Appendix 5

Key considerations and likely approach to the 2018/19 Treasury Management Strategy

The Council must, before the start of each new financial year, set out a Treasury Management Strategy, to include Treasury Management Indicators; Prudential Indicators to help it manage its Capital Programme and associated borrowing; and its Policy for Charging MRP (Minimum Revenue Provision). In doing so, it acts on the basis both of CIPFA Codes of Practice and CLG Guidance . Both sets CIPFA and CLG Guidance are currently under review, with changes potentially impacting from 2018/19. The Council is obliged to have regard to this guidance.

Arlingclose, the Council's treasury advisers, recommend that we wait for the revised Code and Guidance to be published before taking any action.

It is even possible that the Council may determine its Treasury Strategy and Indicators, Prudential Indicators and MRP Strategy on the basis of current guidance, amending them as required in the new financial year.

The context for the Treasury Management Strategy is similar to that of previous years, with low interest rates, and a premium on minimising the costs of net borrowing. The main banks are in process of ring-fencing, leaving the split between retail and investment banks unclear, but the challenges of seeking to make investments in such a way as to prioritise security and liquidity ahead of yield remain unchanged.
The basic shape, intent and levels of investment limits are therefore unlikely to change from those in previous years.

The Council will also remain a net borrower, seeking to minimise the costs of borrowing, with a heavy emphasis on continuing to take short term borrowing at relatively low interest rates, so long as that remains possible.

Having extensively reviewed its MRP Policy in recent years, it is not expected that there will be any significant changes proposed to existing policy