

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

17 JANUARY 2019

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

#### TREASURY MANAGEMENT STRATEGY 2019-20

#### 1. Purpose of the Report

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

- proposed Treasury Management Strategy for 2019-20, which includes the:-
  - Borrowing Strategy 2019-20
  - Investment Strategy 2019-20
  - Treasury Management Indicators for the period 2019-20 to 2021-22

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

2.1 This report assists in the achievement of the following corporate priority:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 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 are made ensuring the smarter use of financial resources and hence assist achievement of Corporate Priorities.

#### 3. Background

3.1 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy (TMS), Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS 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 2017 Edition (the CIPFA Code), requires the Council to approve a Treasury Management Strategy (TMS) before the start of each financial year (TMS 2019-20 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 2017 CIPFA published a new version of the Prudential Code for Capital Finance in Local Authorities (the Prudential Code). The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, will be approved together with the TMS by full Council in February 2019 and will now include the Prudential Indicators which in previous years were included in the TMS along with details regarding the Council's non-treasury investments. The Capital Strategy and TMS are interlinked as borrowing and investments are directly impacted by capital plans.

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

- 4.1 The TMS 2019-20 (**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 2019-20 is to be presented to Council for approval in February 2019 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.

#### **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. Well-being of Future Generations (Wales) Act 2015 Implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. The wellbeing objectives are designed to complement each other and are part of an integrated way of working to improve wellbeing for the people

in Bridgend Council. In developing the TMS, officers have considered the importance of balancing short-term needs for cash flow management and minimising the revenue costs of debt with longer-term objectives of managing the Council's long term debt maturity profile.

## **8. Financial Implications**

8.1 These are reflected within the report.

## **9. Recommendation**

9.1 Members give due consideration to the Treasury Management Strategy 2019-20 and recommend that it is presented to Council for approval in February 2019 (**Appendix A**).

**Gill Lewis**  
**Interim Head of Finance and Section 151 Officer**  
**20 December 2018**

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### **Background documents**

CIPFA Code of Practice on Treasury Management in Local Authorities (2017)

CIPFA Prudential Code for Capital Finance in Local Authorities (2017)

Treasury Management Strategy 2018-19 and 2019-20