

<b>Committee:</b>	Cabinet	<b>Date:</b>	
<b>Title:</b>	Treasury Management Strategy 2018/19 - Covering Report		15 February 2018
<b>Portfolio Holder:</b>	Cllr Simon Howell, Cabinet Member for Finance and Administration		
<b>Report Author</b>	Angela Knight, Assistant Director – Resources 01799 510446	<b>Key decision:</b>	No

---

## Summary

1. The Council's cash-flow management, use of banks, investments and borrowing is governed by the Treasury Management Strategy (TM strategy).
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 2018/19 and the following two years.
3. The Local Government Act 2003 also requires Local Authorities to adopt Prudential Indicators as detailed Appendix B in the main TM Strategy.
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.
5. The strategy assumes no new external borrowing. Investments will continue to be prudent and diversify Council surplus cash within the parameters permitted.
6. The Scrutiny Committee reviewed this report on 6 February. Comments from the Committee are presented as a separate item on the agenda.

## Recommendations

7. The Cabinet is requested to recommend, for approval by Full Council the Treasury Management Strategy and appendix as attached.

## Financial Implications

8. Included within the TM Strategy.

## Background Papers

9. None

## Impact

10.

Communication/Consultation	No specific implications
Community Safety	No specific implications
Equalities	No specific implications
Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	The strategy fulfils requirements of the LGA 2003
Workforce/Workplace	No specific implications

## Situation

11. The Treasury Management counterparty list is included within the Strategy; there is one recommended change for 2018/19, an unlimited level of investment is maintained for Local Authorities collectively as per the 2017/18 Strategy, but a maximum of £6m is implemented per individual Local Authority for 2018/19.
12. 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.
13. 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.
14. 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.

## Risk Analysis

15.

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	<p>Council compliance with the legal framework as set out in the local Government Act 2003, associated regulations and professional Codes of Practice/guidance.</p> <p>Compliance monitored regularly through:            adoption of TM Policy and Strategy            Mid-year TM progress report to Cabinet            Annual TM outturn Report to Cabinet.            TM procedures</p>

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.