Audit Committee

21st November 2022

Report of: Service Director: Finance

Title: Treasury Management Mid-Year Report 2022/23

Ward: City Wide

Officer Presenting Report: Ravi Lakhani

Recommendation

That the Mid-Year Treasury Management report for 2022/23 is noted.

Summary

This report meets the treasury management regulatory requirement that the Council receive a Mid-Year Treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans.

The significant issues in the report are:

There are no policy changes to the Treasury Management Strategy Statement; the details in this report update the position in light of the updated economic position and budgetary changes. The authority has a net borrowing requirement of £608m over the next five years but is not planning on undertaking any new borrowing during the financial year while the Council hold's adequate treasury investments to meet the liquidity requirements of the Council.

However, the Council will undertake borrowing earlier should market opportunities arise to borrow at fixed rates lower than forecasts to reduce the interest rate risk exposure to the authority due to the significant borrowing needed over the medium term to support the financing of the Council's current capital programme.

Policy

1. There are no policy implications as a direct result of this report. It should be noted that new regulations have been implemented to only allow Council's to borrow to fund capital investment in assets to deliver services and have made clear that authorities are not allowed to borrow to invest in assets primarily for yield. In addition, should the Council have any capital schemes where the intention is to invest in assets primarily for yield, regardless of the source of funding, this would preclude the Council from accessing borrowing from the Public Works Loan Board, the Council's primary source of debt financing.

Consultation

Internal

2. Strategic & Service Directors.

External

3. The Council's Treasury Management advisers

Purpose / Context of the report:

4. This report meets the treasury management regulatory requirement that the Council receive a mid-year treasury review report. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).
5. That the mid-year report is structured to highlight:
   - The economic outlook;
   - The actual and proposed treasury management activity (borrowing and investment);
   - The key changes to the Council's capital activity (the prudential indicators {PIs}).

Background

6. Treasury management is defined as:

   "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
7. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Treasury management operations aim to ensure that cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
8. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. The management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Introduction

9. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised in 2021) has been adopted by this Council. The primary requirements of the Code are:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the Full Council of an annual Treasury Management Strategy Statement (TMSS) - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during the previous year;
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For Bristol City Council the delegated body is Audit Committee.

10. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

    - An economic update for the 2022/23 financial year to 30 September 2022;
    - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
    - A review of the Council's investment portfolio for 2022/23;
    - A review of the Council's borrowing strategy for 2022/23;
    - A review of any debt rescheduling undertaken or planned during 2022/23;
    - The Council's capital expenditure and prudential indicators;
    - A review of compliance with Treasury and Prudential Limits for 2022/23.

Key Changes and updates to the Treasury and Capital Strategies

11. There are no policy changes to the TMSS; the details in this report update the position in light of the latest economic position and budgetary changes.

    The 2022–2027 Treasury Strategy (approved 15th February 2022) identified a medium term net borrowing requirement of £608m to support the existing and future Capital Programme with the debt servicing costs met from revenue savings from capital investment and the economic development fund. The Council's agreed policy is to defer borrowing while it has significant levels of treasury cash balances (£196m at September 2022, £140m estimated for March 2023). However, the Council will undertake long term borrowing when rates are deemed advantageous to reduce the Council's exposure to interest rate risk. No borrowing has been undertaken during the year and it is currently planned that no new borrowing will be undertaken during the remainder of the year while treasury balances remain elevated.

Analysis of Debt and Investments

12. A summary of the of the Council's debt and Investment position as at 30th September 2022 (including forecast at 31st March 2023) compared with 31st March 2022 is shown in the table below:

Debt & Investments	31st March 2022		31st September 2022		31st March 2023	
	Actual		Actual		Forecast	
	£m	Rate%*b	£m	Rate%*b	£m	Rate%*b
Long Term Debt – PWLB Fixed	331	4.63	331	4.63	331	4.63
Long Term Debt – Market LOBO*a	70	4.09	70	4.09	70	4.09
Long Term Debt – Market Fixed	50	4.04	50	4.04	50	4.04
Estimated "New" Short Term Borrowing	-	-	-	-	-	-
Total Debt	**451**	**4.48**	**451**	**4.48**	**451**	**4.48**
Investment	237	0.08	196	1.01	140	1.75
Net Borrowing Position	**214**	**-**	**255**	**-**	**311**	

*a Lender option Borrower option, *b reflects the average rate for the year taking account of new loans and repayments.

