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OXFORD CITY COUNCIL

**To:** City Executive Board

**Date:** 7th December 2011

**Report of:** Head of Finance

**Title of Report:** Treasury Management Mid Year Review Report


## Summary and Recommendations

**Purpose of report**: To report performance of the treasury management function for the period April to September 2011 and changes to operational investment activities for the remainder of the financial year.

**Key decision? No**

**Executive lead member: Councillor Ed Turner**

**Policy Framework: Sustaining Financial Stability**

**Recommendations:**

1) **To note the performance of the treasury management function for the first six months of 2011/12**

2) **To note the proposed changes in operational investment activities for the remainder of 2011/12**


**Appendices**

1. Appendices to the report are listed below
    - Appendix 1 – Current list of investments
    - Appendix 2 – Prudential indicators
    - Appendix 3 – Risk register

**Introduction**

2. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Revised Code of Practice on Treasury Management was adopted by this Council on 3rd February 2010

3. This mid year report has been prepared in compliance with the Code of Practice, and covers the following:
    - An economic update for the first six months of 2011/12
    - A review of the Treasury Management Strategy Statement and Annual Investment Strategy

- A review of the Council's investment portfolio for 2011/12
- A review of the Council's borrowing strategy for 2011/12
- A review of compliance with Treasury and Prudential Limits for 2011/12

**Economic Update**

**Global Economy**

4. The Euro zone sovereign debt crisis continues with Spain and particularly Italy, being the focus of renewed concern that they may soon join with Greece, Ireland and Portugal in needing assistance. The approval of the £440bn bail out fund in September brought temporary relief to financial markets but this does not provide a credible remedy to the scale of the Greek debt problem or reflect the potential scale of support which may be needed by others.

5. This, coupled with political difficulties in the US over their plans to address the budget deficit, the size and control over the US sovereign debt, and the subsequent loss of the AAA credit rating from Standard and Poors, has led to a much more difficult and uncertain outlook for the world economy. Growth prospects in the US, UK and the Euro zone have been lower than expected, with future prospects similarly cut. Whilst not a central view, concerns of a double dip recession in some Western countries have increased. World stock markets fell in the second quarter of 2011/12 as a consequence.

**UK Economy**

6. Following zero growth in the final half of 2010/11 the UK economy grew by a weaker than expected 0.2% in the first quarter of 2011/12, providing a knock on effect to future growth prospects. Growth prospects will be governed by UK consumer sentiment, which is currently subdued due to falling disposable income. Higher VAT, overhanging debt, high inflation and concerns over employment are likely to continue to weigh heavily on consumers into the future.

7. Inflation remains high, although the expectation of future falls, the external nature of the price increases (energy, oil, food etc.) and the negative impact a rate rise would have on the UK economy, is likely to stop the Monetary Policy Committee from raising the Bank Base Rate for some considerable time to come. An indicator of the worsening position arose from the Monetary Policy Committee minutes recently signalling a greater willingness to expand the quantitative easing programme.

8. International investors continue to view UK government gilts as being a safe haven from the EU sovereign debt crisis. The consequent increase in demand for gilts has helped to add downward pressure on gilt yields and sent PWLB borrowing rates to low levels.

**Outlook for the next six months of 2011/12**

9. There remains huge uncertainty in economic forecasts due to the following:
    - the speed of economic recovery in the UK, US and EU;
    - the likely political gridlock in the US preventing significant government fiscal action to boost growth ahead of the Presidential elections in November 2012
    - the potential for a major EU sovereign debt crisis which could have a significant impact on financial markets and the global and UK economy

- the degree to which government austerity programmes will dampen economic growth;
- the potential for more quantitative easing, and the timing of this in both the UK and US
- the speed of recovery of banks' profitability and balance sheet imbalances

10. The overall balance of risks is weighted to the downside:
    - We expect low growth in the UK to continue, with the Bank Base Rate remaining low for at least 12 months which coupled with a possible extension of quantitative easing will keep investment returns depressed.
    - PWLB rates are expected to rise in the longer term, primarily due to the need for a high volume of gilt issuance in the UK and the high volume of debt issuance in other major western countries. However, the current safe haven status of the UK may continue for some time, postponing any increases until 2012.

