

Committee: Cabinet

Date: 16 February 2017

Title: Treasury Management Strategy 2017/18

Portfolio Holder: Councillor Simon Howell

Agenda Item

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Item for decision

1.0 Summary

- 1.1 The Council's cash-flow management, use of banks, investments and borrowing is governed by the Treasury Management Strategy (TM strategy).
- 1.2 The CIPFA Code of Practice for Treasury Management in Public Services (the "TM Code") requires the Council to determine its Treasury Management Policy and Strategy for 2017/18 and the following two years.
- 1.3 The Local Government Act 2003 also requires Local Authorities to adopt Prudential Indicators and Minimum Revenue Provision Statements, see Appendices A and B.
- 1.4 The TM strategy will continue to give priority to security and liquidity of investment capital over return. It will also be prudent and transparent.
- 1.5 The strategy assumes no new external borrowing. Investments will continue to be prudent and diversify Council surplus cash within the parameters permitted.
- 1.6 The Scrutiny Committee reviewed the budget reports on 7 February. Comments from the Committee are in a separate item on the agenda.

2.0 Recommendations

- 2.1 The Cabinet is requested to approve, for recommendation to Full Council, the following items:
 - Treasury Management Strategy 2017/18.
 - Prudential Indicators, Appendix A.
 - Minimum Revenue Provision (MRP) Statement, Appendix B
 - Economic Forecast, Appendix C

3.0 Impact

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Finance	The financial impact and the associated arrangements for managing risk are included in the body of the report.
Health and safety	No specific implications
Human Rights	No specific implications
Legal implications	The strategy fulfils requirements of the LGA 2003
Ward-specific impacts	No specific implications
Workforce /Workplace	No specific implications

4.0 Background

- 4.1 The 2017/18 Strategy has incorporated the updates to our current strategy approved at Cabinet on 1 December; these are in line with recommendations by our independent Treasury Management Advisors (Arlingclose). The key changes were:
- Increased counterparty investment levels and time limits for Local Authorities
 - Increased borrowing limit to £250million
- 4.2 The Treasury Management counterparty list is outlined below and is also included within the Strategy; there are no recommended changes for 2017/18.
- 4.3 The Council has adopted the TM Code; in addition the Department for Communities and Local Government (DCLG) issued revised *Guidance on Local Authority Investments* in March 2010 which both require the Council to approve an Investment Strategy before the start of each financial year.
- 4.5 The Treasury Management Strategy fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the TM Code and the DCLG Guidance.
- 4.6 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy and to mitigate these risks.

5.0 Background Papers

5.1 None

6.0 Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Credit/Liquidity/Refinancing and Market risks	2 – Our advisors will alert us to any future or possible risks	2 – Some action may be necessary to ensure that funds are secure	Council compliance with the legal framework as set out in the local Government Act 2003, associated regulations and professional Codes of Practice/guidance. Compliance monitored regularly through: <ul style="list-style-type: none">• adoption of TM Policy and Strategy• Mid year TM progress report to Cabinet• Annual TM outturn Report to Cabinet.• TM procedures

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.