Agenda Item

Report

11

Report to:	**Finance and Information Technology Resources Committee**
Date of Meeting:	**31 August 2010**
Report by:	**Executive Director (Finance and Information Technology Resources)**

Subject:	**Treasury Management Activity and Prudential Code Indicators 2009/2010**

1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide an overview of the treasury management activity and interim prudential code indicators for 2009/10.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the treasury management activity for 2009/10 is noted

(2) that the interim 2009/10 Treasury Management and Prudential Indicators are noted.

3. Background

3.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management requires Councils to prepare an annual report on their treasury management activities.

3.2. The introduction of the prudential framework in April 2004 also requires Councils to prepare a series of financial indicators that demonstrate affordability, prudence and sustainability with regard to capital financing decisions. Estimates of these indicators are reported to the Finance and Information Technology (IT) Resources Committee at the start of each year, with selected indicators then reported on an actual basis at the end of the year.

3.3. The Council's capital programme includes, within its funding package, planned borrowing. The Prudential Code provides a framework to assist the management of the financial implications and helps to demonstrate that the borrowing is both affordable and prudent.

3.4. The full report on the Council's treasury management activities in 2009/10 is attached at Appendix 1. The Treasury Management and Prudential Code Indicators are attached at Appendix 2.

3.5. The figures contained within this report are taken from or calculated from South Lanarkshire Council's Annual Accounts for 2009/10. It should be noted that the Annual Accounts are still being audited and, therefore, some of the figures may be subject to change. Significant changes to the indicators resulting from the audit will be reported back to Committee at a later date.

4. Treasury Management Activity

4.1. The Council ended the year with debt of £606.295m with fixed rate loans from the Public Works Loans Board (PWLB) making up 90.90% of the debt. Fixed rate loans help to build in certainty to the calculation of future loan charges which forms a significant element of the Council's long term revenue budget strategy.

4.2. The Council's pooled interest rate for 2009/10 was 5.69% (6.10% in 2008/09), with an expenses rate of 0.06%. The overall cost of borrowing will increase as debt levels increase to fund the capital programme, however the pooled interest rate is expected to reduce as new borrowing is available at lower interest rates in the longer term.

4.3. Deposits totalled £7.857m at 31 March 2010, with the level varying throughout the year due to the timing of expenditure and receipts. All deposits were managed in line with the Council's approved counterparty policy with the security of the deposit being the main priority over yield. The level of investment return was £0.72m.

4.4. In 2009/10 the Council chose not to take any long term borrowing from the PWLB. Instead, earmarked cash reserves were used to fund capital expenditure in the short term. This contributed to reducing the cash balances held in counterparties and therefore reduced risk. The borrowing required to fund the 2009/10 capital programme will be taken at some point to replenish the earmarked cash reserves.

5. Treasury Management and Prudential Code Indicators

5.1. The Council is required by the Prudential Code to report the actual prudential indicators after the closure of the financial year. Appendix 2 lists the indicators reported to Committee.

5.2. The General Fund Capital Expenditure for 2009/10 was £148.133m which is £4.242m less than the estimate reported to Finance and IT Committee in February 2010. This is mainly due to slippage on various projects and expenditure in areas where the required accounting treatment differs from accepted monitoring arrangements (such as PPP land transactions and Improvement grants).

5.3. The HRA capital spend in 2009/10 was £39.612m which is £2.475m less than budget. This is due to the adverse weather conditions experienced over the winter months which affected our ability to deliver the overall programme.

5.4. The Council's net borrowing position for 2009/10 was £859.823m which is less than the capital financing requirement of £976.988m, which represents the Council's underlying need to borrow to fund capital expenditure. This difference is mainly due to the level of earmarked reserves held by the Council.

5.5. The Capital Financing Requirement for the General Fund is £163.208m less than forecast. This is due to a recalculation of the PPP Finance Lease Liability required.

5.6. The net borrowing is £190.987m less than forecast, mainly due to a recalculation of the PPP Finance Lease Liability required.

