

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 03 February 2020

Portfolio:	Policy and Resources
Subject:	Treasury Management Strategy 2020/21
Report of:	Deputy Chief Executive Officer and Section 151 Officer
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report considers the draft Treasury Management Strategy and Investment Strategy for 2020/21, prior to its submission to the Council for approval.

Executive summary:

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Investment Strategy. The document for 2020/21 is attached as Appendix A to this report for consideration by the Executive before being submitted to Council for approval.

In the past 12 months, the Council's **investment** balance has ranged between £12 million and £24 million, and similar levels are expected to be maintained in the forthcoming year. The majority of the Council's investments is expected to be invested in short-term unsecured bank deposits and money market funds with approximately £12m available for longer-term investment.

Borrowing levels are expected to increase to a projected £72.5 million at the end of 2020/21 to fund the capital programme. The Council has previously raised all of its long-term borrowing from the Public Works Loan Board (PWLB) but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Strategy has therefore been revised to say the Council will now look to borrow any further long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Recommendation:

It is recommended that the Executive:

- (a) endorses the draft Treasury Management Strategy and Investment Strategy for 2020/21, attached as Appendix A to this report; and
- (b) agrees to submit the report to Council for approval.

Reason:

In accordance with the Code of Practice for Treasury Management in the Public Services and guidance from the Department of Communities and Local Government (DCLG), the Treasury Management Strategy and Investment Strategy have to be approved by full Council.

Cost of proposals:

Not applicable

Appendices: **A:** Treasury Management Strategy and Investment Strategy 2020/21

Background papers: None

Reference papers:

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services 2017

CIPFA The Prudential Code 2017

Statutory Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 from the Ministry of Housing, Communities and Local Government (MHCLG)

Template for Treasury Management Strategy and Investment Strategy 2020/21 provided by Arlingclose (the Council's current Treasury Advisers)