We are currently achieving a return of 1.01% on our investments for the period to 30 September 2022. The return for the year is expected to rise to, circa 1.75% due to anticipated base rate rises from the current 3.00%*09/11/2022 to 4.5%.

The authority's advisors are forecasting the base rate to peak at 4.5% in June 2023 before falling back in gradual rate cuts to 2.5% over the medium term. Long term interest rates (PWLB) are expected to fall from their levels in September of 5% to circa 3.20% over the medium term.

Economic Update

13. The first half of 2022/23 saw:

- Gross Domestic Product (GDP) was revised upwards in Quarter 1 of 2022/23 to +0.2% from (0.1%), which means the UK economy has avoided recession for the time being;
- Signs of economic activity losing momentum as production fell due to rising energy prices;
- Core Price Inflation (CPI) inflation eased from 10.1% in July to 9.9% in August and then rose to 10.1% in September. Domestic price pressures are showing little sign of abating in the near-term, with Inflation expected to remain elevated at over 10% in the near term until mid 2023 when inflation is expected to fall sharply;
- The unemployment rate fell to a 48-year low of 3.6% due to the shortfall in labour supply;
- Bank Rate increased by 100bps, taking Bank Rate to 2.25% with further rises anticipated (subsequently raised to 3% on 3rd November 2022);
- Gilt yields rose significantly and sterling fell following the "mini budget" on 23rd September.

14. The UK economy grew by 0.2% in Quarter 1 2022/23, below pre-pandemic levels.

There are signs of higher energy prices creating downward effects in economic activity. Both industrial production and construction output fell in July 2022 for a second month in a row.

With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

The fall in the composite Purchasing Managers Index (PMI) to a 20-month low of 48.4 in September indicates to a fall in GDP of around 0.2% in Quarter 3.

Consumer confidence is low, retail sales volumes fell by 1.6% in August, which was the ninth fall in 10 months. This has left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year.

The labour market remains exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). The unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. In July, the rate of average earnings growth rose from 5.2% in June to 5.5%.

15. Core Price Inflation (CPI) inflation eased from 10.1% in July to 9.9% in August. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. With the price of oil continuing to fall we would expect to see fuel prices fall further in the coming months.

    However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). The direction of travel for energy price inflation is dependent on what Central Government do once the price cap expires.

    Nonetheless, the rise in services CPI inflation from 5.7% in July to a 30-year high of 5.9% in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong.

16. There have been significant changes in the leadership and Cabinet of the government.

    The government announced a mini budget on the 23rd of September with significant fiscal loosening from its proposed significant tax cuts, including the utility price freeze, reversal of national insurance and cuts income and Corporation tax.

    The majority of these proposals were reversed following the change in Chancellor on the 14th of October. This was following the financial markets reaction to this mini budget and fear that the government had no fiscal anchor on the back of these announcements. The pound weakened against all major currencies adding further upward pressure to interest rates along with the Bank of England having to intervene to calm markets.

    The pound fell to a low of $1.035 on the Monday following the government's "fiscal event", it has since recovered to around $1.13.

17. The Monetary Policy Committee has increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. The Federal Reserve and European Central Bank raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest being 50 basis points rise looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% to a peak of 4.50% in June 2023. The combination of the government's fiscal loosening, the tight labour market and inflation expectations means we expect the MPC to raise interest rates by 50bps at the policy meetings in December (to 3.50%) followed by further 75 basis point rise in February and March (to 4.25%). Note interest rise to 3% on 3rd November

If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak is lower than the peak of 5.50% - 5.75% that has been priced into the financial markets.

18. Throughout 2022/23, gilt yields have been on an upward trend. They initially rose as part of the global surge in bond yields triggered by the strong rise in Core Price Inflation in the United States in May.

    The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharp at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. The Bank of England restarted Quantitative Easing although for financial stability reasons rather than monetary policy reasons.

    Since the Bank's announcement on 28th September, and the "U-turn" of the mini budget, the 30-year gilt yield has fallen back from 5.10% to 3.90%. The 2-year gilt yield dropped from 4.70% to 3.50% and the 10-year yield fell back from 4.50% to 3.60%.

