

TREASURY MANAGEMENT STRATEGY 2019-20

To: General Purpose Committee

Meeting Date: 18th December 2018

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 2019/20.

Recommendation: The General Purposes Committee is asked to comment on, endorse and recommend to Full Council to agree the Treasury Management Strategy for 2019-20, as part of the Business Planning process.

<i>Officer contact:</i>	<i>Member contacts:</i>
Name: Carl Oliver Post: Group Accountant – Treasury & Tax Email: Carl.oliver@milton-keynes.gov.uk Tel: 01908 252414	Names: Councillors Count & Hickford Post: Chair/Vice-Chair Email: Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk Tel: 01223 706398

1. BACKGROUND

- 1.1 The Council is required to approve Prudential Indicators for 2019/20 to 2022/23. 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 Chartered Institute of Public Finance and Accountancy (CIPFA) has issued a revised Prudential Code and Treasury Management Code. In addition, the Ministry for Housing, Communities and Local Government (MHCLG) has also issued revised guidance on changes to the prudential framework for capital finance with particular regard to:

- Local Authorities Investment Guidance; and
- Minimum Revenue Provision Guidance

- 2.2 The changes to the regulatory framework have been incorporated into the Treasury Management Strategy.

3. SUMMARY

- 3.1 An under borrowed position will be maintained throughout 2019/20. 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 borrowing 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 is currently considering investment of core funds into the CCLA Local Authority Property Fund as a 3-5 year strategic treasury investment to generate additional interest income, which the proposed Strategy accommodates.

4. ALIGNMENT WITH CORPORATE PRIORITIES

- 4.1 **Developing the local economy for the benefit of all**

There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

4.3 Supporting and protecting vulnerable people

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.

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

Source Documents	Location
None	Not applicable