**Sector's Interest Rate Forecasts**

11. The table below shows Sector's current interest rate forecasts:

| | **Now** | **Q3 2011** | **Q4 2011** | **Q1 2012** | **Q2 2012** | **Q3 2012** | **Q4 2012** | **Q1 2013** | **Q2 2013** |
|---|---|---|---|---|---|---|---|---|---|
| Bank Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.75% |
| 3 Month LIBID | 0.82% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.70% | 0.90% |
| 6 Month LIBID | 1.10% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.20% | 1.30% | 1.50% |
| 12 Month LIBID | 1.59% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.60% | 1.80% | 2.00% |
| 10 year PWLB rate | 3.52% | 3.30% | 3.30% | 3.30% | 3.40% | 3.40% | 3.50% | 3.60% | 3.70% |
| 25 year PWLB rate | 4.56% | 4.20% | 4.20% | 4.20% | 4.30% | 4.30% | 4.40% | 4.50% | 4.60% |
| 50 year PWLB rate | 4.73% | 4.30% | 4.30% | 4.30% | 4.40% | 4.40% | 4.50% | 4.60% | 4.70% |

**Review of current year performance**

12. Investment returns have increased significantly over the first six months of 2011/12. The cumulative average rate of return on investments for the first half of the year was approximately 0.94%. This has generated approximately £175,000 of interest from average balances of £37.3 million. The cumulative return has increased by approximately 12 basis points from quarter one, which was 0.82%.

13. Budgeted investment income for 2011/12 is approximately £286,000 the forecast outturn is £340,000, an increase of £54,000.

14. The uplift in return has been achieved through restructuring the Council's short term investment portfolio. We have utilised high interest rate notice bank accounts and ensured that our short term deposit interest rates achieve a higher rate of return than our money market funds.

15. Returns have also out performed the Council's key benchmark investment interest rate, the average Sterling Interbank 7 day LIBID rate. This has remained relatively flat at around 0.47% throughout the period. However, we are slightly below our Performance Indicator of 0.50% above Base rate.

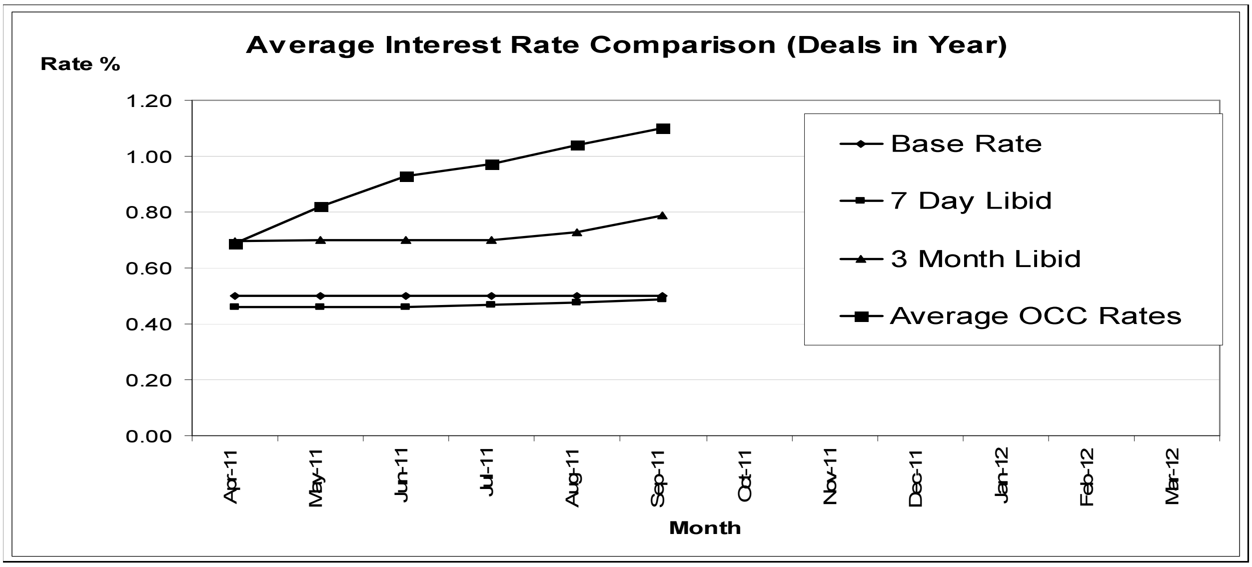
16. 2011/12 first half year investment balances and average returns are set out below:

