

Cabinet



Forest Heath
District Council

Title of Report:	Annual Treasury Management and Investment Strategy Statements 2015/2016 and Treasury Management Code of Practice	
Report No:	CAB/FH/15/005	
Report to and dates:	Cabinet	17 February 2015
	Council	27 February 2015
Portfolio holder:	Stephen Edwards Portfolio Holder for Resources, Governance and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
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Purpose of report:	The purpose of this report is to seek approval for: <ul style="list-style-type: none">• The Annual Treasury Management and Investment Strategy Statements 2015/16 (including treasury related Prudential Indicators)• The approval of the Treasury Management Code of Practice.	
Recommendation:	The Cabinet is requested to RECOMMEND to Council: (1) The approval of the Annual Treasury Management and Investment Strategy Statements 2015/16 (as set out in Appendix 1 & 2 of this report). (2) The approval of the Treasury Management Code of Practice (attached in Appendix 3 & 4 of this report).	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	
Consultation:		<ul style="list-style-type: none"> Treasury management activities are currently undertaken in consultation with Tradition (City Deposit Cash Managers), the Council's appointed treasury management fund managers. 	
Alternative option(s):		<ul style="list-style-type: none"> Not applicable. 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Total budgeted interest receipts from investments for 2015/16 is £378k. This amount has been included within the 2015/16 budget setting process. 	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> Approval and adoption of the Annual Treasury Management and Investment Strategy Statements 2015/16 and the Treasury Management Code of Practice will ensure compliance with relevant legislation and guidance from professional bodies, in terms of best practice. 	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
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)
	Low/Medium/ High*		Low/Medium/ High*
Fluctuations in interest rates or in projected cash flows having significant impact on budgeted investment income.	High	Spread of investments for periods up to five years. Budget monitoring and half yearly performance reports	Medium

Bank / building society failure resulting in loss of Council funds.	High	Use of Tradition advice and counterparty credit ratings (based on Fitch, Moody and S&P ratings) and the setting of lending limits. Use of building societies based on asset base and additional credit ratings.	Medium
Further details regarding treasury management risks and risk management are included within the Annual Treasury Management and Investment Strategy Statements 2015/16 and the Treasury Management Code of Practice.			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>			
Documents attached:		Appendix 1: Annual Treasury Management & Investment Strategy 2015/16 Appendix 2: Credit Ratings Definitions Appendix 3: Treasury Management Code of Practice Appendix 4: List of Approved Organisations	

1. Annual Treasury Management and Investment Strategy Statements 2015/15

1.1 How will the recommendations help us meet our strategic priorities

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.

1.2 Major changes between the 2014/15 Strategy and the new 2015/16 Strategy

1.2.1 There have been no major changes to the Strategy since the 2014/15 Strategy was presented to Cabinet 18 February 2014.

1.3 Interest rates 2015/16 to 2017/18

1.3.1 Following advice from the Council's external fund managers, interest rate projections have been updated as follows:

	Previous Strategy	New Strategy
2015/16	2.50%	1.75%
2016/17	2.50%	2.15%
2017/18		2.50%
2018/19		2.50%

1.3.2 The budgeted interest receipts from investments for 2015/16 is £378k. This amount has been included within the 2015/16 budget setting process.

1.3.3 Please see appendix 1, Annual Treasury Management and Investment Strategy Statements 2015/16, for the full details.

1.4 Credit Rating Definitions

1.4.1 There have been no changes to the Credit Rating Definitions since the 2014/15 Strategy was present to 18 February 2014.

1.4.2 Please see appendix 2, Definition of Credit Agency Ratings, for full details.

2. Treasury Management Code of Practice

2.1 Major changes between the 2014/15 Code of Practice and the 2015/16 Code of Practice

2.1.1 There have been no major changes to the Code of Practice since the 2014/15 Code of Practice was presented to Cabinet 18 February 2014.

2.1.2 Please see appendix 3, Treasury Management Code of Practice, for full details.

2.2 List of Approved Organisations for Investment

2.2.1 There have been no additions or deletions to the List of Approved Organisations for Investment during 2014/15.

2.2.2 Please see appendix 4, List of Approved Organisations for Investment, for full details.