Room 151 Survey

LOCAL GOVERNMENT FINANCE & TREASURY 'CURRENT AFFAIRS'

Lead Sponsor



60 YEARS OF GOOD INVESTMENT

FOREWORD

Room 151's survey of investment expectations has been running successfully for a few years now, with results that are invariably interesting in themselves but also, in series, bring insight into changing views and expectations.

For LATIF North, the wish was to seek your views again, but on a different set of the issues confronting the sector. This time the decision was to look more broadly but, recognising the trade-off between range and depth, how much is covered and how deep you can go, to focus on a few of the key issues and so have the chance to dig a little below the surface.

What made the cut? Obviously structural issues such as Brexit and MIFID, but whilst the first has had the effect of increasing caution, the other seems to have passed the sector by, leaving behind a legacy of workload but not impact. Respondents were more exercised by financial pressures which are already at crisis level for some and are building for all. There was recognition that many would move further along the road to commercialism and worries that others might be forced into section 114 notices. Against this background IFRS9 was seen as an unwelcome distraction, with strong support for a statutory override.

Who responded? The respondents were the individuals making the treasury decisions and an encouraging strength of the survey was its broad base, unbiased by region, council type or political affiliation.

Overall, a strong start to what should be an annual event. I wonder how many of today's key issues will feature again in 2019?



John Kelly, CCLA
Director, Client Investments

Room 151 SURVEY DEMOGRAPHICS

Room 151 SURVEY SUSTAINABILITY

Total number of respondents: 86

Q1: Are you your council's s151 officer?



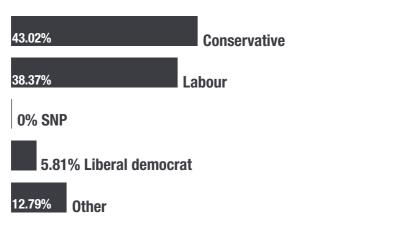
Q2: Do you manage your councils treasury investments?



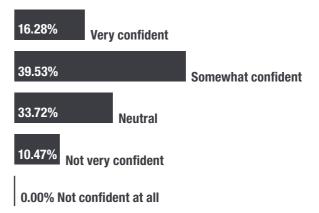
Q3: Council type



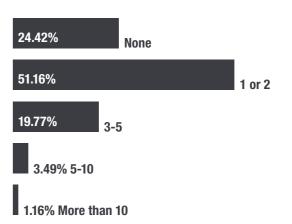
Q4: Political control of your council?



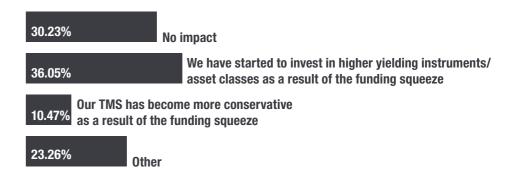
Q5: Under the current government framework for local government finances, how confident are you that your council is financially sustainable?



Q6: How many section 114 notices do you expect to see issued in the next 12 months (excluding Northamptonshire)?



