

23. The committee's overview of the council's treasury management arrangements plays an important part in the council's overall governance regime. It has an important role to play in the monitoring of treasury management activities, including overview of the risks faced by this function both internally, which are directly controllable through segregation of duties and reporting arrangements, and externally, controllable through the monitoring of counterparties and lending limits, and also regular monitoring of general economic factors.

RECOMMENDATION

24. That the council be recommended to agree the following changes to the 2016-17 Treasury Management Strategy:
- (i) that the minimum revenue provision for the repayment of government supported borrowing, other than finance leases and service concessions (including private finance initiative schemes) is changed from a straight 2% annual provision to a 50 year annuity provision with effect from 2016-17 (paragraph 4 Appendix D of Treasury Management Strategy).
 - (ii) that with regard to capital expenditure loans to third parties the principal element of the repayment is set aside to repay the borrowing that has financed these assets (paragraph 6 Appendix D of Treasury Management Strategy)
 - (iii) that with regard to the purchase of investment properties – such properties will be disposed of before there is a significant consumption of the asset, and that the council provides for the repayment of the borrowing undertaken for their purchase by setting aside the capital receipt on their disposal rather than providing a revenue provision.
 - (iv) that the maximum investment in a single Local Authority will be increased from £4m to £10m
 - (v) that the maximum investment that can be made into any one organisation (other than the UK Government including Local Authorities) be increased from £4m to £8m
25. That the council be recommended to agree the Treasury Management Strategy for 2017-18.

APPENDICES ATTACHED

26. Appendix 1 - Treasury Management Strategy 2017-18

BACKGROUND PAPERS

- CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)
http://www.tisonline.net/investments/content/Treasury_Code_2011.pdf
- CIPFA The Prudential Code for Capital Finance in Local Authorities (2011 Edition)
http://www.tisonline.net/localauthorityaccounting/content/Prudential_Code_2011.pdf

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