Braintree District Council

CORPORATE GOVERNANCE GROUP
AGENDA

Wednesday, 20th January 2021 at 7.15pm

In accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, this meeting will be held via Zoom and by the Council's YouTube channel – Braintree District Council Committees.

Members of the public will be able to view and listen to this meeting via YouTube.
To access the meeting please use the link below:
http://www.braintree.gov.uk/youtube

Members of the Corporate Governance Group are requested to attend this meeting to transact the business set out in the Agenda.

Membership:-

Councillor P Euesden
Councillor D Hume
Councillor H Johnson (Vice Chairman)
Councillor D Mann
Councillor Miss V Santomauro
Councillor R van Dulken (Chairman)
Councillor D Wallace
Councillor T Walsh
Councillor Mrs L Walters

Members unable to attend the meeting are requested to forward their apologies for absence to the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by 3pm on the day of the meeting.

A WRIGHT
Chief Executive

INFORMATION FOR MEMBER – DECLARATIONS OF MEMBERS' INTERESTS

Declaration of Disclosable Pecuniary Interests (DPI), Other Pecuniary Interests (OPI) or Non-Pecunitry Interests (NPI).

Any Member with a DPI, OPI or NPI must declare the nature of their interest in accordance with the Code of Conduct. Members must not participate in any discussion of the matter in which they have declared a DPI or OPI or participate in any vote, or further vote, taken on the matter at the meeting. In addition, the Member must withdraw from the Chamber where the meeting considering the business is being held unless the Member has received a dispensation from the Monitoring Officer.

Public Question Time – Registration and Speaking:

In response to the Coronavirus the Council has implemented procedures for Public Question Time for its virtual meetings which are hosted via Zoom.

The Agenda allows for a period of up to 30 minutes for Public Question Time.

Participation will be via the submission of a written question or statement which will be read out by an Officer or the Registered Speaker during the meeting. All written questions or statements should be concise and should be able to be read **within 3 minutes** allotted for each question/statement.

Members of the public wishing to participate are requested to register by contacting the Governance and Members Team on 01376 552525 or email governance@braintree.gov.uk by midday on the working day before the day of the Committee meeting. For example, if the Committee meeting is due to be held on a Tuesday, the registration deadline is midday on Monday, (where there is a bank holiday Monday you will need to register by midday on the previous Friday).

The Council reserves the right to decline any requests to register for Public Question Time if they are received after the registration deadline.

Upon registration members of the public may indicate whether they wish to read their question/statement or to request an Officer to read their question/statement on their behalf during the virtual meeting. Members of the public who wish to read their question/statement will be provided with a link to attend the meeting to participate at the appropriate part of the Agenda.

All registered speakers are required to submit their written questions/statements to the Council by no later than 9am on the day of the meeting by emailing them to governance@braintree.gov.uk In the event that a registered speaker is unable to connect to the virtual meeting their question/statement will be read by an Officer.

Questions/statements received by the Council will be published on the Council's website. The Council reserves the right to remove any defamatory comment in the submitted questions/statements.

The Chairman of the Committee has discretion to extend the time allocated for public question time and to amend the order in which questions/statements are presented to the Committee.

Documents: Agendas, Reports, Minutes and Public Question Time questions and statements can be accessed via www.braintree.gov.uk

Data Processing: During the meeting the Council will be collecting performance data of participants' connectivity to the meeting. This will be used for reviewing the functionality of Ms Teams/Zoom and YouTube as the Council's platform for virtual meetings and for monitoring compliance with the legal framework for Council meetings. Anonymised performance data may be shared with third parties.

For further information on how the Council processes data, please see the Council's Privacy Policy. https://www.braintree.gov.uk/info/200136/access_to_information/376/privacy_policy

We welcome comments to make our services as efficient and effective as possible. If you have any suggestions regarding the meeting you have attended, you can send these to governance@braintree.gov.uk

PUBLIC SESSION

1 Apologies for Absence

2 Declarations of Interest
To declare the existence and nature of any Disclosable Pecuniary Interest, other Pecuniary Interest or Non-Pecuniary Interest relating to items on the agenda having regard to the Code of Conduct for Members and having taken appropriate advice where necessary before the meeting.

3 Minutes of the Previous Meeting
To approve as a correct record the minutes of the meeting of the Corporate Governance Group held on 19th November 2020 (copy previously circulated).

4 Public Question Time
(See paragraph above)

	Monitoring and Finance	**Page**
5	**Key Financial Indicators - 30th November 2020**	**5 - 12**
6	**Fraud Update**	**13 - 24**
7	**Draft Treasury Management Strategy 2021/22**	**25 - 43**

8 Urgent Business - Public Session
To consider any matter which, in the opinion of the Chairman, should be considered in public by reason of special circumstances (to be specified) as a matter of urgency.

PRIVATE SESSION

CORPORATE GOVERNANCE GROUP
20th January 2021

Braintree District Council

Key Financial Indicators – 30th November 2020	Agenda No: 5

Portfolio	**Finance and Performance Management**
Corporate Outcome:	**A high performing organisation that delivers excellent and value for money services** **Delivering better outcomes for residents and businesses and reducing costs to taxpayers**
Report presented by:	**Trevor Wilson, Head of Finance**
Report prepared by:	**Trevor Wilson, Head of Finance**

Background Papers: None.	**Public Report** **Key Decision: No**

Executive Summary:

The attached schedule (Appendix A) of key financial indicators provides details of performance recorded for the financial year to 30th November 2020.

Commentary:

a) The net General Fund revenue budget for the year is £15.226m. The net expenditure incurred in the year to 30th November was £10.834m. This represents a positive variance of £232,000 compared to the profiled budget of £11.066m. This variance results from a combination of: the impact of Covid on the Council's income generating services and additional unbudgeted expenditure; Emergency funding and income losses compensation support scheme from Central Government; and non-Covid related expenditure reductions against budget including reduced fuel costs and reduced processing costs of recycling materials as a result of capital investment towards improved facilities.

b) Assessments of the financial impact of Covid on the Council have been requested on a monthly basis by the Government. The latest return (8th) was submitted on 11th December, and for this it was estimated that additional expenditure of £1.195m and a reduction in income of £2.347m are expected in 2020/21. In addition, based on the collection rates for the eight months of this year it is forecast that £3.191m of council tax and £0.533m of business rates will not be collected during the year. The Government has provided £1.952m of Emergency funding to the Council for this year and in addition is providing a compensation scheme for losses from sales, fees and charges. Two applications for compensation, totalling of £699,919, relating to the periods April to July and August to November, have been submitted, the second on 16th December. A final application will be submitted in April 2021 for the remaining months of the year. The Government has also recently announced that it will provide financial support for irrecoverable losses of council tax and business rates in the year: detail of the scheme is awaited.

c) Accountants are currently finalising work with service managers on the third quarter (end of December) information to assess the impact of the COVID-19 pandemic and to predict the outturn position for the year. The outcome of this will be included in the Quarterly Performance report which will be received by the Cabinet on 8th February 2021 and will inform the budget setting process for 2021/22.

d) The total budget for Salaries for the year is £18.778million. Expenditure on salaries for the year to the end of December was £12.544m. This compares to a profiled budget of £12.613m. The positive variance of £69,000 is after allowing for £200,000 of the Efficiency Factor (£300,000 for the year). It should be noted that the profiled budget has been updated to incorporate the actual pay award of 2.75%, which was higher than the provision of 2% included in the original budget. The additional cost is £135,000 for the year and this is to be met from balances.

e) The budget for the year for rental income received from commercial and industrial properties is £2.901m, which consists of 218 leases, and is net of an allowance for voids of £52,380. The actual value of rents invoiced to the end of November is £2.445m against a profiled budget of £2.425m. All properties were occupied as at 30th November.

f) Expenditure on capital projects, to the end of November, was £13.723m against the updated Capital Programme of £39.154m, which includes estimated expenditure on: Manor Street Development of £16.221m; Horizon 120 of £12.465m; I-Construct of £1.144m; Suffolk Waste Partnership investment of £1.228m; and Pedestrianisation of Braintree town centre of £2.737m. The main schemes on which expenditure has been incurred are: Suffolk Waste Partnership investment (£1.228m), Manor Street Development (£6.470m), Horizon 120 (£3.971m) and Pedestrianisation (£0.887m).

g) The total Council Tax collectable debit for the year is £97.92m. The collection rate as at the end of November is 75.74% (£74.17m collected), which compares to a rate of 77.15% for the same period last year.

h) The total Business Rates (National Non-Domestic Rates) collectable debit for the year is £26.39m. The collection rate as at the end of November is 73.53% (£19.41m collected), which compares to a rate of 75.52% for the same period last year. The amount collectable is lower than in previous years due to the Government's Expanded Retail and Nursery rate relief schemes having been awarded with a total value of £19.141m.