5.7. During 2009/10, the Council remained within the operational boundary and authorised limit for gross debt. The operational boundary is the expected borrowing position, but it can vary due to changes in the cash flow and temporary breaches are acceptable. In contrast, the authorised limit represents the maximum level of debt the Council can afford and should not be breached.

6. Employee Implications

6.1. None

7. Financial Implications

7.1. In 2009/10, the loan charges for the general fund totalled £51.67m. HRA loan charges totalled £8.82m. These costs were met from within revenue budgets.

7.2. An additional £110.142m of internal borrowing from the Council's loans fund was made to fund the capital programme, mainly the Primary Schools' Modernisation Programme. The HRA borrowed £20.018m to fund the ongoing Home Happening project. The ongoing revenue implications from this will be met from future revenue budgets.

8. Other Implications

8.1. The Council has complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular, its adoption and implementation of both the Prudential Code and the CIPFA Treasury Management Code of Practice means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

9. Equality Impact Assessment and Consultation Arrangements

9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

9.2. There is no requirement to undertake any consultation in terms of the content of this report.

Linda Hardie
Executive Director (Finance and Information Technology Resources)

4 August 2010

Link(s) to Council Values and Objectives

- Value: Accountable, Effective and Efficient

Previous References

- Finance and IT Resources Committee 11 February 2010

List of Background Papers

- CIPFA publication "The Prudential Code for Capital Finance in Local Authorities"

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

Jackie Taylor, Corporate Finance Manager
Ext: 5637 (Tel: 01698 455637)
E-mail: jackie.taylor@southlanarkshire.gov.uk

Appendix 1

Treasury Management Activity Report 2009/10

1. Background

1.1. The Annual Treasury Management Activity Report is a requirement of the Council's reporting procedures and covers 2009/10. The report also includes the Treasury Management Indicators for 2009/10 in accordance with the requirements of the CIPFA Code of Practice for Treasury Management in the Public Sector and actual Prudential Indicators for 2009/10 in accordance with the requirements of the Prudential Code.

2. Introduction

2.1. The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government in Scotland Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Scottish Ministers to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2009/10);
- Statutory Instrument (SSI) 29 2004, requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities, and therefore to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- This Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of treasury management activity is the effective management of risk, and that its borrowing activities are undertaken in a prudent, affordable and sustainable basis.

2.2. The CIPFA Code of Practice requires reports to be made on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

2.3. This report will cover:

- A summary of the strategy agreed for 2009/10;
- The Council's treasury position at 31 March 2010;
- Economic Background for 2009/10;
- Actual Performance During 2009/10;
- Risk Management;
- Treasury Management and Prudential Indicators (see Appendix 2)

3. The Strategy Agreed for 2009/10

3.1. The 2009/10 strategy was formed under continuing uncertainty over future interest rates. Short term interest rates were expected to fall as further cuts in the Bank of England Base Rate from the 1.5% in February 2009 were expected, although not a foregone conclusion. Longer term fixed interest rates were expected to decrease over the medium term.

3.2. The uncertainty over future interest rates resulted in the Council adopting a cautious borrowing strategy. The Director of Finance, under delegated powers, would take the most appropriate form of borrowing depending on the prevailing interest rates at the time.

3.3. The use of reducing deposit balances in lieu of borrowing would be considered, reducing the need to deposit cash with counterparties, and limiting the impact of reduced investment returns.

3.4. The timing of borrowing would be reconsidered if borrowing rates deteriorated. This could include borrowing in advance of need.

3.5. The Director of Finance would monitor prevailing rates, undertake borrowing at the best time, and if appropriate, consider rescheduling of our existing debt.

3.6. The main principle governing the Council's investment criteria was the security and liquidity of its investments before yield, although the yield or return on the investment would be a consideration. After this main principle the Council would ensure that investments were sufficiently liquid by considering the maximum periods for which funds could be prudently committed. A policy covering the criteria for choosing investment counterparties with adequate security would also be adhered to.

