Leicester
City Council

**Overview Select Committee** **Date: 1st February 2018**
**Council** **Date: 21st February 2018**

# Treasury Management Strategy 2018/19

## Report of the Director of Finance

## 1. Purpose of Report

1.1 This report proposes a strategy for managing the Council's borrowing and cash balances during 2018/19 and for the remainder of 2017/18. (This is the treasury management strategy).

## 2. Summary

2.1 Treasury management is the process by which our borrowing is managed, and our cash balances are invested. Whilst there are links to the budget process, the sums in this report do not form part of the budget. To the extent that the Council has money it can spend, this is reflected in the budget report. Cash balances reported here cannot be spent, except to the extent already shown in the budget report.

2.2 The Council has incurred debt to pay for past capital expenditure.

2.3 The Council also has cash balances. These are needed for day to day expenditure (e.g. to pay wages when they are due). A substantial proportion can only be used to repay debt but (because of Government rules) we have been unable to use to repay debt. Thus, they are held in investments.

## 3. Recommendations

3.1 The Council is recommended to approve this treasury strategy, which includes the annual investment strategy at Appendix B.

## 4. **Borrowing**

4.1 As of 12th December 2017, the Council had a total debt of £261m. £135m has been borrowed from the Public Works Loans Board (a Government quango), and £126m from the financial markets.

4.2 In years prior to 2011, the Government supported our capital programme by means of "supported borrowing approvals." The Government allowed us to borrow money, and paid us to service the debt through our annual revenue support grant. This is similar to someone supporting a family member to buy a house, by paying the mortgage instalments.

4.3 The Government no longer does this, choosing instead to support our capital programme by means of capital grants (i.e. lump sums). Consequently, our debt levels are largely static, until individual loans are due for repayment. As most of our debt is long term, with repayments due 36 to 65 years from now, we might expect to see little change in this level of debt.

4.4 Early repayment of debt used to be a tool at our disposal, but government rule changes made this prohibitively expensive for PWLB debt. However, there is now a possibility of negotiating early repayment of some financial market debt.

4.5 This, together with the fact that cash balances are declining faster than expected (due in part to our budget position), means that we may need more money to be immediately available than we will have. This is because a lot of our cash investments are invested for longer periods to earn more interest. This is not a problem – it simply means we will need to borrow short term until these investments are returned to us.

4.6 Best practice requires the Council to set certain limits on borrowing, and these are provided at Appendix A. As a consequence of the above, our proposed borrowing limits provide for much higher levels of short term borrowing than the 2017/18 strategy. The limits proposed will cover any peak requirements for cash.

## 5. **Investments**

5.1 The effort involved in treasury management now revolves almost solely around management of our cash balances. These fluctuate during the course of a year, and range from £160m to £230m dependent on circumstances (e.g. closeness to employees' pay day). During 2018/19, is it likely that these cash balances will decline although it is not possible to forecast the reduction as this will be determined by decisions yet to be made.

5.2 There are three reasons for the level of investments:-

(a) Whilst the Government no longer supports capital spending with borrowing allocations, we are still required to raise money in the budget each year to repay debt. Because of the punitive rules described above, we are not usually able to repay any debt, and therefore have to invest the cash;

(b) We have working balances arising from our day to day business (e.g. council tax received before we have to pay wages, and capital grants received in advance of capital spending);

(c) We have reserves, which are held in cash until we need to spend them. We expect reserves to fall over the next few years. The reserves position is described in the budget report.

5.3 The key to investment management is to ensure our money is safe, whilst securing the highest possible returns consistent with this.

5.4 In terms of **security**, the key issues are:-

(a) The credit worthiness of bodies we lend money to ("counterparties");

(b) The economic environment in which all financial institutions operate. The financial crash of 2008, for instance, destabilised a lot of banking institutions which appeared credit worthy prior to this;

(c) What would happen if a financial institution did, in fact, run into trouble?

5.5 The world economic situation has improved since 2008, but risks remain. There are financial and economic risks in the Euro Zone (some economies are in difficulty, and so are some countries' banks), and we do not yet know the impact of Brexit.

