

---

## **TREASURY MANAGEMENT STRATEGY 2019/20**

**Report by Chief Financial Officer**

---

**SCOTTISH BORDERS COUNCIL**

**28 February 2019**

---

### **1 PURPOSE AND SUMMARY**

- 1.1 This report proposes the Treasury Management Strategy 2019/20 for 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 2019/20 is included in this report at Appendix 1 and reflects the impact of the Administration's Financial Plans for 2019/20 onwards on the prudential and treasury indicators for the Council.

### **2 RECOMMENDATIONS**

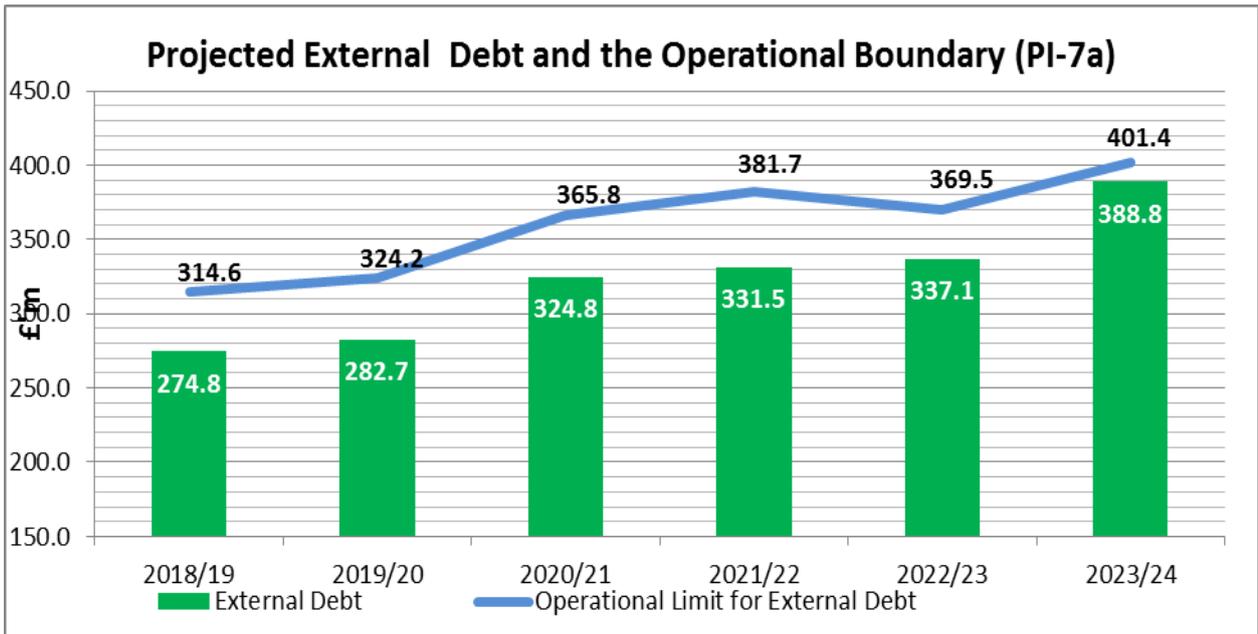
- 2.1 **It is recommended that the Council:**
  - (a) Approves the Treasury Management Strategy 2019/20 as set out in Appendix 1.**
  - (b) Notes that the draft Treasury Management Strategy was considered by Audit & Scrutiny Committee on 14 February 2019; with amended Treasury Management Strategy distributed to Audit & Scrutiny Committee members on 15 February 2019.**
  - (c) Reviews its capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and**
  - (d) Ensures that the revenue consequences of all capital projects be fully reviewed in all investment decisions.**