i) A total of 470 write-offs of Council Tax, with a value of £22,662 have been authorised in the year to 30th November: 85 in respect of the current year and 385 in respect of previous financial years.

j) A total of 29 write-offs of Business Rates, with a net value of £33,705, have been authorised in the year to 30th November: 8 in respect of the current year and 21 in respect of previous financial years.

k) The amount of sundry debts owed to the Council, i.e. monies other than for Council Tax and NNDR, was £4.325m, of which £1.636m was in respect of Housing Benefit overpayments. Payment plans are agreed and range from payment within 14 days and payments by instalments throughout the year to plans determined under Regulations (prescribed maximum amount that can be received from a debtor's benefit award).

l) The rate of return achieved on investment of the Council's balances and funds in the year to-date is 0.32%. This return was achieved on an average amount invested of £48.15m and relates solely to monies placed with banks, building societies, other local authorities, the Debt Management Office and in Money Market Funds.

m) Dividend received/declared in the year to 30th November is £440,633, an annualised return of 3.47%. The market values of these pooled funds show an unrealised net surplus in the principal sum of £0.111m as at 30th November 2020. The total invested in pooled funds; equity, property and multi-asset funds, was £19m at the end of November. These investments are placed in the knowledge that their capital values will be subject to volatility but overall their trend has been positive over the medium term (i.e. over a minimum of 3 years).

n) Detail of the Council's investments of surplus monies, totalling £60.93m, as at 30th November 2020, is provided at Appendix B.

Recommended Decision:

Members are asked to accept the report of the Key Financial Indicators as at 30th November 2020.

Purpose of Decision:

To provide evidence that the Council adopts good practice in actively monitoring its financial performance and actively manages issues that may arise.

Any Corporate implications in relation to the following should be explained in detail.

Financial:	Detailed in the report.
Legal:	None.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.

Risks:	Regular consideration of a suite of Financial Health Indicators is recommended good practice.
Officer Contact:	Trevor Wilson
Designation:	Head of Finance
Ext. No:	2801
E-mail:	Trevor.wilson@braintree.gov.uk

Key Financial Indicators at 30th November 2020

APPENDIX A

	Full Year Budget 2020/21	Actual 30 Nov 2020	Profile to 30 Nov 2020	Variance from Profile	
	£'000	£'000	£'000	£'000	%
General Fund - Expenditure					
Salaries	18,778	12,544	12,613	-69	-0.5%
Other Controllable Expenditure	37,639	27,442	27,241	201	0.7%
General Fund - Income					
Commercial & Industrial Property - Rental Income	-2,901	-2,445	-2,425	-20	0.8%
Other Controllable Income	-38,290	-26,707	-26,363	-344	1.3%
General Fund - Net Revenue (Controllable)	**15,226**	**10,834**	**11,066**	**-232**	**-2.1%**
Capital Programme	39,154	13,723			

	Full Year Target	Actual 30 Nov 2020	Actual 30 Nov 2019	Variance
Council Tax collection in year - %	98.30%	75.74%	77.15%	-1.41%
Council Tax collection - income collected for year - £m	£97.92	£74.17	£72.56	£1.60
Write-offs in year - £'000		£8	£18	-£10
Write-offs in year - number		85	165	-80
Write-offs all years £'000		£23	£85	-£62
Write-offs all years - number		470	1047	-577
Business Rates collection in year - %	98.60%	73.53%	75.52%	-1.99%
Business Rates collected for year - £m	£26.39	£19.41	£32.89	-£13.48
Write-offs in year - £'000		£9	£44	-£35
Write-offs in year - number		8	30	-22
Write-offs all years - £'000		£34	£131	-£97
Write-offs all years - number		29	64	-35
Creditors - payment of invoices within 30 days of receipt	99.25%	97.70%	99.55%	-1.85%

Debtors - Balance Outstanding	**31-Mar-18**	**31-Mar-19**	**31-Mar-20**	**30-Nov-20**
	£'000	£'000	£'000	£'000
Service Level Agreement charges - principally Tabor Academy and residents of Twin Oaks, Stisted	197	190	181	280
Capital Projects	-	-	-	992
Charges for services provided by: Democratic Services, Training Services, Procurement Services, etc.	7	12	12	55
Charges for services provided by: ICT, Marketing, Offices, Elections, etc	80	43	60	111
Development & Environment	538	485	284	229
Finance	111	91	92	140
Leisure	65	189	122	63
Operations	1,219	953	1,076	758
Housing	47	51	65	61
Sub-Total - excluding Hsg. Benefits	2,264	2,014	1,892	2,689
Housing Benefits	1,745	1,719	1,673	1,636
Total	**4,009**	**3,733**	**3,565**	**4,325**

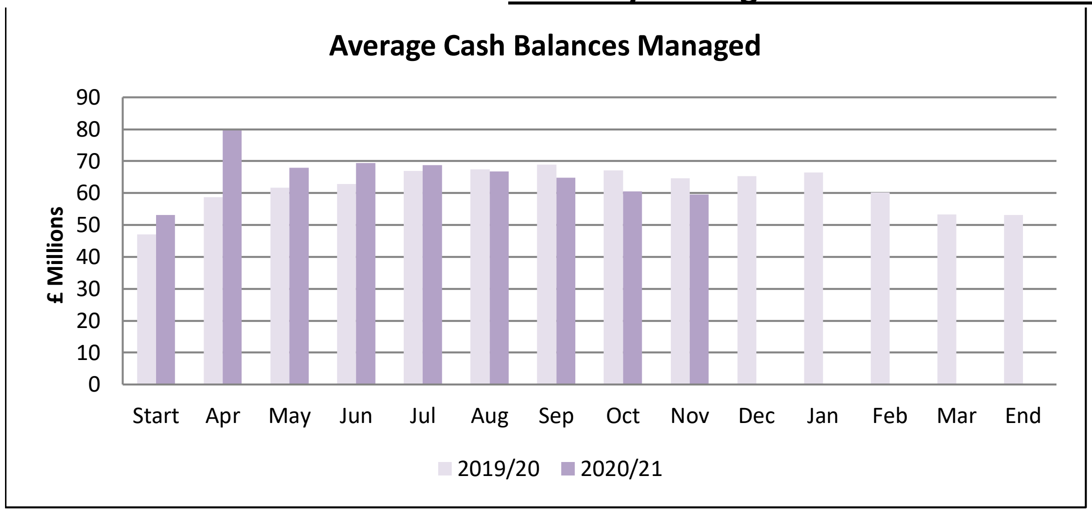
Profile by Recovery Stage:				
Invoice	2,542	2,109	1,914	2,209
Reminder	329	421	648	990
Final Notice	-	-	-	
Pre-legal	567	366	104	359
Enforcement Agent	310	354	328	189
Tracing Agent	2	-	3	-
Charging Order	31	31	30	22
Attachment to Benefits/Earnings	228	452	538	556
Summons	-			
Total	**4,009**	**3,733**	**3,565**	**4,325**
Write offs (debits and credits) in year - value - £000	£161.4	£5.1	£7.7	£0.2
Write-offs in year - number	392	140	114	99

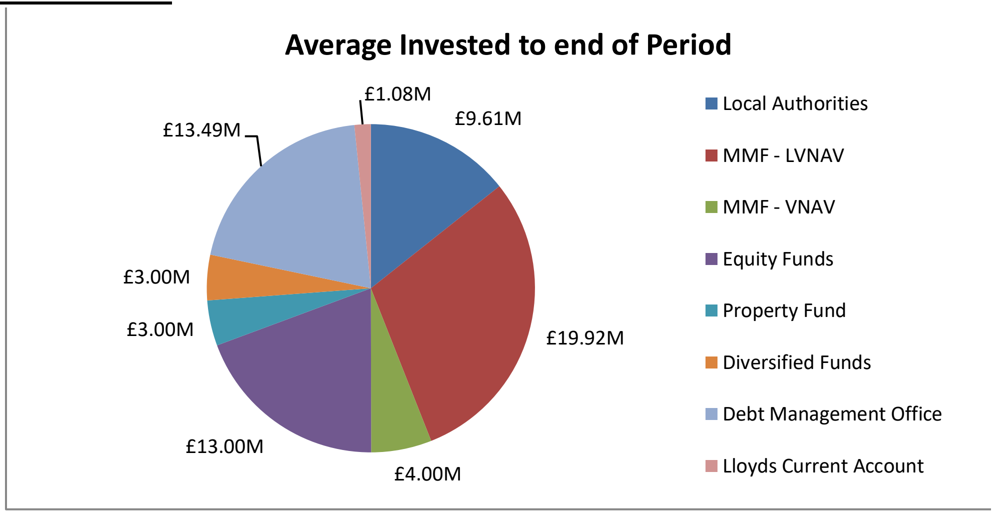
Progress on achieving Efficiency Savings Targets

The amount of the Efficiency Savings target included in the budget for 2020/21 is a net amount of £300,000. The underspend on salaries of £69,000, recorded above, is after offsetting £200,000 of the target.