5.6 In 2008, many Governments bailed out banks regarded as "too big to fail". Since 2008, the world's largest economies have implemented measures to make banks stronger, but also to reduce the impact if they do fail (and the cost to taxpayers). These measures would see institutional investors who have lent money (such as the Council) taking significant losses before there is any taxpayer support. In practice, these measures are likely to be invoked when a bank starts to run into trouble, before it actually fails. This process is known as "bail in".

5.7 The upshot is that we cannot regard any financial institution as a safe haven over the medium term – we need to keep watch for any signs of trouble.

5.8 The key to our investment strategy is therefore to diversify our investments (so we don't "keep all our eggs in one basket"), invest with public sector bodies that are backed by the Government, or seek additional security for our money.

5.9 In respect of **return**, bank base rates are at 0.5%, and our advisors believe that they will remain extremely low for two years at least.

5.10 Greater returns can be achieved by lending for longer periods, but this starts to increase the risks described above.

5.11 The details of our investment strategy are described in Appendix B, but in summary:-

(a) We will lend on an unsecured basis to the largest UK banks for periods not exceeding one year. We will also lend to some smaller building societies for periods not exceeding six months. Bail-in rules mean lending for longer on an unsecured basis is too great a risk;

(b) We will lend for longer periods, and to smaller banks, if our money is secured (i.e. if we can take possession of the bank's assets in the event of failure to repay);

(c) Lending to other local authorities has long been a cornerstone of our investment strategy, and this will continue. We will lend to local authorities for up to five years, and may invest in bonds that they issue with a maturity of up to five years, enabling us to secure greater returns;

(d) We will place some money with pooled investments, such as money market funds. These are professionally managed funds, which place money in a range of financial assets, some based overseas. This helps achieve diversification. In cases where money is not secured, we will make sure funds can be returned very quickly;

(e) We will lend to the Government and other public sector bodies.

5.12 In addition to the above, we will invest up to £30M in commercial property funds. These are pooled investments similar to "unit trusts". This continues the current strategy, with a higher maximum amount. Such funds are expected to pay dividends at a rate of 4% to 4.5%, which exceeds current cash returns of around 0.5%. However, with such funds there is always a risk that values will decrease. At the time of writing this report, investments of £15M authorised by the 2017/18 strategy are planned with an initial £5M investment planned for February or March 2018.

5.13 The Treasury Strategy continues the policy of investing in projects which benefit the local economy, and permits the use of up to £20m for the Local Investment Fund. We are also permitted to invest up to £10m in individual commercial property purchases (locally) and £20m in "new opportunities.

5.14 Use of property funds and other funds help us to reduce our reliance on cash investments as the sole means of achieving returns, but also introduce greater risk: such investments can lose value as well as make returns. The City Mayor may also, from time to time and in line with normal approvals, spend money on capital schemes which are expected to achieve returns greater than can be expected from investment of cash balances.

5.15 The premature repayment of existing debts would also reduce the level of cash balances (and consequently our exposure to the financial markets).

## 6. **Regulatory Changes**

6.1 At the time of drafting this report consultations are taking place on the governance framework for treasury management. These are the responsibility of CIPFA and the DCLG, and arise in part because of some authorities very substantial investments in individual property assets. This has caused concern at the Treasury, particularly when investment takes place outside of an authority's own area.

6.2 These new proposals will extend the scope of this strategy to cover information in respect of investments which are not part of day to day treasury management (which primarily focuses on making the best use of cash balances). In particular the proposals focus on direct investment in properties, loans for the purposes of economic development (or other service reasons) and loan guarantees. We will be required to prepare summary statements which identify the benefits and risks of such "investments" and state how we manage these.

6.3 Once these are finalised we shall update our Treasury Policy document (the document that specifies the way in which we manage loans and investments). We are also required to produce a new document describing our strategy for capital investment. We may also need to make some changes to the Treasury Strategy (this document) but it is expected that any such changes will be technical in nature and will not change the substance of what is proposed within this report.

6.4 DCLG are also consulting on minimum revenue provision ("MRP") which is the money that we put aside in our budget to repay the debt that we borrow to fund capital. The draft budget report for 18/19 was published in December, and includes a statement of our policy on MRP. This may need to be revised in the final budget.

## 7. **Credit Rating Requirements for Investments**

7.1 The credit rating of UK borrowers will rarely exceed that of the UK government and consequently a reduction in the credit rating of the UK government may result in credit rating downgrades for a large number of borrowers.

