

Audit and Governance Committee

8 February 2017

Report of the Deputy Chief Executive and Director of Customer and Corporate Services

Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2017/18 to 2021/22

Summary and Background

1. Audit & Governance Committee are responsible for ensuring the effective scrutiny of the treasury management strategy and policies.
2. The Treasury Management Strategy Statement and Prudential Indicators 2017/18 to 2021/22 are attached at annex 1 and cover the:
 - Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
 - Prudential indicators
 - Revised treasury management policy statement
 - Specified and non-specified investments schedule
 - Treasury management scheme of delegation and role of the section 151 officer
3. The only proposed policy change to draw members attention to is the proposed change in minimum revenue provisions (MRP) policy as set out in paragraphs 19 to 29 in annex 1. It is proposed that the council amends its MRP policy from 2017/18 in relation to pre 2008 debt, currently calculated using a 4% charge on a reducing balance each year, to 3% on a fixed, straight line basis. The overall revenue impact will be a saving in 2017/18 of £750k whilst still maintaining a prudent provision.

Consultation

4. Treasury management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a process of consultation, details of which are outlined in the budget reports to be considered by Executive on 9th February 2017.

Options

5. It is a statutory requirement for the council to operate in accordance with the CIPFA Prudential Code.

Council Plan

6. The treasury management strategy statement and prudential indicators are aimed at ensuring the council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the council's funds. This will allow more resources to be freed up to invest in the council's priorities, values and imperatives, as set out in the Council Plan.

Implications

Financial

7. The revenue implications of the treasury strategy are set out in the revenue budget report to be considered by Executive on 9th February 2017.

Legal Implications

8. Treasury Management activities have to conform to the Local Government Act 2003 and statutory guidance issued under that Act, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Other Implications

9. There are no HR, Equalities, crime and disorder, information technology or other implications as a result of this report

Risk Management

10. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA

Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

Recommendation

11. Audit and Governance Committee are asked to:

- a. note the treasury management strategy statement and prudential indicators for 2017/18 to 2021/22 at annex 1.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

Contact Details	
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	Report approved ✓ 30 January 2017
Wards affected	All

Annexes

Annex 1 – Treasury Management Strategy Statement and Prudential Indicators for 2017/18 to 2021/22