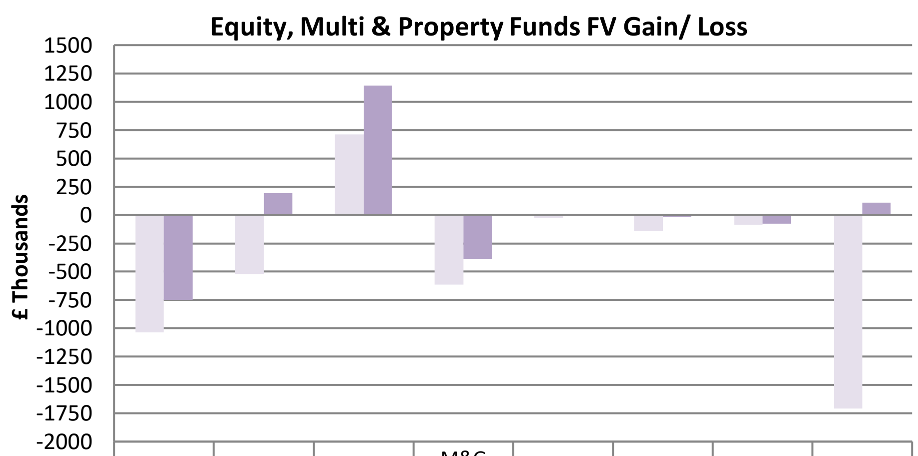
Treasury Management Monitor - November 2020

APPENDIX B





	Investment Activity			
	This Month		Cumulative	
	Made £m	Sold £m	Made £m	Sold £m
External Investments				
Property Fund	0.0	0.0	0.0	0.0
Equity Funds	0.0	0.0	0.0	0.0
Multi Funds	0.0	0.0	0.0	0.0
MMF - LVNAV	2.0	-0.5	20.5	-14.0
MMF - VNAV	0.0	0.0	0.0	0.0
Sub-Total	**2.0**	**-0.5**	**20.5**	**-14.0**
Deposits - Fixed				
UK Bank & Building Soc.	0.0	0.0	0.0	0.0
Non-UK Banks	0.0	0.0	0.0	0.0
Debt Mgt Office	11.5	-5.5	800.0	-788.5
Local Authorities	0.0	0.0	5.0	-15.0
Sub-Total	**11.5**	**-5.5**	**805.0**	**-803.5**
Lloyds Bank PLC	0.0	-0.6	0.0	-0.2
Sub-Total	**0.0**	**-0.6**	**0.0**	**-0.2**
Total	**13.5**	**-6.6**	**825.5**	**-817.7**



	Schroders	Threadneedle	M&G	M&G Extra Income	Investec	Kames Capital	CCLA Property	All Funds
Last Month	-1037190	-520813	711340	-613878	-24441	-140649	-84445	-1710076
This Month	-749606	195256	1142290	-385483	-883	-13495	-77021	111058

Commentary

Average sum invested in the month £59.6m (Last year £64.69m)

Average sum invested for the year to date £67.15m (Last year £64.78m)

Actual sum invested at the end of the period £60.93m (Last year £61.51m)

Interest secured on instant access accounts, fixed deposits, and MMFs at the end of the period £103148 a return of 0.32% [Annual Updated Budget £169k]

Note: 3mth Libid 0.14% 6mth LIBID 0.22%

Dividends earned (declared) on equity, property and diversified funds to the end of the period £441k [Annual Budget £890k]

Unrealised gain/ -loss at end of period for equity, property and diversified funds is a net £111k a change of £1821k from last month

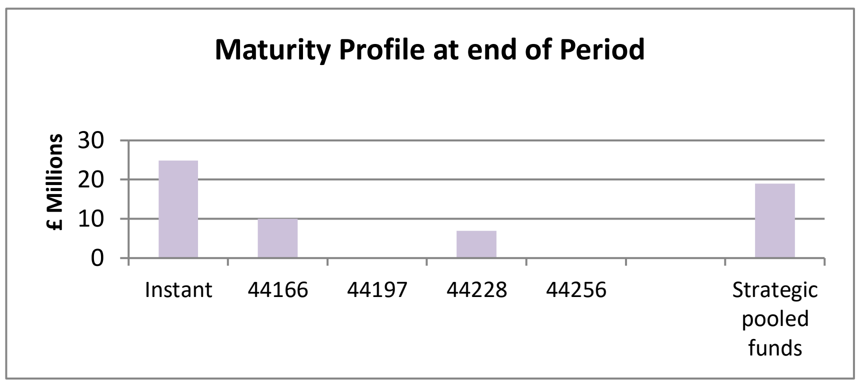
The Council has received significant additional funds for COVID-19 measures for business grants and hardship funding. Along with maturing loans and in-year cash flows, these have been held on the Debt Management Office Account whilst being drawndown. Rolling deposits with DMO have therefore increased investment activity but with minimal returns.

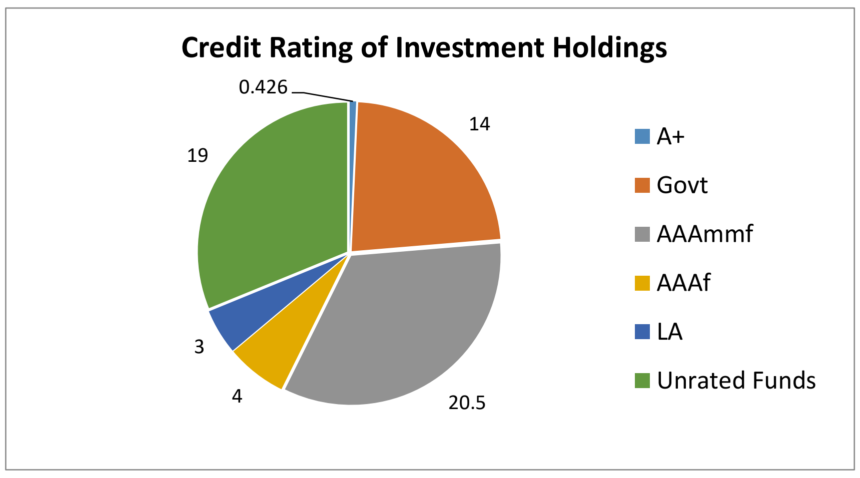
INVESTMENT HOLDINGS AT END OF PERIOD

COUNTERPARTY	Type	Principal	Start	Maturity	Yield
BIRMINGHAM CITY COUNCIL	DEPOSIT - LA	3000000	20/04/2020	01/02/2021	1.10%
DEBT MANAGEMENT OFFICE	FIXED	4000000	15/10/2020	01/02/2021	0.01%
DEBT MANAGEMENT OFFICE	FIXED	4000000	19/10/2020	21/12/2020	0.01%
DEBT MANAGEMENT OFFICE	FIXED	6000000	27/11/2020	11/12/2020	0.00%
LLOYDS BANK	CALL A/C	426000	30/11/2020	01/12/2020	0.00%
DEUTSCHE	MMF	3000000	30/11/2020	01/12/2020	Variable
GOLDMAN SACHS	MMF	2500000	30/11/2020	01/12/2020	Variable
CCLA PUBLIC DEPOSIT	MMF	5000000	30/11/2020	01/12/2020	Variable
FEDERATED PRIME	MMF	5000000	30/11/2020	01/12/2020	Variable
ABERDEEN STANDARD	MMF	5000000	30/11/2020	01/12/2020	Variable