19. After a "bumpy" start to the year, the stock market (FTSE 100) climbed in the first half of Q2 2022/23 before falling to their lowest levels since July 2021. The FTSE 100 is 5.2% below its level at the start of the quarter. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

Interest rate forecasts

20. The Council's treasury advisor, Link Asset Services, has provided the following forecast:

Link Group Interest Rate View 08.11.22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

PWLB rates are certainty rates, gilt yields plus 180bps

The latest forecast on 8th November sets out a view that both short and long-dated interest rates will be elevated for some time while the Bank of England seeks to reduce inflation and government is providing a package of fiscal loosening to try and protect households and businesses from the ultra-high wholesale energy prices.

The increase in Public Works Loan Board (PWLB) rates reflects a broad sell-off in sovereign bonds internationally along with investors reduced appetite due to the current position of the UK public finances. The Monetary Policy Committee (MPC) have tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control.

Investment Portfolio 2022/23

21. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in the "Economic Update" interest rates are anticipated to rise and peak at 4.5% by June 2023 at which point will fall back over the medium term to 2.5%.

    Given this environment and the likelihood that Bank Rate will rise quickly over the coming months the Council will ladder their investments on a short-term basis taking account of these anticipated rate rises that will also reduce the counterparty risk exposed to the authority by having a shorter dated investment portfolio.

22. The Council held £196m of Treasury investments as at 30th September 2022 (£237m at 31 March 2022) with an average maturity of 56 days. These investments are predominately with local authorities, money market funds and UK banks. The investment portfolio yield for the first six months of the year was 1.01%. The standard comparator for investment performance is the benchmark SONIA[1], which for the period was 1.22%.

    1SONIA – Sterling Over Night Index Average rate is a recognised reference rate to benchmark short-term investment interest rates.

23. The Chief Financial Officer confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2022/23.

24. The current investment counterparty criteria selection approved in the TMSS is the method by which treasury management investment are chosen.

Borrowing

25. The Capital Financing Requirement (CFR) denotes the Council's underlying need to borrow for capital purposes. The Council's CFR at 31 March 2023 is estimated to be £970m. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing).

26. The balance of borrowing between external and internal is generally driven by market conditions and forecasts of future cash flows and interest rates. At the 31st March 2022 the Council had external borrowings of £576m and has utilised £376m of internal cash in lieu of borrowing. This is a prudent and cost effective approach in the current economic climate but will require on-going monitoring in the event that upside risk to gilt yields prevails.

27. However, internal borrowing is a temporary measure that takes advantage of low interest rates and will ultimately be replaced by more expensive external borrowing as the cash used is required elsewhere. The timing and amount of new external borrowing is therefore dependent

on capital spending decisions, future cash flows and forecasts of interest rates.

28. The Council does have an underlying need to borrow for capital expenditure requirements, along with the Council expecting to hold significant treasury investments for the remainder of the year to meet liquidity requirements. The Council is therefore not planning on any further borrowing for the remainder of the year. This will reduce the net financing costs of the authority along with reducing the Council's exposure to counterparty risk.

However, should there be a risk that borrowing costs will rise quicker and remain elevated for longer than expected then the Council will consider borrowing to reduce the Council's internal borrowing position and reduce its interest rate risk exposure.

29. PWLB rates were on a generally rising trend throughout the year, before they rose exceptionally towards the end of September following the mini budget.

The 50-year PWLB rate for new long-term borrowing started 2022/23 at 2.40%, increasing to 5.51% before falling back to 4.20% in September. (Please note, it is estimated that PWLB rates will trend downwards through 2023 and 2024).

The graph and table below show the movement in PWLB certainty rates for the first six months of the year.

