Treasury Management Strategy Statement 2018/2019, Annual Revenue Provision Policy

Statement and Annual Investment Strategy

1 Background

1.1 The Local Government Act 2003 (the Act) and the framework established by CIPFA through its Prudential Code requires the Authority to set Prudential and Treasury Indicators for each of the next three years to ensure that the Authority's Capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Authority to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the Authority's policies for managing its investments and the priority given to the security and liquidity of those investments.

1.3 The strategy for 2018/2019 covers:

- The current treasury position
- Prospects for interest rates
- Borrowing requirements and strategy
- Annual Revenue Provision policy statement
- The investment strategy
- Debt rescheduling options; and
- treasury management and prudential indicators for the period 2017-18 to 2012-21

1.4 It is a statutory requirement under s33 of the Local Government Finance Act 1992 for the Authority to produce a balanced budget. In particular, s32 requires the Authority to calculate its budget requirement for each financial year to include the revenue costs that flow from Capital financing decision. This means that Capital spending increases that lead to increases in revenue costs, whether from additional borrowing or running costs, must be limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

1.5 The Authority's Treasury Management is provided under a Service Level Agreement (SLA) by St Helens Council. The Council uses Link Asset Services as its external treasury management advisors; Link work on behalf of both the Council and MRWA. MRWA recognises that regardless of the delegations via the SLA, responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

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

1.7 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare an additional report, a Capital Strategy report, which is intended to provide the following:-

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how associated risk is managed; and
- the implications for future financial sustainability.

1.8 The aim of the report is to ensure that all Authority Members fully understand the overall strategy, governance procedures and risk appetite entailed by this strategy and a Capital Strategy has been prepared and is attached as an annex to this document. The Strategy seeks to formalise existing current working arrangements and all capital decisions will be taken in line with the usual governance arrangements, protocols and procedures. The Capital Strategy is detailed at Annex 6.

1.9 During 2017/18, the Government has also issued updated guidance on Minimum Revenue Provision (4th Edition) and Local Government Investments (3rd Edition).

2 Current Treasury position

Borrowing

2.1 At the time of writing this report the Authority currently has outstanding external borrowing of £16.973M which includes:

Outstanding debt at 3/2/2017	Principal £M	Average rate %
Public Works Loan Board (PWLB) debt Market Debt	14.830 2.000	5.01 4.01
Total debt	16.830	4.89

2.2 The maturity profile of the Authority's borrowing (both PWLB and market loans) is shown below:

Loan source	Amount £M	Maturity
		0 – 1 year
		1 – 5 years
		5 – 10 years
PWLB	0.300	10 – 15 years
		15 – 20 years
PWLB	3.000	20 – 25 years
		25 – 30 years
PWLB	3.335	30 – 40 years
PWLB	8.195	40+ years
Market Loan	2.000	40+ years

2.3 In line with the Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require repayment.

2.4 The Authority's current external debt position (together with forward projections) is shown below. The table shows total external debt against the underlying Capital borrowing need (the Capital Financing Requirement – CFR), highlighting that the Authority 'under borrows' compared with the CFR.

External Debt comparison	**2017/18 Actual £M**	**2018/19 Estimate £M**	**2019/20 Estimate £M**	**2020/21 Estimate £M**
Capital financing requirement (CFR) calculation				
Property Plant and equipment	186,130	292,250	292,710	292,870
Investment property	0	0	0	0
Less – revaluation reserve	-11,290	-11,290	-11,290	-11,290
Plus – Capital Adjustment account	15,729	9,452	3,505	-1,967
Capital Financing Requirement (before LT & ST lease liabilities)	**190,569**	**290,412**	**284,925**	**279,613**
- Less Long term lease liability	-160,026	-251,372	-235,390	-219,408
- Less short term lease liability	-9,723	-15,982	-15,982	-15,982
Total Underlying Borrowing Requirement (A)	**20,820**	**23,058**	**33.553**	**44,223**
External Borrowing				
- Short term		0	0	0
- Long term	16,830	17,330	17,790	17,950
- Managed by other local authorities (Merseyside Residual Debt)	1,710	1,495	1,280	1,065
Total external debt (B)	**18,540**	**18,825**	**19,070**	**19,015**
Under / (over) borrowing (A-B)	**2,280**	**4,233**	**14,483**	**25,208**

Notes:

**There is a very large increase in the value of property plant and equipment in starting in 2017/18 and fully implemented in 2018/19 as well as a similar increase in the long term lease liability. This reflects the accounting treatment required under the Resource Recovery Contract to bring the EfW and RTLS assets and their associated liabilities onto the Authority's balance sheet as required under CIPFA's Code of Practice.*

2.5 Within the prudential indicators there are a number of key indicators to ensure that the Authority operates within defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the CFR in the preceding year plus the estimates of additional CFR for 2018/19 and the following two financial years. The table above shows that the Authority's actual gross debt is lower than its CFR for the period. The variance, in part, reflects previous strategic decisions to use resources already available to the Authority to negate the need to incur additional borrowing.

2.6 The Authority's under-borrowing position does not reflect the way cash is managed on its behalf by St Helens Council. The Council manages the Authority's cash alongside its own. When St Helens reports on its balances it nets off the Authority's balances, the Authority does not report separately on the relative position between itself and the Council as the cash is not managed by the Authority. For 2017-18 the Authority's cash flow with St Helens Council is in a net negative position, after taking into account balances the Authority is in a net £13.5M negative balance. Detailed discussions have been held with St Helens Council about this position. It has been agreed that the Council will continue to support this position, as under current borrowing arrangements that is the most beneficial position for the Authority. During the summer as the Bank of England's monetary policy committee meets to consider interest rate changes, and the market reacts to any proposals this position will be revisited, with a view to ensuring the Authority gets the best deal available while it reduces its cash overdrawn positon.