EXTERNAL FUND INVESTMENTS

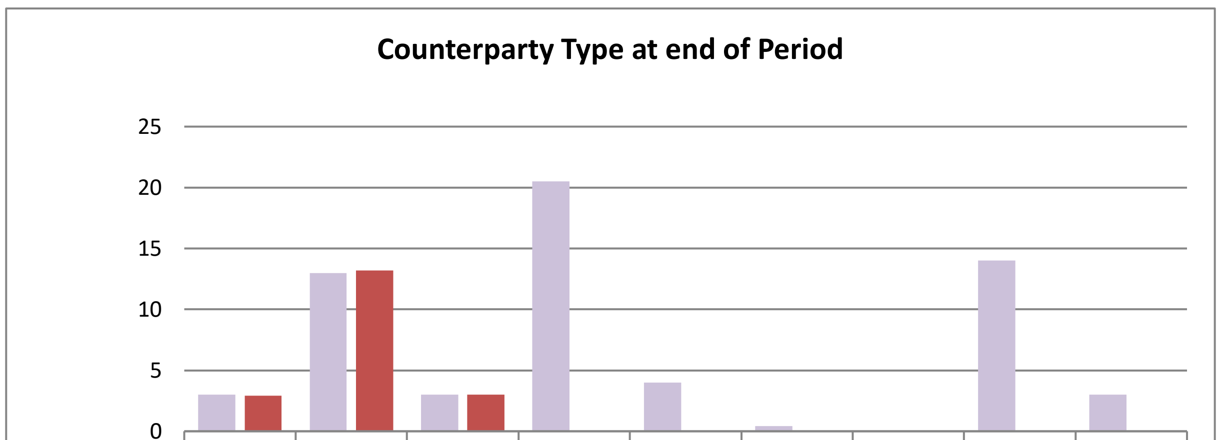
SHRODERS INCOME MAX.	EQUITY	2500000	[redacted]		Variable
THREADNEEDLE UK EQUITY	EQUITY	5000000			Variable
M&G GLOBAL DIVIDEND	EQUITY	2500000			Variable
M&G EXTRA INCOME	EQUITY	3000000			Variable
KAMES CAPITAL	MULTI	2000000			Variable
INVESTEC	MULTI	1000000			Variable
CCLA – LAMIT PROPERTY	PROPERTY	3000000			Variable
ROYAL LONDON CASH PLUS	MMF-VNAV	4000000			Variable





Treasury Management Monitor - November 2020

APPENDIX B



	Property Fund	Equity Funds	Diversified Funds	MMF - LVNAV	MMF - VNAV	Lloyds Bank	Non-UK Banks	Debt Mgt Office	Other LAs
Exposure £m	3	13	3	20.5	4	0.426	0	14	3
MV £m	2.922979	13.202457	2.985622						

CORPORATE GOVERNANCE GROUP
20th January 2021

Fraud Update	**Agenda No: 6**

Portfolio	**Finance and Performance Management**
Corporate Outcome:	**A high performing organisation that delivers excellent and value for money services**
Report presented by:	**Angela Mitchell, Audit, Insurance and Fraud Manager**
Report prepared by:	**Angela Mitchell, Audit, Insurance and Fraud Manager**

Background Papers:	**Public Report**
None.	**Key Decision: No**

Executive Summary:

This report provides Members with an overview of Fraud affecting Local Authorities, and the work undertaken by staff, including the Audit, Insurance and Fraud and Revenues and Benefits teams in this respect.

This report also presents a Corporate Policy on the Use of Social Networking Sites for Investigations. The policy clarifies legitimate uses of social media to prevent misuse, and the circumstances in which such activity becomes targeted or covert surveillance requiring authorisation under the Regulation of Investigatory powers Act 2000.

Recommended Decision:

Members note the report and approve the Use of Social Networking Sites for Investigations Corporate Policy.

Purpose of Decision:

The Corporate Governance Group functions include monitoring the effectiveness of the Council's risk management procedures, the internal control environment and counter fraud and corruption arrangements

The Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to periodically report significant risk and control issues, including fraud risks. The PSIAS also require the function, as part of Internal Audit Risk Management activity, to evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

This report summarises fraud risks affecting the public sector, and approaches taken by the Council to address those risks, and presents a Corporate policy on investigations using social media to guide staff conducting such investigations.

Any Corporate implications in relation to the following should be explained in detail.	
Financial:	None.
Legal:	The provision of additional clarification to staff on the conduct of investigation activity will ensure such activity continues to be conducted in an appropriate and lawful manner.
Safeguarding:	None.
Equalities/Diversity:	None.
Customer Impact:	None.
Environment and Climate Change:	None.
Consultation/Community Engagement:	None.
Risks:	None.
Officer Contact:	Angela Mitchell
Designation:	Audit, Insurance and Fraud Manager
Ext. No:	2821
E-mail:	Angie.mitchell@braintree.gov.uk

1. INTRODUCTION

1.1. The Council's Counter Fraud Strategy states the Council is determined that the culture and tone of the organisation is one of openness, honesty and opposition for theft, fraud, corruption and bribery, and that there is an expectation and requirement that Council Members, Chief Officers and staff at all levels will lead by example in these matters and that all individuals and organisations associated with the Council will recognise this strategy and associated policies.

1.2. The Council has adopted a corporate anti-fraud framework including Codes and Policies which underpin this strategy and exist to protect the Council against loss and reputational damage arising from theft, fraud, corruption or bribery. The approach includes:

- An established Corporate Governance Group whose remit includes monitoring the effectiveness of counter fraud and corruption arrangements
- Adopted Codes of Conduct for Members and Officers
- The Constitution, including Financial Procedure Rules and Contract Procedure Rules
- Dedicated and qualified Audit and Fraud staff whose roles includes detection, prevention and sanctioning of fraud
- Participation in data matching exercises to increase opportunity for detection of fraud, these include the National Fraud Initiative, the Pan Essex Compliance and Counter Fraud Scheme, and LoCTA (Locating Council Tax Absconders), all of which provide access to data and matches across a range of data sets
- Review of fraud risks and approaches

1.3. The Government's Economic Crime Plan states the number of fraud offences rose by 12% during 2018 to 3.6 million – constituting a third of all crimes in the UK. Assessments within both the public and private sectors indicate that the scale of the economic crime threat continues to grow. Economic crime involves unlawfully obtaining profit or advantage from money, finance or assets and includes criminal activity which:

- Allows criminals to benefit from the proceeds of crimes or fund further criminality
- Damages our financial system and harms the interest of legitimate business
- Undermines the integrity of the UK's position as an international financial centre
- Poses a risk to the UK's prosperity, national security and reputation
- Includes fraud against individuals, the private sector and the public sector, terrorist financing, sanctions contravention, market abuse, corruption and bribery, and the laundering of proceeds of all crimes

1.4. Fraudsters are constantly evolving their techniques, and further challenges arise from the changes in the public sector landscape including budget reductions, service remodelling and integration, and government policy changes – the Fighting Fraud & Corruption Locally 2020 Strategy seeks to build the sector's counter fraud response, and identified the following areas of activity for concentrating effort:

- **Govern**: robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation
- **Acknowledge**: understanding fraud risks and committing the right support and resource to tackling fraud in order to maintain a robust anti-fraud response. Communicating the risks to those charged with governance.
- **Prevent**: Making better use of information and technology in fraud prevention and detection – enhancing fraud controls and processes and developing a more effective anti-fraud culture. Communicating activity and successes.
- **Pursue**: Punishing fraudsters and recovering losses by prioritising use of civil sanctions, developing capability and capacity to investigate, and developing a more collaborative local enforcement response which recognises the increased threats and risks to Local Authorities and the community
- **Protect**: protect against serious and organised crime, protect individuals from becoming victims of crime and protecting against the harm that fraud can do to the community, including the protection of the organisation and public funds from fraud and cyber crime

2. PUBLIC SECTOR FRAUD RISKS

2.1. The *Fighting Fraud & Corruption Locally (FFCL) 2020 Strategy* identified the following fraud risks affecting the public sector:

- **Social care fraud (personal budgets and direct payments)** – overstatement of needs through false declaration, multiple claims across authorities, third party abuse by carer, family or organisation, and posthumous continuation of claims
- **Right to Buy** – fraudulent applications under the right to buy / acquire
- **Money Laundering** – exposure to suspect transactions
- **Commissioning of services** – (including joint commissioning, joint ventures, commercial services, third sector partnerships) – conflicts of interest, collusion
- **Tenancy** – fraudulent applications for housing or successions of tenancy, and sub-letting of the property
- **Procurement** – tendering issues, split contracts, double invoicing
- **Payroll** – false employees, overtime claims, expenses
- **Identity Fraud** – false identity / fictitious persons applying for services / payments
- **Council Tax** – discounts & exemptions, Council Tax Support
- **Blue Badge** – use of counterfeit / altered badges, use when disabled person is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees
- **Grants** – work not carried out, funds diverted, ineligibility not declared
- **Business Rates** – fraudulent applications for exemptions and reliefs, unlisted properties
- **Insurance fraud** – false claims including slips and trips

- **Disabled Facilities Grants** – fraudulent applications for adaptions to homes aimed at the disabled
- **Concessionary Travel schemes** – use of concession by ineligible person, including freedom passes
- **No recourse to public funds** – (S115 of the Immigration & Asylum Act 1999 states a person has no recourse to public funds if they are subject to immigration control) - fraudulent claims of eligibility
- **New responsibilities** – areas that have transferred to local authority responsibility
- **Local Enterprise Partnerships (LEP)** – (partnerships between Local Authorities and businesses – all LEP's should now be incorporated with a Local Authority as an accountable body) – Procurement fraud, grant fraud. Consider LEP governance and procedures for allocating / prioritising grants
- **Immigration** – sham marriages, false entitlement to services and payments
- **Cyber dependent crime and cyber enabled fraud** – range of fraud resulting in diversion of funds, or creation of false applications for services and payments

3. FRAUD INVESTIGATION

3.1. The Council's Fraud Investigator, employed within the Audit, Insurance and Fraud Team, conducts investigations into alleged or suspected fraud, liaising with other services or organisations as appropriate. He is experienced and professionally qualified to conduct investigations, and ensures appropriate cases are sanctioned in accordance with the Council's Prosecution Policy. In addition to the investigation activity he has developed Fraud related policies, and arranged training for relevant staff within the organisation.