| Month | Average Balances | Average Return | Interest |
|---|---|---|---|
| April 2011 | £31.43 million | 0.69% | £17,825.41 |
| May 2011 | £33.90 million | 0.82% | £23,648.55 |
| June 2011 | £38.51 million | 0.93% | £29,407.84 |
| July 2011 | £42.47 million | 0.97% | £35,101.04 |
| August 2011 | £39.37 million | 1.04% | £34,747.65 |
| September 2011 | £38.25 million | 1.10% | £34,509.26 |
| **Period Averages** | **£37.34 million** | **0.94%** | **£175,239.73** |

* Table above excludes Icelandic Investments

**Average Interest Rate Comparison graph**

17. The graph below compares our in-house average rate of return to the Bank of England's Base Rate and our benchmark interest rates:




18. The graph shows that the Council's monthly average rates have steadily increased over the period and that they are substantially above both our benchmark rates and the Bank of England's Base Rate.

**Internal Audit**

19. In August, PWC carried out an internal audit of the Council's treasury management function. Their audit concluded that the function's controls and procedures had improved considerably over the last year and as a result they awarded their highest rating of low risk, which means that they are confident that the function is being effectively managed. They reported 3 low risk & 1 medium risk actions which we will be built into the work plan over the next quarter.

**Icelandic Investments**

20. In October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The authority had £4.5 million deposited across 2 of these institutions, with varying maturity dates and interest rates.

21. The original terms and the amounts currently outstanding are shown in the table below:

| Counterparty | Original Principal | Interest Rate | Maturity Date | Principal Outstanding as at 30th Sept 2011 |
|---|---|---|---|---|
| Glitnir | £1,500,000 | 5.51% | 28/01/2009 | £1,500,000 |
| Heritable | £1,000,000 | 6.04% | 05/01/2009 | £395,836 |
| Heritable | £1,000,000 | 6.18% | 30/04/2009 | £395,836 |
| Heritable | £1,000,000 | 5.83% | 09/12/2008 | £395,836 |

22. A ninth Heritable Bank dividend is due to be repaid in October. There have been no repayments received in relation to the Glitnir Bank deposit.

23. At the end of September, CIPFA issued the latest LAAP Bulletin 82 Update (No 5) on Icelandic Banks. The Bulletin did not reflect a significant change from the previous update, except in the case of Heritable Bank plc, where the estimated dividend has been revised up to 88%, to reflect the latest report issued by the Administrator and a "best case" return of between 86-90%. This results in an increase in the expected return of approximately 7.5% as at 31st March 2011. This equated to an approximate change to our impairment of £72k. However, due to the lateness of the Bulletin, we did not change our accounts to reflect this.

24. The priority status appeal, in relation to our deposit held with Glitnir, has recently been heard by the Icelandic Supreme Court, who have confirmed that Local authority Test Cases will be treated as priority cases and as such receive a large proportion of their original deposit back. The Winding up Board for Glitnir has now confirmed that non test cases will be treated the same therefore we expect to receive a large proportion of our original deposit back. However, at this stage the exact amount and timing are uncertain.

**The Treasury Management Lending List**

25. The Council's approved Treasury Management Lending List is based upon Sector's recommended counterparty lending list. This list is determined by current counterparty credit ratings provided by all three credit rating agencies and by changes to their credit default swap spreads. There have been no changes to the Council's approved Treasury Management Lending List during this period.