2.6 The strategy adopted in previous years has been effective with relatively low long term interest rates allowing the Authority to meet its longer term borrowing requirements, as demonstrated by comparison with its Capital Financing Requirement, at an affordable cost. The Authority has also been able to meet repayment requirements on the external debt without incurring early-repayment premiums and therefore to protect is budgetary position against diminishing investment income while reducing the Treasury risk associated with investment holdings.

2.7 The Authority's use of Capital receipts and other reserves to support the Capital programme has been important to enable the Authority to maintain a flexible approach to the Treasury Management Strategy. When the receipts and balances are no longer available it is likely that any growth in the Capital Financing Requirement would need to be accompanied by an increase in the external borrowing in the same year. The Capital receipts reserve will hold some £55k at the end of 2017/18, reflecting the proceeds of a sale which will be available to support Capital expenditure.

2.8 This need to borrow will be kept under review over the medium term and is in part dependent upon the need for further Capital investment. There will be a detailed review of the need for Capital investment over the next financial year as the Authority looks to respond to the requirements of the City Region's Strategic Review of Waste. It may be that following this review there will be a need to develop a medium term asset strategy as part of a wider Capital programme; at this stage the need to invest in new assets is uncertain.

Investments

2.9 If the Authority has any temporary (or longer term) funds that are not required for immediate settlement of payments are invested on behalf of the Authority by St Helens Council under the SLA. The Council are provided with information from the Authority on prospective dates for the receipt of significant amounts of income (mostly the Levy) and also about when significant payments are due to be made from the Authority (mostly the contract payments in respect of waste services).

2.10 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly. This Section therefore ensures the Council is implementing best practice in accordance with the Code.

2.11 The Authority's Annual Investment Strategy (which is incorporated into the annual Treasury Management Strategy Statement) confirms that the Authority's investment priorities are the security of Capital and liquidity of funds and then yield. The Authority's investment dealings in the period therefore have been undertaken in order to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks. This activity is carried out on behalf of the Authority by St Helens Council's Treasury Managers under the terms of the SLA.

2.12 In the current economic climate it is considered appropriate to ensure that all investments are placed with highly credit rated financial institutions in line with the Council's authorised Counterparty List (i.e. those institutions with whom we invest monies).

2.13 On behalf of the Authority the Council actively monitors the creditworthiness of its counterparties utilising information provided by our Treasury Management advisors, Link Asset Services.

2.14 On behalf of the Authority the Council seeks to maintain a mix of investments with the Counterparties who meet the Council's criteria, however the profile of maturities have been influenced by a number of factors:

i) the availability of advantageous call rates from some high quality Counterparties;

ii) limits on the duration of investments with certain counterparties;

iii) availability of investment opportunities in excess of one year with a number of Counterparties.

2.15 Despite the fact that investment rates available in the market remain low, the Council's Treasury Management of the Authority's funds has continued to outperform the benchmarks as detailed in the table below which provides the most up to date information available.

3. Prospects for Interest Rates (see also Annex 1)

3.1 The Authority uses the Treasury Management functions provided by St Helens Council under the SLA. As a part of that function the Council has appointed Link Asset Services as treasury adviser for both the Council and the Authority. A part of their service is to formulate a view on interest rates. Annex 1 provides an overview of current City forecasts for both short and longer-term interest rates. As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November 2017, taking Bank Rate to 0.5% and also gave forward guidance that they expected to increase Bank Rate twice more, by 0.25% each time, reaching 1% in 2020.

3.2 Link believe that rates will remain at 0.5% until the early part of 2019 and will then rise by 0.25% in March 2019 and March 2020, reaching 1.00%. However, other forecasters are predicting rates could begin to rise in advance of the forecasts made by Link and with additional increases over the period.

3.3 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts above (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially as Brexit outcomes become clearer, could have a major economic impact.

3.4 the current economic outlook, structure of market interest rates and government debt yields have several key treasury management implications:

- A resurgence of the Eurozone sovereign debt crisis, with Italy being a particular concern due to its high levelof government debt, low rate of economic growth and vulnerable banking system. Weak worldwide economic statistics and volatility in the financial markets pose particular concern for the economic recovery in the UK, particularly with weak growth or recession in the UKs main trading partners – the EU and the US. This uncertainty also flows through into counterparty risks, which remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain low during 2018/19 and beyond;
- Borrowing interest rates increased sharply after the result of the General Election in June 2017 and then also after the Sepetmber MPC meeting when financial markets reacted by accelerating expectations fot the timing of Bank Rate increases. Since then, borrowing rates have eased back again. Apart from that there has been little general trend in rates during the current financial year.

3.5 Other views on prospective interest rates are available. However, most are showing an increasing likelihood that the prospects for interest rate rises, albeit relatively modest, continue to be further into the medium to longer term. Interestingly, for the longest term borrowing, the prospects for interest rates continue to be slightly softer compared with shorter to medium term which is in line with the previous year's estimate, suggesting there is not yet a confident view that interest rate growth will be strong.