3.2. The main emphasis of Fraud work has been on Council Tax Support and Single Person Discount. The Fraud Investigator has undertaken joint working with the DWP, however the DWP temporarily suspended joint working in March 2020. The Fraud Investigator continues to work with other Council Services and external organisations as required to address other fraud risk areas.

4. DATA MATCHING

4.1. The National Fraud Initiative is a data matching exercise conducted by the Cabinet Office under Data Matching Powers set out in the Local Accountability and Audit Act 2014. Certain bodies, including Local Authorities, are required to participate through the provision of data for matching purposes, the initiative matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council participates in all mandatory elements of the NFI data matching, results of the latest data matching exercise have been released and are currently being reviewed by Audit and Fraud staff.

4.2. The Pan Essex Compliance and Counter Fraud Scheme performs monthly data matching of a number of data sets from Local Authorities across Essex; Braintree District Council is one of 14 Councils who participate in this matching exercise. The Council has employed a Data Matching Officer since March

2018 (within the Revenues and Benefits Team) to upload data and review the results.

4.3. The Council also subscribes to LoCTA, a Local Authority based data sharing system for tracing debtors and minimising fraud with integrated access to other data sets (such as Companies House and Land Registry).

5. HOUSING BENEFIT FRAUD

5.1. Housing Benefit Fraud is now the responsibility of the Department of Work and Pensions (DWP) Single Fraud Investigation Service. The Council does have a formal protocol with the DWP for exchanging information relating to Benefit Fraud investigations, and will conduct joint working on relevant investigations where the opportunity arises.

6. BUSINESS GRANT FRAUD

6.1 The Council's Revenues and Recovery Team have worked with Economic Development staff to administer 7 (up to the end of November 2020) different Government Grant schemes. As at 30th November 2020 and before additional grants were payable under new restrictions £30,896,000 had been paid out by the authority:

- £29,370,000 in respect of business support grants, and retail and hospitality grants; and
- £1,526,000 in respect of discretionary grants.

6.2 The majority of Grants were paid to applicants within seven working days of the application. The following actions were taken to mitigate the risk of undetected fraud in Business Grant applications:

- An application form was required to be completed for each grant by the business rate account holder, and in respect of Discretionary Grants applications additional supporting information was also required to support the application. All information was evaluated before any grant was approved for payment.
- For each application the applicant confirmed by signing the form that if they falsify their records to gain additional grant money will face prosecution and any grant paid will require repayment.
- For each application the applicant confirmed by signing the form that the payment of the grant would not contravene State Aid rules.
- For each grant to be processed, the details on the grant application form, company number, bank account and sort code details were checked to the details held on the council's records, if the details did not match the application was not processed.
- Business rate grant applications were also verified using the governments Spotlight system where possible. This system performs automated due diligence checks on the applications using Companies House information
- LoCTA (a search hub for sharing and integrating Local Authority and national data sets) was used to check company and individual applicant information
- Application forms were checked to business rate accounts to ensure business names and bank details matched those on the application form,

where an application warranted further investigation this was completed by a member of the Revenues team and reviewed by the Recovery and Revenues Manager

- Additional work is planned to review rejected applications for false statements

7. CORPORATE POLICIES AND PROCEDURES

7.1. The Council currently has the following Fraud related strategies, policies and procedures. The Audit, Insurance and Fraud Manager will coordinate the review of these documents:

- Counter Fraud Strategy (March 2013) – summarises the Council's approach to delivering counter fraud measures throughout the Council
- Fraud, Corruption and Dishonesty Policy (November 2015) – defines fraud, corruption and dishonesty, and includes the Code of Conduct for Members, the Code of Conduct for Employees, the Code of Practice for Councillors and Officers Engaged in the Determination of Planning Applications, and summarises expectations
- Anti Money Laundering Policy & Guidance (October 2020) – identifies Council and staff responsibilities under Money Laundering Regulations, and protocols for record keeping and reporting
- Prosecution Policy (November 2015) – defines considerations for the prosecution of Local Council Tax Support and other fraud
- The Regulation of Investigatory Powers Act 2000 (RIPA) & the Investigatory Powers Act 2016 (IPA) Policy (updated July 2020) – defines key staff contacts and outlines requirements for compliance with RIPA and IPA
- Use of Social Networking Sites for Investigations (draft policy to Corporate Governance Group January 2021) – outlines requirements for investigation staff

7.2. In addition, the Council has a range of Policies and Procedures which support development of controls and approaches contributing to the prevention and detection of fraud, including the following:

- Whistleblowing Policy (November 2015) – defines whistleblowing, encourages reporting of wrongdoing, defines protocols for reporting and lists key officer contacts
- Risk Management Policy, Strategy and Implementation Plan (March 2005 – this policy is currently being reviewed) – defines responsibility and protocols for corporate risk management
- The Constitution (currently being updated) – defines how the Council operates, how decisions are made and the procedures followed to ensure these are efficient, transparent and accountable to local people
- Local Code of Corporate Governance (updated annually as part of the Annual Governance Statement) – defines the systems and processes, culture and values by which the Council is controlled
- Code of Conduct for Members, including Gifts and Hospitality (May 2019) – defines obligations and protocols for ensuring Member actions are consistent with the "Nolan Principles" and interests are disclosed
- Code of Conduct for Staff, including Gifts and Hospitality (May 2019) – ensures high standards of behaviour and conduct including avoidance of conflicts of interest and separation of roles during tendering

- Code of Practice for Members engaged in the Determination of Planning Applications (May 2019) – applies to Members and Officers, and defines protocols for ensuring fair and impartial decision making
- Disciplinary Procedures (December 2014) – provides guidance on how managers will treat cases of unsatisfactory conduct
- Staff Declarations of Conflicts of Interest – form for enabling staff to report conflicts
- IT Security Policy and ICT Codes of Practice (April 2018) – specify how the Council will apply information security
- Procurement and Contract Procedures (May 2015) – procedures for promoting good purchasing practice and public accountability and deter corruption
- Recruitment Policies – includes requirements for ensuring a fair recruitment and selection process, and the pre-employment checks conducted by HR and recruiting managers
- Corporate Post Opening Procedure (October 2013) – security of remittances sent by post

8. **CORPORATE TRAINING**

8.1. The Council has arranged the following training for staff to support them to prevent and detect fraud:

- **Regulation of Investigatory Powers Act** (RIPA) Application and Authorisation – October 2018
  15 staff attended this training covered which legislative requirements for surveillance, including tests for necessity and proportionality and the application process.

- **Document Awareness** – October 2019
  This training covered the features to examine to verify the legitimacy of identity documents (such as driving licenses and passports) presented to staff.
  Two sessions were arranged by HR to extend this training to a wide selection of staff.

8.2. Training on Open Source Intelligence and Evidence Gathering had been scheduled for April 2020, but was deferred due to the Coronavirus pandemic. Options for proceeding with this training will be explored further in 2021.

USE OF SOCIAL NETWORKING SITES FOR INVESTIGATIONS CORPORATE POLICY

Braintree District Council

Author: - Stuart Clark, Fraud Investigator **Internal Consultants:** - Angela Mitchell, Audit Insurance & Fraud Manager and RIPA Coordinating Officer - Chris Fleetham, Corporate Director and RIPA Senior Responsible Officer - Stuart Thompson, Assistant Manager, Street Scene (Enforcement) - Daniel Mellini, Environmental Health Manager - Darren Tuff, Enforcement Team Leader - Kim Cole, Head of Governance and Monitoring Officer - Tania Roberge, Marketing & Communications Manager **External consultant** - Gerald Horne, IPCO Inspector (reviewed draft May 2020, prior to internal consultation)
Background / Purpose of Policy: This policy gives staff guidance on the use of social networking sites for investigations
Version Control: V1. Policy written in 2018 V2. (This version) updated to reflect IPCO recommendations and consultee comments – DRAFT for consultation
Policy Approval – Officer Level: - Chris Fleetham, Corporate Director **Policy Approval – Member level:** - Corporate Governance Group

CONTENTS:

1 INTRODUCTION

1.1 Social Media has become a significant part of many people's lives, with millions of people regularly using and interacting with a plethora of different forms of what can be categorised as Social Media. By its very nature, Social Media accumulates a sizable amount of information about a person's life, from daily routines to specific events. Their accessibility on mobile devices can also mean that a person's precise location at a given time may also be recorded whenever they interact with a form of Social Media on their devices. All of this means that incredibly detailed information can now be obtained about a person and their activities like never before.

