



Full Council	Tuesday, 16 April 2019	Matter for Information and Decision
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Report Title: **Treasury Management Policy and Strategies (2019/20)**

Report Author(s): **Chris Raymakers (Head of Finance, Revenues & Benefits)**

Purpose of Report:	The purpose of this report is to inform Council of current Treasury Management practices carried out by the Council.
Report Summary:	This report contains the revised Treasury Management Policy, the Council's Prudential Indicators, Treasury Strategy and Plan and Investment Strategy for the financial year 2019/20 to 2021/22.
Recommendation(s):	<p>A. That the Treasury Management Policy (as set out in Appendix 1) be approved by Council;</p> <p>B. That the Prudential Indicators for 2019/20 (as set out in Appendix 2) be approved by Council;</p> <p>C. That the Treasury Strategy and Plan 2019/20 (as set out in Appendix 3) be approved by Council;</p> <p>D. That the Investment Strategy 2019/20 to 2021/22 (as set out in Appendix 4) be approved by Council; and</p> <p>E. That the Capital Strategy 2019/20 (as set out in Appendix 5) be approved by Council.</p>
Responsible Strategic Director, Head of Service and Officer Contact(s):	<p>Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk</p> <p>Chris Raymakers (Head of Finance, Revenues & Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk</p>
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	"A Strong Borough Together" (Vision) Accountability (V1) Innovation (V4)
Report Implications:-	
Legal:	Robust Treasury Management practices reduce the risk of any legal challenge to the Council's financial activities.
Financial:	Strong Treasury Management is reduces risk and ensures a good cash flow to support Council services.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.

Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Local Government Act 2003 Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities (2017) Treasury Management in the Public Services (CIPFA): Code of Practice and Cross-Sectoral Guidance Notes (2017) Capital Finance (MHCLG): Guidance on Local Government Investments (2018) Audit Commission: Report on Icelandic Investments (2019) Prudential and Treasury Management Code (CIPFA) (2017)
Appendices:	<ol style="list-style-type: none"> 1. Treasury Management Policy (2019/20) 2. Prudential Indicators (2019/20) 3. Treasury Management Strategies and Plan (2019/20) 4. Investment Strategy (2019/20 to 2021/22) 5. Capital Strategy (2019/20)

1. Information

1.1 The Council defines its Treasury Management activities as:

"The management of the local authority'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"

1.2 Part of the Treasury Management operation is to ensure that the cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

1.3 The second main function of the Treasury Management service is the funding of the Council's Capital Programme. The Capital Programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations.

1.4 This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

2. Treasury Management Policy (2019/20)

2.1 This Policy dictates the Council's overall approach to Treasury Management. It explains the key Treasury Management practices which are undertaken and outlines how the Council

carries these out in furtherance of its corporate goals. This Policy has been revised in line with the publication Treasury Management in the Public Services – Code of Practice and Cross Sectional Guidance Notes as attached at **Appendix 1**.

3. Prudential Indicators (2019/20)

- 3.1 Part 1 of the Local Government Act 2003 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 2017 edition (“the Code”) set out a framework for self-regulation of capital spending, in effect allowing Councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. This allows the Council to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability.
- 3.2 To facilitate the decision-making process and support capital investment decisions, the Prudential Code requires the Council to agree and monitor a number of Prudential Indicators as attached at **Appendix 2**.
- 3.3 These indicators are mandatory and are purely for internal use by the Council. They are not to be used as comparators between authorities. In addition, the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and the year-on-year changes.

4. Treasury Strategy and Plan (2019/20)

- 4.1 In accordance with the requirements of CIPFA’s latest Code of Practice on Treasury Management and the Council's Treasury Management Policy Statement, a Treasury Strategy and Plan for 2018/19 has been prepared and attached at **Appendix 3**.
- 4.2 For the purpose of this Strategy, Treasury Management includes the management of all capital market transactions in connection with the cash and funding resources of the Council. This covers all funds and reserves including the collection fund and includes the arrangement of leases.

5. Investments Strategy (2019/20 to 2021/22)

- 5.1 This Strategy which is attached at **Appendix 4** is written in accordance with guidance issued under section 15(1)(a) of the Local Government Act 2003, The Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Authority Investments issued in February 2018 (as revised), the Audit Commission’s report on Icelandic investments and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes.
- 5.2 The objectives of this Strategy are to:
 - facilitate investment decisions which ensure that the Council’s investment sums remain secure;
 - ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times; and
 - achieve the maximum return on investments after taking into account security and liquidity.

6. Capital Strategy (2019/20)

- 6.1 The CIPFA revised 2017 Prudential and Treasury Management Code require, for 2019-20, all local authorities to prepare an additional report which will provide:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed; and
- The implications for future financial sustainability.

6.2 This will be the Capital Strategy at **Appendix 5**. The aim of this report brings together our existing Medium Term Financial Strategy, Treasury Management Strategy and Capital Programme, whilst also highlighting governance procedures, risk appetites and the impact upon achieving the Council's new Corporate Objectives.