4. Borrowing requirement and strategy

4.1 The Authority's in year borrowing requirement for the next and subsequent two financial years are based on the requirements arising from the proposed Capital Programme included in the budget report and calculated as:

	2018/19 £M	**2019/20 £M**	**2019/20 £M**
Prudential borrowing	0.500	0.460	0.160
Revenue provision	(1.185)	(1.210)	(1.233)
In year Capital financing	(0.685)	(0.750)	(1.073)

requirement			

4.2. These requirements are calculated as:

(i) that element of the proposed Capital Programme not financed by specific grant, Capital receipts or earmarked balances:

(ii) less the Annual Revenue Provision, as calculated by reference to the Capital Finance and Accounting Regulations 2008 (as considered in section 5).

4.3 The table shows that the in-year Capital financing requirement during the three year period is negative. This reflects the Authority's capacity to support the Capital programme without the need to borrow additional amounts until a full Capital programme is developed, when there is the prospect of an additional borrowing requirement to fulfil the Capital programme thereafter.

4.4 The current position is a product of previous decisions to use cash arising from available reserves and balances to negate the need to borrow. With historically and abnormally low Bank Rates, the avoidance of new external borrowing has reduced costs in the short term and reduced longer term exposure to interest rate and credit risk.

4.5 The prospect of returning to borrowing in the future to fulfil a Capital programme will be kept under review in light of changes to the requirements for Capital expenditure that may be made before then. Given the likelihood of increases in borrowing rates, albeit the timing remains uncertain, there is a risk that any future borrowing may attract higher rates than are currently available.

4.6 Given the prevailing uncertainty the continuing need for caution will underpin the Authority's approach to Treasury Management via St Helens Council. Where conditions are considered to have changed so that they could have an impact on the Authority's underlying financial position Members will be advised and their views sought on which option available provides the most appropriate course of action for the Authority.

5. Annual Revenue Provision Statement

5.1 Under Regulation 27 of the Capital Finance Regulations, Local authorities are required to charge their revenue account for each financial year with a Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 of the Capital Finance Regulations 2008. The current Regulation 28 sets out a duty for a Local Authority to make an amount of Minimum Revenue Provision (MRP) which it considers to be prudent.

5.2 Under Regulation 28, Authorities are provided with a number of alternative approaches, which can be adopted for the purpose of calculating a 'prudent provision'. The approach by an authority should be outlined in a Statement and submitted to the Authority for consideration. The statement below outlines the approach the Authority undertakes in the calculation of its revenue provision.

5.3 The Authority policy is to estimate MRP based on the Asset Life method. Department of Communities and Local Government (DCLG) guidance is that this method may only be used for Capital expenditure incurred after 1 April 2008 (para 16); Capital expenditure incurred before 1 April 2008 has to be charged based on the regulatory method ie. 2% of opening Capital Financing Requirement (para 16). For finance leases and PFI schemes, the MRP to be charged is the principal element of the contract (para 20).

5.4 Para 8 of the DCLG MRP Guidance states that for the CFR method of calculating MRP this 4% of the CFR for the preceding year. Para 16(a) of the DCLG MRP Guidance states that Options 1 and 2 can only be used for Capital expenditure incurred before 1 April 2008. This has the following consequences:

- MRP for 2008/09 will be solely based on the CFR for 31/3/2008, because MRP under the Asset Life method only starts in the year following the Capital expenditure being incurred (para 10 of the DCLG MRP Guidance refers);
- Because the Authority opted to use the Asset Life method for all Capital expenditure incurred after 1 April 2008, it follows that the CFR method will effectively be based solely on the CFR as at 31/3/2008, because all subsequent expenditure will be on the Asset Life method and revaluations of pre 1 April 2008 Capital expenditure will be neutral to the CFR, because upward asset revaluations will be equally matched by upward increases in the Revaluation Reserve for each asset (and vice versa for impairments).

5.5 Para 20 of the DCLG MRP Guidance states "In the case of finance leases and on balance-sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability." The Authority has no finance leases, therefore the only MRP under this option will be the "principal" on the Veolia and on the MERL service concession contracts.

6. Annual Investment Strategy

6.1 Alongside the Treasury Management Service provided by St Helens Council, the Authority will have regard to the MHCLG’s Guidance on Local Government Investments and CIPFA’s Code of Practice when working with the Council, which conducts investment activity on behalf of the Authority. The overriding priority of both the Authority and the Council are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and in order to minimise the risk to investments the Authority supports the Council’s approach to clearly stipulated minimum acceptable credit quality of Counterparties for inclusion on the Council’s lending list. The creditworthiness methodology used by the Council to create the Counterparty list takes account of ratings provided by FITCH, one of three main ratings agencies. Any investments made during 2018/19 will be in accordance with the Annual Investment Strategy, which is detailed in annex 1 and mirrors the Council’s Strategy.

6.3 In keeping with previous decisions, the Authority has agreed with the Council’s strategy to seek to lock in longer period investments where opportunities and Counterparty criteria permits. At the same time the Council’s treasury managers have made maximum strategic use of its call facilities and Money Market Funds (MMFs) for cash flow generated balances and to ensure liquidity. This will continue during 2017/18, subject to:

i. The outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick up in rates over the medium term);
ii. The management of counterparty risk
iii. Any opportunities to repay debt using available investments
iv. The Authority’s liquidity requirements

7. Debt Rescheduling

7.1 Debt rescheduling has historically been undertaken in order to:

i. Generate cash savings at minimum risk;
ii. Amend debt maturity profiles and / or the balance of volatility;
iii. Aid fulfilment of the Authority's overall borrowing strategy.

7.2 Due to the expectation of short term borrowing rates being considerably cheaper than longer term rates there may be some limited opportunities to generate savings by switching from long term to short term debt. However, these potential savings will need to be considered in light of their potentially short term nature and the likely additional cost of refinancing those short term loans, once they mature, compared with the current rates of longer term debt in the existing portfolio.

