

**TREASURY MANAGEMENT STRATEGY 2020-21**

*To:* **General Purpose Committee**

*Meeting Date:* **17th December 2019**

*From:* **Chief Finance Officer**

*Electoral division(s):* **All**

*Forward Plan ref:* **Not applicable**      *Key decision:* **No**

*Purpose:* **To present the proposed Treasury Management Strategy for 2020/21.**

*Recommendation:* **The General Purposes Committee is recommended to:**

**Note the Treasury Management Strategy for 2020/21.**

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## **1. BACKGROUND**

- 1.1 The Council is required to approve Prudential Indicators for 2020/21 to 2023/24. These include indicators for the authorised limit and operational boundary for external borrowing, the cost of servicing debt as a percentage of net revenue and the Council's underlying borrowing requirement. Maximum principal sums invested for periods longer than 365 days, fixed and variable interest rate exposure and the maturity profile of debt are also reported.

## **2. REGULATIONS**

- 2.1 The Treasury Management Strategy adheres to the following guidance:
- The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 and Treasury Management Code 2017
  - Ministry for Housing, Communities and Local Government (MHCLG) Local Authorities Investment Guidance; and
  - MHCLG Minimum Revenue Provision Guidance

## **3. SUMMARY**

- 3.1 An under borrowed position will be maintained throughout 2020/21. This means that borrowing has been reduced through the use of cash balances thereby keeping borrowing costs down. As a result cash balances are generally low and the level of loan debt is lower than it might otherwise be. However loan debt is expected to rise significantly throughout the medium term planning period as a direct result of capital investment.
- 3.2 The Councils planned approach to borrowing is to undertake any borrow over short periods of time (1-3 years) at low rates of interest to generate revenue savings. Should borrowing rates be forecast to rise significantly, the Council may instead lock into borrowing at low rates for longer periods up to 50 years.
- 3.3 The Council will continue to prioritise the security and liquidity of capital and achieve an investment return that is commensurate with these priorities. A prudent investment strategy is proposed and external advice provides a guide on the creditworthiness of institutions. The majority of the Council's investments are in liquid instruments and shorter term deposits with Money Market Funds and high credit quality banks. The Council has also invested £11m of core funds into the CCLA Local Authority Property Fund as a 3-5 year strategic treasury investment to generate additional interest income.

## **4. ALIGNMENT WITH CORPORATE PRIORITIES**

### **4.1 A good quality of life for everyone**

There are no significant implications for this priority.

### **4.2 Thriving places for people to live**

There are no significant implications for this priority.

#### **4.3 The best start for Cambridgeshire's children**

There are no significant implications for this priority.

### **5. SIGNIFICANT IMPLICATIONS**

#### **5.1 Resource Implications**

Decisions on treasury management, which are driven by the capital programme and the Council's overall financial position, will impact the Debt Charges Budget and are reported through the Budget Monitoring process throughout the year.

#### **5.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications for this category.

#### **5.3 Statutory, Legal and Risk Implications**

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within the Strategy document in **Appendix 3**.

#### **5.4 Equality and Diversity Implications**

There are no significant implications for this category.

#### **5.5 Engagement and Communications Implications**

There are no significant implications for this category.

#### **5.6 Localism and Local Member Involvement**

There are no significant implications for this category.

#### **5.7 Public Health Implications**

There are no significant implications for this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Tom Kelly
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?</b>	Not applicable
<b>Has the impact on statutory, legal and risk implications been cleared by LGSS Law?</b>	Not applicable
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	Not applicable
<b>Have any engagement and communication implications been cleared by Communications?</b>	Not applicable
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	Not applicable
<b>Have any Public Health implications been cleared by Public Health</b>	Not applicable

<b>Source Documents</b>	<b>Location</b>
Link Asset Services background papers	Electronic