURPOSE OF REPORT
This report details the Council's proposed Treasury Strategy for 2021/22 to 2028/29 and the Investment & Property Strategy for 2021/22.

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 2020/21.

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 were then approved by the Council on 7 October 2020 (report 20/179 refers).

1.3 The proposed Treasury Management strategy for financial years 2021/22 to 2028/29 covers:

- Annual Review of 2020/21
- The Council's current Treasury position
- Prospects for interest rates
- Capital requirements and the borrowing strategy 2021/22 to 2028/29
- The Investment Strategy 2021/22
- Investment properties 2021/22
- Debt rescheduling opportunities
- The Prudential Code
- Prudential Indicators 2021/22 to 2028/29

2. ANNUAL REVIEW 2020/21

2.1 The Council approved the Treasury & Investment Strategy for the 9 financial years 2020/21 to 2028/29 at its meeting on 7 October 2020 (report 20/179 refers).

2.2 In response to the emerging Covid-19 pandemic, the Bank of England's Monetary Policy Committee (MPC) made emergency cuts to the Bank Base Rate during March 2020 to 0.1%. Subsequently, the MPC considered introducing a negative Base Rate, and whilst this wasn't applied during the year, it remains an option for the MPC. This has, in turn, significantly increased the level of uncertainty and volatility in financial markets. The run up to the UK's departure from the European Union (EU) resulted in additional volatility. Detailed forecasting of interest rates during 2020/21 was suspended due to the high level of uncertainty in the short to medium term arising from the pandemic and in the run up to the UK leaving the EU. However, the rates were expected to remain at a low level for some time before increasing gradually back to normal levels, although the timescales were unknown. The underlying assumption for some time has been that rates will rise gradually in future years as economic growth and inflationary pressures increase.

2.3 Consequently, throughout the year, UK Government gilt yields stayed at around their historic low levels. Public Works Loans Board (PWLB) rates, which are based on the gilt yields, therefore also remained low. The PWLB had increased their lending rates by 1% in October 2019 following a significant increase in borrowing by UK local authorities. However, in November 2020, following a period of consultation, the PWLB removed the 1% increase that they had previously applied.

2.4 All Treasury activities in 2020/21 were reported to the Council through the quarterly reports. As a result of the increased new borrowing undertaken in 2019/20, there was no immediate requirement for new long term borrowing in 2020/21 with short term borrowing used to meet immediate cashflow requirements where necessary. Consequently, no new long-term borrowing was undertaken in the year, while £7.5m of PWLB loans were repaid at maturity. Several short-term market loans were borrowed for an average period of around one month.

2.5 Investments at the start of the year were £255 million and were expected to steadily reduce as the Council dealt with the impact of the pandemic. However, delivery of the Council's Capital Programme was also significantly impacted by the lockdown in the first half of the year. Whilst the programmes did pick up later in the year, over the year capital expenditure was significantly less than budgeted. Consequently, much of the planned expenditure (and borrowing requirement) has been rephased into 2021/22 and later years. As interest rates on deposits with banks reduced significantly, increased demand for borrowing by other local authorities meant that interest rates on local authority lending remained relatively high. Therefore, most of the investment activity related to lending to other local authorities. Investment of funds which were required for more immediate needs were placed in bank notice accounts and Money Market Funds. 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.

2.6 The Council's PWLB portfolio reduced from £498 million to £490.5 million, with the average interest rate on PWLB borrowing reducing from 2.61% to 2.59%. The Council's Consolidated Loans Fund rate for 2020/21, calculated in accordance with statutory guidance and including all Council debt, is estimated to be 3.07%.

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 2021/22 to 2028/29 into context, the Council's estimated treasury position at the start of the financial year (at 31st March 2021) is shown below:

		PRINCIPAL AMOUNT (£million)	AVERAGE RATE (%)
Fixed Rate	• Public Works Loan Board (PWLB)	490.5	2.59
	• Market Bonds	0.1	0.00
		490.6	2.59
Variable Rate	• Short Term Market Loans	49.0	0.07
	• Market Bonds	43.2	4.59
	• Local Loans	5.3	0.15
		97.5	2.08
TOTAL GROSS DEBT		**588.1**	**2.51**
TOTAL SHORT-TERM MARKET INVESTMENTS		**235.0**	**0.54**
TOTAL NET DEBT		**353.1**	**3.82**

3.2 The projected Borrowing Requirement for each of the next eight 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 Investment Programme Budgets which is to be funded by new borrowing.

£ million	2021/22	2022/23	2023/24	2024/25	2025/26	2026-2029	Total
Borrowing Requirement	86.5	116.3	111.4	45.3	23.5	69.1	452.1

3.3 The above figures are based upon the Composite Capital Budget for 2021/22 to 2028/29 and the Housing Revenue Account Capital Investment Programme for 2021/22 to 2025/26. 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 based upon the current level of investment 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 highlight 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, it is anticipated that no new borrowing will require to be undertaken in 2021/22 to finance the Council's planned Capital expenditure in the 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 PWLB fixed interest rates, whilst Appendix II shows the forecast in graphical form. As can be seen, increases in rates over the next few years are expected to be relatively slow and gradual, subject to short term fluctuations.