26. Below is the Lending List as at 30th September 2011, which is the same as that approved at Council in February 2011:

| Counterparty Name | Group | Maximum Limit £M's | Maximum Period Days |
|---|---|---|---|
| **SPECIFIED** | | | |
| Barclays Bank plc | | 10.0 | 180 |
| Cater Allen | Santander Group | 10.0 | 90 |
| Co-operative | | 0.5 | Call |
| Clydesdale Bank | | 10.0 | 364 |
| HSBC Bank plc | HSBC Group | 10.0 | 90 |
| Santander UK plc | Santander Group | 10.0 | 180 |
| Standard Chartered Bank | | 10.0 | 90 |
| Sumitomo Mitsui Banking Corporation Europe Ltd | | 10.0 | 90 |
| Nationwide BS | | 10.0 | 180 |
| Bank of Scotland Plc | Lloyds Banking Group plc | 10.0 | 364 |
| Lloyds TSB Bank Plc | Lloyds Banking Group plc | 10.0 | 364 |
| National Westminster Bank Plc | Royal Bank of Scotland Group Plc | 10.0 | 364 |
| The Royal Bank of Scotland Plc | Royal Bank of Scotland Group Plc | 10.0 | 364 |
| Ulster Bank Ltd | Royal Bank of Scotland Group Plc | 10.0 | 364 |
| **NON SPECIFIED** | | | |
| Yorkshire Building Society | | 3.0 | 90 |
| Coventry Building Society | | 3.0 | 90 |
| Skipton Building Society | | 3.0 | 90 |
| Leeds Building Society | | 3.0 | 90 |
| | | | |
| **OTHERS** | | | |
| Debt Management Office | | Unlimited | 364 |
| Local Authorities | | 10.0 | 364 |
| Money Market Funds | | 15.0 | |

This is subject to change in line with credit rating changes, credit rating and outlook watches, and changes to CDS spreads

**Investment Balances**

27. A full list of investments held as at 30th September 2011 is shown in Appendix 1 of this report. These investments comply with the Council's lending list criteria and are held in highly credit rated Government backed banks, building societies, call accounts and money market funds. The list excludes the Icelandic bank investments (shown above).

**Investment Strategy**

28. In line with the recommendations made in the 2011/12 Strategy, the Council has initiated a rolling programme of lending up to 364 days with highly credit rated, Government backed financial institutions. Fluctuations in the Council's balances have been managed through the use of a mix of instant access and notice accounts, money market funds and short term deposits (up to 3 months).

29. It is anticipated that this approach will enable the Authority to achieve its target performance of the Bank of England Base Rate plus 50 basis points, which is currently 1.00 and unlikely to change based on Base rate forecasts.

30. Officers review the lending list on a monthly basis and in light of recent market turbulence have decided to temporarily suspend investments with unrated building societies such as Yorkshire, Coventry, Skipton and Leeds. Lending has also temporarily been restricted to a maximum of three months to all other institutions, with the exception of other local authorities or semi-nationalised banks. No changes are required to the overall Treasury Management Strategy as this change is at an operational level. The situation will continue to be reviewed.

**Debt and Borrowing**

31. The Council's capital financing requirement (CFR) as at 1st April 2011 was £22.613m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is largely driven by market conditions.

32. The Council's external debt as at 30th September 2011 was approximately £4m, all at fixed interest rates. All of this debt is in respect of previous Housing Revenue Account activity and as such all interest charges are recovered through the Housing Subsidy scheme. The Council also has a long term liability with South Oxfordshire District Council which as at 30th September 2011 stood at £1.4m. No further borrowing has been taken in the year to date.

33. Sector has recently advised that borrowing interest rates are now significantly below their revised trigger rates for taking external debt and as such, consideration should be given to borrowing fixed rate funds for periods in excess of five years. A recent assessment has concluded that it would not be cost effective to borrow from external sources in advance of need as the cost of borrowing would exceed the return received on such funds. However, the Council is still continuing to monitor rates and forecasts on a regular basis to ensure we are in a position to take on new external debt to fund the current Capital Programme commitments.

