

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE COUNCIL**

**20 February 2019**

**1. TREASURY MANAGEMENT STRATEGY 2019/20**

**Submitted by:** Head of Finance

**Portfolio:** Finance and Efficiency

**Ward(s) affected:** All Indirectly

**Purpose of the Report**

To approve the Treasury Management Strategy for 2019/20, including the Minimum Revenue Provision Policy contained within it.

**Recommendations**

**(a) That the Treasury Management Strategy Report for 2019/20 be approved.**

**(b) That the Minimum Revenue Provision Policy contained within the report be approved.**

**Reasons**

The Council needs to have an approved Treasury Management Strategy for 2019/20 in place before the start of the 2019/20 financial year.

At the Council meeting of 24 June 2009 it was resolved that the strategy be scrutinised by the Finance, Resources and Partnerships Scrutiny Committee (superceded by Finance, Assets and Performance Scrutiny Committee) before being submitted for approval by Full Council.

**1. Background**

1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice. This requires a report to be prepared and approved by the Council concerning the strategy to be followed in carrying out its treasury management activities in the forthcoming financial year, 2019/20.

**2. Issues**

2.1 The Strategy Report for 2019/20 is attached at Appendix 1

2.2 The Minimum Revenue Provision Policy for 2019/20 is contained in Annex C to the report.

2.3 Some of the paragraphs and the economic commentary have been supplied by Arlingclose Ltd, the Council's treasury management advisors.

2.4 The Treasury Management Strategy for 2019/20 allows for borrowing. At the Cabinet meeting on 15th October 2014, Cabinet resolved, via the 'Funding the Council's Capital Investment Programme' report:

‘That Cabinet agrees with the principle that the Council, as a first resort, will seek to fund its future known capital programme needs through the annual asset management planning process by the identification of land or property in its ownership that is capable of, and appropriate for disposal.’

However if these capital receipts do not materialise then borrowing will occur in order to fund the capital programme.

2.5 Additionally at the Council meeting on 7<sup>th</sup> September 2016, it was reported that:

‘The delay in receiving the capital receipt from HDD (in respect of the Ryecroft redevelopment scheme), together with the Council’s overall capital financial position, will mean that the Council will have to borrow, at least in the short term, to finance its interest in the Public Sector Hub project.’

3. **Legal and Statutory Implications**

3.1 See Background for details.

4. **Financial and Resource Implications**

4.1 There are no specific financial implications arising from the strategy report.

5. **Major Risks**

5.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

5.2 The overriding consideration in determining where to place the Council’s surplus funds is to safeguard the Council’s capital. Within this constraint the aim is to maximise the return on capital.

5.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

6. **List of Appendices**

6.1 Appendix 1, Treasury Management Strategy Report 2019/20.

7. **Background Papers**

- CIPFA Treasury Management Code of Practice (revised December 2017);
- Council’s Treasury Management Policy Statement;
- Local Government Act 2003; and
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.