



Finance and Performance Sub-Committee – 11th February 2019

Treasury Management Strategy Statement 2019/20

Purpose of report

The purpose of this report is to set out the Treasury Management Strategy Statement (TMSS) for 2019/20

Attachment(s)

Appendix 1: Treasury Management Strategy Statement 2019/20 *to follow*

1. Introduction

- 1.1 The Treasury Management Strategy for 2018/19 was approved as part of the Medium Term Financial Strategy (MTFS) in February 2018, and its mid-year review will be presented to Council in January 2019.
- 1.2 The Treasury Management Strategy provides:
 - A summary of the economic conditions affecting the council's investment strategy
 - Details of investments made during the year
 - A summary of the council's current investment portfolio
 - Sets out the council's Prudential Indicators based on its capital expenditure plans
 - Confirms the council's Capital Financing Requirement, including whether it has an underlying need to borrow
- 1.3 The Treasury Management Strategy outlines council's investment priorities:
 - Security of capital invested
 - Liquidity of capital invested
 - Return on investment
- 1.4 The TMSS is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2017.

2. Treasury Management Strategy Statement 2019/20

- 2.1 The Treasury Management Strategy can be seen at **Appendix 1**. It outlines for the forthcoming year the council's policy and strategy in terms of managing its investments both in terms of cash investments and capital investments.
- 2.2 As a part of this, the Treasury Management Strategy sets out the Prudential Indicators (PIs) and Capital Financing Requirements (CFR) for the medium term and provides assurances to the affordability and sustainability of capital investments over the medium term and in particular the impact of these capital investment decisions on council tax.
- 2.3 The TMSS also includes details of the treasury management practices that are carried out by the council. These practices are designed to effectively manage risk within treasury management activities.

3 Changes expected to the TMSS – Enterprise Centre

- 3.1 The PI's and CFR are fundamental to the TMSS. These will change based on the level of capital spend and funding sources that is approved and decisions on how this is funded overall.
- 3.2 As detailed in section 6 of the Medium Term Financial Strategy and Plan report presented to Finance and Performance Sub-Committee on 11 January 2019, the council currently has plans to design and build an Enterprise Centre.
- 3.3 The TMSS uses the current estimates of the scheme to inform its PI's and CFR requirement, detailed in the table below:

Expenditure	£000
Approved 2018/19 Programme:	
Land Purchase & Design	1,783
Development Pool c/f to 2019/20:	
Design & Build	6,302
Total	8,085
Funding	
Council Reserves	5,300
External Funding	<i>tbc</i>
Council Borrowing	2,785
Total	8,085

- 3.4 As the procurement process for a build contractor is currently at the invitation to tender stage, the final costs of the project build will not be known until mid-February 2019. Additionally, the funding of the scheme excludes the pending Local Growth Fund grant bid of £1.695m.
- 3.5 Any changes to the overall cost of the scheme or how this will be funded will result in material changes to the TMSS.
- 3.6 The final costs are expected in mid-February 2019 and if the scheme is put forward for approval, these will be fully reflected in the TMSS for Policy and Resources Committee on 27th February 2019 and Full Council on 4 March 2019. It should be noted that the council is potentially using borrowing to finance the scheme. This is a significant change to the councils TMSS as it has been debt free since it sold its housing stock in the early 2000s.

4 Equality and Diversity Implications

- 4.1 There are no equality and diversity implications arising from the content

5 Privacy Implications

- 5.1 There are no privacy implications arising from the content.

6 Legal Implications

- 6.1 There are no legal implications arising from the content.

7 Risk Management

- 7.1 The risks arising from Treasury Management activity are recorded in the Risk Register. The risks are subject to regular review and update.

8 Resource and Financial Implications

8.1 This report is of a financial nature and the implications are set out within the report.

9 Constitutional Implications

9.1 This report does not require any amendment to the council's constitution.

10 Implications for our Customers

10.1 There are no implications for our customers arising directly from this report.

11 Corporate Outcomes

- 11.1
- **Good Value for Money** - *This report demonstrates that the council is ensuring it effectively manages its surplus cash to achieve good value for money for the council.*
 - **Effective Management** - *Treasury Management allows the council to manage its surplus cash balances to ensure the main principles (Security, Liquidity, and Yield) are maintained, contributing to effective management of the council.*

12 Recommendations

12.1 TO FINANCE SUB-COMMITTEE:-

1. To Note the Treasury Management Strategy Statement for 2019/20
2. That the report be referred to the Policy and Resources Committee for consideration at its meeting on 27 February 2019.

(Reason – in accordance with CIPFA guidance and best practice in Treasury Management)

12.2 TO POLICY AND RESOURCES COMMITTEE:-

1. That the Committee recommends that Full Council invites the Leader of the Council to propose the approval of the Treasury Management Strategy Statement for 2019/20


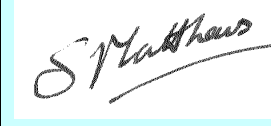
(Reason – in accordance with CIPFA guidance and best practice in Treasury Management)

12.3 TO COUNCIL

(To be proposed by the Leader of the Council)

1. That council approves the Treasury Management Strategy Statement for 2019/20

(Reason – in accordance with CIPFA guidance and best practice in Treasury Management)

Legal	Power: Local Government Finance Act 2002				
	Other considerations: Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2017.				
Background Papers:					
Person Originating Report: Amy Eyles, Finance Manager ☎ 01832 74(2087) ✉ aeyles@east-northamptonshire.gov.uk					
Date: 31/01/2019					
CFO 31/01/19		MO 31/01/19		CX 31/01/19	