

## **Treasury Management Policy and Strategy 2018/19**

<b>Final Decision-Maker</b>	Full Council
<b>Portfolio Holder(s)</b>	Councillor David Reilly – Portfolio Holder for Finance and Governance
<b>Lead Director</b>	Lee Colyer – Director of Finance, Policy and Development
<b>Head of Service</b>	Jane Fineman – Head of Finance and Procurement
<b>Lead Officer/Author</b>	Clare Hazard – Accountancy Manager
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

**This report makes the following recommendations to the final decision-maker:**

1. That the Treasury Management Policy and Strategy 2018/19 be adopted.

**This report relates to the following Five Year Plan Key Objectives:**

This report supports all of the key objectives. The security of the Council's cash and effective cash flow management is vital in order to support all the services provided by the Council. The interest received from the Council's investments is an important source of income in helping the Council set a balanced budget.

**Timetable**

<b><i>Meeting</i></b>	<b><i>Date</i></b>
Management Board	20 December 2017
Discussion with Portfolio Holder	29 December 2017
Cabinet Advisory Board	9 January 2018
Cabinet	1 February 2018
Council	21 February 2018

# Treasury Management Policy and Strategy 2018/19

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report presents the Treasury Management Policy and Strategy 2018/19 and recommends that Cabinet proposes that it is adopted by Full Council.
  - 1.2 The Treasury Management Policy and Strategy forms part of the Council's financial management arrangements, ensuring a framework for decisions is in place to help maintain the Council's financial position, and support the Council in delivering its priorities.
  - 1.3 The Prudential Indicators, Treasury Indicators and Treasury Management Targets included within this strategy help monitor the Council's position throughout the year.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 A requirement under the Chartered Institute for Public Finance and Accountancy (CIPFA) Treasury Management Code is to prepare a Treasury Management Policy and Strategy setting out the Council's policies for managing investments and borrowing.
  - 2.2 The Local Government Act 2003 also requires Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code is a professional code of practice to support Local Authorities in taking capital investment decisions. The Council sets Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
  - 2.3 A consultation has been carried out by the Department for Communities and Local Government on proposed changes to the CIPFA Prudential Code and CIPFA Treasury Management Code with the expectation that revised Codes will be issued in December 2017. CIPFA has acknowledged that the planning process for authorities will be in advance of this so compliance with the revised codes will take place after the 2018/19 budget cycle.
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## 3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

### Treasury Management Policy and Strategy

- 3.1 The suggested Treasury Management Policy and Strategy 2018/19 is presented in **Appendix A** to this report.

- 3.2 At its meeting of 6 December 2017 Full Council approved an amendment of the Treasury Management Policy and Strategy to increase the authorised limit for external debt and the operational boundary for external debt by £77 million to fund the new Civic Complex and theatre.
- 3.3 This amendment has been reflected within the 2018/19 Treasury Management Policy and Strategy and both the Authorised Limit for External Debt and Operational Boundary for External Debt have been increased from £20 million to £97 million.

### **Treasury Management Reporting**

- 3.4 As well as this annual strategy, the CIPFA Treasury Management Code requires the Council reports as a minimum, a mid year report and an annual treasury report.
- 3.5 This Council meets this requirement by presenting a treasury management monitoring report to Cabinet quarterly with the fourth quarter taking the form of an annual report for the year.

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## **4. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 4.1 The Council takes advice from Link Asset Services (formerly Capita Asset Services) on all treasury management activities.

### **RECOMMENDATION FROM CABINET ADVISORY BOARD**

- 4.2 The Finance and Governance Advisory Board were consulted on this decision on 9 January 2018 and subject to two changes relating to: (a) Interest forecasts – to include both advisors’ forecasts; and (b) Interest from property – to refer to “income/yield” rather than “interest”; agreed the following recommendations:

That, with two changes proposed above – which would be incorporated into the Cabinet report – the recommendation set out in the report be supported.

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## **5. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 5.1 Once the adoption of the Treasury Management Policy and Strategy has been approved by Full Council it will be put into place commencing 1 April 2018.

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## **6. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Legal</b> including Human Rights Act	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority,	Patricia Narebor, Head of Legal Partnership 20 December 17

	including securing effective arrangements for treasury management.	
<b>Finance</b> and other resources	The net investment interest is an important source of income for the Council's revenue budget.	Lee Colyer, Director of Finance, Policy & Development 20 December 17
<b>Staffing establishment</b>	No implications	Clare Hazard, Accountancy Manager 20 December 17
<b>Risk management</b>	The Treasury Management Policy and Strategy sets out how the Council aims to control the risks associated with treasury management. The security of the Council's investments is the top priority when making investments and is always considered before yield.	Lee Colyer, Director of Finance, Policy & Development 20 December 17
<b>Environment and sustainability</b>	No implications	Clare Hazard, Accountancy Manager 20 December 17
<b>Community safety</b>	No implications	
<b>Health and Safety</b>	No implications	
<b>Health and wellbeing</b>	No implications	
<b>Equalities</b>	No implications	

## 7. REPORT APPENDICES

The following documents are to be published with and form part of the report:

- Appendix A: Policy Document

## 8. BACKGROUND PAPERS

- None