4. Treasury Position at 31 March 2010

4.1. The Treasury Position at the 31 March 2010 compared with the previous year is shown in table 1 below:

Table 1 – Treasury Position as at 31 March 2010

	31 March 2010		31 March 2009	
	Principal	Average Rate	Principal	Average Rate
Fixed PWLB	£551.1m	6.04%	£562.8m	6.11%
Fixed Market	£18.0m	9.92%	£18.0m	9.92%
European Investment Bank (EIB)	£0.0m	0.00%	£0.1m	8.22%
Total Fixed Rate Debt	**£569.1m**	**5.89%**	**£580.9m**	**6.23%**
Market	£8.0m	5.09%	£8.0m	5.09%
Temporary	£28.5m	0.50%	£0.2m	5.19%
Internal	£0.7m	4.69%	£0.7m	4.69%
Total Variable Rate Debt	**£37.2m**	**1.56%**	**£8.9m**	**5.06%**
Total Debt	**£606.3m**	**5.88%**	**£589.8m**	**6.21%**
Total Deposits	**£7.9m**	**0.28%**	**£81.0m**	**1.48%**

4.2. The gross debt position rose by £16.5m from 2009/10, accounted for by decreases in PWLB (£11.7m), increases in Temporary Loans (£28.3m) and repayments of EIB (£0.1m).

4.3. The Council's pooled cost of borrowing is measured on an equated debt basis which takes account of how the Council's capital expenditure was funded throughout the year. The pooled interest cost together with the expenses rate for 2009/10 and the previous two years is shown in Table 2 as follows:

Table 2 – Pooled Cost of Borrowing

Year	Loans Fund Pooled Rate	Loans Fund Expenses Rate
2009/10	5.69%	0.06%
2008/9	6.10%	0.38%
2007/8	6.14%	0.09%

4.4. The pooled interest rate should continue to reduce as new borrowing is taken at historically low rates to fund the Council's capital programme.

5. Economic Background for 2009/10

5.1. After the recession and downturn in growth that extended into early 2009, there were reports of recovery. Green shoots of recovery were finally evident in the final quarter of 2009 with growth registering 0.4% for the quarter.

5.2. In order to stimulate growth, the Bank of England maintained the Bank Rate at 0.5% throughout the year. The Bank took measures to revive the economy through its Quantitative Easing (QE) programme. Financed by the issuance of central bank reserves QE was announced at £75bn, and then extended in stages to £200bn.

5.3. Consumer Price Inflation, having hit a high of 5.2% in September 2008, began the year at 3.2% (Feb 2009 data), fell to a low of 1.1% in September 2009 as the oil, commodity, utility and food prices (the drivers of high inflation in 2008) fell out of the year-on-year statistical calculations. Thereafter, inflation pushed higher with rising oil and transport costs and VAT reverting to 17.5%. CPI at year end was 3.0% (Feb 2010 data).

5.4. The November 2009 Budget was primarily about public debt. The Chancellor's forecast for net public sector borrowing in 2009/10 was £175bn or 12.4% of GDP. Gross gilt issuance was expected to hit £220bn in 2009/10. Standard & Poor's responded to the debt that the UK government was building up and a lack of a credible plan to reduce the debt burden by changing the UK's rating outlook from stable to negative.

5.5. LIBOR and LIBID rates (i.e. the rates at which a banks are willing to borrow from and lend to other banks) which had been high in early 2009, slowly moved lower towards the Bank Rate of 0.5%.

5.6. UK Government Gilts performed better as is expected in an economic downturn. They also formed the significant bulk of the QE purchases which has helped push gilt yields, and consequently the cost of borrowing, lower.

5.7. Details of significant interest rates during 2009/10 are shown in Table 3 below

	Base Rate	1 Year PWLB	5 Year PWLB	10 Year PWLB	20 Year PWLB	30 Year PWLB	40 Year PWLB	50 Year PWLB
High	0.50%	1.23%	3.29%	4.42%	4.84%	4.80%	4.84%	4.85%
Average	0.50%	0.90%	2.89%	3.93%	4.45%	4.50%	4.52%	4.52%
Low	0.50%	0.68%	2.47%	3.30%	4.01%	4.10%	4.17%	4.18%

6. Actual Performance during 2009/10

6.1. Capital expenditure for the year was £187.745m. Due to the differential between borrowing costs and deposit returns, no long term borrowing was taken to fund capital expenditure or maturing debt. Reserve balances were used in lieu of borrowing, reducing deposit levels and counterparty risk.

