

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

18 JANUARY 2018

### REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER

#### TREASURY MANAGEMENT STRATEGY 2018-19

#### 1. Purpose of the Report

1.1 The purpose of the report is to present the:-

- proposed Treasury Management Strategy for 2018-19, which includes the:-
  - Borrowing Strategy 2018-19
  - Investment Strategy 2018-19
  - Treasury Management and Prudential Indicators for the period 2018-19 to 2021-22
  - Annual Minimum Revenue Provision Statement 2018-19

#### 2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions made by officers on behalf of the Council make best use of financial resources and hence assist achievement of corporate priorities.

#### 3. Background

3.1 The Audit Committee has delegated responsibility for ensuring effective scrutiny of the Treasury Management Strategy and policies.

3.2 The Council manages its Treasury Management activities in accordance with the Local Government Act 2003, and associated guidance:-

- The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code), requires the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year (TMS 2018-19 in **Appendix A**)
- The Welsh Government (WG) issued revised Guidance on Local Authority Investments in April 2010, which requires the Council to approve an Investment Strategy prior to the start of each financial year (**Appendix A-Section 5**)

- In addition to the CIPFA Code which requires treasury management indicators to be set, CIPFA's Prudential Code for Capital Finance in Local Authorities 2011 Edition requires the Council to set a number of Prudential Indicators (**Appendix A-Schedule A**)
- The Local Authority (Capital Finance and Accounting) (Amendment) (Wales) Regulations 2008, requires the Council to produce an Annual Minimum Revenue Provision (MRP) Statement that details the methodology for the MRP charge (**Appendix A-Schedule B**)

#### **4. Current Situation / Proposal**

- 4.1 The TMS 2018-19 (**Appendix A**) confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 4.2 The TMS 2018-19 is to be presented to Council for approval in February 2018 and whilst the main body will remain unchanged there may be variations to some of the figures if there are any changes (such as the capital programme) to reflect the most up to date information. Also CIPFA published new editions of Treasury Management in the Public Services: Code of Practice and the Prudential Code for Capital Finance in Local Authorities in late December 2017 and there is currently a consultation on proposed amendments to the Local Authorities (Capital Finance & Accounting) (Wales) Regulations 2003. The TMS 2018-19 has been produced using the 2011 Codes following advice from the Council's treasury adviser Arlingclose as there is still some information which has yet to be published but once the regulatory framework is clearer any revision required to the TMS for 2018-19 will be reported to Council for approval later during 2018-19.

#### **5. Effect upon Policy Framework & Procedure rules**

- 5.1 Paragraph 20.3 of the Financial Procedure Rules (FPR) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council. Paragraph 20.8 of the FPR sets the Audit Committee's responsibility to ensure effective scrutiny of the Treasury Management policies and practices.
- 5.2 This report is designed to ensure compliance with the above requirements.

#### **6. Equality Impact Assessment**

- 6.1 There are no equality implications.

#### **7. Financial Implications**

- 7.1 These are reflected within the report.

## **8. Recommendation**

- 8.1 Members give due consideration to the Treasury Management Strategy 2018-19 before it is presented to Council for approval in February 2018 as part of the Medium Term Financial Strategy (**Appendix A**).

**Gill Lewis**

**Interim Head of Finance and Section 151 Officer**

**5 January 2018**

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### **Background documents**

CIPFA Code of Practice on Treasury Management in Local Authorities (2011)

CIPFA The Prudential Code for Capital Finance in Local Authorities (2011)

Treasury Management Strategy 2017-18