

# Budget and Performance Panel

## Treasury Management Strategy 2018/19

06 February 2018

### Report of Chief Officer (Resources)

#### PURPOSE OF REPORT

To seek the Panel's views regarding the proposed treasury management framework for 2018/19.

This report is public.

#### RECOMMENDATIONS:

- 1) That Budget and Performance Panel considers the attached Treasury Management Framework documents for 2018/19 and makes recommendations as appropriate.

#### 1 INTRODUCTION AND OVERVIEW

- 1.1 Each year the Council must review and approve its treasury management framework for the forthcoming year. At its February meeting Cabinet will consider the attached documents (as updated for its final budget proposals), for referral on to Council. Budget and Performance Panel have explicit responsibility for scrutiny of the treasury management function, including review of the proposed annual strategy. This is in line with regulatory requirements.
- 1.2 Over the years, the regulatory and economic environment has changed significantly and this has led the sector to consider more innovative types of investment activity. Reflecting this, Members will be aware that changes are underway regarding the capital and treasury management framework.
- 1.3 Following consultation, Cipfa have now published updated codes of practice on both Treasury Management and on the Prudential Code for Capital Finance and a very brief outline on the main changes and messages is provided at **Appendix A**.
- 1.4 Furthermore the Government has also recently consulted on changes to the statutory guidance on Local Government Investments, and on Minimum Revenue Provision. It has not yet issued the final guidance, however.
- 1.5 More information on these matters will be included in the training session to be provided by the Council's treasury advisors, in support of this agenda item.
- 1.6 Given the lateness of the Code updates and the uncertainty regarding future statutory guidance, Cipfa has recognised that many authorities are unlikely to be able to implement the required changes for the start of the 2018/19 financial year.

- 1.7 Instead therefore, the changes can be implemented during the course of 2018/19. This fits well with the Council's budget strategy; it is already planning to undertake a mid-year review and future capital investment strategy is a fundamental part of that work.
- 1.8 In context of the above points, the Council's draft treasury management framework is set out at **Appendices B to D** of this report, for the Panel's consideration. Any recommendations arising from the meeting will be fed into Cabinet on 13 February and from there on to Budget Council on 28 February, when Members will be asked formally to approve the framework.

<p><b>CONCLUSION OF IMPACT ASSESSMENT</b></p>	
---	--

<p>(including Diversity, Human Rights, Community Safety, Sustainability etc) No issues directly arising.</p>	
--	--

<p><b>FINANCIAL IMPLICATIONS</b></p>	
--------------------------------------	--

<p>As set out in the attached documents. Whilst they are working drafts, they reflect the basis of Cabinet's initial budget proposals as far as possible.</p>	
---	--

<p><b>OTHER RESOURCE IMPLICATIONS</b></p>	
---	--

<p>None directly arising.</p>	
-------------------------------	--

<p><b>SECTION 151 OFFICER'S COMMENTS</b></p>	
--	--

<p>This report is in the name of the s151 Officer (as Chief Officer (Resources)). Her comments and advice are reflected in the report.</p>	
--	--

<p><b>LEGAL IMPLICATIONS</b></p>	
----------------------------------	--

<p>As referred to in the report; there are no other legal implications arising.</p>	
---	--

<p><b>MONITORING OFFICER'S COMMENTS</b></p>	
---	--

<p>The Monitoring Officer has been consulted and has no comments to add.</p>	
--	--

<p><b>BACKGROUND PAPERS</b></p>	<p><b>Contact Officer: Nadine Muschamp</b></p>
---------------------------------	--

<p>None.</p>	<p><b>Telephone: 01524 582117</b></p>
--------------	---------------------------------------

<p><b>Contact Officer: Nadine Muschamp</b></p>	<p><b>E-mail: nmuschamp@lancaster.gov.uk</b></p>
--	--

<p><b>Telephone: 01524 582117</b></p>	
---------------------------------------	--

<p><b>E-mail: nmuschamp@lancaster.gov.uk</b></p>	
--	--