7.2 Brexit negotiations create a higher than usual level of economic and political uncertainty and under some scenarios could lead to a reduction in the credit rating of the UK government. The knock-on effect of this could be a widescale reduction in the credit ratings of the institutions to which we lend, such that large parts of our lending list might become unworkable.

7.3 If such a situation arises, the Director of Finance will take advice from the Council's treasury advisors and as an interim measure present a report to the City Mayor for his approval recommending revisions to the lending list at Appendix B. All interest paying investments on such a revised lending list will have a minimum credit rating of BBB+ or (if unrated) be judged to be of equivalent standing. In this event, a revised treasury strategy will be presented to the Council at the earliest reasonable opportunity.

7.4 In most cases the downgrade of the credit rating of a UK borrower solely due to a downgrade of the credit rating of the UK government would not indicate that the borrower had become financially weaker, and should not therefore change our willingness to lend to them.

## 8. Premature Repayment of Debt

8.1 One tool of treasury management is the premature repayment of debt to achieve savings. This is something we used to do routinely, but (as discussed above) is now usually non-viable. We will take such opportunities if they present themselves at a sensible cost.

8.2 The reasons why our debt has 36 to 65 years to run are historic, and reflect past circumstances and government policies at that time. In current circumstances, we would prefer a more even spread of repayment dates, and may use premature repayment to achieve this if possible. Another option is to repay using our cash balances.

8.3 There is a possibility that an existing lender of financial market loans may agree to their premature repayment on favourable terms. Indications are that this would be cost neutral or generate revenue savings.

## 9. Treasury Management Advisors

9.1 The Council employs Arlingclose as treasury advisors. Their performance has been good.

## 10. Leasing

10.1 We do not use leasing as a method of financing, preferring instead to use our cash balances.

## 11. Financial and Legal Implications

11.1 The proposals are in accordance with the Council's statutory duties under the Local Government Act 2003 and statutory guidance, and comply with the CIPFA Code of Practice on Treasury Management. In accordance with the Council's constitution (Article 4.03), the strategy requires full Council approval.

## 12. Background Papers

12.1 None.

## 13. Author

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**Appendix A**

## Treasury Limits For 2018/2019

1. The treasury strategy includes a number of prudential indicators required by CIPFA's Prudential Code for capital finance, the purpose of which is to ensure that treasury management decisions are affordable and prudent. The recommended indicators and limits are shown below. One of these indicators, the "authorised limit" (para 3 below), is a statutory limit under the Local Government Act 2003. We are not allowed to borrow more than this.

2. The first indicator is that over the medium-term net borrowing will only be for capital purposes – i.e. net borrowing should not, except in the short-term, exceed the underlying need to borrow for capital purposes (the "capital financing requirement").

3. The authorised limits recommended for 2018/19 (and the remainder of 2017/18) are:-

| | New £m | Previous £m |
|---|---:|---:|
| Borrowing | 455 | 280 |
| Other forms of liability | 145 | 145 |
| Total | 600 | 425 |

4. The borrowing total includes a provison of up to £225M for temporary loans to be repaid as investments mature. "Other forms of liability" relates to loan instruments in respect of PFI schemes and to pre-unitary status debt managed by the County Council (and charged to the Council).

5. The Council is also required to set an "operational boundary" on borrowing which requires a subsequent report to scrutiny committee if exceeded. The approved limits recommended for 2018/19 are:

| | £m |
|---|---:|
| Borrowing | 305 |
| Other forms of liability | 145 |
| Total | 450 |

6. The limit proposed is based on our general day to day situation. The limit is not absolute, but breach of the limit is intended to act as a warning signal to ensure appropriate scrutiny. Given that large amounts of temporary borrowing may be undertaken, this limit may well be breached in 2018/19: this is not a cause for concern as this will happen on a planned (and temporary) basis. Nonetheless, we will explain this to OSC if it does happen.

7. Recommended upper limits on fixed and variable rate debt exposures are shown in the table below. The figures shown are the principal sums outstanding on "borrowing". As with the authorised limit, figures include a large provision for temporary loans.

| | £m |
|---|---|
| Fixed interest rate loans | 240 |
| Variable interest rate loans and short term loans. | 225 |

8. The Council has also to set upper and lower limits for the remaining length of outstanding loans that are fixed rate. This table also excludes other forms of liability. Recommended limits are:

<u>Upper Limit</u>

| | **£M** |
|---|---|
| Under 12 months | 225 |
| 12 months and within 24 months | 80 |
| 24 months and within 5 years | 140 |
| 5 years and within 10 years | 140 |
| 10 years and within 25 years | 240 |
| 25 years and over | 240 |

We would not normally borrow for periods in excess of 50 years.

