



**COUNCIL**

**21<sup>ST</sup> FEBRUARY 2017**

**AGENDA ITEM (11)**

**TREASURY MANAGEMENT STRATEGY 2017/18**

<b>Accountable Member</b>	Councillor Lynden Stowe Leader of the Council
<b>Accountable Officer</b>	Jenny Poole Group Manager GO Shared Services 01285 623313 jenny.poole@cotswold.gov.uk

<b>Purpose of Report</b>	To consider the draft Treasury Management Strategy 2017/18; and to note the half-year performance report for 2016/17.
<b>Recommendation(s)</b>	<b>(a) That the Treasury Management Strategy and Annual Investment Strategy 2017/18 be approved;</b> <b>(b) that the half-year performance report for 2016/17 be noted.</b>
<b>Reason(s) for Recommendation(s)</b>	The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy and to prepare an Annual Investment Strategy.

<b>Ward(s) Affected</b>	N/A
<b>Key Decision</b>	No
<b>Recommendation to Council</b>	Yes, from the Audit Committee

<b>Financial Implications</b>	The target for investment income from cash investments for 2017/18 is £251,270. This report sets out the Strategy which will be implemented to achieve this target.
<b>Legal and Human Rights Implications</b>	None
<b>Environmental and Sustainability Implications</b>	None
<b>Human Resource Implications</b>	None

<b>Key Risks</b>	<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>
<b>Equalities Impact Assessment</b>	Not Required

<b>Related Decisions</b>	An update to the Council's Medium Term Financial Strategy 2017/18 to 2020/21 and the Budget for 2017/18 will be considered by the Cabinet on 16 <sup>th</sup> February 2017 and by the Council on 21 <sup>st</sup> February 2017.
<b>Background Documents</b>	<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 - 11<sup>th</sup> March 2010)</p>
<b>Appendices</b>	<p><b>Appendix 'A'</b> - Treasury Strategy 2017/18</p> <p><b>Appendix 'B'</b> - Counter party list as at 9<sup>th</sup> January 2017</p> <p><b>Appendix 'C'</b> - Minimum Revenue Provision Policy (MRP) 2017/18</p> <p><b>Appendix 'D'</b> - Glossary of Terms</p> <p><b>Appendix 'E'</b> - Half-year performance report 2016/17</p>

<b>Performance Management Follow Up</b>	<p>(i) Implement Council decision(s).</p> <p>(ii) 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>(iii) 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 the Audit Committee.</p>
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<b>Options for Joint Working</b>	The contract for the Council's Treasury Management Advisers was jointly procured.
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## Background Information

1. The Council is required, on an annual basis, to approve a Treasury Management and Annual Investment Strategy prior to the commencement of the financial year. The strategy proposed for 2017/18, with supporting information, is attached at **Appendices 'A' to 'D'**.
2. The draft strategy has been based on a template provided by the Council's treasury advisors, Capita, which has been modified to this Council's circumstances.
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.
4. The Audit Committee considered the Treasury Management and Annual Investment Strategy for 2017/18 at a meeting on 24<sup>th</sup> January 2017. The unconfirmed Minute from the Meeting is set out below:

### AUD.47 TREASURY MANAGEMENT STRATEGY 2017/18

The Committee was requested to consider the Treasury Management Strategy 2017/18 and to make a recommendation thereon to the Council for consideration at its Meeting to be held on 21<sup>st</sup> February 2017.

By way of an update to the circulated report, a page detailing amended wording for the paragraph on page 149 thereof, and an additional Appendix comprising a glossary of terms (Appendix 'D'), were tabled at the Meeting.

It was noted that the Council's Treasury Management advisors had been invited to make a presentation to the 2020 Partnership, and the Committee was requested to nominate Members to attend such presentation. In response to a question from a Member, it was reported that decisions on the Council's strategy for borrowing money were reserved to the Council, and that the Council would need to consider the financing of some forthcoming significant developments in the near future. In response to a further question from a Member, it was reported that Officers were aware of forthcoming changes within the parent organisation of the Council's Treasury Management advisors, and that the current Treasury Management contract would expire during 2017.

**RESOLVED that Councillors AW Berry, PCB Coleman and LR Wilkins be authorised to attend the forthcoming presentation by the Council's Treasury Management advisors, as an approved duty;**

**RECOMMENDED that the Treasury Management Strategy 2017/18 be approved.**

**Record of Voting - for 5, against 0, abstentions 0, absent 0.**

4. The half-year performance report for 2016/17 is attached at **Appendix 'E'** for noting. All investments have been made in line with the Council's approved Strategy for 2016/17. Financial performance is in line with the Council's approved Prudential Indicators for 2016/17.

(END)