

## SLOUGH BOROUGH COUNCIL

**REPORT TO:** Cabinet **DATE:** 3<sup>rd</sup> February 2020

**CONTACT OFFICER:** Neil Wilcox: Director of Finance & Resources (Section 151)  
(For all enquiries) (01753) 875358  
Barry Stratfull: Service Lead Finance (Deputy Section 151)

**WARD(S):** All

**PORTFOLIO:** Cllr. Swindlehurst, Cabinet Member for Regeneration & Strategy

### PART I KEY DECISION

#### TREASURY MANAGEMENT STRATEGY 2020/21

##### 1 Purpose of Report

The Treasury Management Strategy (TMS) is a requirement of the Council's reporting procedures and the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice on treasury management and the CIPFA prudential code for capital finance in local authorities. The Council is required to comply with both codes through regulations issued under the Local Government Act 2003.

##### 2 Recommendation(s)/Proposed Action

The Cabinet is requested to recommend that the Treasury Management Strategy for 2020/21 be approved.

##### 3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The report helps achieve the Five Year Plan by contributing to the Council's overall financial planning processes.

##### 4 Other Implications

###### (a) Financial

The Financial implications are contained within this report.

###### (b) Risk Management

<b>Recommendation from section 2 above</b>	<b>Risks/Threats/Opportunities</b>	<b>Current Controls</b>	<b>Using the Risk Management Matrix Score the risk</b>	<b>Future Controls</b>
Recommend approval of Treasury Management	Counterparty risk- the risk that an institution the	The council will work closely with its Treasury	9	The council has made a conscious decision not to

Strategy for 2020-21	council has invested is failing or likely to fail resulting in credit loss. Interest rate risk- if interest rates rise the risk that the council will be subject to higher interest costs. If there is a reduction in interest rates or fund prices are affected by a worsening economy lower dividends from funds invested in and a depreciation of the capital value.	advisors to mitigate interest rate risk. The council has an approved counterparty list contained in the Treasury Strategy setting out the institutions it can invest in, the maximum periods it can invest for and the total value for investing in individual institutions. This counterparty list is constantly under review by its Treasury advisors	put money in unsecured and low yielding banks and Building Societies deposits.
----------------------	---	---	--

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	None
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial: Detailed in the report and above	As Identified	Returns out perform the budgeted income
Timetable for delivery	None	None
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

None Identified

(d) Equalities Impact Assessment

No identified need for the completion of an EIA

## **5 Supporting Information**

- 5.1 The Treasury Management Strategy for 2020/21 is required to set out how the Council intends to manage its Treasury Management Risk. The Council's Treasury Policy is set out in Appendix 1 of this report. The Treasury Management Strategy complies with the requirements set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, which includes the requirement for determining a Treasury Strategy on the likely financing and investment activity for the forthcoming financial year.
- 5.2 In addition to reporting on risk management related to treasury activities, the Treasury Management Code also requires the Authority to report on any financial instruments entered into to manage Treasury Risks.

## **6 Key Principles**

- 6.1 The medium term capital finance budget is a key part of the council's budget strategy. When setting the Treasury Management Strategy the Council has considered
- The current Treasury position and debt portfolio position
  - The prospects for interest rates
  - The current approved capital programme
  - Limits on treasury management activities and prudential indicators
- 6.2 It is a statutory requirement that the level of borrowing is kept under review and is affordable

## **7 Service Delivery and Performance Issues**

- 7.1.1 The Council currently has £569.133m of borrowing and an average investment balance of £44.674m throughout the year. The underlying need to borrow is measured by the Capital Financing Requirement (CFR) while usable reserves are the underlying resources available for investment.
- 7.1.2 CIPFA's prudential code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Highest forecast of CFR during the next 3 years is £833m. The total debt for 2020/21 is expected to be £732m. The Council therefore will comply with this recommendation during 2020/21.
- 7.1.3 The Council uses Arlingclose as its external treasury advisor but responsibility for treasury management decisions remains with this Council at all times.

## **8 Comments of Other Committees**

The draft Treasury Management Strategy 2020/21 is due to be considered by the Overview and Scrutiny Committee on 30th January 2020. Any comments will be reported to Cabinet.

## **9 Conclusion**

The Cabinet is requested to recommend approval of the Treasury Management Strategy for 2020/21 to Council on 20th February 2020.

## **10 Appendices Attached**

- '1' Treasury Management Strategy 2020/21
- '2' Non-Treasury Investments

## **11 Background Papers**

- '1' CIPFA – Treasury Management in the Public Services – Code of Practice and guide for Chief Financial Officers
- '2' CIPFA – Prudential Code for local authority capital finance
- '3' Arlingclose Ltd – UK economic forecasts
- '4' Local Government Act 2003
- '5' Capital Strategy 2020 to 2024 – Cabinet Report (03/02/2020)