7.3 Consideration will also be given to whether there is potential for making savings by running down investment balances by repaying debt prematurely (as short term investments are likely to be lower than rates paid on currently held debt). Due to the existence of higher redemption interest rates on PWLB debt premiums are highly likely to compromise such opportunity.

7.4 While the Prudential Code allows the premium costs arising from debt rescheduling to be funded from Capital receipts, the Authority currently has no such receipts. There are no plans to sell any assets to generate such receipts, although in the event that such a sale took place and a receipt were to be generated, the Authority would have another option to reduce liabilities arising from borrowing activity and to reduce longer term revenue costs.

7.5 Should any rescheduling opportunities arise that create potential for improvement in the Authority's financial position, prudence will be exercise and any actions will be reported as appropriate to the Authority.

8. Treasury Limits and Prudential Indicators 2017/18 to 2020/221

8.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is the “Affordable Borrowing Limit”.

8.2 The Authority must have regard to the Prudential Code when setting this limit. The Code also sets a series of limits and indicators that the Authority must consider.

8.3 The proposed limits and indicators required for approval for the period 2017/18 to 2020/21 are contained in Annex 3.

8.4 The Treasury Management and Prudential limits were not breached in the year 2017-18.

9. CIPFA Code of Practice: Treasury Management in the Public Services (the Code)

9.1 The Authority has affirmed annually that it continues to adopt the Code as a part of the budget reports. This year the Authority is requested to confirm formally the adoption of the Code and its relevant clauses as set out in Annex 4 and in the Treasury Management Policy Statement at Annex 5.

Annex 1

Annual Investment Strategy 2018/19

1. Purpose

1.1 This strategy is submitted to the Authority for approval in accordance with the guidance issued by the then ODPM under section 15 (1)(a) of the Local Government Act 2003.

1.2 The strategy covers the period to 31 March 2019 and complements the Treasury Management Strategy 2018/19 and the Treasury Management practices that are adopted as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 In doing so the Annual Investment Strategy sets out:

- which investments the Authority (working with St Helens Council) may use for the prudent management of any surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments;
- the procedures for determining the use of each asset class;
- the maximum periods for which funds may be prudently committed in each class;
- the upper limits to be invested in each class;
- the extent to which prior professional advice needs to be sought both from the Authority's Treasury Advisers and the Council Treasury Managers prior to the use of each class; and
- the minimum amount to be held in short term investments

2. Investment Objectives and Principles

2.1 The general policy objective for the Authority is the prudent investment of its surplus funds. The Authority's investment priorities are the security of Capital and the liquidity of investments.

2.2 The Authority will work with St Helens Council as its investment managers to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity and having properly assessed all inherent risk, as detailed in its Treasury Management Practices.

2.3 The Authority will work with St Helens Council to ensure that temporary borrowing will not be made whilst the Authority has investment funds available and its longer term borrowing activity will have full regard to the content of CIPFA's Prudential Code and the Authority's own approved Treasury Strategy. In particular the Authority will not engage in treasury borrowing activity that is solely for the purposes of investment or on-lending to make a return.

3. Specified and Non-Specified Investment Types

3.1 Investment Instruments are broadly classified within government guidance as being Specified or Non-Specified.

3.2 An investment is a Specified Investment if:

a) the investment is denominated in sterling and any payments or repayments of the investment are only in sterling
b) the investment is not a long term investment
c) the making of the investment is not defined as Capital expenditure by virtue of Regulation 25 (1)(d) of the Local Authorities (Capital Finance and Accounting) Regulation (England) Regulations 2003 (SI 3146 as amended); and
d) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the UK Government, a Local Authority in England and Wales (as defined in Section 23 of the Act), a Parish or Community Council.

3.3 Non-Specified Investments are those investments not meeting the definition of a specified investment and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification. As a result, and as part of an overall strategy, a small number are identified via St Helens Council's Treasury Managers as being potentially suitable for use, dependent upon prior consultation and advice from the Authority and the Council's shared Treasury Management consultants.

3.4 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery / achievement of the Authority's investment objectives and principles, Annex A has been prepared to detail those instruments that are proposed may be used as part of the investment strategy.

4. Credit and Counterparty Policies

4.1 The Authority is guided by the Council which relies on credit ratings published by FITCH, an independent rating agency to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit Rating lists are reviewed by the Council on a regular basis to ensure prompt action to remove institutions whose ratings fall below the Council's threshold (which safeguards the Authority). The Council's Treasury Management Practices document the approach to this review.

4.2 The Council's Treasurer has a delegated authority from the Council to establish the criteria by which the lending list is compiled for internally managed investments. The Authority is consulted on the criteria for the list, which is contained in annex B.

5. Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the Council and the Authority's cash transactions and resources is one of the key objectives of the

Treasury function and the approach to liquidity risk management is fully documented in the Council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule the Council aims to ensure that it has a minimum of 15% of the investments it makes for the Authority and the Council held with a maturity of less than one week at all times. Where cash-flow expectations dictate, this general rule will be amended accordingly.

6. Investment Strategy – Internally Managed Investments

6.1 All investments made in the duration of this strategy will comply fully with the strategy.

6.2 Decisions taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may become available.

6.3 The relatively low base rate over recent years has led the Council's treasury Managers to seek, where possible, to lock in to fixed rate deals at advantageous rates through the use of special tranche deals. This practice will continue in 2018/19, subject to:

i. The outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick up in rates over the medium term);
ii. The management of Counterparty risk;
iii. Any opportunities to repay debt using available investments; and
iv. The Authority and the Council's liquidity requirements

6.4 Working on behalf of the Authority and the Council, maximum strategic use will be made of the Council's competitive call account facilities and the AAA rated money market funds to which the Council and the Authority have access to during the period.