### **3 BACKGROUND**

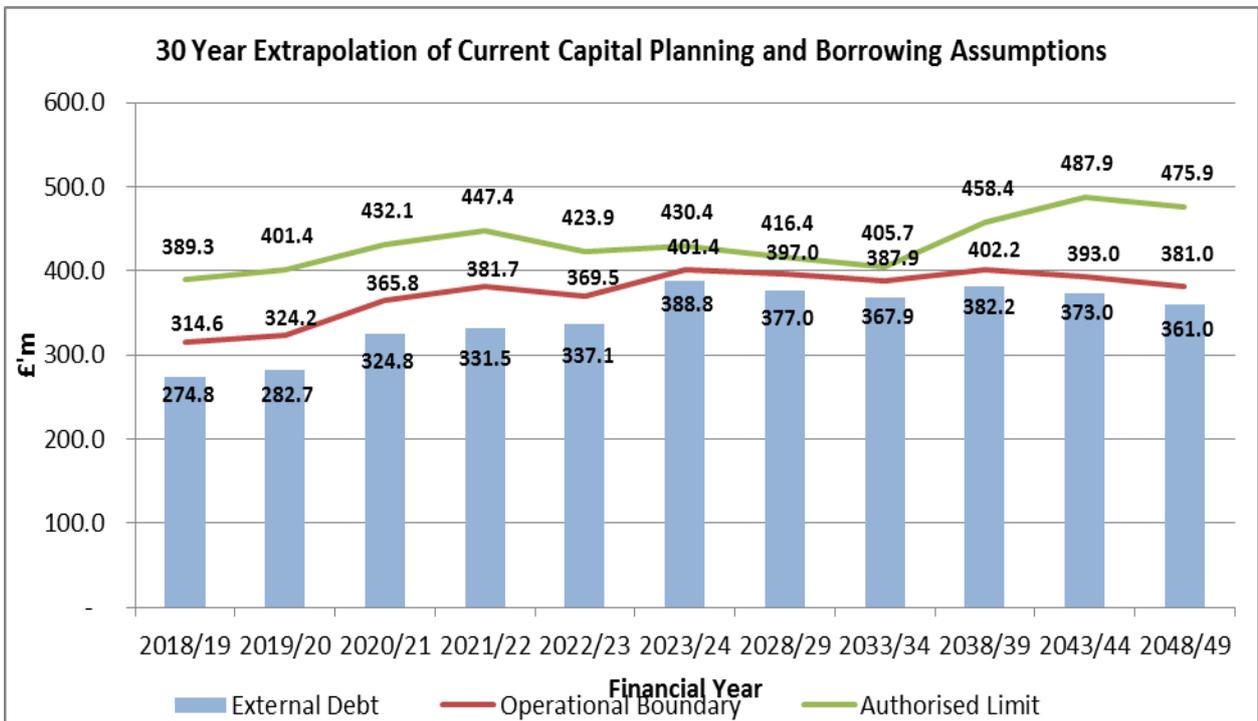
- 3.1 The Council is required to present a Treasury Management strategy for approval at the same time as the Council's Financial Plan and Financial Strategy is approved.
- 3.2 The Audit and Scrutiny Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice 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). The Committee reviewed the Strategy set out in Appendix 1 at the meeting on 14 February 2019.

### **4 TREASURY MANAGEMENT STRATEGY 2019/20**

- 4.1 Appendix 1 contains the draft Treasury Management Strategy for 2019/20 for consideration by the Council.
- 4.2 This is based on the Administration's Capital Financial Plans for 2019/20 to 2028/29.
- 4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2018/19 strategy are:
  - (a) Increase in the Capital Financing Requirement (CFR) for 2020/21 due to the inclusion of 2 new primary schools and the forward funding of the Borders Innovation Fund. Also impacting on the CFR movement is the anticipated capital borrowing requirements associated with the re-phasing of projects from 2018/19 into 2019/20 and future years as well as movements in the scheduled debt amortisation projections for the year.
  - (b) Increase in the Authorised Limit from 2019/20 onwards is associated with 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 gap however is reducing over the years due to the ambitious capital program and the profile of the notional loan charges.



4.5 The chart below details projected external borrowing for the next 5 financial years and then at each 5 year interval up to 2048/49. Alongside this, the Operational Boundary and Authorised Limit are also shown. The chart is designed to inform long term scenario planning in line with best practice.



## 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.

6.2 The Audit and Scrutiny Committee considered the strategy at the meeting on 14 February 2019 and supported its submission to Council for approval.

### Approved by

**David Robertson**  
Chief Financial Officer

**Signature** .....

### Author(s)

Name	Designation and Contact Number
Kirsty Robb	Pension and Investment Manager, 01835 825249
Sara Halliday	Treasury Business Partner, 01835 824000, Ext 5854

### Background Papers:

**Previous Minute Reference:** Audit & Scrutiny Committee, 14 February 2019

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. The Capital and Investment Team can also give information on other language translations as well as providing additional copies.

Contact us at Capital & Investments Team, Finance, Scottish Borders Council, Council Headquarters, Newtown St Boswells, Melrose, TD6 0SA Tel: 01835 825249 Fax 01835 825166. email: <mailto:treasuryteam@scotborders.gov.uk>