1.2 Social Media can therefore be a very useful tool when investigating alleged offences with a view to bringing a prosecution before the courts. The use of information gathered from the various different forms of Social Media available can assist in proving or disproving whether a statement made by a defendant, or an allegation made by a complainant, is accurate or not. However, there is a danger that the use of Social Media can be abused, this would have an adverse effect, and could damage any potential prosecutions the Council may wish to bring and could leave Braintree District Council (the Council) open to complaints or criminal charges itself.

2 POLICY SCOPE

2.1 This Policy sets the framework on which the Council may utilise Social Media when conducting investigations into alleged offences. Whilst the use of Social Media to investigate is not automatically considered covert surveillance, its misuse when conducting investigations can mean that it crosses over into the realms of covert and/or targeted surveillance, even when that misuse is inadvertent. It is therefore crucial that the provisions of The Regulation of Investigatory Powers Act 2000 (RIPA), as it relates to covert and directed surveillance, are followed at all times where the Council wish to use information obtained from Social Media in its investigations.

2.2 It is possible for the Council's use of Social Media in investigating potential offences to become unauthorised surveillance, and in so doing it could breach a person's right to privacy under Article 8 of the Human Rights Act 1998. Even if surveillance without due authorisation in a particular instance is not illegal, if authorisation is not obtained, the surveillance carried out will not have the protection that RIPA affords and may mean it is rendered inadmissible as evidence in the subsequent prosecution.

2.3 This Policy seeks to ensure that investigations undertaken by the Council which involve the use of Social Media are done so lawfully and correctly so as not to interfere with an individual's human rights, or require authorisation under RIPA, whilst ensuring that any evidence gathered from Social Media is captured and presented to the court in the correct manner.

3 USE OF SOCIAL MEDIA FOR GATHERING EVIDENCE

3.1 The Council's policy on the use of social media as a point for the gathering of evidence to assist in its enforcement activities is set out below:

3.1.1 If an allegation is received, or as part of an investigation into an individual, it is necessary to view their social networking site, officers may access the main page of the individual's profile in order take an initial view as to whether there is any substance to the allegation or matter being investigated.

3.1.2 The viewing of an individual's social network account must be reasonable and proportionate.

3.1.3 Each viewing of an individual's social network account must be recorded.

3.1.4 If it is considered that there is a need to monitor an individual's social network account, authorization must be obtained. Details of the Council's Authorising Officers, and the processes and forms for authorisation are available in the '*RIPA 2000 and IPA 2016 Corporate Policy'*.

3.1.5 If the offence being investigated falls under RIPA, a formal RIPA application must be completed, and granted initially by one of the council's Authorising Officers (Chief Executive, Corporate Director, Head of Environmental Services, or Audit Insurance & Fraud Manager) before being formally approved by a Magistrate.

3.1.6 When capturing evidence from an individual's social network account, steps should be taken to ensure that all relevant aspects of that evidence are recorded. For example, when taking a screen shot of a social media profile the officer should ensure that a date and time are visible on the screenshot in order to prove the date the evidence was captured.

3.1.7 When capturing evidence from an individual's social network account officers should take steps to avoid collateral information from 'innocent parties' being captured.

3.1.8 Officers must not 'friend' individuals on social network sites.

3.1.9 Officers should not use their own private accounts to view the social networking accounts of other individuals. It is not unlawful to use a false identity, but if that identity is to be used for a covert purpose where private information is likely to be obtained, then a RIPA authorisation must be obtained prior to such use of a covert approach.

3.1.10 Officers viewing an individual's profile on a social networking site should do so only once in order to obtain evidence to support or refute their investigation.

3.1.11 Further viewing of open profiles on social networking sites to gather evidence or to monitor an individual's status, must only take place once RIPA authorization has been granted and approved by a Magistrate.

3.1.12 Officers should be aware that it may not be possible to verify the accuracy of information on social networking sites and, if such information is to be used as evidence, steps must be taken to ensure its validity.

4 LINKS TO CORPORATE POLICIES & OTHER GUIDANCE

- **RIPA 2000 & IPA 2016 Corporate Policy** – this policy explains RIPA & IPA requirements, the scope of permitted activity, and the arrangements for authorisation of covert directed surveillance (including certain use of social media)
  https://archive.braintree.gov.uk/TheBeehive/downloads/file/732/ripa_policy
- **Corporate Social Media Policy** – available via the intranet (Beehive), this policy defines corporate protocols for the general use of social media for corporate and personal purpose, whether or not the social media is being accessed using BDC or personal equipment
  https://archive.braintree.gov.uk/TheBeehive/downloads/download/208/social_media_policy
- **Home Office Covert Surveillance and Property Interference Code of Practice** – guidance in the use by Public Authorities of RIPA to authorise covert surveillance, in particular paragraphs 3.10 to 3.17 relate to the use of online material:
  https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742041/201800802_CSPI_code.pdf

CORPORATE GOVERNANCE GROUP
20th January 2021

Braintree District Council

Draft Treasury Management Strategy 2021/22	Agenda No: 7

Portfolio	**Finance and Performance Management**
Corporate Priority:	**Providing value for money**
Report presented by:	**Phil Myers, Financial Services Manager**
Report prepared by:	**Phil Myers, Financial Services Manager**

Background Papers: None.	**Public Report** **Key Decision: No**

Executive Summary:

1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. A draft strategy is attached to this report for the period 2021/22 to 2024/25.

2. The draft strategy restates the Council's policy towards its treasury management activities, namely:

   - Treasury management activities are defined as the management of investments and cash flows, banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

   - The successful identification, monitoring and control of risk is the prime criteria by which the effectiveness of treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

   - It is acknowledged that effective treasury management will provide support towards the achievement of business and service objectives. The Council is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

3. The manner in which the Council seeks to achieve its policies and objectives for treasury management are set out in a number of Treasury Management Practices (TMPs), along with supporting schedules. **Appendix A** to the draft strategy lists the

TMPs that are currently maintained by the In-house treasury management team.

4. Arlingclose Ltd are the Council's appointed treasury management advisors for the period up to November 2022.

5. An economic commentary and interest rate forecast written at the end of November 2020, by Arlingclose is set out in **Appendix B** of the draft strategy**.**

6. Based on the Council's latest capital investment plans a sharp increase in borrowing requirement is expected in the near term (as measured by the Capital Financing Requirement or CFR), which then reduces as capital receipts are generated mainly from the Horizon 120 project. Forecasts have also been made of the projected levels of usable reserves and working capital which provide the underlying resources for investments. Details of both borrowing needs and investment balances are set out in Table 1 of the draft strategy.

7. It is expected that a significant proportion of the increased borrowing requirement will be met from internal borrowing in the short-term, i.e. temporarily using cash held for other purposes, supplemented by additional external borrowing associated with longer-term capital investment e.g. the Manor Street regeneration scheme. The forecasts are based on the expectation that significant capital receipts (circa £40m) will be generated across the period including those derived from a number of the Council's major projects. The risk is that if these receipts are not realised or are delayed the Council's borrowing requirement would increase and/ or the overall capital programme would have to be scaled back.

8. The draft strategy sets out a potential alternative strategy adopting a 'liability benchmark' that shows the lowest risk level of future borrowing. This assumes that cash and investment balances are kept to a minimum of £10m at each year-end to maintain sufficient liquidity. The result would be lower borrowing in the future, but also a reduction in the amount of cash available to invest which would likely result in the amount held in long-term pooled fund investments being reduced with an overall adverse impact on the General Fund revenue account.

9. The strategy for new borrowing will be to address the key issue of affordability without compromising longer-term stability. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. The benefits of this approach will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. In light of recent changes to the lending policy of the Public Works Loan Board (PWLB), the strategy acknowledges that should the Council wish to acquire investment assets primarily for yield, this would likely preclude it from accessing PWLB borrowing for any purpose over the next three years and, therefore, any borrowing requirement would need to be met from alternative sources of funding.

10. The primary objectives for the investment of cash balances are security, liquidity and then yield. In the continuing low interest rate environment, the Council's

approach has been to diversify and lengthen its investment horizon, primarily through investment in a range of pooled funds (equity, property, and diversified funds). In the current year it is expected that investment balances will average around £61m, the amount being bolstered by the government's approach to passporting financial support to businesses, council tax payers and other individuals during the current coronavirus pandemic via local authorities. The forecast for 2021/22 is for a significant reduction to around £36m before increasing over the medium term.

