

Appendix 2 – Summary of Changes to Treasury Management Strategy for 2023/24

A large proportion of the Treasury Management Strategy remains the same as last year but this section highlights any significant changes made on the previous year's Strategy.

The Prudential Indicators in Section 2 of the Strategy have been updated to reflect the latest figures approved by Council, including the addition of a new Liability Benchmark indicator required by CIPFA from 2023/24.

The Annual Investment Strategy has been updated to reference the Link creditworthiness service, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's – to be used by officers when assessing potential investments.

Section 4 has been updated to reflect the cessation of LIBOR and the associated 7 day LIBID, which had previously been used to benchmark the Council's treasury investment performance. The new recommended benchmark is the 7 day SONIA rate, which is the risk-free rate for sterling markets administered by the Bank of England.

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. The now-defunct LIBOR had been based on estimated rates.

Section 5 provides a brief economic update from our independent financial advisors, Link Group.

Section 7 provides a list of approved countries for investment. Based on the recommendation of our treasury management advisers, Hong Kong and Luxembourg have been removed from the list for 2023/24.