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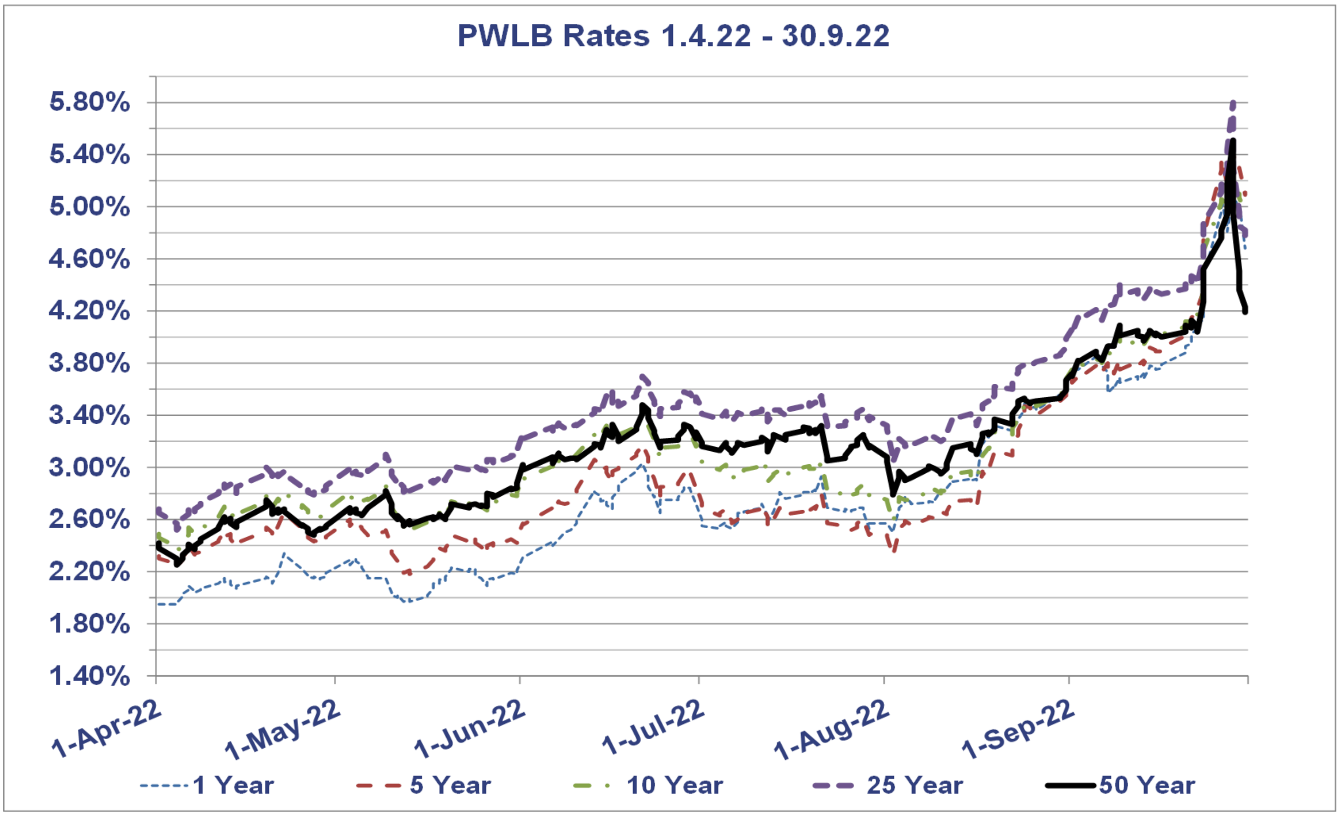

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.35%	5.80%	5.51%
Date	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
Average	2.81%	2.92%	3.13%	3.44%	3.17%
Spread	3.16%	3.26%	2.99%	3.28%	3.26%

Debt Rescheduling

30. Debt rescheduling opportunities have been limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new and repayment borrowing rates since October 2010. The authority's debt portfolio is made up of long dated loans (PWLB £331m, Market Debt (LOBOS) £70m and Market Debt (Fixed) (£50m) averaging 31 years. The estimated penalty to repay the PWLB loans early is £66m, taking the total cost to £397m. In respect of the market loans, where indicative prices have been provided, a similar level of penalty has been quoted.

31. The total life cycle cost of rescheduling loans on a discounted cash-flow basis has been reviewed with no loans providing a positive cash-flow benefit to the authority. This would in part be due to early repayment penalties that the authority will incur. For these reasons no debt rescheduling has been undertaken during the first six months of the year and none is currently anticipated for the remainder of the year. However, now that the whole of the yield curve has shifted higher there may be better opportunities in the future, although only prudent and affordable debt rescheduling will be considered.

