



**AUDIT COMMITTEE
(SPECIAL MEETING)**

16th FEBRUARY 2016

AGENDA ITEM (5)

TREASURY MANAGEMENT STRATEGY 2016/17

Accountable Member	Audit Committee
Accountable Officer	Jenny Poole Head of Finance, Audit and GO Shared Services 01285 623313 jenny.poole@cotswold.gov.uk

Purpose of Report	To consider the draft Treasury Management Strategy 2016/17.
Recommendation(s)	That the Treasury Management Strategy 2016/17 be considered for onward recommendation of approval by the Council.
Reason(s) for Recommendation(s)	The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy and to prepare an Annual Investment Strategy.

Ward(s) Affected	N/A
Key Decision	No
Recommendation to Council	Yes

Financial Implications	The target for investment income from cash investments for 2016/17 is £251,270. This report sets out the Strategy which will be implemented to achieve this target.
Legal and Human Rights Implications	None
Environmental and Sustainability Implications	None
Human Resource Implications	None

Key Risks	<p>There are risks of financial institutions failing given the current economic conditions. However, the risks are mitigated through application of the Council's Treasury Management Strategy. The Strategy sets out the minimum credit criteria that are required before the Council will invest with a counterparty, but it should be noted that these are not the sole criteria applied. For example, credit default swaps and information from the financial Press will also be taken into account.</p> <p>There are risks of interest rates remaining low over the medium term which impact on the Council's ability to generate investment income. These risks are routinely considered in the Council's Treasury Management Strategy, the Medium Term Financial Strategy and the associated Budget Strategy.</p>
Equalities Impact Assessment	Not Required

Related Decisions	An update to the Council's Medium Term Financial Strategy 2016/17 to 2019/20 and the Budget for 2016/17 will be considered by the Cabinet on 18 th February 2016 and by the Council on 23 rd February 2016.
Background Documents	<p>CIPFA Publication - Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Updated Edition November 2011)</p> <p>ODPM Document - Guidance on Local Government Investments (second edition - 11th March 2010)</p>
Appendices	<p>Appendix 'A' - Treasury Strategy 2016/17</p> <p>Appendix 'B' - Counter party list as at 1st February 2016</p> <p>Appendix 'C' - Minimum Revenue Provision Policy (MRP) 2016/17</p>

Performance Management Follow Up	<p>Investment performance is monitored on a quarterly basis and any variance over £10,000 is reported to the Overview and Scrutiny Committee and the Cabinet within the Quarterly Performance reports. The Annual Strategy, Half-Year Performance report and Annual report are considered by the Audit Committee and approved by the Council.</p> <p>Internal Audit will check compliance with the Strategies during service reviews and will report any non-compliance identified as part of its monitoring reports to Audit Committee.</p>
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Options for Joint Working	The contract for the Council's Treasury Management Advisers was jointly procured.
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Background Information	
<p>1. The Council is required to approve a Treasury Management and Annual Investment Strategy on an annual basis, prior to the commencement of the financial year. The Strategy proposed for 2016/17, with supporting information, is attached at Appendices 'A' to 'C'.</p> <p>2. The draft Strategy has been based on a template provided by the Council's Treasury Advisors, Capita, which has been modified to meet this Council's circumstances.</p>	

3. The Annual Investment Strategy investment options have been selected to minimise the risk to the Council's investments whilst providing the scope and flexibility of investment options to enable the Council to maximise its investment returns.

(END)