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**DRAFT TREASURY MANAGEMENT STRATEGY 2015/16**

**Report by Chief Financial Officer**

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**AUDIT AND RISK COMMITTEE**

**19 January 2015**

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**1 PURPOSE AND SUMMARY**

- 1.1 This report is to enable the Audit and Risk Committee to undertake their scrutiny role in relation to the Treasury Management activities of the Council. It presents the proposed Treasury Management Strategy 2015/16 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 Treasury Management Strategy 2015/16 is to be submitted to Council on 12 February 2015, is included in this report at Appendix A and reflects the impact of the draft Administration's Financial Plans for 2015/16 onwards on the prudential and treasury indicators for the Council.

**2 RECOMMENDATIONS**

- 2.1 It is recommended that the Audit and Risk Committee considers whether to make any comments or recommendations on the draft Treasury Management Strategy 2015/16 prior to presentation to the Council for approval.**

### **3 BACKGROUND**

- 3.1 The Audit and Risk Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice set out in the CIPFA (Chartered Institute of Public Finance & Accountancy) Code (ie, *Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes*).

### **4 TREASURY MANAGEMENT STRATEGY 2014/15**

- 4.1 **Appendix 1** contains the draft Treasury Management Strategy for 2015/16 for consideration by the Audit and Risk Committee.
- 4.2 This is based on the Administration's current draft Financial Capital Plans for the 2015/16 to 2017/18 yet to be published and as such may be subject to change as these will not be presented to Council for approval until 12 February 2015.
- 4.3 The significant changes from the 2014/15 strategy , , are the:
- the removal of an allocation of £13m for Registered Social Landlord (RSL) on-lending within the other relevant capital expenditure amounts following the publication of new guidance relating to on lending. The Council was a full participant in the COSLA/ Scottish Government working group which established this new framework;
  - the cross referencing to the Council's overall Financial Strategy;
  - the incorporation of reference to the Treasury Management Earmark Balance; and,
  - the ability to undertake treasury management for subsidiary companies.
- 4.4 Within the Appendix, Annex A contains a summary of the proposed indicators contained within the Strategy.
- 4.5 There are no major changes proposed to the Creditworthiness Policy to be applied as part of the Investment Strategy; however, continuing regulatory changes in the banking sector leading to the withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant in relation to the Creditworthiness Policy. (**Annex E** of the Strategy provides additional information)

### **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 Treasury Management Strategy for Audit and Risk 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. These strategies provide 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 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 Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted in the preparation of this report for Council and any comments will be incorporated into the final Council report.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

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**Background Papers:**

**Previous Minute Reference:**

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