7. Investment Strategy – Externally Managed Funds

7.1 Neither the Authority, nor its agent the Council; currently engage any Fund Managers to invest monies on their behalf. This has been the position since a Treasury Management review of fund manager activity and the decision in 2007 to repatriate funds held by the then fund manager.

7.2 Arrangements for the re-engagement of fund managers at a future point may be considered in consultation with the Council and the appointed Treasury Management consultants. If it were to be considered that the engagement of a fund manager may be warranted, then the Authority would work with the Council to ensure that a full tender exercise be considered and a formal agreement would be entered to determine the scope of activity.

8. Reporting arrangements

8.1 The Authority will receive reports on the activities planned and undertaken at least twice each year, as part of the budget setting exercise and as part of the closedown of the Authority's year end accounts. In addition if there are any matters during the year that require the Authority to consider then reports will be made directly to the Authority.

Annex A

Outlook for interest rates

The data below shows a variety of forecasts published by a number of Institutions. The table below provides individual forecasts including those of Link Asset Services and Capital Economics (an independent forecasting consultancy).

The data shows rates at the time of the issue of the forecasts, January 2018. The forecast within the strategy has been drawn from these diverse sources.

PWLB rates and forecast shown have taken into account the 20 basis point certainty rate reduction effective as from 1 November 2012

	Mar 2018	June 2018	Sep 2018	Dec 2018	Mar 2019	June 2019	Sep 2019	Dec 2019	Mar 2020	June 2020	Sep 2020	Dec 2020	Mar 2021
Bank Rate													
Link Asset Services	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
Capital Economics	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%					
5 year PWLB rate													
Link Asset Services	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.90%	2,30%	2.60%	2.90%	2.90%	2.90%	2.90%	2.90%					
10 year PWLB rate													
Link Asset Services	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.60%	2.80%	3.10%	3.30%	3.30%	3.30%	3.30%	3.30%					
25 year PWLB rate													
Link Asset Services	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	3.15%	3.45%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%					
50 year PWLB rate													
Link Asset Services	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	3.10%	3.30%	3.60%	3.80%	3.80%	3.80%	3.80%	3.80%					

Local Government Investments (England)
Specified versus Non-Specified Investments

The English Investment Guidance issued by the ODPM on 22 March 2004 defined Local Government investments as being either "Specified" or "Non-Specified". The guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative 'products' are frequently being introduced it would be extremely problematical, if not impossible to do.

Much focus and emphasis is therefore place on that element of the Guidance which states that Specified Investments should require "minimal procedural formalities". The Authority and the Council's Treasury Management advisers have discussed this issue directly with the DCLG, who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risks and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The following tables have been drafted on that basis.

Local government Investments (England) - Specified Investments

All "Specified Investments" listed below must be sterling denominated with maturities of up to 1 year

Investment	Repayable / Redeemable within 12 months?	Security / Minimum credit rating	Use for managing internal investments	Maximum period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with UK Government or with UK local Authorities (i.e. Local Authorities as defined under section 23 of the 2003 Act) with maturities up to 1 year	Yes	High security although local authorities are not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies) with maturities up to 1 year	Yes	See*	Yes	1 year
Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No. 534). *These funds do not have any maturity date*	Yes	Yes: AAA	Yes	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements*
Forward deals with credit rated Banks and Building Societies < 1 year (i.e. negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year	Yes	See*	Yes	1 year
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	n/a

**Subject to approved credit rating criteria as determined in the Annual Investment Strategy of St Helens Council as the Authority's agent, or as a result of delegation by the Council to the St Helens Treasurer in accordance with the Council's Treasury Management Practices.*

Local government Investments (England) - Non-Specified Investments

Investment	Repayable / Redeemable within 12 months?	Security / Minimum credit rating	Use for managing internal investments	Maximum maturity of Investments
Term Deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	3 years
Term deposits with UK Government or with UK local Authorities (i.e. Local Authorities as defined under section 23 of the 2003 Act) with maturities greater than 1 year	No	High security although local authorities are not credit rated	Yes	3 years
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) *Custodial arrangement required prior to purchase*	Yes	See*	Yes – after consultation with external Treasury Consultants	3 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	3 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e. negotiated deal period plus period of investment)	No	See*	Yes – after consultation / advice from eternal Treasury Consultants	3 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	n/a	Potentially – after consultation / advice from eternal Treasury Consultants	3 years

**Subject to approved credit rating criteria as determined in the Annual Investment Strategy of St Helens Council as the Authority's agent, or as a result of delegation by the Council to the St Helens Treasurer in accordance with the Council's Treasury Management Practices.*

Counterparty Criteria 2018/19

Counterparty category		Credit ratings					Maximum Investment (1)	Maximum period
(i)	Part Nationalised banks	See below (2)					£25M £35M for RBS group	2 years including on call
(ii)	Money Market Funds (MMF)	AAA rated (3)					£20M per MMF (£40M total)	On call
(iii)	Other local authorities and public bodies	AAA rated					£10M per LA (£30M in total)	2 years
FITCH RATINGS		**Long term**	**Short term**	**Viability**	**Support**	**Sovereign**		
(iv)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating	AA- and above	F1+	aa- and above	1	AA+ and above	£25M	2 years
		A and above	F1 and above	a- and above	1	AA+ and above	£15M	12 months
(v)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating	AA- and above	F1+	aa- and above	1	AA+ and above	£20M	On call
		A and above	F1 and above	a- and above	1	AA+ and above	£15M	On call
(vi)	Building Societies which hold a suitable credit rating	A and above	F1 and above	a- and above	1	AA+ and above	£10M (£25M total)	12 months