**Review of prudential indicators**

34. In accordance with the CIPFA code of Practice on Treasury Management and the CIPFA Prudential Code the Council's Treasury Management Strategy sets out how the Council's treasury service supports capital decisions taken, the day to day treasury function and the limitations on activity, i.e the prudential indicators. The key prudential indicator is the Authorised Limit, i.e. the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. The Affordable Borrowing limit required by s3 of the Local Government Act 2003 is the sustainable borrowing limit.

35. In the year to date the Council has complied with its Treasury Management Practices and operated within and in accordance with the prudential indicators set out in the Council's Treasury Management Strategy Statement. The Council's Prudential and Treasury Indicators are shown in Appendix 2.

**Housing Revenue Account (HRA) Reform**

36. In order to fund the transition from the current Housing Revenue Account Subsidy Scheme to a self-financing scheme it is estimated that the Council will be required to borrow approximately £200m to buy out of the current scheme. This payment will be made to the Department for Communities and Local Government (CLG) on 28th March 2012. These funds will need to be borrowed from external sources and an appropriate maturity profile established in line with the thirty year Housing Business Plan.

37. The Council's property team is currently working with Savills to identify Oxford's thirty year housing repairs requirements. These requirements will then be incorporated into the thirty year business plan. The Council has employed Sector to provide advice on the formulation of a cohesive borrowing strategy that supports the business plan.

38. In September, the Government announced that, for borrowing in relation to Self Financing (SF) and the buy out of the HRA from the current subsidy system it will be reducing the margin on interest rates charged by the Public Works Loan Board (PWLB) from 100 basis points (bps) above gilts to the margins used before the Spending Review (SR) October 2010. This reduction could potentially save the council approximately £1.7-£1.8 million in interest charges per year, in comparison to other forms of funding such as a bonds issue and is likely to rule out all of the other borrowing options (except possibly short term borrowing from other local authorities), as it is unlikely that other institutions will be able to compete with these interest rates. We will keep the position under review..

39. A revised 2011/12 Strategy will be presented to CEB in February 2012 for recommendation to Council later that month, to enable us to borrow the funds required to finance the transition to self-financing. It will be completed in tandem with the strategy for 2012/13.

**Risk**

40. The attached risk register at Appendix 3 considers the risks associated with this report.

**Name and contact details of author:-**

Name: David Cripps
Job title: Treasury and VAT Manager
Service Area / Department: Finance
Tel: 01865 252739 e-mail: dcripps@oxford.gov.uk

Background paper(s):

- Treasury Management Strategy 2011/12 CEB 9th February 2011

**Investment Balances as at 30th September 2011** (excluding Icelandic Investments) Appendix 1

| Counterparty Name | Group Name | Principal Amount | Interest Rate | Start Date | Maturity Date | Broker / Non Broker |
|---|---|---|---|---|---|---|
| | | £ | % | | | |
| **Building Societies** | | | | | | |
| Skipton Building Society | | 2,000,000 | 0.87% | 05-Sep-11 | 02-Dec-11 | Tradition |
| Skipton Building Society | | 1,000,000 | 0.80% | 06-Jul-11 | 04-Dec-11 | Tradition |
| | | | | | | |
| Coventry Building Society | | 2,500,000 | 0.88% | 15-Sep-11 | 14-Dec-11 | Sterling |
| | | | | | | |
| Nationwide Building Society | | 2,000,000 | 1.08% | 26-Aug-11 | 27-Feb-12 | RP Martin |
| Nationwide Building Society | | 2,000,000 | 0.82% | 15-Sep-11 | 13-Dec-11 | Tradition |
| | | | | | | |
| **Banks** | | | | | | |
| Bank of Scotland Plc | Lloyds Banking Group Plc | 3,500,000 | 2.10% | 15-Jul-11 | 12-Jul-12 | Non Broker |
| Bank of Scotland Plc | Lloyds Banking Group Plc | 2,000,000 | 1.25% | 15-Jul-11 | 19-Oct-11 | Non Broker |
| Bank of Scotland Plc | Lloyds Banking Group Plc | 1,300,000 | 1.80% | 10-Aug-11 | 10-May-12 | Non Broker |
| | | | | | | |
| Santander UK 95 Day Notice Account | | 6,796,373 | 1.25% | 21-Sep-11 | 95 Days Notice | Non Broker |
| Santander UK BR Account | | 266 | 0.60% | | Instant Access | Non Broker |
| | | | | | | |
| Natwest Liquidity Select Account | Royal bank of Scotland Group Plc | 6,699,938 | 0.91% | 30-Sep-11 | Instant Access | Non Broker |
| | | | | | | |
| Clydesdale 30 Day Notice Account | | 6,800,000 | 0.85% | 05-Sep-11 | 30 Days Notice | Non Broker |
| | | | | | | |
| **Money Market Funds** | | | | | | |
| Goldmand Sachs MMF | | 0 | 0.60% | | Instant Access | Non Broker |
| DB Advisors MMF | | 285,000 | 0.82% | 22-Sep-11 | Instant Access | Non Broker |
| | | | | | | |
| **Investments Total** | | **36,881,578** | | | | |

