**Meeting of the Full Council**

**Meeting to be held on 9 February 2017**

Report submitted by the Director of Financial Resources

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| **Part A** |
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| Electoral Division affected:All |

**Treasury Management Policy and Strategy 2017/18**

(Appendices 'A' - 'C' refer)

Contact for further information:

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| Executive SummaryThis report outlines the proposed Treasury Management Policy Framework for 2017/18 as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice (2011). It includes the County Council's borrowing and investment strategies and the proposed Minimum Revenue Provision Policy, together with the treasury management prudential indicators which seek to ensure that the Council's borrowing levels remain both sustainable and affordable. RecommendationThe Full Council is recommended to:1. Approve the Treasury Management Policy as set out at Appendix 'A';
2. Approve the Treasury Management Strategy for 2017/18 as set out at Appendix 'B';
3. In respect of the Minimum Revenue Provision Statement for 2017/18, set out at Appendix 'C':
	1. Approve the Asset Life method for expenditure funded from unsupported borrowing;
	2. For supported borrowing incurred before 1 April 2007 to use the capital financing requirement based upon a 50 year life;
	3. Approve that charges to revenue be a sum equal to the repayment of any credit liability;
	4. Approve the proposed treatment of assets constructed under the Preston, South Ribble and Lancashire City Deal subject to annual review.
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**Background and Advice**

Treasury management is the management of the Council’s investments and cash flows, its banking, money market and capital market transactions; it also includes the effective control and management of the risks associated with these activities, ensuring that the Council gets the best performance for the least risk.

The Treasury Management Strategy sets out the Council’s policies for ensuring the security and liquidity of its investments, whilst having regard to investment returns in order to protect the value of the funds. It also outlines the Council's strategy for financing existing borrowing and future capital borrowing requirements, with the aim of securing the required funds at the lowest possible rate.

The Minimum Revenue Provision (MRP) is a prudent charge Local Authorities are required to make to the revenue account to provide for the repayment of debt and other credit liabilities (mainly finance leases or PFI contracts).

**Consultations**

Arlingclose, the County Council's external Treasury Management advisers.

**Implications**:

This item has the following implications, as indicated:

**Risk management**

The Council, having adopted the "Prudential Code", is required to prudently manage the investments of the Council. The current situation exposes the Council to heightened counterparty concentration risk inconsistent with its duty. As the process of managing the Council's investments is intrinsic to its continuing operations a prudent yet workable policy is necessary.

##### List of Background Papers

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| Paper |  Date | Contact/Tel |
| Arlingclose Ltd. Credit Risk ReportCIPFA Treasury Management Code of Practice |  December  2016  2011 | Paul Dobson, (01772) 534740Paul Dobson, (01772) 534740 |
| Reason for inclusion in Part II, if appropriate N/A |