CLACKMANNANSHIRE COUNCIL

THIS PAPER RELATES TO ITEM 8

ON THE AGENDA

Report to Council

Date of Meeting: 3rd March 2016

Subject: Treasury Management Strategy Statement 2016/17

Report by: Acting Chief Accountant

1.0 Purpose

1.1. The purpose of this report is to present the Council's Treasury Management Strategy Statement for 2016/17.

1.2. CIPFA defines treasury management as:

"The management of the local authority's 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."

2.0 Recommendations

2.1. It is recommended that Council:

2.1.1. Approve the Treasury Management Strategy Statement for 2016/17 attached as Appendix A.

3.0 Considerations

Background

3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

3.2 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 that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Reporting Requirements

3.3 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

Prudential and treasury indicators and treasury strategy - The first, and most important report covers:

- the capital plans (including prudential indicators);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

The first element on Prudential Indicators was presented and approved at the Special Council meeting on 23rd February 2016. This report takes forward the Treasury Management Strategy and Investment Strategy.

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the performance of the treasury function is in line with the strategy or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2016/17

3.4 The strategy for 2016/17 covers the following areas:

- the current treasury position;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment policy;
- creditworthiness policy;
- country limits; and
- the investment strategy.

These elements cover the requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations.

Training

3.5 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. The last refresher was held on 22nd April 2014 and training for members is available on request. It is anticipated that a training session will be arranged for members during 2016/17.

The training needs of treasury management officers are periodically reviewed.

Treasury Management Consultants

3.6 The Council uses Capita Asset Services as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. The current contract is in place until July 2018.

4.0 Conclusion

4.1 The Treasury Management Strategy for 2016/17 builds on and consolidates the Council's existing Investment Strategy and Prudential Borrowing framework.

4.2 The strategy supports the delivery of the Council’s capital investment plans but also remains intent on reducing the Council's overall relative level of external debt compared to Scottish Local Authority averages.

5.0 Sustainability Implications

5.1 There are no sustainability implications.

6.0 Resource Implications

6.1 Financial Details

6.2 There are no direct financial implications arising from the recommendations in this report. Yes ☑

6.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes ☑

6.4 Staffing

6.5 None

7.0 Exempt Reports

Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☑

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☑)

The area has a positive image and attracts people and businesses	☐
Our communities are more cohesive and inclusive	☐
People are better skilled, trained and ready for learning and employment	☐
Our communities are safer	☐
Vulnerable people and families are supported	☐
Substance misuse and its effects are reduced	☐
Health is improving and health inequalities are reducing	☐
The environment is protected and enhanced for all	☐
The Council is effective, efficient and recognised for excellence	☑

(2) Council Policies (Please detail)

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ☑

10.0 Legality

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☑

11.0 Appendices

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A – 2016/17 Treasury Management Strategy Statement & Annual Investment Strategy

Appendix B - Investment Portfolio as at 31st January 2016

12.0 Background Papers

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☑ (please list the documents below) No ☐

Treasury Management in Public Service; Code of Practice and Cross Sectoral Guidance Notes 2011

The Prudential Code for Capital Finance in Local Authorities 2011

Interest rate forecasts

Economic background

Treasury management practice 1 - credit and counterparty risk management

Treasury management scheme of delegation

The treasury management role of the section 95 officer

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Approved by

NAME	DESIGNATION	SIGNATURE
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Appendix A

2016/17 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY

The suggested strategy for 2016/17 in respect of the following aspects of the treasury management function is based upon the Council's views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Asset Services.

The strategy for 2016/17 covers the following areas:

- the current portfolio position;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment policy;
- creditworthiness policy;
- country limits; and
- the investment strategy.

Borrowing

The capital expenditure plans approved at the Special Council meeting on 23rd February provided details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury indicators, the current and projected debt positions and the annual investment strategy.

1 Current Portfolio Position

Within the Prudential Indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Council's treasury portfolio position at 31 March 2015 with forward projection are summarised in the table below. The table shows;

- the cumulative level of external debt held by the Council which represents the total amount of borrowing that has been undertaken to fund the capital programme;

- the expected change in debt which is any repayments of maturing debt less new debt undertaken in the year to fund the in-year capital programme;
- Other Long Term Liabilities which is the total of any Finance Lease or PFI arrangements;
- the expected change in Other Long Term Liabilities which refers to the repayments in the year made against this debt;
- the Capital Financing Requirement which is the cumulative amount of borrowing that the Council required to borrow to fund capital expenditure; and
- the under or over borrowing position which is the difference between the required need to borrow and the actual borrowing undertaken.