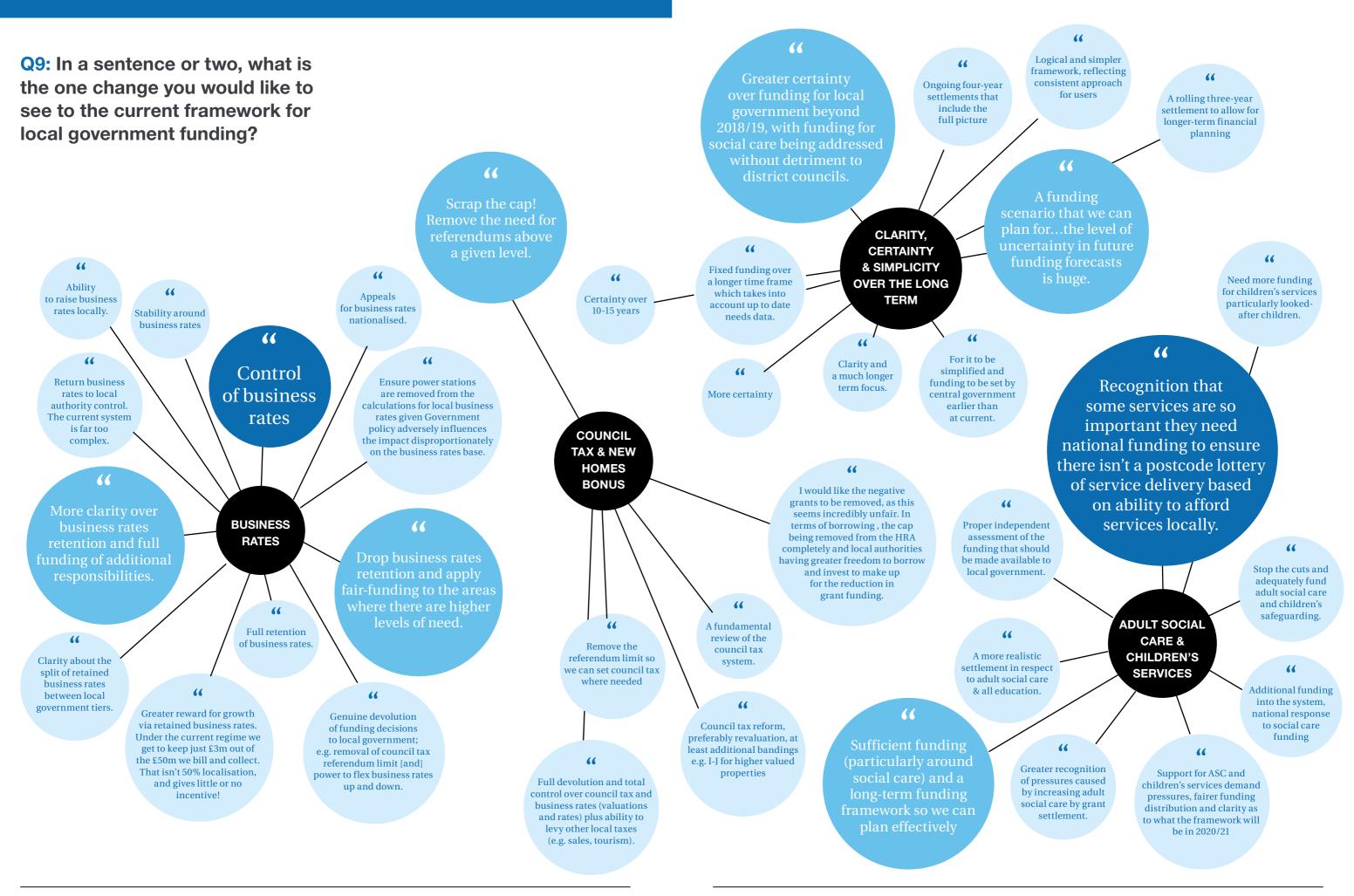
Q7: What impact has the funding squeeze had on your treasury management strategy?



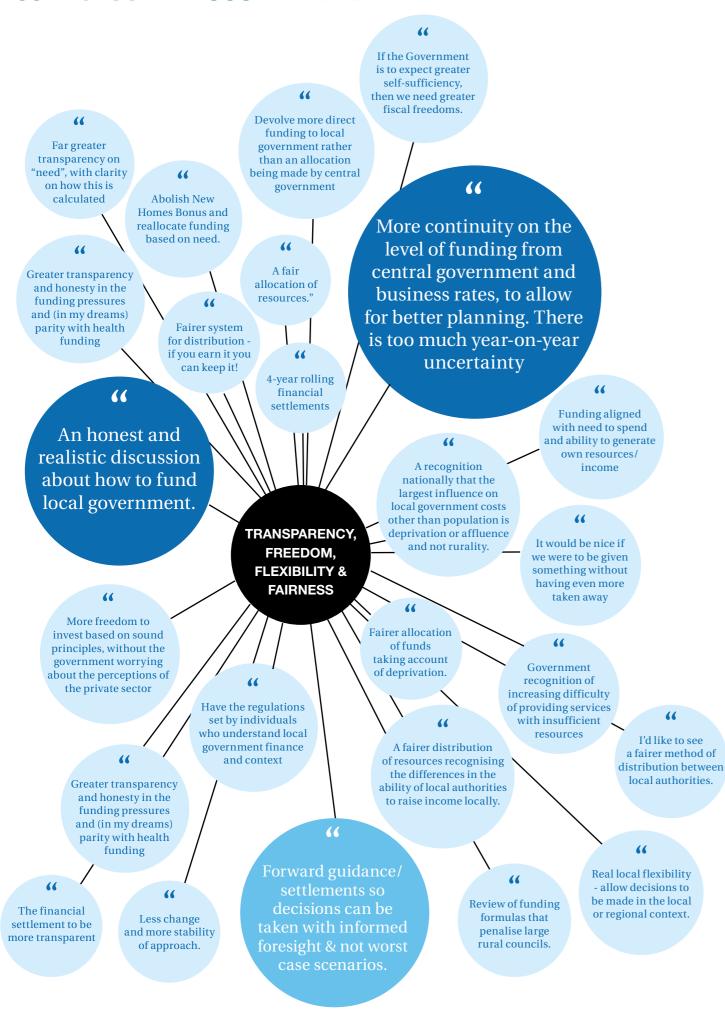
Q8: Do you expect Brexit to impact local government financial sustainability?



