

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	15th FEBRUARY 2018	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2018/19	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 The Treasury Management Strategy for 2018/19 is approved.
- 1.2 The Prudential Indicators and Limits for 2018/19 to 2022/23 are approved.
- 1.3 The Investment Policy for 2018/19 including the associated counterparty (lending) list is approved.

2.0 Purpose of the Report

- 2.1 To detail the Council's Prudential Indicators for its expected treasury operations for the medium-term financial planning period, 2018/19 to 2022/23. This is in accordance with the requirements of the Local Government Act 2003, updated for provisions contained in the Localism Act 2011. Three main areas are covered:
 - The CIPFA Prudential Code (2011) which requires the reporting of the Indicators for Capital Finance in Local Authorities.
 - The Treasury Strategy in accordance with the CIPFA Code of Practice on Treasury Management.
 - The Investment Strategy in accordance with Central Government guidance (2010).

3.0 Summary

The Prudential System for Capital Finance

- 3.1 The Council is required to manage its treasury and capital expenditure activities under a National Code. The main aims of the National Prudential System are to ensure that:
- Capital investment plans of local authorities are affordable and sustainable.
 - Treasury management decisions are taken in accordance with best professional practice.
 - Financial planning and asset management are integrated into the Council's overall corporate planning arrangements.
- 3.2 Treasury operations are measured within a set of prudential indicators. The main purpose of these indicators is to provide the limits and benchmarks to control the level of capital expenditure, borrowing and investment. The Council is expected to operate comfortably within these limits.
- 3.3 The Prudential System allows councils the freedom to borrow on a prudential basis. Any new borrowing has to be accommodated within any maximum debt limits or caps set by Central Government and the Council has to demonstrate that it can afford to service and repay the debt within its financial plans.
- 3.4 CIPFA published new versions of its Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (TM Code) and The Prudential Code for Capital Finance in Local Authorities (Prudential Code) in late December 2017. This will apply from April 2018 and will inform the strategy for 2019/20 onwards.

The Treasury Management Strategy

- 3.5 The Strategy aims to provide transparency for treasury decisions including the use of counterparties, together with assessing how risk is managed on a day-to-day basis.

Prudential Indicators

- 3.6 The relevant indicators required under the regulations are detailed in the statement.

4.0 Financial Implications

- 4.1 As detailed in the report.

5.0 Corporate Implications

- 5.1 None directly

6.0 Community Implications

6.1 None directly

7.0 Background Papers

7.1 Treasury Management in Public Services and the Code of Practice
(CIPFA Publication – November 2011)

7.2 Local Government Act 2003 (Part 1)

7.3 Localism Act 2011 – Part 7 Chapter 3