

CABINET

14th June 2017

REVISED TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 2017-18 TO 2019-20

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	
Relevant Head of Service	Jayne Pickering
Wards Affected	All
Ward Councillor Consulted	None specific
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 Members are asked to approve an increase to the authorised and operational borrowing limit of £6 million.

2. RECOMMENDATIONS

- 2.1 The Cabinet is asked to **RECOMMEND** to Full Council:
- 2.1.1 the Authorised Limit for borrowing be increased from £15 million to £21 million for 2017/18.
- 2.1.2 the Operational Limit for borrowing be increased from £12 million to £18 million for 2017/18

3. KEY ISSUES

Financial Implications

- 3.1 The authorised and operational borrowing limits for 2017/18 were approved by the Council in March 2017 as part of the Treasury Management Strategy Statement and Investment Strategy.
- 3.2 The limits can be updated during the financial year if necessary. In 2017/18 the Council entered into an agreement to pay Worcestershire Pension Fund the pension payments for the next three years upfront. In exchange the Council will receive a discount which, after allowing for any temporary borrowing costs will provide £137k saving per annum for the three years. The total paid is £6.6m which represents the total amount the Council would be required to pay Worcestershire Pension Fund over the three years but to realise the savings the full payment is made in advance.

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- 3.3 The Treasury Management Strategy was prepared in advance of the arrangement and therefore the Operational and Authorised borrowing limits need to be increased by £6m. This will enable management of cash flow during 2017/18. It is important to note that the Council has maintained its borrowing within the Authorised Limit as defined in the approved strategy and this increase will ensure there is a sufficient level in place to meet any cash flow increases during 2017/18.

Legal Implications

- 3.4 This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

Service/Operational Issues

- 3.5 None as a direct result of this report.

Customer/ Equalities and Diversity

- 3.6 None as a direct result of this report.

4. RISK MANAGEMENT

- 4.1 Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. Controls in place to mitigate these risks are as follows:
- Regular monitoring of the status of the organisations we invest with
 - Daily monitoring by internal officers of banking arrangements, borrowing limits and cash flow implications.

AUTHOR OF REPORT

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