
Investment and Borrowing Strategy 2018/19

Committee considering report:	Council on 1 March 2018
Portfolio Member:	Councillor Anthony Chadley
Date Portfolio Member agreed report:	25 January 2018
Report Author:	Gabrielle Esplin
Forward Plan Ref:	C3274

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 2018/19.

2. Recommendation

- 2.1 To adopt the 2018/19 Investment and Borrowing Strategy.

3. Implications

- 3.1 **Financial:** Investment Income and Debt Charges form part of the Council's Medium Term Financial Strategy (MTFS).
The Council's borrowing limits are proposed to be increased by £17 million in total over the next three years to allow for additional borrowing to fund proposed capital investment in line with the Capital Strategy and Programme, also on this agenda.
- 3.2 **Policy:** The Investment and Borrowing Strategy is closely related to the Capital Strategy, as it governs the criteria for borrowing to fund capital spending.
This strategy is also closely linked to the Council's Property Investment Strategy. The Property Investment Strategy which operates different criteria for investment from those proposed in this report, which relate only to cash investments. However the borrowing strategy set out in this report also applies to borrowing which may be undertaken to fund investment in property.
- 3.3 **Personnel:** None
- 3.4 **Legal:** The Investment and Borrowing 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.
- 3.5 **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 2018/19 and borrowing limits for the next three years. It also provides a forecast of the Council's long term borrowing requirements.

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 the types and minimum credit ratings for institutions with which the Council will invest its funds. Two changes are proposed to these parameters for 2018/19:

- (i) To allow the Council to enter into a loan agreements with an NHS Trust (subject to further approval by Executive of any specific agreements);
- (ii) To allow the Council to invest up to £3 million with the CCLA Local Authorities Property Fund, subject to a further due diligence review to be approved by the Treasury Management Group.

It is also proposed to increase the Council's maximum borrowing limits by £7 million (to £233 million) in 2018/19, by £6 million (to £239 million) in 2018/19 and by £4 million (to £243 million) in 2020/21. The increase in 2018/19 allows for £12 million new borrowing to fund the 2018/19 capital programme less £5 million repayments of existing loans, which are planned to be made in 2018/19. The increases in 2019/20 and 2020/21 are to allow for the planned level of borrowing to fund the proposed capital programme, less the planned level of debt repayment for those years.

5.3 Equalities Impact Assessment Outcomes

This item is not directly 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 2018/19 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 2017/18 will be brought to Executive after the end of the financial year.

7. Appendices

- 7.1 Appendix A - Detailed Investment and Borrowing Strategy 2018/19
- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Forecast Level of Borrowing and Debt Repayments 2017/18 to 2040/41