<u>Lower Limit</u>

| | **£M** |
|---|---|
| Less than 5 years | 0 |
| Over 5 years | 130 |

9. During the remainder of 2017/18 and in 2018/19 the premature repayment of loans, investment in property funds, expenditure on capital projects and reduction in reserves may make significant calls on the cash balances of the authority. The pace of these cash demands may outpace cash from the maturing investments with any gap being met by temporary borrowing. We shall aim to ensure that our cash investments cover estimated payments less receipts over a rolling two month period, plus £20M held on call or at short notice. These are guidelines and decisions will be made in the light of circumstances.

10. The Council is required by statutory guidance to set a limit on those investments which are not "specified investments" and to specify what it means by this term. Specified investments are the most liquid, short dated and highest credit rated of investments and non-specified investments are the remainder. Specified investments have to be repaid within 12 months of the time they are agreed and must be invested with the UK government, a UK local authority or a body or pooled investment of high credit quality, which we define as having a credit rating of BBB+ or higher. In practice this means that no more than £120m will be held in investments in excess of 366 days, including investments which can be sold at shorter notice but where the intention is to hold the investment for a period in excess of 366 days. In practice the appropriate level of investments for periods in excess of 366 days will decline as cash balances are run down.

# Annual Investment Strategy 2018/19

## 1. Introduction

1.1 This investment strategy complies with the DCLG's Guidance on Local Government Investments and CIPFA's Code of Practice as at 12th December 2017.

1.2 The Investment Strategy states which investments the Council may use for the prudent management of its treasury balances. It also identifies other measures to ensure the prudent management of investments.

1.3 It does not cover the use of investments for local economic projects for which separate policies will be prepared. For example, £20m may be invested in a Local Investment Fund. A decision published in February 2017 also created a £10m fund for investing in commercial property, and £20m for "new opportunities". The City Mayor may also, from time to time and in line with normal approvals, spend money on capital schemes which are expected to achieve returns greater than can be expected from investment of cash balances.

## 2. Investment Objectives & Authorised Investments

2.1 All investments will be in sterling.

2.2 The Council's investment priorities are:

(a) The **security** of capital; and

(b) **Liquidity** of its investments.

2.3 The Council will aim to achieve the **optimum return** on its investments commensurate with the proper levels of security and liquidity.

2.4 The following part of this appendix specifies how the Council may invest, with whom and the credit worthiness requirements to be applied.

## 3. Approved Investments

| **3.1 UK Banking Sector: Credit Rated Institutions** | | | |
|---|---|---|---|
| Type | **Description** | **Investment Period** | **Controls** |
| General | Covers the largest UK banks and building societies.<br><br>Covers non-UK banks operating in the UK and regulated in the UK. | | No more that £100M will be invested in total with these institutions.<br><br>Other than our bankers (Barclays) no more than £20m will be invested with one institution of which no more than £10m will be unsecured.<br><br>£25m may be lent to Barclays, of which no more than £15m will be unsecured.<br><br>New bodies will not be added to the list without the written approval of the Director of Finance.<br><br>In addition investments may be committed in advance by up 10 working days. |
| Unsecured deposits | Banks regulated within the UK. | Maximum 366 days. | A list of approved counterparties will be maintained, based on credit ratings. Principally, we use Fitch.<br><br>Minimum ratings as below. Other market intelligence will also be considered. |
| | | Up to 366 days. | Long-term rating of A & short term rating of F1 |
| | | Up to 6 months. | Long-term rating of A- & short term rating of F2 |
| | | 100 days or less. | Long-term rating of BBB+ & short term rating of F2 |