Notes to Counterparty Criteria

1. For each institution meeting the criteria above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £10M.

2. In interpreting the lending criteria detailed above it should be accepted that the part nationalised banks in the UK (Lloyds Group and Royal Bank of Scotland Group) have credit ratings that do not conform to the credit criteria used by Local Authorities to identify banks which are of high credit worthiness. In particular as they are no longer separate institutions in their own right it is impossible for Fitch to assign them an individual rating for their stand-alone financial strength. However, these institutions are recipients of an F1+ short term rating as they effectively take on the credit worthiness of the Government i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1; in other words, on both counts they have the highest ratings possible. Until such time as a decision is made by the Government to dispose of their interests in these banks, investments in these institutions can be made on the basis that they meet the highest criteria.

3. Each individual Money Market Fund (MMF) used must be separately approved by the St Helens Treasurer via a St Helens Council Administrative Decision.

Annex 3

Treasury Limits and Prudential Indicators

Treasury Limits and Prudential Indicators 2017/18 to 2020/21			**2017/18 Revised**	**2018/19 Estimates**	**2019/20 Estimates**	**2020/21 Estimates**
1(i)	Proposed Capital expenditure that the Authority plans to commit during the forthcoming subsequent two financial years	**Capital Expenditure (£M)**	0.000	0.540	0.460	0.160
1(ii)	Additional in year borrowing requirement for Capital expenditure	**In year Capital Financing Requirement (CFR) (£M)**	(10.254)	(17.069)	(16.793)	(16.379)
2	The CFR is an aggregation of historic and cumulative Capital expenditure which has yet been paid for by either revenue or Capital resources	**Capital Financing Requirement as at 31 March (£M)***	20.820	23.058	33.553	44.223
3	The 'net borrowing' position represents the net of the Authority's gross external borrowing and investments sums held	**Net Borrowing requirement:** **External borrowing (£M)** **Investments held (£M)** **Net requirement (£M)**	18.540 (0.885) **17.655**	18.825 (0.885) **17.940**	19.070 (0.885) **18.185**	19.015 (0.885) **18.130**
4	Identifies the impact and trend that the revenue costs of Capital financing decisions will have on the General Fund budget over time	**Ratio of financing cost to net revenue stream****	15.10%	24.76%	23.19%	22.02%
5	The Authority's budget strategy has been to support Capital spending from reserves set aside, in future to fund the Capital programme additional borrowing is likely to be required	**Incremental impact of Capital investment decisions (increase in Levy %)**	0	<0.001	<0.001	<0.001

6	This represents an absolute limit on borrowing at any one point in time. It reflects the level of external debt which, while not desired, could be afforded in the short term but which is not sustainable in the longer term It includes the estimated external limit boundary for other long term liabilities – effectively including the RRC liabilities.	**Authorised limit for External Debt (£M)***	171.993	277.902	278.147	278.091
7	This is the limit beyond which external debt is not normally expected to exceed. It includes the estimated external limit boundary for other long term liabilities – effectively including the RRC liabilities.	**Operational Limit for External Debt (£M)***	168.353	274.262	274.507	274.452
8	These limits seek to ensure that the authority does not expose itself to an inappropriate level of interest rate risk, and has a suitable proportion of debt	**Upper limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper limit for Variable Interest Rate Exposure	50%	50%	50%	50%
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk	**Upper Limit for Sums Invested over 364 days**	60%	60%	60%	60%

* *CFR and other calculations includes assumptions about the treatment of assets under IFRIC 12 as part of the Resource Recovery Contract (RRC), there are offsetting lease liabilities which will also feature in the authority's balance sheets in future years- the assets came into use on 1 September 2017*

** *Ratio of financing costs to net revenue stream – the scale of the proportion reflects the element of the contract payments for the PPP contracts which pay for the capital proportions of the services being provided.*

Annex 4

Adoption of the CIPFA Treasury Management in the Public Services Code of Practice and cross sectorial-guidance notes

The 2011 revision of the CIPFA Code recommends that all public service bodies formally adopt four specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place both in the Authority and the Council which provides Treasury Management functions, and will continue to be so. For completeness it is recommended that the Authority formally approve the following:

1 The Authority will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities. In the case of the Authority this will mirror the policy statement of St Helens Council which provides the Treasury Management function for the Authority.
- The use of suitable Treasury Management Practices (TMPs) as developed by St Helens Council, which set out the manner in which St Helens, on the Authority's behalf, will seek to achieve those policies and objectives, and prescribing how it will manage and control those objectives.

2 The Authority will receive reports on the Treasury Management policies, activities and practices carried out on its behalf, including as a minimum an annual strategy and plan in advance of the year and an annual review after the year end, together with such updates as may be required where there are unplanned changes.

3. The Authority will work with the Director of Finance in the administration of Treasury Management decisions, and in particular the Director of Finance will liaise closely with the St Helens Treasurer to whom the Authority has delegated the day to day operation of Treasury Management policy and practices on behalf of the Authority under a Service Level Agreement (SLA). The Council will act in accordance with the approved Policy Statement, and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

4. The Authority is responsible for ensuring effective scrutiny of the treasury management strategy and practices.

Treasury Management Policy Statement

The policies and objectives of the Treasury Management function under the SLA are defined as follows:

1. Treasury Management is ‘the management of the Authority’s investments and cash flows; its banking, money market and Capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’.

