
TREASURY MANAGEMENT STRATEGY 2017/18

Report by Chief Financial Officer

SCOTTISH BORDERS COUNCIL

09 FEBRUARY 2017

1 PURPOSE AND SUMMARY

- 1.1 This report proposes the Treasury Management Strategy 2017/18 for Council approval.**
- 1.2 The Treasury Management Strategy is the framework which ensures that the Council operates within prudent, affordable limits in compliance with the CIPFA Code.
- 1.3 The Strategy for 2017/18 is included in this report in Appendix 1 and reflects the impact of the Administration's Financial Plans for 2017/18 onwards on the prudential and treasury indicators for the Council.

2 RECOMMENDATIONS

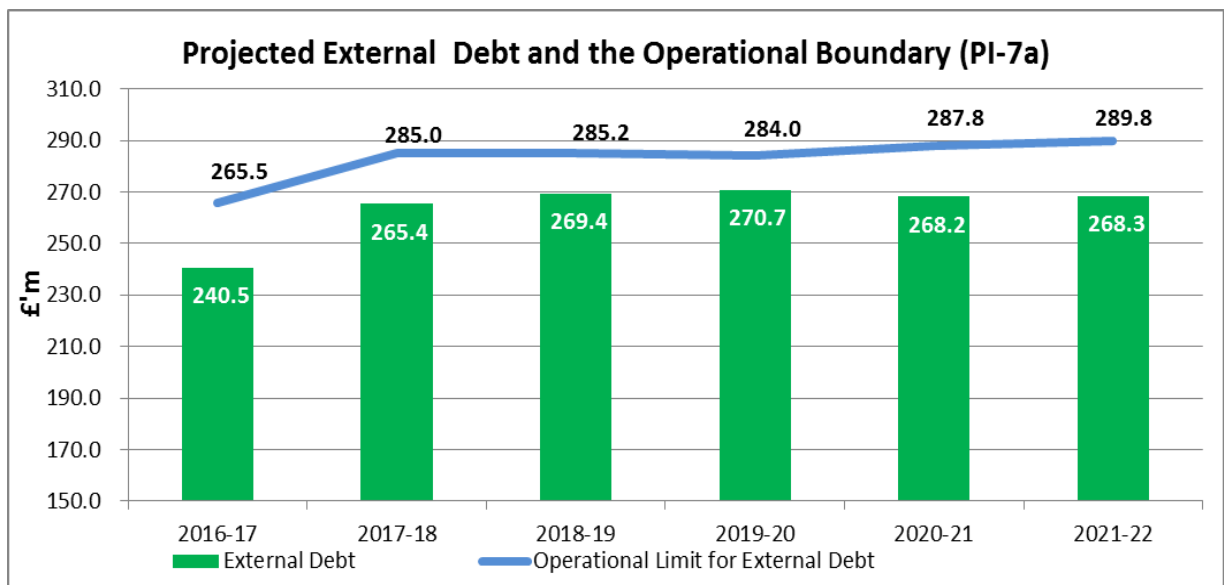
- 2.1 **It is recommended that the Council:**
 - (a) Approves the Treasury Management Strategy 2017/18 as set out in Appendix 1.**
 - (b) Council reviews its capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and**
 - (c) Ensures that the revenue consequences of all capital projects be fully reviewed in all investment decisions.**

3 BACKGROUND

- 3.1 The Council is required to present a Treasury Management Strategy for approval at the same time as the Council's Financial Plan and Financial Strategy is approved.
- 3.2 The Audit and Risk Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code (i.e. Treasury Management in the Public Services: Code of Practice and Cross-sectorial Guidance Notes). The Committee reviewed the Strategy set out in Appendix 1 at the meeting on the 16 January 2017.

4 TREASURY MANAGEMENT STRATEGY 2017/18

- 4.1 Appendix 1 contains the draft Treasury Management Strategy for 2017/18 for consideration by the Council.
- 4.2 This is based on the Administration's Capital Financial Capital Plan for 2017/18 to 2026/27.
- 4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant changes from the 2016/17 strategy are:
- (a) Increase in the Capital Financing Requirement (CFR) for 2017/18 due to movements in anticipated capital borrowing requirements associated with the re-phasing of projects from 2016/17 into 2017/18 and future years as well as movements in the scheduled debt amortisation projections for the year.
- 4.4 The table below shows the "Operational Boundary" against the anticipated levels of external borrowing. The external borrowing levels should not normally exceed the operational boundary limit, defined by the Prudential Framework. The gap between these two elements as seen in the table is narrowing each year and is indication that the Council's external debt is getting closer to the prudent affordability limit as defined by the Operational Boundary.



5 IMPLICATIONS

5.1 Financial

There are no additional financial implications in relation to this report its content specifically relating to the financing and investment activities of the Council.

5.2 Risk and Mitigations

The key purpose of presenting the Strategy to Audit and Risk Committee scrutiny is to ensure that the members are satisfied with this element of the risk management framework for the treasury management function within the Council. These strategies provide the parameters and guidance for the investment and borrowing decisions for the Council.

5.3 Equalities

It is anticipated that there are no adverse equality implications arising from the proposals in this report.

5.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

5.5 Carbon Management

There are no direct issues or consequences arising from this report which would affect the Council's carbon management.

5.6 Rural Proofing

There are no direct issues or consequences arising from this report which would affect the Council's rural proofing policy.

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

6 CONSULTATION

6.1 The Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted and any comments received have been incorporated into the final report.

6.2 The Audit and Risk Committee considered the strategy at the meeting on 16 January 2017 and supported its submission to Council for approval.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference: Audit and Risk Committee, 16 January 2017

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