6.2. On a number of occasions short term borrowing was taken from the market at historically low rates in order to meet cash flow requirements and maintain liquidity. Details of these loans are shown in the table below.

6.3. It is recognised that using cash balances in lieu of borrowing cannot continue indefinitely and future borrowing will be required to support capital expenditure.

6.4. Details of short term borrowing as at 31 March 2010 are shown in Table 4 below.

Date	Lender	Principal	Type	Interest Rate	Period (Days)
02/03/10	City of Edinburgh Council	£5.0m	Fixed interest rate	0.45%	35
23/03/10	Liverpool City Council	£5.0m	Fixed interest rate	0.50%	14
25/03/10	Greater Manchester Pension Fund	£5.0m	Fixed interest rate	0.47%	14
25/03/10	Greater Manchester Pension Fund	£5.0m	Fixed interest rate	0.50%	21
30/03/10	Coventry Building Society	£3.3m	Fixed interest rate	0.55%	21
15/03/10	City of Edinburgh Council	£5.0m	Fixed interest rate	0.50%	31
TOTAL		£28.3m	Weighted Average	0.49%	22.75

6.5. The Council's investment policy was approved by Finance and IT Committee on 3 May 2005. In November 2009 CIPFA released the revised Code of Practice for Treasury Management in the Public Services and accompanying Guidance Notes.

6.6. Following the adoption of the revised CIPFA Code of Practice the investment policy was updated and approved by Finance and IT Committee on 11 February 2010.

6.7. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. The Council maintained an average balance on deposit of £76.38m and received an average return of 0.67%. The comparable performance indicator is the average 7 day LIBID (London Inter-bank bid) rate, which was 0.39%.

6.8. At 31 March 2010 outstanding deposits totalled £7.857m. This does not include balances in our Call Account facilities at this date as these were accounted for as cash. The average deposit and average returns quoted for the year include Call Accounts to give a true reflection of actual performance.

7. Risk Management

7.1. The Council has complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the CIPFA Treasury Management Code of Practice means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

7.2 The Council is aware of the risks of passive management of the treasury portfolio and has proactively managed the debt planning and investments over the year. The Council has continued to utilise low borrowing costs through temporary borrowing and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans.

7.3. Investment Risk

7.3.1 The main consideration when investing surplus funds is be the security of the transaction. The Council must also meet its liquidity requirement and only invest for the period of time that is prudent. Finally, and only after consideration of security and liquidity, the yield that will be gained from the investment will be considered.

7.3.2. The Council's existing investment criteria was reported to Finance and IT Resources Committee on 3 May 2005 in the report entitled 'Criteria for Investment of Temporary Surplus Funds'.

7.3.3. In addition to the above report a supplementary report was approved which extended the Counterparty policy to include the Debt Management Office (DMO) Deposit facility provided by HM Treasury. This action was taken to ensure security for our surplus funds through a volatile period for banks.

7.3.4. In November 2009 CIPFA released the revised Code of Practice for Treasury Management in the Public Services and accompanying Guidance Notes. Following the adoption of the revised CIPFA Code of Practice the investment policy was updated and approved by Finance and IT Committee on 11 February 2010.

7.4. Interest Rate Risk

7.4.1. The Council is currently part way through a significant capital programme funded in part by borrowing. Consideration has always been made to the optimum time to borrow funds to ensure cash flow is maintained, and also that any risks of increasing borrowing interest rates are minimised.

7.4.2. We now must consider additional factors in our borrowing strategy including the low level of interest that we will make on any funds which are borrowed before they are required. Also, ensuring that there is deposit capacity in secure counterparties must be made. Consideration will also be given to repaying debt if appropriate.