2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the Authority.

3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the Authority is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

Annex 6

MRWA capital strategy

The Capital Strategy sets out a summary for Members of how the Authority's Corporate Plan objectives are supported by the assets it deploys; whether those assets need to be changed or improved; how the assets are managed and maintained; what finances are used to provide the support to assets and where those finances come from. It also confirms for Members the Authority's approach to the Prudential Code and Treasury Management where the Authority may have any surplus funds available.

The Corporate Plan

The Authority's Corporate Plan covers the following:

Deliverability	Sustainability	Partnership and Governance	Accountability
We will ensure that waste delivered to us is managed sustainably	**We aim to reduce the amount of waste produced on Merseyside, increase the proportion of waste reused and recycled, and promote the sustainable management of waste through the Waste Hierarchy**	**We will work with partners to develop closer working relationships that lead to unified and transparent governance arrangements**	**We will conduct the Authority's business effectively and efficiently and we will fulfil our obligations to the highest standards.**
Our Key Priorities in 2018/19: We will continue to manage our contracts and our facilities to achieve the best economic, environmental and community outcomes for Merseyside and Halton. Particular focus will be:	**Our Key Priorities in 2018/19:** • Develop and implement waste strategies to maximise the value of otherwise wasted resources in terms of economic, environmental and social benefits	**Our Key Priorities in 2018/19:** • Work across the City Region on collaborative projects reviewing the cost effectiveness of services • Work with other stakeholders to ensure	**Our Key Priorities in 2018/19:** • Manage our business and finances with openness and transparency • Establish challenging targets for efficiencies and improvements and set out

• Manage our waste contracts to maximise the benefits to the Authority, the City Region and the communities they serve • Manage the Authority’s waste infrastructure in a safe, efficient and sustainable manner so that it remains fit for purpose • Continuously improve services to meet the needs of the local community and other stakeholders	• Work together with partners and other stakeholders to provide services that support the local economy, benefit the community and improve the environment • Encourage positive Behavioural Change among the public of the Merseyside City Region to promote recycling and reduce waste	governance is fit for purpose now and into the future as we work more closely with the Liverpool City Region Combined Authority	plans for delivery • Develop our staff and Members to ensure the Authority has clear direction and the skill sets to deliver our aims and objectives

Assets

The following is a summary of the key assets used to deliver the Authority's priorities.

Deliverability	Sustainability	Partnership and Governance	Accountability
RRC Contract **The Energy from Waste Plant at Wilton 11 in Redcar** **The Rail Transfer Loading Station at Kirkby in Knowsley** **Including for both: the land, buildings, plant and machinery and equipment used to support the contract.** **WMRC contract** **The two Materials Recycling Facilities on Merseyside** **The network of 14 Household Waste Recycling Centres on Merseyside.** **The Waste Transfer stations on Merseyside.** **Including for all: the land, buildings, plant and machinery and equipment used to support the contract.** **Office accommodation**	**Closed Landfill sites** **Seven former landfill sites are monitored and managed by the Authority to ensure that they are safe and managed well within the parameters set by permits and the Environment Agency and United Utilities (the regulators).**		

The Office space at Mann Island is leased from a third party. This includes some but not all of the fixtures and fittings (i.e. desks and office furniture is MRWA's, ICT assets are leased).			

Management and Maintenance

The following is a summary of the responsibility for the management and maintenance of the key assets used to deliver the Authority's priorities.

Deliverability	Sustainability	Partnership and Governance	Accountability
RRC Contract **The responsibility for management and maintenance of the Wilton and Kirkby facilities and associated assets lies with the contractor Merseyside Energy Recovery Ltd (MERL) under the terms of the contract.** **MERL is required to maintain the assets so that they are capable of operating effectively for the life of the contract, with the prospect of a five year extension at the end.** **Should there be any substantial legislative change this would not be altered, although MRWA would pay for the change.** **WMRC contract** **The responsibility for management and maintenance of the assets lies with Veolia ES. They are required to**	**Closed Landfill sites** **MRWA are responsible for managing the former landfill costs for the whole for their remaining lives. This includes the costs of ensuring leachate and gas emissions are managed within permitted levels.** **At two of the sites, Bidston and Billinge the responsibility for gas management is shared with a third party (Infinis) through a joint venture company, Bidston Methane Ltd.**		

demonstrate that they have maintenance programmes in place which ensure the condition of the assets is maintained. **Where MRWA require changes to the number, type and configuration of the assets MRWA is responsible for those changes.** **Office accommodation** **Mersey Travel are the landlords for the office accommodation, any landlord related costs are their responsibility. For minor furniture related costs MRWA are responsible, for minor ICT costs MRWA are responsible, for network ICT costs Mersey Travel are responsible.**			

Finance – capital and revenue

The assets utilised, managed and maintained by the Authority are financed through a combination of capital and revenue resources. The Capital Programme and Revenue budgets are approved annually at the Authority's budget meeting, and may be revised if during the year different priorities are identified. The Capital programme and the Revenue Budget set out plans for the remainder of the current year and detailed plans for the following financial year. The Capital Programme and Revenue Budgets also set out for the medium term what the expectation is for the following two years. The Capital Programme sets out the expected sources of funding over each of the years of the Programme, and the Revenue Budget does the same.