11. In order to limit the level of losses that might be incurred by the Council from default a maximum limit of £5m is proposed on any lending to a single institution other than the UK government. Further counterparty and sector limits are proposed, including maintaining an overall limit of £25 million on long-term pooled funds.

12. The draft strategy sets out a number of indicators or proposals to be used to manage exposure to treasury management risks, including security, refinancing risks, and potential early termination costs of investments made for periods longer than one year.

13. Under the European Markets in Financial Instruments Directive (MiFID) the Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies (retail investors). Given the size and range of the Council's treasury management activities, the Corporate Director (Finance) believes this to be the most appropriate status.

14. The budget for investment income has been reduced in 2021/22 to £0.709m in light of both the forecast reduction in cash available for investment, and the expectation that dividend income will still need to recover following sharp reductions in the current year, along with a prolonged period of very low interest rates. Over the medium-term investment income is expected to rise as cash balances replenish and economic conditions improve. Interest payable on current borrowing is £282,000 per annum at an average interest rate of 4.7%. The amount of interest to be paid is forecast to rise over the medium term to an additional £0.352m per annum by the end of March 2025, in line with the expected increase in external borrowing to fund major capital investment projects. This additional expense (and the associated annual minimum revenue provision) charged to the General Fund revenue account will be met by the income generated from these projects. A treasury management reserve is maintained to cover future financial risks associated with varying investment returns and/ or reductions in the fair value of investments where these might become realised. The Council's proposed revenue budget for 2021/22 includes a drawdown from this reserve of £0.350m to offset the anticipated reduction in dividend and interest income.

Decision The Corporate Governance Group is asked to: 1. Review the draft Treasury Management Strategy; and 2. To consider whether the Group would like to propose any amendment or provide comments or observations which the Cabinet Member for Finance and Performance Management can take into account when presenting the final Treasury Management Strategy to Cabinet and Full Council.
Purpose of Decision: The Council's Constitution requires that prior to consideration by Cabinet and Full Council, the draft Treasury Management Strategy is reviewed and scrutinised by the Corporate Governance Group.

Any Corporate implications in relation to the following should be explained in detail	
Financial:	The financial implications of the treasury management activities are set out in the tables and indicators contained in the draft strategy. These show an increasing need for prudential borrowing in the future based on the Council's current investment plans, albeit this is reduced by using internal borrowing. The Council's proposed budget for investment income in 2021/22 is £0.709 a significant reduction from that achieved in 2019/20. This expectation of reduced income is being managed by drawing down £0.350m from the treasury management reserve. Interest payable on current borrowing will be £282,000 in 2021/22. An increase in borrowing requirement over the medium-term will increase financing costs which, to the extent that these cannot be capitalised, are expected to be covered by additional income generated from strategic projects.
Legal:	The Treasury Management Strategy Statement (TMSS) fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the guidance issued by the Chartered Institute of Public Finance and Accountancy and the Department for Communities and Local Government.

Safeguarding	None.
Equalities/Diversity	None.
Customer Impact:	No direct impact but the outcomes of the treasury management activities impact on the Council's financial resources to meet its priorities and service objectives.
Environment and Climate Change:	None.
Consultation/Community Engagement:	Consultation on the TMSS is via the Corporate Governance Group prior to its consideration by Cabinet and Full Council.
Risks:	The Treasury Management Strategy seeks to set a framework to manage the inherent risks around treasury management activities, which effectively comprise: ∗ Security – ensuring investments are repaid and minimising the potential for loss through diversification. ∗ Liquidity – ensuring that cash is available for both capital and revenue purposes when required, and where borrowing is considered this is done on a basis that is prudent, sustainable, and affordable. ∗ Interest rate – limiting the negative impacts from variable interest rates, and refinancing risks of both debt and maturing investments.
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TREASURY MANAGEMENT STRATEGY
2021/22 to 2024/25 (Draft)

1. INTRODUCTION

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has substantial investments and legacy borrowing, with plans to increase the latter in future, meaning it is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code).

2. TREASURY MANAGEMENT POLICY & PRACTICES

The following treasury management policy is adopted by the Council:

- Treasury management activities are defined as the management of investments and cash flows, banking, money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- The successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
- Effective treasury management will provide support towards the achievement of the Council's business and service objectives. The Council is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

The manner in which the Council will seek to achieve its policies and objectives for treasury management are set out in a number of Treasury Management Practices (TMPs), along with supporting schedules – see **Appendix A** for a list of TMPs that are currently maintained.

Arlingclose Ltd (Arlingclose) are the Council's appointed treasury management advisors until November 2022.

3. EXTERNAL CONTEXT

Treasury management activities take place within an economic and market backdrop, including changes in credit outlook. **Appendix B** provides an update as at the end of November 2020, from Arlingclose for the purposes of formulating this strategy. Inevitably, events and circumstances will change and as such the Council's treasury management activities will respond accordingly.

4. LOCAL CONTEXT

The following table shows the actual and forecast amounts of borrowing and investments for the Council over the medium-term.

Table 1 Balance Sheet Analysis

	31.3.20 Actual £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Capital Financing Requirement (CFR)	**12.80**	**29.96**	**31.11**	**28.20**	**23.77**	**19.40**
Less: Leasing liabilities	-2.18	-1.98	-1.91	-1.91	-1.91	-1.91
Loan CFR	**10.62**	**27.98**	**29.20**	**26.29**	**21.86**	**17.49**
Less: External borrowing	-6.00	-6.00	-15.93	-18.61	-18.37	-18.12
Internal Borrowing	**4.62**	**21.98**	**13.27**	**7.67**	**3.49**	**-0.62**
Less: Usable reserves	-54.01	-42.90	-36.22	-36.25	-34.60	-35.20
Less: Working capital	-2.92	-2.17	1.22	0.67	0.03	0.10
Investments	**52.31**	**23.09**	**21.73**	**27.91**	**31.08**	**35.73**

The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes – actual borrowing may differ. Usable reserves (capital and revenue) and working capital represent underlying resources available for investment. The current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The CFR is increasing due to planned expenditure on a number of strategic investment projects which are not being fully financed initially leading to an increase in borrowing requirement. This increased requirement is expected to be met through a combination of external and internal borrowing. The increase in internal borrowing over earlier years results in a reduction in investment balances. The table above also demonstrates that total debt is lower than the highest forecast CFR, a key requirement of the Code.

Liability Benchmark

To compare actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that all cash and investment balances are kept to a minimum level of £10m, at each year-end to maintain sufficient liquidity and minimise credit risk. This would also maintain investments at a level that ensures the Council could retain its 'professional status' for investment activities.

Table 2 Liability Benchmark

	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Loan CFR	29.20	26.29	21.86	17.49
Less: Usable reserves	-36.22	-36.25	-34.60	-35.20
Less: Working capital	1.22	0.67	0.03	0.10
Plus: minimum investments	10.00	10.00	10.00	10.00
Liability Benchmark	**4.20**	**0.71**	**-2.71**	**-7.61**

Under this alternative strategy the borrowing requirement is minimised such that no new external borrowing would be required over the medium-term – the requirement in 2021/22 and 2022/23 is more than covered by existing debt. However, this strategy would have an overall negative impact on the General Fund revenue account as it would require a significant reduction in investments held in long-term pooled funds, the annual return from which currently exceeds the interest rate of new borrowing.

The increased borrowing assumed in Table 1 is based on projects having demonstrated through a robust business case that sufficient income generation is achievable to meet the associated increased financing costs.

5. BORROWING STRATEGY

The Council currently holds £6 million of loans, which were taken out in 2002. The balance sheet forecast in Table 1 shows that borrowing is expected to increase from 2021/22. Additional borrowing may be incurred to pre-fund future years' requirements, providing this does not exceed the Council's own authorised limit for borrowing.

Objectives: The chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should long-term plans change is a secondary objective.

Strategy: The borrowing strategy is to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, net borrowing costs (after allowing for foregone investment income) can be reduced alongside a reduction in overall treasury risk. The benefits of this approach will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist in calculating the 'cost of carry' and breakeven analysis, the output from which may determine whether additional sums are borrowed at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council will consider long-term loans from a variety of potential sources, including Public Works Loan Board (PWLB), the capital markets, and local authorities. The Council acknowledges that should it wish to acquire investment assets primarily for yield, this would likely preclude it from accessing PWLB borrowing for any purpose over the next three years and, therefore, any borrowing requirement would need to be met from the alternative sources of funding.

Forward starting loans might be used, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, short-term loans may be used to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body

As a condition of accessing the PWLB, the Council will be required to confirm there is no intention to buy investment assets primarily for yield in its medium term capital plans.

Other sources of debt finance: In addition, capital finance may be raised by leasing or other similar arrangements that are not borrowing, but may be classed as other debt liabilities.

