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# Investment and Borrowing Strategy 2017/18

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<b>Committee considering report:</b>	Council on 2 March 2017
<b>Portfolio Member:</b>	Councillor Anthony Chadley
<b>Date Portfolio Member agreed report:</b>	26 January 2017
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<b>Forward Plan Ref:</b>	C3118

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## 1. Purpose of the Report

- 1.1 In compliance with The Local Government Act 2003, this report summarises the Council's borrowing limits as set out by CIPFA's Prudential Code, and recommends the Annual Investment and Borrowing Strategy for 2017/18.

## 2. Recommendations

- 2.1 To adopt the 2017/18 Investment and Borrowing Strategy.
- 2.2 Formulation of Treasury Management Policy in compliance with the Local Government Act 2003 and the CIPFA's Prudential Code and Code of Practice for Treasury Management.

## 3. Implications

- 3.1 **Financial:** Investment Income and Debt Charges form part of the Council's Medium Term Financial Strategy (MTFS).
- The proposed borrowing limit for 2017/18 has been increased by an additional £50 million over and above the level of increase needed to fund the proposed capital programme. This is to allow for additional borrowing which is expected to be needed in order to implement the new strategy currently being developed for investment in commercial property. The additional borrowing is planned to be financed from rental income.
- However the additional borrowing capacity will not be used unless or until the Executive has approved the new property investment strategy and a corresponding increase to the capital programme.
- 3.2 **Policy:** The Treasury Management Strategy for the new financial year is in accordance with the Local Government Act 2003 and CIPFA's Prudential Code and Code of Practice for Treasury Management.
- 3.3 **Personnel:** None
- 3.4 **Legal:** None

3.5 **Risk Management:** The policy is intended to ensure that all borrowing and investment is undertaken with a view to minimising risk and exposure to financial loss

3.6 **Property:** None

3.7 **Other:** None

#### 4. Other options considered

4.1 Not applicable

## **5. Executive Summary**

### **5.1 Introduction.**

This report sets out the framework within which the Treasury Management Team will conduct the council's investments and borrowing for the forthcoming financial year. It recommends prudential limits for investments in 2017/18 and borrowing limits for the next three years.

### **5.2 Proposals.**

The report recommends prudential limits for exposure to borrowing at fixed and variable rates of interest, the maturity structure of borrowing and parameters for the types and minimum credit ratings for institutions with which the Council will invest its funds. No changes are proposed to the main limits and parameters for 2017/18.

It is also proposed to increase the Council's maximum borrowing limits by £53 million (to £226 million) in 2017/18 by a further £7 million (to £233 million) in 2018/19 and by £2 million (to £235 million) in 2019/20. The increase in 2017/18 allows for £8 million new borrowing to fund the proposed 2017/18 capital programme less £5m repayments of existing loans planned to be made in 2017/18 plus £50 million which may be required to be borrowed for investment in commercial property, in line with the proposed new property investment strategy. The increases in 2018/19 and 2019/20 are to allow for the planned level of borrowing to fund the proposed capital programme less the planned level of debt repayment.

### **5.3 Equalities Impact Assessment Outcomes.**

This item is not relevant to equality.

## **6. Conclusion**

6.1 The strategy sets the underlying principles by which the Council's annual investment and borrowing activity will be managed for the 2017/18 financial year. The implementation of this strategy will be reviewed during the coming financial year by the cross party Treasury Management Group.

6.2 A report on the actual performance of the Treasury Team in managing the Council's loans and investments for the whole of 2016/17 will be brought to Executive after the end of the financial year.

## **7. Appendices**

7.1 Appendix A - Detailed Investment and Borrowing Strategy 2017/18

7.2 Appendix B – Equalities Impact Assessment

7.3 Appendix C – Forecast Level of Debt and Debt Repayments 2016/17 to 2041/42