Under the current corporate plan, with the significant Waste Management contracts in place, the WMRC for the next 11 years and the RRC for the next 25, there are no very significant capital projects planned at present, and as a consequence the capital programme is relatively modest. Should there be a call for significant capital investment in revised or new infrastructure this will be considered by Members as part of the Authority's Capital Programme and Strategy.

Deliverability	Sustainability	Partnership and Governance	Accountability
RRC Contract **The costs of management and maintenance of all of the assets used to deliver this contract are met by the contractor, and ultimately by MRWA through the contract payments, these are revenue payments.** **WMRC contract** **The costs of management and maintenance of all of the assets used to deliver this contract are met by the contractor, and ultimately by**	**Closed Landfill sites** **The closed landfill sites require regular monitoring and maintenance. These are not considered to be capital costs but are treated as revenue costs for and are paid for from revenue budgets.** **Were there to be a need for any structural works at the sites this may be considered as part of a future capital programme.** **In the case of Bidston Methane Ltd and the joint venture, the Authority**	**Strategic Review** **As part of a Strategic Review of waste the Authority was asked to consider proposals for making savings which could support the City Region. The proposals that may be taken forward include some measures which would affect the use of Authority assets, namely:** **Potential savings from HWRC days and hours of opening being changed** **Potential savings from charging for non-household waste at HRWCs**	**Capital programme** **The capital programme for 2018-19 includes the following:** **HWRC access management:** **Pilot £40k** **Roll Out £160k** **HWRC Strategic Review** **Access control £150k** **Infrastructure £150k** **Closed Landfill** **Replacement Flare £40k**

MRWA through the contract payments, these are revenue payments. The cost of any strategic asset developments will be met from the capital programme. For 2018-19 proposals include a pilot scheme to be developed to help manage access control at a small number of HWRC sites, which will require reconfiguration of the way the public enter each site. Office accommodation Landlord costs are paid for by the Landlord, Mersey Travel, effectively paid for by MRWA through rental costs. Very minor office accommodation costs that fall to MRWA are paid for via revenue budgets.	has recognised a need for a gas flare to be replaced and that is included in the capital programme.	Potential for reduction in costs from restricting access to sites to Merseyside residents only	For 2019-20 The programme is as follows: HWRC access management: Roll Out £160k HWRC Strategic Review Access control £150k Infrastructure £150k For 2020-21 The proposal is as follows: HWRC access management: Roll Out £160k Revenue funding For the main RRC and WMRC revenue maintenance is not identified separately from the contract payment. Similarly for the lease of the office accommodation no separate line is included. For the maintenance of closed landfill sites the following amounts are included for maintenance of the assets: 2018-19 £149.7k 2019-20 £150.7k 2020-21 £153.2k

			Funding **Capital programme** **2018-19** **Capital receipts – £40k for the flare** **PWLB new borrowing – up to £500k** **2019-20** **PWLB new borrowing – up to £460k** **2020-21** **PWLB new borrowing – up to £160k** **Revenue** **Funding to be met from Levy charged to constituent District Councils.**

Treasury management

The Authority's Treasury management is carried out under the terms of a service level agreement by St Helens Council. The Council manages a portfolio of borrowings that supported capital programmes from prior periods. The Council also work alongside Treasury Management advisers, Link Asset Services, to ensure that the portfolio of loans is kept under review to ensure the best economic terms are being obtained. The Authority is also supported on those occasions where there is a surplus of funds, by ensuring the Council uses its Treasury managers and adviser to obtain the terms best suited to the Council and the Authority. These kinds of Treasury Management investments are considered in terms of security, liquidity and yield. As they represent an investment of public sector monies, security is given a high priority. That the funds may only be invested for a few days due to cash-flow requirements ensures that liquidity is also important. Finally the return on the investment, or yield, will be considered. Whilst this may provide for a relatively conservative approach to Treasury Management it ensures that the Authority's monies are secure, available and where possible gain a reasonable return. Over the longer term results have shown that the St Helens Treasury Managers have achieved results that are ahead of the market across the investment portfolio.

The Authority has not used any unusual Treasury Management approaches to borrow monies with a view to investing those funds elsewhere for commercial purposes, this is largely because the general powers to do so are uncertain and MRWA's access to those general powers is very limited. This ensures that the levels of risks taken by the Authority are not significantly higher than would be expected in normal operations.

Deliverability	Sustainability	Partnership and Governance	Accountability
			The Authority adopts the CIPFA Treasury Management Code **The CIPFA prudential indicators underpin the Authority's borrowing.** **MRWA Borrowing portfolio:** **The Authority currently has a borrowing portfolio of:**

Outstanding debt at 31/3/18	Principal £M	Average rate %
Public Works Loan Board (PWLB) debt	14.830	5.01
Market Debt	2.000	4.01
Total debt	16.830	4.89

The loans are repayable at different intervals over the next 10-40+ years.

New PWLB loans may be taken out as the capital programme funding requires, PWLB borrowing tends to be at a lower rate than commercial borrowing.

The 'Market debt' shown above represents a loan taken out initially as a Lender Option Borrower Option (LOBO) loan with Barclays, at a time when those loans were seen to be at preferential rates. The option to transfer it into a normal market loan was exercise by the bank two years ago and the rate offered at the time was in line with other market loans at the time.

Cash flow

The Authority does not manage a bank account, nor does it manage its cash flow on a day to day basis. This function is carried out by St Helens

			Council as part of the service level agreement under the Treasury Management function. The Authority is in a cash overdrawn situation with the Council and is taking advice over the best way to manage that going forward.