The code requires local authorities to maintain an under-borrowed position in the long term, this means that the total amount borrowed does not exceed the need to borrow. An under-borrowed position can occur where cash balances have been used to fund capital expenditure whereas, an over-borrowed position can occur where borrowing has been taken in advance of need. This is permissible in the short term to take account of timing of cash flows but the Council must return to an under-borrowed position in future years.

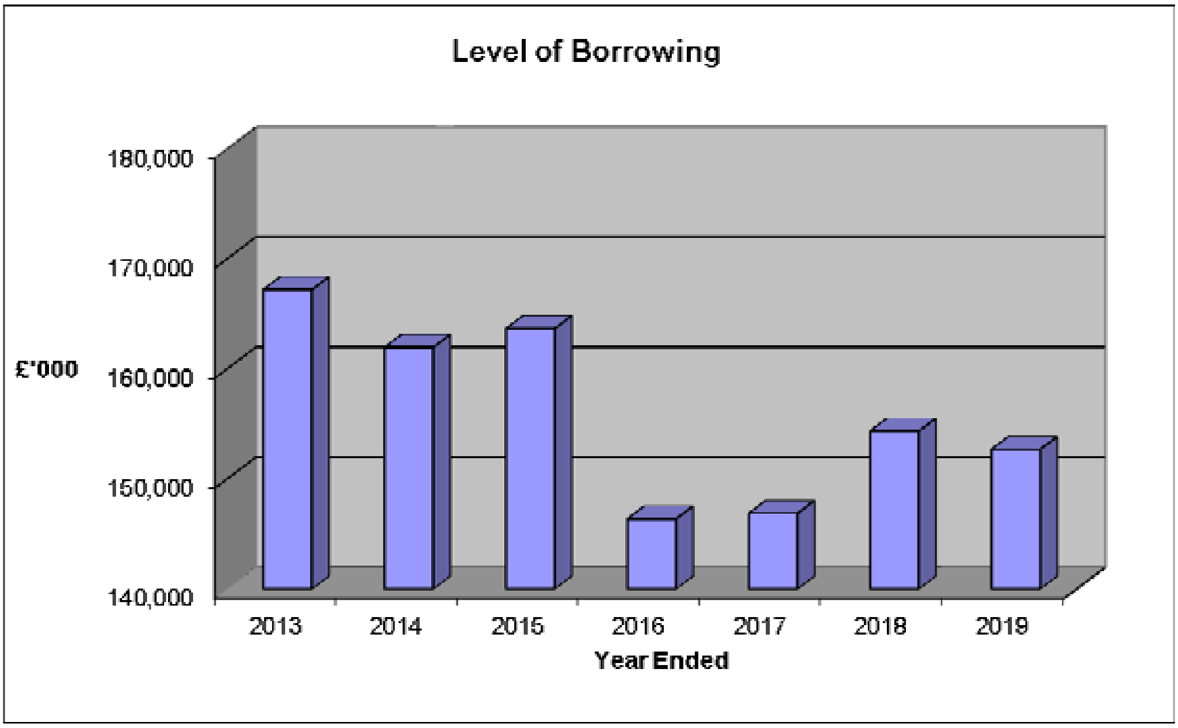
£000	2014/15 Actual	2015/16 Projection	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
External Debt					
Cumulative Debt at 1 April	115,721	118,658	102,653	104,465	113,016
Expected change in Debt	2,937	(16,005)	1,812	8,551	(699)
Other long-term liabilities (OLTL) at 1 April	46,248	45,005	43,715	42,404	41,342
Expected change in OLTL	(1,243)	(1,290)	(1,311)	(1,062)	(968)
Actual gross debt at 31 March	**163,663**	**146,368**	**146,869**	**154,358**	**152,691**
The Capital Financing Requirement	**161,238**	**156,741**	**155,850**	**155,747**	**153,488**
Under / (over) borrowing	**(2,425)**	**10,373**	**8,981**	**1,389**	**797**

At the end of 2014/15 the Council's Gross Debt was more than the Capital Financing Requirement resulting in an over-borrowed position of £2.425m. This was as a result of additional grant income being awarded for the Redwell school project after its completion. As this funding had not been agreed in advance of incurring the capital expenditure, the project borrowing had already been undertaken. By the end of 2015/16 and in future years the Council's Capital Financing Requirement is forecast below Gross Debt maintaining a consistent under-borrowed position going forward, therefore meeting the requirement of the indicator to be in an under borrowed position over the medium term.

