

Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Performance and Audit Scrutiny Committee: 31 January 2018: Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice	
Report No:	CAB/FH/18/010	
Report to and dates:	Cabinet	13 February 2018
	Council	21 February 2018
Portfolio Holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01799 530325 Email: stephen.edwards@forest-heath.gov.uk	
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Lead Officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 31 January 2018, the Performance and Audit Scrutiny Committee received Report No: PAS/FH/18/009 , which presented the Council's Treasury Management Policy Statement and Investment Strategy 2018-2019 (including Treasury related Prudential Indicators) and Treasury Management Code of Practice.	

Recommendation:	<p>It is RECOMMENDED that, subject to the approval of Council:</p> <p>(1) The Updated (December 2017) Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Notes, be <u>adopted</u>;</p> <p>(2) The Treasury Management Policy Statement and Investment Strategy 2018-2019, as set out in Appendix 1 and 2 to Report No: PAS/FH/18/009, be <u>approved</u>; and</p> <p>(3) The Treasury Management Code of Practice 2018-2019, as set out in Appendix 3 and 4 to Report No: PAS/FH/18/009, be <u>approved</u>.</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> <p><i>(As it is a Council decision)</i></p>		
Consultation:	<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 		
Alternative option(s):	<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 	
Are there any staffing implications? <i>If yes, please give details</i>		<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 	
Are there any ICT implications? <i>If yes, please give details</i>		<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 	
Are there any equality implications? <i>If yes, please give details</i>		<ul style="list-style-type: none"> See Report No: PAS/FH/18/009 	
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/18/009			
Wards affected:	All Wards		
Background papers:	None		
Documents attached:	None		

1. Key issues and reasons for recommendation

1.1 Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of Practice

- 1.1.1 The Committee received Report No: PAS/FH/18/009, which sought approval of the Treasury Management Policy Statement and Investment Strategy 2018-2019 (including Treasury related Prudential Indicators) and Treasury Management Code of practice.
- 1.1.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management required that, prior to the start of the financial year that Council formally approved an Annual Treasury Management and Investment Strategy, setting out the Council's treasury management policy and strategy statements for the forthcoming year.
- 1.1.3 The proposed Treasury Management Policy Statement and Investment Strategy 2018-2019, was attached as Appendix 1 to the report.

1.2 Major change between the 2017-2018 Strategy and Code of Practice and the new 2018-2019 Strategy and Code of Practice

In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued an updated Treasury Management in the Public Services Code of Practice and Cross-Sectional Guidance Note, which had been incorporated into the new 2018-2019 Strategy.

1.2.1 The main changes to the Strategy are as follows:

- the four clauses to be formally adopted have been updated
- an additional section has been added for 'investments that are not part of treasury management activity'

The main changes to the Code of Practice are as follows:

- Introduction – updated to reference new CIPFA Treasury Management Code 2017
- Definitions – updated to include 'investments' definition
- Requirements for operation of the code – removed section as duplicated elsewhere in the Code of Practice or in Treasury Management Policy Statement and Investment Strategy
- Treasury Management Policy Statement – removed section as duplicated in Treasury Management Policy Statement and Investment Strategy
- Treasury management Practices
 - TMP 1 general statement – updated to reference due diligence
 - TMP 1 all the subsections have slightly updated wording
 - TMP 1 (5) Inflation Risk – has been renumbered previously TMP1 subsection (9)
 - Previous Market Risk Management TMP has been replaced with TMP 1 (9) Price Risk Management and has updated wording

- TMP 4 – updated with sentence about use of derivatives and compliance with MiFID II
- TMP 6 – addition paragraph regarding regular monitoring reports
- Section added for ‘investments that are not part of treasury management activity’ – links to the new requirement for a Capital Strategy

1.2.2 The Treasury Management Code of Practice, attached as Appendix 3 to the report and had been updated accordingly, to reflect the proposed changes.

1.2.3 The report also included information on interest rate projections; counterparty ratings (Appendix 2) and the list of approved organisations for investment and lending criteria and limits (Appendix 4).

1.2.4 The Committee scrutinised the Treasury Management Policy Statement and Investment Strategy 2018-2019 and Treasury Management Code of practice, and asked questions of Officers to which responses were provided.

1.2.5 The Performance and Audit Scrutiny Committee has put forward recommendations, as set out on page 2 of this report.