

**REPORT TO:** CABINET

**DATE:** 26 JANUARY 2017

**TITLE:** TREASURY MANAGEMENT STRATEGY STATEMENT 2017/18

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES

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**This is a Key Decision**

**It is on the Forward Plan as Decision number I006004**

**This decision is not subject to Call-in procedures for the following reasons:**

The decision stands as a recommendation to Full Council.

**This decision will affect no ward specifically.**

**RECOMMENDED** that Cabinet recommends to Full Council that the proposed revised Treasury Management Strategy Statement 2017/18 (attached as Appendix A) be approved for implementation with immediate effect, including specifically:

- i. The Prudential Indicators (set out in Annex C of the Statement).
- ii. The Treasury Management Indicators (set out in paragraphs 61 to 64 of the Statement).
- iii. The approved counterparty methodology (set out in paragraphs 42 to 60).
- iv. The Minimum Revenue Provision Statement (set out in Annex D of the Statement).
- v. The reporting arrangements (set out in Annex E of the Statement).

**REASON FOR DECISION**

**A** Statutory DCLG Guidance and CIPFA Codes of Practice on Treasury Management and Prudential Borrowing require councils to determine a Treasury Management Strategy Statement and Prudential (and Treasury Management) Indicators on an annual basis.

**B** The lending list methodology requires regular review by Full Council because

it steers a major risk aspect of the Council's operational investment decisions.

- C** DCLG Regulations have been issued which require the Full Council to approve a Statement of Minimum Revenue Provision in advance of each year.
- D** Treasury management reporting arrangements are an important aspect governed by DCLG guidance and influenced by the CIPFA Code.
- E** The Council is required by DCLG guidance to report on its policy for borrowing in advance of need.
- F** In the same way as E above, the Annual Investment Strategy determines the direction of travel for borrowing in the coming year and reflects the Council's preferred approach to investment and associated risk.

## **BACKGROUND**

1. Treasury management is defined as the management of the Council's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.
2. The Council has previously recognised and adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (as revised November 2011) – "the CIPFA Code" as the guidance it will follow in the development and management of its treasury management activities.
3. The primary requirements of the CIPFA Code are as follows:
  - (a) Creation and maintenance of a Treasury Management Policy Statement.
  - (b) Creation and maintenance of Treasury Management Practices (TMPs).
  - (c) Receipt by Full Council of an annual Treasury Management Strategy Statement (TMSS), including the annual Investment Strategy, a Minimum Revenue Provision Policy for the year ahead, and a range of other specific policies.
  - (d) Presentation of a mid-year Review of the Treasury Management Strategy Statement and an Annual Report (stewardship report) to Full Council.

- (e) Delegation by the Council for responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- (f) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the Council the current TMSS specifies the responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group, as well as to the Audit and Standards Committee as may be required.

## **Issues**

- 4. As part of the primary requirements for reporting to Full Council, the annual TMSS has been prepared in compliance with CIPFA's Code of Practice, and is attached as Appendix A of this report.
- 5. Key elements of the Strategy Statement are:
  - (a) The Scheme of Delegation for Treasury Management / reporting arrangements (as set out in Annexes E and F).
  - (b) Borrowing Strategy (paragraphs 28 to 37).
  - (c) Investment Strategy and approved Counterparty List (paragraphs 38 to 60).
  - (d) Policy of apportioning interest to the HRA (paragraph 66).
  - (e) Policy on investment of money in advance of need (paragraphs 70 and 71).
  - (f) The Minimum Revenue Provision Statement for 2016/17 (Annex D).
  - (g) The estimated Prudential Indicators (Annex C).
  - (h) The estimated Treasury Management Indicators (paragraphs 61 to 64).

## **IMPLICATIONS**

### **Place**

None specific.

Author: **Graeme Bloomer, Head of Place**

### **Finance (Includes ICT)**

The indicative costs associated with borrowing, offset by investment income, are included in the MTFS, Capital and Revenue budgets presented within this agenda. The mid-year review of the TMSS and the annual report on treasury management are both routinely reported to Councillors, including to Full Council as required by DCLG Guidance and the CIPFA Code of Practice; any financial considerations are contained herewith in the accompanying reports.

Author: **Simon Freeman, Head of Finance**

### **Housing**

None specific.

Author: **Andrew Murray, Head of Housing**

### **Community Wellbeing (includes Equalities and Social Inclusion)**

None specific.

Author: **Jane Greer, Head of Community Wellbeing**

### **Governance (includes HR)**

None specific.

Author: **Brian Keane, Head of Governance**

## **Appendices**

Appendix A – Treasury Management Strategy Statement 2017/18

### **Background Papers**

The CIPFA Prudential Code for Capital Finance in Local Authorities (revised 2011).

CIPFA's Treasury Management in Public Services Code of Practice (revised 2011).

DCLG's Guidance on Local Government Investments (issued March 2010).  
HRA Business Plan 2015-2045.

Capital Programme 2015/16 – 2020/21

Arlingclose Ltd treasury management advisory documents.

Treasury Management and Accounting records.

### **Glossary of terms/abbreviations used**

See Appendix A, Annex I for glossary of terms.