The Capital Programme has been set in line with the Council's strategy to reduce long term debt. Repayment profiles of debt maturity mean there are variations in annual change in debt year on year. The table shows a reduction in cumulative external debt in 2015/16 with increases in the next two financial years and reducing at the end of 2018/19. This is due to there being no debt due to be repaid in the year that would offset the level of capital expenditure required per the capital programme. Despite these fluctuations, overall the table shows a potential reduction in loan debt of £11m over the years 2015/16 to 2018/19. The difference between the level of borrowing and the CFR shows the amount of internal borrowing/utilisation of cash balances to fund Capital expenditure.

The steady reduction in other long term liabilities reflects the annual repayments of the PFI debt and street lighting finance lease.

The continuing trend in reducing the Council's level of borrowing is consistent with the Treasury Strategy. This is illustrated in the following chart, demonstrating actual and forecast level of debt up to 2018/19.



2 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Capita central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2016	0.50	1.70	3.20	3.00
June 2016	0.50	1.90	3.20	3.00
Sept 2016	0.50	2.00	3.30	3.10
Dec 2016	0.50	2.10	3.30	3.10
March 2017	0.75	2.20	3.50	3.30
June 2017	0.75	2.30	3.50	3.30
Sept 2017	1.00	2.40	3.60	3.40
Dec 2017	1.00	2.60	3.60	3.40
March 2018	1.25	2.70	3.70	3.50
June 2018	1.25	2.80	3.70	3.60
Sept 2018	1.50	2.90	3.70	3.60
Dec 2018	1.50	3.00	3.80	3.70
March 2019	1.75	3.10	3.80	3.70

UK economic growth rate has been the strongest of any G7 country for the previous two years and is likely to be again in 2015/16 although it is likely to disappoint previous forecasts and come in at a weakened lower rate. The overall strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.1%. The Bank of England's November Inflation Report included a forecast for growth to gain stronger momentum over the next three years, driven mainly by strong consumer demand and recovery of wage inflation. Investment expenditure is also expected to support growth. The weakening of the UK economic growth rate during 2015 and the deterioration of prospects in the international scene, have consequently led to forecasts for when the first increase in Bank Rate would occur, being pushed back to quarter 1 of 2017. The Government’s revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

The United States of America (US), the largest world economy, made a strong comeback after a weak first quarter’s growth at +0.6%(annualised) in 2015/16. The run of strong monthly increases in non-farm payroll figures for employment prepared the way for a long awaited first increase in rates of 0.25% in December 2015. However, the accompanying message with this is that further increases will be at a much slower rate.

The current economic outlook and structure of market interest rates and government debt yields have key treasury management implications:

- The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate

- Investment returns are likely to remain relatively low during 2016/17 and beyond;

- Borrowing interest rates have been highly volatile during 2015 as alternating good and bad news have promoted optimism, and then pessimism, in financial markets. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt.

- There remains a cost of carrying any new borrowing which causes an increase in investments as this will continue to incur a revenue loss between borrowing costs and investment returns.

3 Borrowing Strategy

Over the medium term the Council is forecasted to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2016/17 treasury operations. The Depute Chief Executive will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Borrowing Requirement

The Council's borrowing requirement shown in the table below is based on the in year borrowing estimated to be needed to fund the net expenditure in the Financial Plans / Capital Budgets for both Housing and General Fund Services which were approved at the Special Council meeting in February 2016.

The actual timing of any borrowing will be influenced by prevailing interest rates and expectations for future movement on rates. It may, for instance, be beneficial to delay borrowing until later than expected if interest rates remain low. Similarly, any slippage in the delivery of the capital programme or conversely new initiatives requiring funding will influence the timing of borrowing.

Over the longer term, repayments towards maturing debt should be higher than any new borrowing being undertaken to fund the Capital programme. The table below shows a reduction in external borrowing over the three years to 2018/19. This is consistent with the Council's existing strategy to reduce overall level of external debt compared to Scottish averages.