Room 151 SURVEY SUSTAINABILITY



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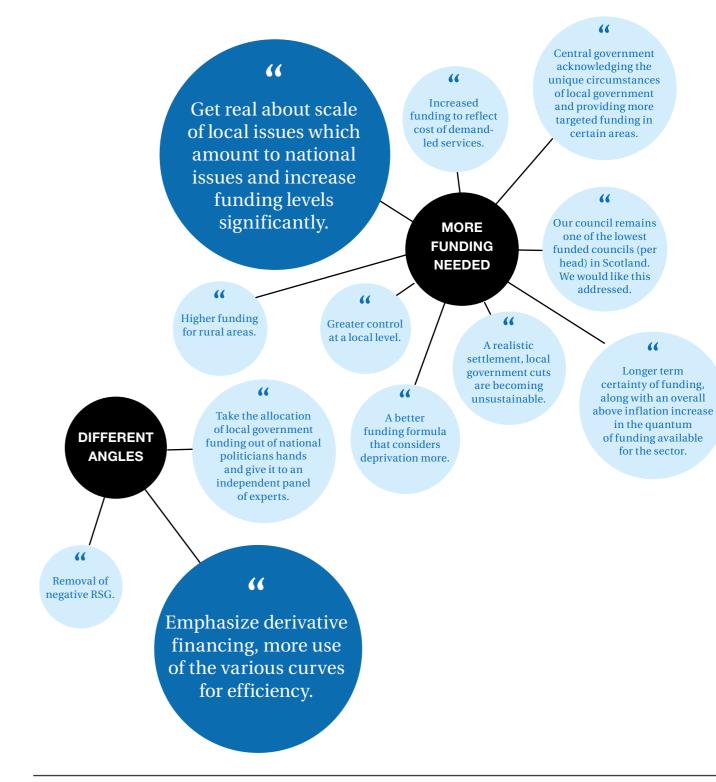


Room 151 SURVEY SUSTAINABILITY

Q9 continued

We've grouped officer responses to this question into some broad themes although there is plenty of cross over between them.

Each comment in this section represents the distinct voice of a section 151 officer or treasurer, working in local authority today, who experiences council finance at the coal face. Given the chance to change just one thing about the current funding framework, this is what they said...



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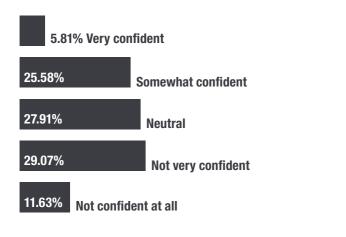
Room 151 SURVEY IFRS 9

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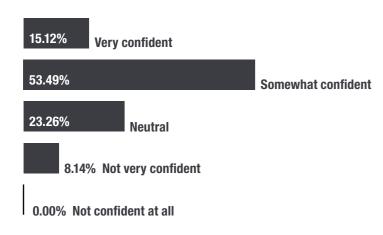
Q10: How confident are you that your s151 officer is briefed and up to speed on IFRS9?



Q11: How confident are you that your lead member for finance is briefed and up to speed with IFRS9?



Q12: How confident are you that you understand IFRS9 and its implications for your treasury investments?



Q13: Have you had a discussion with your auditors and agreed accounting treatments for IFRS9?



Q14: Has your auditor provided any training or guidance on IFRS9?



Q15: If you are an investor in pooled funds (such as property or bond funds) do you plan to make a one-off "election" to take any losses, or any gains from those funds to an unusable reserve?



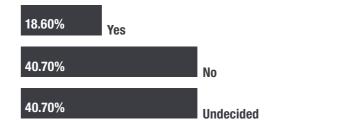
Q16: Have you made any provision for potential losses from IFRS9?



