

Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Performance and Audit Scrutiny Committee: 28 January 2016 Annual Treasury Management and Investment Strategy Statements 2016/2017 and Treasury Management Code of Practice	
Report No:	CAB/FH/16/004	
Report to and dates:	Cabinet	10 February 2016
	Council	24 February 2016
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: Stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Colin Noble Performance and Audit Scrutiny Committee Tel: 07545 423795 Email: colin.noble@forest-heath.gov.uk	
Lead Officer:	Joanne Howlett Acting Head of Resources and Performance Tel: 01284 757264 Email: joanne.howlett@westsuffolk.gov.uk	
Purpose of report:	The purpose of the report is to seek approval for: <ul style="list-style-type: none">• The Annual Treasury Management and Investment Strategy Statements 2016/17 (including treasury related prudential indicators); and• The Treasury Management Code of Practice.	

Recommendation:	<p>It is RECOMMENDED that, subject to the approval of full Council:</p> <p>1) The Annual Treasury Management and Investment Strategy Statements 2016/2017, as set out in Appendix 1 and 2 to Report No PAS/FH/16/007, be adopted.</p> <p>2) The Treasury Management Code of Practice 2016/2017, as contained in Appendix 3 and 4 to Report No PAS/FH/16/007, be approved.</p>		
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/FH/16/007 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/FH/16/007 		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/007 	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/007 	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/007 	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/007 	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: PAS/FH/16/007 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/FH/16/007			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		See Report No PAS/FH/16/007 ; Appendix 1 ; Appendix 2 ; Appendix 3 ; Appendix 4 to the Performance and Audit Scrutiny Committee: Annual Treasury Management and Investment Strategy Statements 2016/2017 – 28 January 2016	
Documents attached:		None	

1. Key issues and reasons for recommendations

1.1 Key Issues

- 1.1.1 In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. Optimising returns from investments, without exposing the Council to an unacceptably high level of risk, increases those financial resources.
- 1.1.2 With the recent changes to the Business Rates Retention Scheme and other funding/grant arrangements the Council is experiencing increased short-term cash surpluses due to the timing differences between receiving the monies and paying them over to County and Central Government etc.
- 1.1.3 It is therefore suggested that the Council agree to an increase in the investment limit with suitable counterparties, as defined by the Annual Treasury Management and Investment Strategy Statements, by £500,000 per counterparty. The revised limits were detailed in paragraph 1.2.3 of Report No PAS/FH/16/007.
- 1.1.4 The proposed Annual Treasury Management and Investment Strategy Statements 2016-2017 was attached as Appendix 1 to Report No PAS/FH/16/007.
- 1.1.5 The Committee was advised that no changes had been made to the Credit Rating Definitions (Appendix 2) since the 2015-2016 Strategy was presented to Cabinet on 27 February 2015.
- 1.1.6 The Committee was further advised that no major changes had been made to the Treasury Management Code of Practice (Appendix 3) since the 2015-2016 Code was presented to Cabinet on 27 February 2015, other than the investment limits as detailed in paragraph 1.2 of Report No PAS/FH/16/007.
- 1.1.7 However, a few minor changes had been made to the List of Approved Organisations for Investment during 2015-2016 (Appendix 2) due to credit rating changes and changes to the Top 10 List of Building Societies.
- 1.1.8 The Committee had examined the report in detail.
- 1.1.9 The Performance and Audit Scrutiny Committee has put forward recommendations 1) and 2) as set out above.