| | | | |
|---|---|---|---|
| Covered Bonds | This is a deposit with a bank or building society, which is secured on assets such as mortgages. These assets are not immediately saleable but the value of the assets exceeds loans secured upon them.<br>If the deposit is not repaid the assets are sold and the proceeds used to repay the loan. | Maximum 5 years. | Bond is regulated under UK law and majority of assets given as security are UK based.<br><br>Minimum long-term rating of AA- . |
| Reverse REPOs | This is a deposit with a bank, which is secured on bonds and other readily saleable investments and which will be sold if the deposit it not repaid. | Maximum 1 year. | Judgement that the security is equivalent, or better than the credit worthiness of unsecured deposits.<br><br>REPO/Reverse REPO is accepted as a form of collateralised lending and should be based on the GMRA 2000 (Global Master REPO Agreement) or a successor agreement. Should the counterparty not meet our senior unsecured rating then a 102% collateralisation would be required.<br><br>The acceptable collateral is as follows:-<br><br>• Index linked Gilts<br>• Conventional Gilts<br>• UK Treasury bills<br>• DBV (Delivery By Value)<br>• Corporate bonds |

| 3.2 Unrated Building Societies | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | Smaller building societies who do not have credit ratings. Many are mutually owned. | Up to 6 months. | No more that £10M will be invested in total with these institutions.<br><br>No more that £2M will be invested with any one institution.<br><br>Of this £2M no more than £1M will be unsecured.<br><br>New bodies will not be added to the list without the written approval of the Director of Finance.<br><br>A list of approved counterparties will be maintained.<br><br>This will be based upon an analysis of the financial strength of the institution by our Treasury Advisers.<br><br>Investments committed in advance will not count against these limits provided that commitment is no more than 3 working days in advance of the actual investment. |

| **3.3 UK Public Sector & Quasi Public Sector** | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | The UK Government and UK local authorities, including Transport for London (TFL), and bonds issued by the Local Government Bond Agency.<br><br>It also includes bodies that are very closely linked to the UK Government or to local government such as Cross Rail or National Grid. | | No more than £200M to be lent to local authorities (as defined in the first column). No more than £20M to be lent to any one local authority.<br><br>No more than £40M to be lent to bodies very closely linked to the UK Government and no more than £20M to be lent to any one body.<br><br>No limit on amounts lent to the UK Government.<br><br>In addition, investments may be committed in advance by up 10 working days. |
| Deposits | Deposits with Local Authorities and the UK Government. | Up to 5 years. | Our judgement is that local authorities are of high credit worthiness and that the law provides a robust framework to ensure that all treasury loans are repaid. However, should the occasion arise, we would have regard to adverse news or other intelligence regarding the financial standing of a local authority. |
| Bonds – Local Authority | Bonds issued by local authorities. | Up to 5 years. | |
| Bonds – Municipal Bond Agency | Bonds issued by local authorities collectively through the Local Government Bond Agency. | Up to 5 years. | Minimum AA- credit rating.<br><br>The agency is new and until established the number of underlying borrowing local authorities will be low. When investing with the agency we will look at the underlying exposure to individual authorities when these are material and take into account existing exposures to those authorities. |
| Bonds – Bodies Closely Linked to UK Government | | Up to 5 years. | Minimum AA- credit rating.<br><br>Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Council's treasury advisors. |

| 3.4 International Development Banks | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| Bonds | International Development Banks which are backed by the governments of the world's largest and strongest economies. The funding obligations are established by treaties or other binding legal agreements. | Up to 5 years. | No more than £40M to be lent in total and no more than £10M to be lent to any one bank.<br><br>Approval by Director of Finance, in consultation with the City Mayor, to the body being added to the lending list on the basis of a written case, including advice from the Council's treasury advisors.<br><br>A minimum credit rating of AA- plus backing of one or more G7 country. |

| 3.5. Pooled Investments – Shorter Dated Investments | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | A structure where a wide base of investors share a common pool of investments.<br><br>The most common legal form involves an intermediate company. The company has legal title to a pool of investments. The underlying investors own the company with a claim to their share of the assets proportional to their investment in the company. | | We will only invest in funds where there is evidence of a high level of competence in the management of the investments, and which are regulated.<br><br>Approval by Director of Finance to the body being added to the lending list on the basis of a written case, including advice from the Council's treasury advisors.<br><br>The investment period will reflect advice from our Treasury Advisors on a fund by fund basis.<br><br>We will be alert to "red flags" and especially investments that appear to promise excessive returns.<br><br>We look for diversification away from the banks permitted elsewhere in this lending list (though some overlap is unavoidable).<br><br>No more than £120M to be invested in all fund types listed in this table. |
| Money market funds | The underlying pool of investments consists of interest paying investments, for example deposits. The underlying borrowers include banks, other financial institutions and non-financial institutions of good credit worthiness. Banks may be UK or overseas. | Must have immediate access to funds. | Fitch rating of AAAmmf (or equivalent).<br><br>No more than £20M in any one fund. |
| Short Dated Government Bond Funds | Similar to money market funds but mainly concentrated in highly credit rated government bonds. | Must have immediate access to funds. | Whilst these are very safe the interest returned is very low. We may use these in times of market turmoil.<br><br>Fitch rating of AAAf (or equivalent).<br><br>No more than £20M in any one fund. |