	2016/17 Estimate £000	**2017/18 Estimate £000**	**2018/19 Estimate £000**
Net New External Borrowing Requirement	1,817	8,556	(694)
Repayment of Maturing Debt	6,200	0	7,000
Total Borrowing Requirement	**8,017**	**8,556**	**6,306**

It should be noted that if replacement borrowing takes place it does not increase the level of the Council's total debt because by its nature this borrowing is replacing debt which already exists. The impact on the Council's external debt position would therefore only be the net new borrowing requirement shown.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2016/17	2017/18	2018/19
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on • **Debt** • **Investments**	 90% 60%	 90% 60%	 90% 60%
Limits on variable interest rates based on • **Debt** • **Investments**	 25% 75%	 25% 75%	 25% 75%
Maturity structure of fixed interest rate borrowing 2015/16			
		Lower	**Upper**
Under 12 months		0%	25%
12 months to 2 years		0%	25%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years and above		0%	100%
Maturity structure of variable interest rate borrowing 2015/16			
		Lower	**Upper**
Under 12 months		0%	25%
12 months to 2 years		0%	25%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years and above		0%	100%

4 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

5 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;

- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Council at the earliest meeting following its action.

Annual Investment Strategy

1 Investment Policy

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The intention of the strategy is to provide security of investment and minimisation of risk. Investment instruments identified for use in the financial year and Counterparty limits will be as set through the Council's treasury management practices – schedules.

Opportunities for investment arise naturally through Treasury Management activity and in particular the management of cash flows which can result in peaks and troughs in the amount of cash required during the year. The Council can also choose to have its various funds and reserves backed by cash held. Accordingly at any given point in time the Council is likely to have sizeable sums of cash available and in a best value context it is incumbent upon the Council to generate a return on such surplus cash by investing it wisely. It should be noted that these cash balances currently amount to over £9.4m as at 31st January 2016. Income generated on the use of surplus cash contributes to keeping the net expenditure of the Council lower than it otherwise would be.

The Council's investment policy has regard to the Scottish Government's Investment (Scotland) Regulations (and accompanying Finance Circular) and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

The Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings. This is fully integrated into the credit methodology provided by the advisors, Capita Asset

Services in producing its colour codings which show the varying degrees of suggested creditworthiness.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

2. Creditworthiness Policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated weighted modelling approach utilising a wide array of information sources including credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The use of a weighted approach reflects the average view across agencies.

This approach produces a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands*:*

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings of counterparties currently used will be monitored monthly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will also use market data and market information, information on sovereign support for banks and the credit ratings of that supporting government.

In the case where an investment is outwith the scope of the ratings agencies the Council will analyse the financial information available for that organisation such as annual accounts to asses the financial viability of the investment. Joint Venture arrangements, contractual agreements and financial guarantees from the Scottish Government are some of the elements that are used for the Council's current investments to ensure a minimal level of financial risk. For the investments listed in Appendix B, these all fall outwith the scope of the ratings agencies.

3. Country limits

The Council has determined that it will only use approved counterparties registered to take deposits in the United Kingdom or approved counterparties registered in other countries who have an equal or better sovereign credit rating.

4. Investment Strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 1 of 2017. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

Taking account of the current investment returns the suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next five years are as follows:

- 2016/17 0.60%
- 2017/18 1.25%
- 2018/19 1.75%
- 2019/20 2.00%
- 2020/21 2.25%

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	**2016/17**	**2017/18**	**2018/19**
Principal sums invested > 364 days	£12m	£12m	£12m

For its cash flow generated balances, the Council will seek to utilise its bank instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

Onlending to Registered Social Landlords (RSL's)

The Scottish Government has recently granted powers to enable Scottish Local Authorites to on lend to Registered Social Landlords in order to assist in the development of affordable housing. Any plans to utilise these powers will be reported for appropriate Council approval.

5. End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

APPENDIX B: Investment Portfolio as at 31st January 2016

Cash and Cash Equivalents	Principal (£000)	Interest Rate	Account Type
Bank of Scotland Plc	9,088	0.40%	Instant Access
Other Accounts	334	-	
Total Cash and Cash Equivalents	**9,422**	**0.40%**	

Short Term Investments	Principal (£000)
CSBP Developments	848
Total Short Term Investments	**848**

Long Term Investments	Principal (£000)
CSPB Investments	1
Clackmannanshire Regeneration	4,906
Coalsnaughton NHT Project	2,976
Total Long Term Investments	**7,883**

TOTAL INVESTMENTS	**18,153**