Q17: Would you support a statutory override for IFRS9 on pooled investment assets?



Q18: Is IFRS9 likely to change what you invest in?



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Room 151 SURVEY MIFID II

Room 151 SURVEY COMMERCIALISATION

Q19: Has your authority opted up to professional status under MIFID II?

76.74%

Yes, we've opted up to all of our providers

Yes, we've opted up to some providers but not others

3.49% No, we are a retail treasury manager across the board

Q20: Has MiFID II changed or is it likely to change your treasury management strategy in any way?



Room151 SURVEY COMMERCIALISATION

Q21: Have you invested in commercial property or other commercial enterprises as a means of generating income to pay for services?

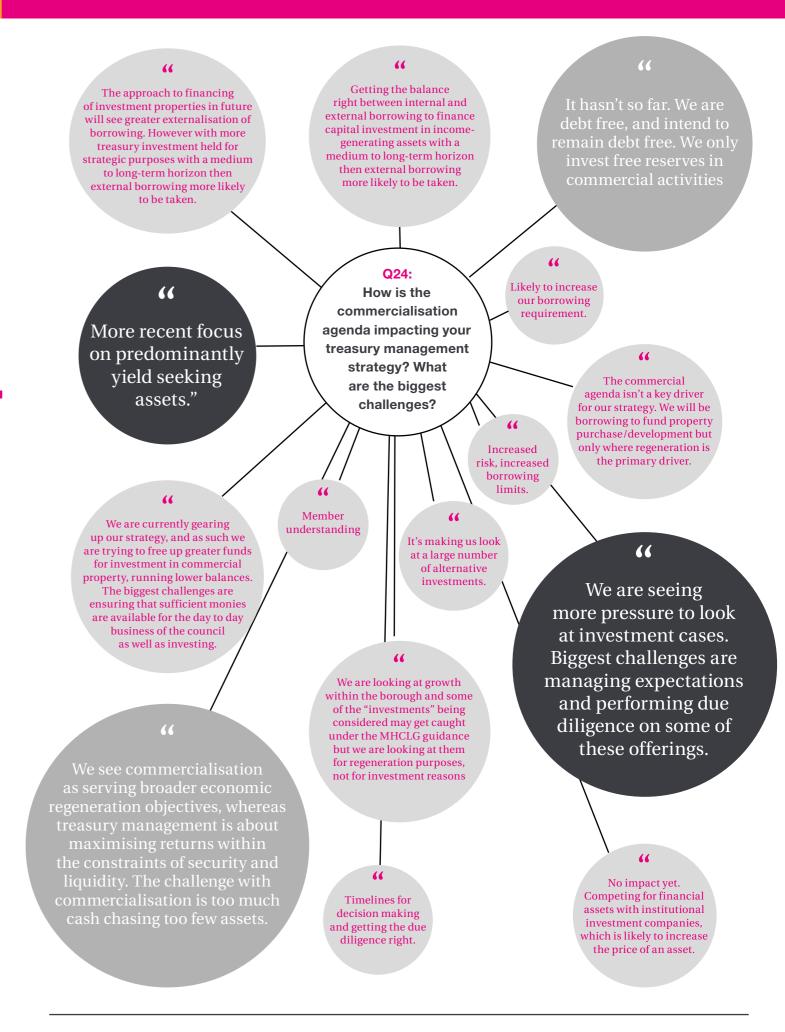


Q22: Do you think the proposed MHCLG investment code will put councils off investing in commercial property and/or other commercial enterprises?



Q23: Do you plan to borrow in the coming two years to invest in commercial projects that generate revenue for the council?





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Room 151 SURVEY GOVERNANCE

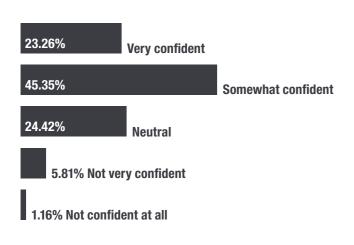
Q25: How closely are members involved in making treasury decisions?



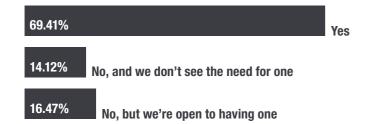
Q26: How often does your council and/or advisers provide treasury training for members?



Q27: Are you confident you have the right checks and balances in place to ensure proper scrutiny of your treasury management strategy?



Q28: Do you have a member lead for treasury issues?



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