LOBOs: The Council holds £6m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. In the current interest rate environment it is unlikely that the lender will exercise their options, although there remains an element of refinancing risk.

Short-term and variable rate loans: These loans result in exposure to the risk of short-term interest rate rises and will therefore be subject to an appropriate level of interest rate exposure in any future portfolio determination. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The lender of the LOBOs may be prepared to negotiate premature redemption terms which might be agreed if this was expected to lead to an overall cost saving or a reduction in risk.

6. TREASURY INVESTMENT STRATEGY

Significant investments are maintained representing income received in advance of expenditure plus balances and reserves held. Table 3 shows the average investment balances anticipated over the medium-term:

Table 3 Average Investment Balances

	2019/20 Actual £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
Pooled Funds (long-term)	18.47	19.00	19.00	19.00	19.00	19.00
Short-term investments	45.17	42.00	17.06	19.46	24.14	28.05
Total Average Investment balance	**63.64**	**61.00**	**36.06**	**38.46**	**43.14**	**47.05**

The level of investment balances in 2020/21 have been bolstered by the coronavirus measures introduced by government which has included the Authority passporting financial assistance to businesses, council taxpayers and other individuals.

Objectives: The CIPFA Code requires treasury funds to be invested prudently, having regard to security and liquidity before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the aim will be to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates: The coronavirus pandemic has seen market rates, including those offered by the Debt Management Office, be negative. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the aim is to diversify into more secure and/or higher yielding asset classes. This diversification will represent a continuation of the current strategy.

Approved counterparties: Surplus funds may be invested with any of the counterparty types in Table 4 below, subject to the limits shown.

Table 4 Approved Investment Counterparties

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities (UK)	5 years	£5m	Unlimited

Secured investments *	5 years	£5m	(a) Unlimited (UK) (b) Foreign £5m per country – max all £10m
Banks (unsecured) *	13 months	£3m	(a) Unlimited (UK) (b) Foreign £3m per country – max all £6m
Building societies (unsecured) *	13 months	£3m	£5m
Registered providers (unsecured) *	5 years	£3m	£5m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£25m
Real estate investment trusts	n/a	£3m	£6m

Minimum credit rating*: Treasury investments in these sectors will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated and as providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, care is taken to diversify investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow diversification into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the investment objectives will be monitored regularly.

Real estate investment trusts (REITs): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Council has financial exposure, for example though current accounts, collection accounts and merchant acquiring services. These are not classed as investments but are still subject to the risk of a bank bail-in, and therefore balances are maintained at a minimum level commensurate with operational requirements.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by Arlingclose, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn at short notice will be made with that organisation until the outcome of the review is announced.

Other information on the security of investments: Full regard is given to other available information on the credit quality of organisations, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from Arlingclose. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, investments will be restricted to those of higher credit quality along with reductions in the maximum duration. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest in, then increased amounts will be held with UK Government or other local authorities. This will likely cause investment returns to fall but will protect the principal sum invested.

Investment limits: Revenue reserves available to cover investment losses are forecast to be around £23m at 31st March 2021, reducing over the medium term. In order that no more than 25% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Liquidity management: A medium-term cash flow forecast is maintained to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of being forced to borrow on unfavourable terms to meet financial commitments. Limits on long-term investments are set by reference to a medium-term financial plan and cash flow forecast. A daily cash flow for the financial year is maintained to manage short-term liquidity requirements.

Liquid cash is spread over a number of accounts and funds to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

7. TREASURY MANAGEMENT INDICATORS

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: A voluntary measure of exposure to credit risk has been adopted by monitoring the value-weighted average credit rating of the investment portfolio. The target is to maintain the portfolio at an overall equivalent credit rating of at least A.

Refinancing risk: Current exposure to refinancing risk of borrowing is limited to the existing LOBOs which have six-monthly call dates. Liquid funds are generally maintained which mitigate this risk, along with access to refinancing through PWLB, LA to LA lending, or capital markets if necessary. Any new borrowing undertaken in line with this strategy will be arranged to control future refinancing risk by ensuring a spread of maturities.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control exposure to the risk of incurring losses by seeking early repayment of investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 6 Investment beyond one year limit

Price risk indicator	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£15m	£10m	£5m

8. OTHER RELATED MATTERS

Financial derivatives: Standalone financial derivatives (such as swaps, forwards, futures and options) will only be used where they can be clearly demonstrated to reduce the overall level of financial risk exposure, and having taken appropriate advice. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Markets in Financial Instruments Directive (MiFID): The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of treasury management activities, the Corporate Director (Finance) believes this to be the most appropriate status.

9. FINANCIAL IMPLICATIONS

The following table sets out the financial implications from investment activities:

Table 6 – Investment Income

	2019/20 Actual £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
Dividend and Interest income:						
Pooled Funds (long-term)	0.923	0.646	0.686	0.772	0.858	0.858
Short-term investments	0.358	0.120	0.023	0.037	0.071	0.101
Total	**1.281**	**0.766**	**0.709**	**0.809**	**0.929**	**0.959**
Income return %:						
Pooled Funds (long-term)	4.99%	3.40%	3.61%	4.06%	4.52%	4.52%
Short-term investments	0.79%	0.29%	0.13%	0.19%	0.29%	0.36%
Total	**2.01%**	**1.26%**	**1.97%**	**2.10%**	**2.15%**	**2.04%**

Interest payable on current borrowing is £0.282m per annum. The amount of interest to be paid is forecast to rise over the medium term to an additional £0.352m per annum by the end of March 2025, in line with the expected increase in external borrowing to fund major capital investment projects. This additional expense (and the associated annual minimum revenue provision) charged to the General Fund revenue account will be met by the additional income expected to be achieved from the projects.

Interest charges arising from lease arrangements are covered by the relevant service revenue budgets.

A treasury management reserve is maintained to cover future financial risks associated with varying investment returns and/ or reductions in the fair value of investments where these might become realised. Outperformance on treasury management activities that generate increased revenue income (or reduced costs) against the budget will normally be added to the reserve. The Council's proposed revenue budget for 2021/22 includes a drawdown from this reserve of £0.350m to offset the anticipated reduction in dividend and interest income.

Appendix A – Treasury Management Practices (TMPs)

TMP1	Risk management
TMP2	Performance measurement
TMP3	Decision making and analysis
TMP4	Approved instruments, methods and techniques
TMP5	Organisation, clarity and segregation of responsibilities, and dealing arrangements
TMP6	Reporting requirements and management information arrangements
TMP7	Budgeting, accounting and audit arrangements
TMP8	Cash and cash flow management
TMP9	Money laundering
TMP10	Training and qualifications
TMP11	Use of external service providers
TMP12	Corporate governance

Appendix B - Arlingclose Economic & Interest Rate Forecast - November 2020

Economic background: The impact on the UK from coronavirus, together with its exit from the European Union and future trading arrangements with the bloc, will remain a major influence on the treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in November 2020 and also extended its Quantitative Easing programme by £150 billion to £895 billion. The Monetary Policy Committee voted unanimously for both, but no mention was made of the potential future use of negative interest rates. Within the latest forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast.

UK Consumer Price Inflation (CPI) for September 2020 registered 0.5% year on year, up from 0.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 1.3% from 0.9%. The most recent labour market data for the three months to August 2020 showed the unemployment rate rose to 4.5% while the employment rate fell to 75.6%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In August, the headline 3-month average annual growth rate for wages were 0% for total pay and 0.8% for regular pay. In real terms, after adjusting for inflation, total pay growth fell by -0.8% while regular pay was up 0.1%.

Gross Domestic Product (GDP) growth fell by -19.8% in the second quarter of 2020, a much sharper contraction from -2.0% in the previous three months, with the annual rate falling -21.5% from -1.6%. All sectors fell quarter-on-quarter, with dramatic declines in construction (-35.7%), services (-19.2%) and production (-16.3%), and a more modest fall in agriculture (-5.9%). Monthly GDP estimates have shown the economy is recovering but remains well below its pre-pandemic peak. Looking ahead, the BoE's November Monetary Policy Report forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in October, the third successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time with further monetary stimulus expected later in 2020.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 and then rebounded by 33.1% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

Credit outlook: After spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainty around COVID-19 related loan defaults led to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

Interest rate forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Additional monetary loosening through increased financial asset purchases was delivered as we expected. Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain in the near term, as the government continues to react to the escalation in infection rates and the Brexit transition period comes to an end.

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
Official Bank Rate													
Upside risk	0.00	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	-0.10	-0.20	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.05	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	-0.40	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.15	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60
10yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.30	0.30	0.35	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.55	0.55	0.55
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
20yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.70	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30
50yr gilt yield													
Upside risk	0.40	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70
Arlingclose Central Case	0.60	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.20	-0.20	-0.25	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30