4.2 As outlined above, the Monetary Policy Committee (MPC) reduced the Bank Base Rate to 0.1% on 19 March 2020, and subsequently considered introducing a negative rate. This was in response to the growing coronavirus outbreak and its significant effect on global economic activity including in the UK. However, with significant progress now being achieved with the vaccination roll-out in the UK, in February 2021 the MPC revised upwards its forecast for economic recovery and inflation. Whilst the Bank advised that they do not expect the Base Rate to be increased for some time, the prospect for economic restrictions, and thus economic growth, to be gradually lifted throughout 2021/22 has resulted in an increase in gilt yields and PWLB rates. Further increases in gilt yields are expected to be small and gradual.

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. However, the potential for variant strains of coronavirus and future economic restrictions could limit these increases.

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 had been at exceptional low levels and fell further at the onset of the coronavirus outbreak. As stated at Section 2.3 above, during 2020/21 the PWLB removed the additional 1% they had added to their interest rates, therefore the rates available during 2021/22 are expected to remain lower than they had been for much of the previous year.

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 fall in long term rates which, for example, could occur if economic growth or inflation recovered at a slower rate than forecast. This could arise if current restrictions remained in place for longer than anticipated, or if new variant forms of the coronavirus became prevalent.

- 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 8-year programme.

4.7 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. As a result of the pandemic which affected the whole of 2020/21, a significant level of capital expenditure has been rephased into subsequent years. Following the advance borrowing undertaken in 2019/20, and in consideration of the interest rate forecasts, there is, therefore, no immediate need or expectation to borrow in 2021/22 based on current planned expenditure. 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. Therefore, new borrowing would only be undertaken if capital expenditure recovered quicker than projected, or if opportunities arose to borrow at exceptionally low levels. Short term temporary borrowing will be required to meet any immediate cashflow requirements where necessary, particularly in the first half of the year. Beyond that, short term borrowing would be required if expenditure picked up faster than expected and long-term borrowing is deferred.

5.2 The current low interest rates and long term cost certainty provided by fixed rate PWLB borrowing make this a cost effective source of financing capital expenditure. Other appropriate market instruments are, however, available to the Council and may be used where appropriate. Such market instruments 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 the 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 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 nor desirable to have no investments 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 in recent years. 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 2021/22

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, identifying the risks associated with the strategy and the 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 It is not proposed to make any 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.

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. It should be noted, however, that the TMPs were not reviewed last year as temporary arrangements have been put in place to maintain a robust control environment and enable officers to maintain the Council's treasury function whilst working from home. The TMPs will be reviewed once the new long-term working arrangements and practices become known.

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. This was the case in 2020/21 following the increased level of borrowing in 2019/20, with some funds placed on deposit for up to 24 months. Longer term investments potentially carry greater counterparty risk and a higher market risk of adverse movements in interest rates. Therefore, such investments are limited to £45 million in total (around 20% of the portfolio, as at February 2021) 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. All such longer-term investments undertaken were with other local authorities, and therefore had negligible counterparty risk.

6.7 The level of investments is anticipated to fall gradually in the first half of the financial year, with only a small proportion of fixed deposits maturing. Subsequently, in the second half of the year, as more deposits reach maturity, it is anticipated that these will be applied to reduce any short term borrowing that has been required together with supporting capital expenditure. The forecast total level of investments at the start of the current financial year is £211 million. They are expected to reduce gradually over 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 2021/22:

- 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. This strategy will be reviewed continuously in light of economic forecasts and market developments.

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 such loans. All individual loans to third parties must be approved by Council.

6.11 The submission of Quarterly Treasury and Compliance reports 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 2021/22, other than for the Council's charitable funds.

7. INVESTMENT PROPERTIES 2021/22

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 Corporate Plan 2018 - 2023 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 based on 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 2021/22, 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 maintains Prudential Indicators for the entire period of the approved Capital Budget, currently 8 years to 2028/29.

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 (Loan Charges) 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 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 2021/22 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 that the Prudential Indicators previously approved by Council on 7 October 2020 (report 20/179 refers) and based upon the current eight year Capital Budget remain in force at this time. The Prudential Indicators for 2021/22 to 2028/29 will continue to be included and monitored through the Quarterly Treasury Activity & Compliance reports. It is further proposed that the Indicators are reviewed at the time of updating the Council's Capital Budget later in 2021.

10.3 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 Authorised Limit for borrowing is currently £900 million for each year from 2021/22 to 2028/29. The limit is 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 period which is then applied in each year (to allow flexibility).

10.4 All the Indicators 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 both the cost of borrowing and returns from investment. Net annual interest charges for 2021/22 are currently estimated at £14.7 million (General Fund and Housing Revenue Account combined) and projected to rise to around £21 million by 2028/29, 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. However, at this time, the proposed Permitted Investments for 2021/22 remain unchanged and there are no proposed changes to investment limits, nor to the definition of approved counterparties.

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 proposes the current approved Prudential Indicators for the years 2021/22 to 2028/29 remain in place until the Council's Capital Budget is updated later in 2021.

11.5 It is recommended that the Council:

i) approves the 8-year Treasury Strategy for 2021/22 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 2021/22 outlined at Section 6 and detailed at Appendix III of this report.

iii) approves the Property Investment Strategy for 2021/22 outlined at Section 7 and detailed at Appendix IV of this report.

iv) approves the current Prudential Indicators for 2021/22 to 2028/29 remain in place pending the update of the Capital Budget later in 2021, as outlined at Section 10 of this report.

Author(s)

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Approved

Name	**Designation**	**Date**
Stewart MacKenzie	Head of Finance	24 March 2021
Karen Donaldson	Chief Operating Officer	24 March 2021

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 2018 – 2023 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 interim Chief Executive, and the Council's Treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

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 2021/22.
- Appendix IV – Property Investment Strategy 2021/22