Ethical Equitable Investment Policy

32. An Ethical Investment Policy is incorporated within the Treasury Management Practice Statements (TMPS). The City Council currently invest surplus funds with Banks and Building Societies either directly or via the Money Markets in the form of instant access cash deposit accounts, money market funds or on fixed term deposit and with other local authorities. The City Council's ethical equitable investment policy is based on the premise that the City Council's choice of where to invest should reflect the ethical values it supports in public life. The City Council will not knowingly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the City Council.

The Council's Capital Position (Prudential Indicators)

33. This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

Prudential Indicator for Capital Expenditure

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

34. This table shows the latest estimates for capital expenditure:

Capital Expenditure by Service	2022/23 Approved Programme £m	2022/23 Period 6 Forecast £m
Non-HRA	177	175
HRA	123	73
Total	**300**	**248**

35. The latest capital monitoring report for the end of September 2022 sets out a capital forecast of £248m detailed within the period 6 monitoring report presented to Cabinet in November 2022.

Financing of the Capital Programme

36. The table below draws together the capital expenditure plan and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2022/23 Approved Programme £m	2022/23 Period 6 Forecast £m
Total spend	**300**	**248**
Financed by:		
Capital receipts	73	57
Capital grants	85	86
Revenue / Reserves	34	3
HRA – Self Financing	30	30
Prudential Borrowing – Increase in Capital Financing Requirement	78	72
Total financing	**300**	**248**

Capital Financing Requirement (CFR) & Operational Boundary

37. The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose and it also shows the expected debt position over the period. This is termed the Operational Boundary.

Capital Financing Requirement	2022/23 Original Estimate £m	2022/23 Latest Estimate £m
CFR – non housing	745	725
CFR – housing	249	245
Total CFR	**994**	**970**

External Debt (Operational Boundary)	2022/23 Approved Indicator £m
Borrowing	516
Other long term liabilities*	124
Total debt 31 March	**640**

** On balance sheet PFI schemes and finance leases etc.*

38. The revised Capital Financing Requirement is based on the actual CFR as at 31 March 2022 (£914m) increased by in-year capital expenditure financed by borrowing (£72m) and reduced by the minimum revenue provision (MRP) for repayment of debt and the repayment of the debt facilities within other long term liabilities (£16m).

Limits to Borrowing Activity

39. The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2022/23 Original Estimate £m	2022/23 Latest Estimate £m
Gross borrowing	516	451
Plus other long term liabilities*	124	125
Gross borrowing & long term Liabilities	**640**	**576**
CFR* (year-end position)	994	970

** Includes on balance sheet PFI schemes and finance leases etc.*

40. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

41. A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003.

Authorised limit for external debt	2022/23 Approved Indicator £m
Total Borrowing	**1,010**

Proposal

42. That the Mid-Year Treasury Management report for 2022/23 is noted.

Other Options Considered

43. None

Risk Assessment

44. Borrowing and lending activity is reported to the Mayor.
The principal risks associated with treasury management are:

Risk	Mitigation
Loss of investments as a result of failure of counterparties	Limiting the types of investment instruments used, setting lending criteria for counterparties, investing in only high quality low risk counterparties and limiting the extent of exposure to individual counterparties
Increase in the net financing costs of the authority due to borrowing at high rates of interest / lending at low rates of interest	Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking most long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs)

Public Sector Equality Duties

45. a) Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following “protected characteristics”: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to;

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to take account of disabled persons'

disabilities);
  - encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
  - - tackle prejudice; and
  - - promote understanding.

b) There are no proposals in this report, which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

Legal and Resource Implications

Legal

The Council is under a duty to manage its resources prudently and therefore due consideration must always be given to its borrowing and lending strategy. A wide range of local authority financial activities, including borrowing, lending, financial management, and the approval of types of investment vehicle are governed by legislation and various regulations. The Council is obliged to comply with these.

(Legal advice provided by Tim O'Gara - Service Director - Legal and Democratic Services)

Financial

(a) Revenue

The financing costs arising from planned borrowing are provided for in the revenue budget and medium-term financial plan. Any additional operating costs will have to be contained within the revenue budget of the relevant department.

(Financial advice provided by Jon Clayton - Capital and Investments Manager)

(b) Capital

The latest economic forecasts and implementation of the Treasury management strategy indicate that sufficient funds will be available to fund capital expenditure over the medium term while adhering to prudential indicators.

Land

Not applicable

Personnel

Not applicable

Appendices:

None

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None