

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date **13 March 2017**

Report of: **Director of Finance and Resources**

Subject: **TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL
INDICATORS 2017-18**

SUMMARY

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Prudential Indicators. The document for 2017/18 is attached as Appendix A and was endorsed by the Executive on 6 February 2017 and submitted to Council for approval on 24 February 2017.

Main highlights in the Strategy are:

Capital Issues

- a) The level of capital expenditure estimated for 2017/18 is £30.4 million. We currently estimate that £19.7 million of this will be met by new borrowing.
- b) There will be an increase in the amount of council tax contributing to the cost of capital expenditure, due to new borrowing in 2016/17 and 2017/18.
- c) The Minimum Revenue Provision (MRP) policy statement has been amended to reflect assets that are held for less than 5 years. MRP will not be charged on these assets but the capital receipt generated by the sale of the asset will be used to repay the debt instead.

Treasury Management Issues

- d) The Council's treasury management advisers changed in 2016 to Arlingclose. The approved counterparty list has been amended to reflect Arlingclose's recommended layout.

- e) Unsecured bank limits per counterparty have reduced from £6 million to £2 million and the limit on money market funds has reduced from £6 million to £4 million per fund. This is to reflect the increasing risks and falling returns of short-term unsecured bank investments.
- f) Building Society limits have also changed from investments in all building societies with assets in excess of £5 billion to those only meeting the minimum credit rating criteria in the Strategy.

RECOMMENDATION

That the Treasury Management Strategy and Prudential Indicators for 2017/18, attached as Appendix A to this report, be noted by the Committee.

Background Papers: None

Reference Papers: None

Enquiries:

For further information on this report please contact Caroline Hancock. (Ext 4589)