Meeting of the Full Council
Meeting to be held on 9 February 2017

Report submitted by the Director of Financial Resources

Part A

Electoral Division affected:
All

Treasury Management Policy and Strategy 2017/18
(Appendices 'A' - 'C' refer)

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Executive Summary

This 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.

Recommendation

The Full Council is recommended to:

(i) Approve the Treasury Management Policy as set out at Appendix 'A';
(ii) Approve the Treasury Management Strategy for 2017/18 as set out at Appendix 'B';
(iii) In respect of the Minimum Revenue Provision Statement for 2017/18, set out at Appendix 'C':
   a. Approve the Asset Life method for expenditure funded from unsupported borrowing;
   b. For supported borrowing incurred before 1 April 2007 to use the capital financing requirement based upon a 50 year life;
   c. Approve that charges to revenue be a sum equal to the repayment of any credit liability;
   d. Approve the proposed treatment of assets constructed under the Preston, South Ribble and Lancashire City Deal subject to annual review.

Lancashire County Council

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

Paper	Date	Contact/Tel
Arlingclose Ltd. Credit Risk Report	December 2016	Paul Dobson, (01772) 534740
CIPFA Treasury Management Code of Practice	2011	Paul Dobson, (01772) 534740

Reason for inclusion in Part II, if appropriate

N/A