8. Treasury Management and Prudential Indicators

8.1. The Treasury Management and Prudential Indicators are detailed in Appendix 2 to this report.

Appendix 2

Treasury Management and Prudential Indicators 2009/10

1. Treasury Management Indicators 2009/10

1.1. The revision to the Treasury Management Code has resulted in four prudential indicators now becoming Treasury Management Indicators which are to be reported alongside the Treasury Strategy.

1.2. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. The indicators are detailed below.

2. Upper Limit on fixed and variable rate exposure

2.1. Setting an upper limit on fixed and variable rate exposures identifies a limit for exposure to fixed and variable rates of interest. The purpose of this indicator is to provide a measure of stability against the adverse effects of market fluctuations

	2009/10 Actual £ m	2009/10 Estimate £ m
Upper limit of fixed rate exposures	127.66%	180%
Upper limit of variable rate exposures	2.42%	30%

2.2. The actual fixed rate exposure is assessed by comparing the amount of Net Debt (which is borrowing less investments) we hold at a fixed rate to the Total Net Debt (both fixed and variable) of the Council. The same will be calculated for variable rate exposure.

2.3. An illustration of this calculation is shown below:-

	£m			£m	
Total Debt	619.7				
Total Investments	(242.9)				
Total Net Debt	**376.8**				
Fixed Net Debt			**Variable Net Debt**		
Fixed Debt	610.8		Variable Debt	8.9	
Fixed Investments	(0)		Variable Investments	(242.9)	
Fixed Net Debt	**610.8**		**Variable Net Debt**	**(234.0)**	
Exposure	**162%**		**Exposure**	**(62%)**	
(Fixed Net Debt / Total Net debt)			(Variable Net Debt / Total Net debt)		

3. Maturity Structure of Borrowing

3.1. By setting limits on the maturity structure of fixed rate borrowing, the exposure to large concentrations of fixed rate debt needing to be replaced at the same time in the future at currently unknown rates can be limited. This effectively places a limit on exposure to longer term interest rate movement.

Maturity structure of borrowings for 2009/10		
	Maximum	**Limit**
Under 12 months	2.02%	10%
12 months and 24 months	2.33%	20%
24 months and 5 years	8.00%	50%
5 years and 10 years	13.35%	50%
10 years and 20 years	7.27%	60%
20 years and 30 years	7.14%	70%
30 years and 40 years	2.03%	80%
40 years and 50 years	59.88%	90%
50 years +	0.00%	90%

4. Total Principle Sums Invested for Greater Than 364 days

4.1. Limits on the total principal sums invested for greater than 364 days protects against potential loss that could be suffered if the money was required back prior to the full term of the investment. As the Council had no statutory powers to invest for periods longer than 364 days in 2009/10, this indicator shows a nil value.

5. Prudential Code Indicators 2009/10

5.1. The Prudential Code enables Councils to take responsibility for deciding an affordable level of borrowing to fund capital expenditure. This moves away from the previous regime through which central government gave Councils consent to borrow defined amounts for capital expenditure

5.2. To meet the objectives of the Code, the Council is required to report a number of indicators, use those to demonstrate the affordability and sustainability of our capital plans and to show that good treasury management practice is adhered to.

6. Capital Expenditure and Borrowing Requirement indicators

6.1. Capital Expenditure

6.1.1 This indicator shows the capital expenditure for 2009/10. The 2009/10 estimate is also shown.

	2009/10 Actual £ m	**2009/10 Estimate £ m**
General Fund Capital Expenditure (Including Hamilton Ahead and Fairer Scotland Fund)	148.133	152.375
HRA Capital Expenditure	39.612	42.087

6.1.2. In General Fund the movement from the 2009/10 estimate was £4.242m. This is mainly due to slippage on various projects and expenditure in areas where the required accounting treatment differs from accepted monitoring arrangements (such as PPP land transactions and Improvement grants).