**Investment Balances Classified by Financial Intermediary**

| **Broker / Non Broker** | **Principal Outstanding** | **Percentage split** | **Number of Loans / Facilities** |
|---|---|---|---|
| | **£** | % | |
| Non Broker | 27,381,578 | 74.24% | 9 |
| Tradition | 5,000,000 | 13.56% | 3 |
| Prebon | 0 | 0.00% | 0 |
| RP Martin | 2,000,000 | 5.42% | 1 |
| Sterling | 2,500,000 | 6.78% | 1 |
| **Investments Total** | **36,881,578** | **100.00%** | **14** |

**Investment Maturity Profile**

| **Period to Maturity** | **Fixed Deposits** | **Call Accounts** | **Money Market Funds** | **Total** | **Percentage split** |
|---|---|---|---|---|---|
| | £ | £ | £ | **£** | % |
| Overnight | 0 | 6,700,204 | 285,000 | **6,985,204** | 18.94% |
| Overnight - 1 Month | 0 | 6,800,000 | 0 | **6,800,000** | 18.44% |
| 1 month - 2 months | 2,000,000 | 0 | 0 | **2,000,000** | 5.42% |
| 2 months - 3 months | 7,500,000 | 0 | 0 | **7,500,000** | 20.34% |
| 3 months - 4 months | 0 | 6,796,373 | 0 | **6,796,373** | 18.43% |
| 4 months - 6 months | 2,000,000 | 0 | 0 | **2,000,000** | 5.42% |
| 6 months - 9 months | 4,800,000 | 0 | 0 | **4,800,000** | 13.01% |
| 9 months - 364 days | 0 | 0 | 0 | **0** | 0.00% |
| **Total** | 16,300,000 | 20,296,578 | 285,000 | **36,881,578** | **100.00%** |

**Appendix 2**

## Prudential Indicators – 2011/12

| Table 1 | | Principal | Ave. rate |
|---|---|---|---|
| | | £m | % |
| Fixed rate funding | PWLB | 4,376 | 10.46% |
| Variable rate funding | PWLB | 0 | 0.00% |
| Other long term liabilities | | 1,413 | 0.61% |
| **Gross debt** | | **5,789** | |
| **Total investments** | | **37,340** | 0.94% |
| **Net debt** | | **-31,551** | |

| **TABLE 2: Prudential indicators** | **2010/11** | **2011/12** | **2011/12** |
|---|---|---|---|
| **Extract from budget and rent setting reports** | **actual** | **Original estimate** | **probable out-turn** |
| | £'000 | £'000 | £'000 |
| **Capital Expenditure** | | | |
| General Fund | 9,952.61 | 20,277.50 | 23,778.63 |
| HRA | 14,930.14 | 8,500.00 | 11,200.88 |
| TOTAL | 24,882.75 | 28,777.50 | 34,979.51 |
| **Ratio of financing costs to net revenue stream** | | | |
| General Fund | 1.9% | 0.7% | 0.7% |
| HRA | 4.5% | 5.0% | 5.0% |
| **Net borrowing requirment** | | | |
| brought forward 1 April | 14,219.00 | 22,613.00 | 22,613.00 |
| carried forward 31 March | 22,613.00 | 32,881.00 | 26,835.00 |
| in year borrowing requirement | 8,394.0 | 10,268.0 | 4,222.0 |
| **In year Capital Financing Requirement** | | | |
| General Fund | 3,794.00 | 10,268.00 | 4,222.00 |
| HRA | 4,600.00 | 0.00 | 0.00 |
| TOTAL | 8,394.00 | 10,268.00 | 4,222.00 |
| **Incremental impact of capital investment decisions** | £ p | £ p | £ p |
| Increase in Council Tax (band D) per annum * | 0.00 | 0.00 | 0.00 |
| Increase in average housing rent per week | 0.00 | 0.00 | 0.00 |