| | | | |
|---|---|---|---|
| Money market plus funds / cash plus funds / Short dated bond funds | Similar to money market funds but the underlying investments have a longer repayment maturity. We would use these to secure higher returns. | Must have access with one month's notice but normally would wish to hold for 12-18 months. | Fitch rating of AAf (or equivalent).<br><br>No more than £20M in any one fund.<br><br>We will "drip feed" money that we invest rather than investing it all at once. |

| 3.6. Pooled Investments – Longer Dated Investments | | | |
|---|---|---|---|
| **Type** | **Description** | **Investment Period** | **Controls** |
| General | A structure where a wide base of investors share a common pool of investments.<br><br>The most common legal form involves an intermediate company. The company has legal title to a pool of investments. The underlying investors own the company with a claim to their share of the assets proportional to their investment in the company.<br><br>Other legal structures will be considered.<br><br>Longer dated investments expose us to the risk of a decline in value, but also provide an opportunity to achieve higher returns.<br><br>Consequently, controls involve both the personal authorisation of the Director of Finance and consultation with the City Mayor. | | We will only invest in funds where there is evidence of a high level of competence in the management of the investments, including, where relevant, how the fund is regulated.<br><br>The investment period will reflect advice from our Treasury Advisors on a fund by fund basis.<br><br>We will be alert to "red flags" and especially investments that appear to promise excessive returns.<br><br>We will "drip feed" money that we invest rather than investing it all at once.<br><br>We look for diversification away from the banks permitted elsewhere in this lending list (though some overlap is unavoidable).<br><br>No more than £50m to be invested in all fund types listed in this table. |
| Property Funds | The underlying investments are mainly direct holdings in property, but our investment is in a pool of properties.<br><br>Whilst the fund normally has a small cash balance from which to fund redemptions the bulk of the fund is held in direct property investments. On occasions redemptions will not be possible until a property has been sold.<br>Funds may have the power to borrow. | Generally have access with three months' notice but normally would wish to hold for five years. | No more than £30M to be invested in property funds.<br><br>Investment amounts and timing to be approved by the Director of Finance, in consultation with the City Mayor. |

| | | | |
|---|---|---|---|
| Longer-dated Bond Funds. | Similar to money market funds but the underlying investments are now mainly bonds with an average maturity of up to 8 years. | Must have access with one month's notice but normally would wish to hold for two to three years. | Fitch rating of AAf (or equivalent).<br><br>Approval by Director of Finance, in consultation with the City Mayor, to the body being added to the lending list on the basis of a written case, including advice from the Council's treasury advisors.<br><br>No more than £10M to be invested in any one fund. |
| Asset Based Securities | The base investments are "securitised investments" which pool consumer debt (mortgages, car loans and credit cards) and loans to small businesses.<br><br>The base investments are loans to borrowers of good credit worthiness. They are a world away from the "sub-prime" investments that led to the 2008 crash.<br><br>The investment we would make would be in a pooled investment containing a number of such securitised investments.<br><br>They are normally issued by banks (UK or overseas). | Must have access with one month's notice but normally would wish to hold for two to three years. | Fitch rating of AAf (or equivalent).<br><br>We look for particular strong evidence of expertise both from the organisations that issue the securitised investments and also from the managers of the pooled fund. We look for clear evidence of financial and operational independence between the fund managers and the banks that made the consumer loans in the first place.<br><br>Approval by Director of Finance, in consultation with the City Mayor, to the body being added to the lending list on the basis of a written case, including advice from the Council's treasury advisors.<br><br>No more than £10M to be invested in any one fund. |