6.1.3. The HRA capital spend in 2009/10 was £39.612m, £2.475m less than anticipated. This was due to the adverse weather conditions experienced over the winter months which affected our ability to deliver the overall programme.

6.2. Council's Borrowing Requirement (the Capital Financing Requirement)

6.2.1. The Council's Capital Financial Requirement (CFR) is the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need to borrow for past and present capital expenditure.

6.2.2. The Council is required to pay off an element of the accumulated balance of borrowing every year through a charge to the revenue account.

6.2.3. Over the medium term borrowing net of investments should only be for a capital purpose. Net borrowing should not, except in the short term, exceed the CFR for 2009/10 plus the expected changes to the CFR over 2010/11 and 2011/12. The table below highlights that the Council has complied with this requirement.

	31 March 2010 Actual £ m	**31 March 2010 Estimate £ m**
General Fund Capital Financing Requirement	827.324	990.532
HRA Capital Financing Requirement	149.664	151.281
Total Capital Financing Requirement	**976.988**	**1,141.813**
Treasury Position as at 31 March 2010		
Borrowing	606.295	620.270
PPP Finance Lease Liability	269.640	450.000
Total Debt	**875.935**	**1,070.270**
Investments (adjusted for cash and bank balance)	16.112	20.000
Net borrowing Position	**859.823**	**1,050.270**

6.2.4. The net borrowing is £190.987m less than forecast, primarily due to a requirement to recalculate the PPP Finance Lease Liability.

6.3. Limits to borrowing Activity

6.3.1. The Operational Boundary for external debt is based on the expected maximum external debt that could be faced in the course of the year. It is set to accommodate the borrowing requirements, and also includes sufficient scope to allow for changes to the capital programme throughout the year.

6.3.2. The Authorised Limit for External Debt represents a limit beyond which external debt is prohibited. It represents the level of external debt which could be afforded in the very short-term, but is not sustainable in the longer term without consideration to revenue budgets. This limit would not be breached without the Finance and IT Resources Committee being advised.

6.3.3 It must be noted that the future for public sector funding remains uncertain and that this is a position which will require continual review.

	2009/10 £ m
Original Indicator - Operational Limit for external debt	1,100.000
Original Indicator - Authorised Limit for external debt	1,120.000
Maximum borrowing position during the period (including highest liability relating to PPP Finance Lease)	875.936
Minimum borrowing position during the period (including lowest liability relating to PPP Finance Lease)	820.950

6.3.4. The table demonstrates that during 2009/10 the Council maintained its gross borrowing within its Authorised Limit and Operational Boundary.

7. Affordability Indicators

7.1. Ratio of Financing Costs to Net Revenue Stream

7.1.1. This indicator focuses on the extent to which the Council's net revenue budget is used for servicing debt. This is shown for both General Fund and HRA.

	2009/10 Actual £ m	**2009/10 Estimate £ m**
General Fund Ratio of Financing Costs to Net Revenue Stream (expressed as %)	7.54%	7.42%
HRA General Fund Ratio of Financing Costs to Net Revenue Stream (expressed as %)	10.25%	9.81%

7.2. Estimates of the Incremental impact of General Fund capital investment on Council Tax

7.2.1. This indicator shows the likely impact of new General Fund capital investment and the subsequent servicing of additional borrowing will have on the Council Tax.

	2009/10 Actual £ m	**2009/10 Estimate £ m**
Incremental impact on council tax band D	£0.00	£0.00

7.3. Estimates of the Incremental impact of HRA capital investment on council house rents.

7.3.1. As the financial consequences of borrowing to fund the Housing Investment Programme will be met from existing resources there is no impact on Council House rents.

	2009/10 Actual £ m	2009/10 Estimate £ m
Incremental impact on council house rents	£0.00	£0.00

8. Treasury Management Indicators

8.1. Adherence to the CIPFA Treasury Code of Practice

8.1.1. South Lanarkshire Council adopts the CIPFA TM code through which assurance is given that the Council has formal treasury objectives, policies and practices; that priority is given to identifying and controlling risk, and that proper reporting arrangements are established.