

CABINET – 9 DECEMBER 2014

112. AMENDMENT TO THE TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2014-15

The Leader of the Council introduced a report of the Director of Resources that reminded the Cabinet that the original Treasury Management and Investment Strategy 2014-15 was approved by it as part of the Medium Term Financial Strategy 2014-17 on 12 February 2014. The UK was implementing the final bail-in provisions of the EU Bank Recovery and Resolution Directive which would commence in January 2015, a year ahead of most other countries. Credit rating agencies had informed that they plan to review EU banks' ratings in line with each country's implementation of the directive.

The Director reported that many UK banks had standalone credit ratings in the "BBB" category with uplifts for potential Government support taking them into the "A" category. The Cabinet noted that there was a realistic risk that some major UK banks' credit ratings would, this financial year, fall below the Council's current minimum investment criteria rating of A-, if this uplift was removed. Therefore, it was considered that, as a precursor to this, the Investment element of the Strategy should be amended.

A revised table of Non-Specific Investments was attached to the report as Appendix 1.

RESOLVED:

That the Cabinet approves and recommends to Council for approval the amendment in respect of the Annual Investment Strategy in Appendix 1. This is the inclusion of a specific proviso relating to banks and other organisations with a long-term credit rating of BBB+.