

FAREHAM

BOROUGH COUNCIL

Report to Audit and Governance Committee

Date: 23 March 2020

Report of: Deputy Chief Executive Officer

Subject: TREASURY MANAGEMENT STRATEGY AND INDICATORS

SUMMARY

Regulations require the Council to prepare and formally approve an annual Treasury Management Strategy. The document for 2020/21, attached as Appendix A, was endorsed by the Executive on 3 February 2020 and submitted to Full Council for approval on 21 February 2020.

The main changes to this year's Strategy are:

- The removal of the capital prudential indicators which are now included within the Capital Strategy which was endorsed by the Executive on 6 January 2020 and approved by Full Council on 21 February 2020.
- Reference has been made to the 1% increase in the Public Works Loan Board (PWLB) long-term borrowing rates making it now a relatively expensive option. The Strategy has therefore been revised to say the Council will look to borrow from other sources (paragraph 31).
- The limit on the principal invested beyond year end has increased from £10 million to £15 million to reflect the increase in investments in long-term pooled funds (paragraph 41).
- The Debt Repayment Fund has been added to the Housing Revenue Account Ratios table (paragraph 45).
- The economic and interest rate forecast by the Council's treasury advisors has been updated as at December 2019 (paragraph 55 and appendix A). However, following the coronavirus outbreak, the Bank of England has now cut the Bank Rate to 0.25%.

The Audit and Governance Committee's areas of responsibility for Treasury Management is to ensure effective scrutiny of the implementation of the Council's Treasury Management Strategy and Policy.

RECOMMENDATION

It is RECOMMENDED that the Committee note the Treasury Management Strategy and Prudential Indicators for 2020/21, attached as Appendix A to this report.

Appendices: Appendix 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)

Enquiries:

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