| TABLE 3: Treasury management indicators | 2010/11 | 2011/12 | 2011/12 |
|---|---|---|---|
| | actual | Original estimate | probable out-turn |
| | £'000 | £'000 | £'000 |
| **Authorised Limit for external debt -** | | | |
| borrowing | 25,000.00 | 36,000.00 | 36,000.00 |
| other long term liabilities | 1,700.00 | 1,500.00 | 1,500.00 |
| TOTAL | 26,700.00 | 37,500.00 | 37,500.00 |
| **Operational Boundary for external debt -** | | | |
| borrowing | 23,000.00 | 35,000.00 | 35,000.00 |
| other long term liabilities | 1,700.00 | 1,500.00 | 1,500.00 |
| TOTAL | 24,700.00 | 36,500.00 | 36,500.00 |
| **Actual external debt** | | | 4,376.00 |
| **Upper limit for fixed interest rate exposure** | | | |
| Net principal re fixed rate borrowing and investments | 100% | 100% | 100% |
| **Upper limit for variable rate exposure** | | | |
| Net principal re variable rate borrowing and investments | 25% | 25% | 25% |
| **Upper limit for total principal sums invested for over 364 days** | 20% | 0% | 0% |
| (per maturity date) | | | |

| TABLE 4: Maturity structure of new fixed rate borrowing during 2010/11 | upper limit | lower limit |
|---|---|---|
| under 12 months | 30% | 0% |
| 12 months and within 24 months | 30% | 0% |
| 24 months and within 5 years | 80% | 0% |
| 5 years and within 10 years | 50% | 0% |
| 10 years and above | 50% | 0% |

| TABLE 5: Comparison of gross and net debt positions at year end | 2010/11 | 2011/12 |
|---|---|---|
| | actual | probable out-turn |
| | £'000 | £'000 |
| Actual external debt (gross) | 4,376 | 3,638 |
| Cash balances | 24,000 | 37,500 |
| **Net debt** | -19,624 | -33,862 |

Appendix 3

| Risk ID | Risk | | | | | | Corporate Objective | Gross Risk | | Residual Risk | | Current Risk | | Owner | Date Risk Reviewed | Proximity of Risk (Projects/ Contracts Only) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Category-000-Service Area Code** | **Risk Title** | **Opportunity/ Threat** | **Risk Description** | **Risk Cause** | **Consequence** | **Date raised** | **1 to 6** | **I** | **P** | **I** | **P** | **I** | **P** | | | |
| TMS-001 | Loss of capital investment | T | Loss of capital investment – if counterparty invested in collapses and is unable to repay the original investment | Collapse of counterparty, counterparty unable to repay investments | The Council will lose money which could potentially have an adverse effect on operational funding | 1-Nov-11 | 6 | 3 | 3 | 2 | 3 | 2 | 3 | Anna Winship | 01-Nov-11 | |
| TMS-002 | Interest Rates | O/T | Interest Rates – Although interest rates are currently at an all time low, the period of time that they remain at this level is to be considered. A prolonged period will affect the long term returns for the organisation. | No change to base rate and associated market investment rates, or rates that only move upwards slowly over a prolonged period of time | The Council will not be able to realise the returns on investment as previously projected in the budget | 1-Nov-11 | 6 | 3 | 3 | 2 | 2 | 2 | 2 | Anna Winship | 14-Jan-11 | |
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