

# FAREHAM

## BOROUGH COUNCIL

### **Report to Audit and Governance Committee**

**Date:** 12 March 2018

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

**Subject:** TREASURY MANAGEMENT POLICY AND STRATEGY

#### **SUMMARY**

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Prudential Indicators. The document for 2018/19 is attached as Appendix A and was endorsed by the Executive on 5 February 2018 and submitted to Council for approval on 23 February 2018.

CIPFA published new versions of its Treasury Management Code of Practice and the Prudential Code in late December 2017. Due to the late publications, CIPFA recognises that changes may not be fully implemented until 2019/20 due to the lead -in time to produce the strategy. Because of this and because there are no changes to the format or content of the strategy, this strategy is based on the 2011 version of both Codes.

Main highlights in the Strategy are:

#### **Capital Issues**

- i) The level of capital expenditure estimated for 2017/18 is £24.7 million. We currently estimate that £13.4 million of this will be met by new borrowing.
- ii) There will be an increase in the amount of council tax contributing to the cost of capital expenditure, due to new borrowing in 2017/18 and 2018/19.

#### **Treasury Management Issues**

- iii) The strategy includes a new section on operational exposures to UK banks with low credit ratings and assets, such as through current accounts,

collection accounts and merchant acquiring services. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £4m per bank.

### **RECOMMENDATION**

It is recommended that the Committee note the Treasury Management Strategy and Prudential Indicators for 2018/19, attached as Appendix A to this report.

**Background Papers:** None

**Reference Papers:** None

**Enquiries:**

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