
TREASURY MANAGEMENT STRATEGY 2018/19

Report by Chief Financial Officer

AUDIT AND SCRUTINY COMMITTEE

15 January 2018

1 PURPOSE AND SUMMARY

- 1.1 **This report is to enable the Audit and Scrutiny Committee to undertake their scrutiny role in relation to the Treasury Management activities of the Council. It presents the proposed Treasury Management Strategy for 2018/19 for consideration prior to Council approval.**
- 1.2 The Treasury Management Strategy is the framework which ensures that the Council operates within prudent, affordable limits in compliance with the CIPFA Code.
- 1.3 The Strategy for 2018/19 to be submitted to Council on 08 February 2018 is included in this report at Appendix 1 and reflects the impact of the Administration's draft Financial Plans for 2018/19 onwards on the prudential and treasury indicators for the Council.

2 RECOMMENDATIONS

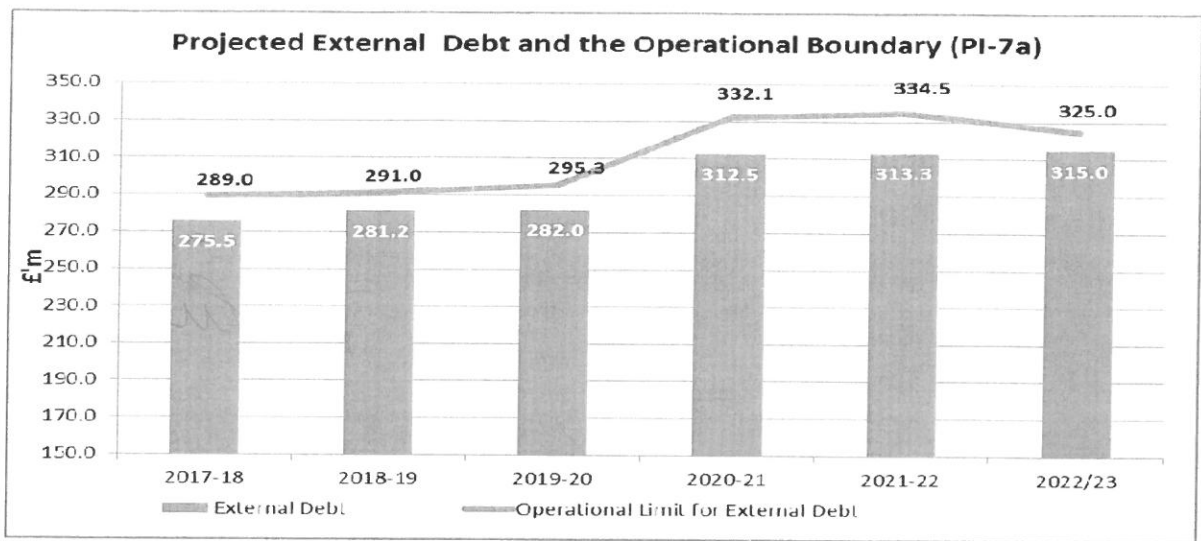
- 2.1 **It is recommended that the Committee considers whether to make any comments or recommendations on the draft Treasury Management Strategy for 2018/19 prior to presentation to the Council for approval.**

3 BACKGROUND

- 3.1 The Audit and Scrutiny Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code (i.e. Treasury Management in the Public Services: Code of Practice and Cross-sectorial Guidance Notes).

4 TREASURY MANAGEMENT STRATEGY 2018/19

- 4.1 Appendix 1 contains the draft Treasury Management Strategy for 2018/19 for consideration by the Audit and Scrutiny Committee.
- 4.2 This is based on the Administration's current draft Financial Capital Plans for 2018/19 to 2027/28, yet to be published and as such is subject to change as these plans will not be presented to Council for approval until 09 February 2017. The final version of this report which will be reported to Council will include a 20 year loans charges projection based on assumed future capital expenditure.
- 4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2017/18 strategy are:
- (a) Increase in the Capital Financing Requirement (CFR) for 2018/19 due to the inclusion of the new Kelso High School in the Council's Fixed Assets in 2017/18. Also impacting on the CFR movement is the anticipated capital borrowing requirements associated with the re-phasing of projects from 2017/18 into 2018/19 and future years as well as movements in the scheduled debt amortisation projections for the year.
 - (b) Increase in the Authorised Limit in 2018/19 associated with debt following the completion of Kelso High School and the resulting Long Term liability and the increase in external borrowing resulting from the capital plan.
- 4.4 The table below shows the "Operational Boundary" against the anticipated levels of external borrowing. The external borrowing levels should not normally exceed the operational boundary limit, defined by the Prudential Framework. The gap between these two elements as seen in the table, consistently shows that the Council maintains an "under-borrowed" position for current and next 5 years. The step change in 2020-21 represents the planned Jedburgh Intergenerational Campus becoming a Council asset, along with the associated long term liability.



5 IMPLICATIONS

5.1 Financial

There are no additional financial implications in relation to this report its content specifically relating to the financing and investment activities of the Council.

5.2 Risk and Mitigations

The key purpose of presenting the Strategy to Audit and Scrutiny Committee scrutiny is to ensure that the members are satisfied with this element of the risk management framework for the treasury management function within the Council. The risks to delivering the Strategy have been identified within the Strategy itself at Appendix 1. Controls and mitigating actions have been implemented, monitored and reviewed in line with the Council's Risk Management Policy. The Strategy provides the parameters and guidance for the investment and borrowing decisions for the Council.

5.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

5.5 Carbon Management

There are no direct issues or consequences arising from this report which would affect the Council's carbon management.

5.6 Rural Proofing

There are no direct issues or consequences arising from this report which would affect the Council's rural proofing policy.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

6 CONSULTATION

6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

Approved by

David Robertson
Chief Financial Officer

Signature



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Background Papers:

Previous Minute Reference:

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