TREASURY MANAGEMENT STRATEGY 2018/19

REPORT OF THE TREASURER

For Approval

1. PURPOSE OF REPORT

1.1 To enable the Fire Authority to approve the recommended Treasury Management Strategy for 2018/19.

2. RECOMMENDATIONS

2.1 It is recommended that Members note the report and the recommendation from Audit and Governance Committee to approve the following detailed recommendations for the 2018/19 Treasury Management Strategy and related issues:

i) Approve the prudential indicators outlined in Appendix B of Appendix 1.

ii) Borrowing Strategy 2018/19
To note that in the event of a change in economic circumstances that the Treasurer may take out additional borrowing in advance of need if this secures the lowest long term interest cost.

iii) Investment Strategy 2018/19
a. Approve that Svenska Handelsbanken be brought into line with other category A counterparties and no longer identified separately.
b. Approve the Counterparty limits as set out in paragraph 9.8, which incorporates the above recommendation.

iv) Minimum Revenue Provision (MRP) Statement
Approve the following MRP statement:
- For capital expenditure incurred before 1st April, 2008 the Authority's MRP policy is to calculate MRP in accordance with former CLG Regulations. This is 4% of the Capital Financing Requirement except where the Authority makes Voluntary Revenue Payments which is in excess of the amount required by these regulations, based on asset life;
- From 1st April, 2008 the Authority calculates MRP based on asset life for all assets or where prudential borrowing is financed by a specific annuity loan, MRP will be calculated according to the actual annuity loan repayments.

3. SUMMARY OF ISSUES

3.1 The Local Government Act 2003 requires the Fire Authority to 'have regard to' the CIPFA Prudential Code and to set prudential indicators for the next three years to ensure that the Authority's capital investment plans are affordable, prudent and sustainable.

3.2 The Act therefore requires the Authority to determine a Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy, which sets out the Authority's policies for managing investments and for giving priority to the security and liquidity of those investments. The Secretary of State issued Guidance on Local Government Investments which came into force on 1st April, 2004. This guidance recommends that all Authorities produce an Annual Investment Strategy that is approved by full Fire Authority, which is also included in this report.

3.3 The Authority is required to nominate a body to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies, before making recommendations to the Fire Authority. This responsibility has been allocated to the Audit and Governance Committee.

3.4 The recommended Treasury Management Strategy was considered by the Audit and Governance Committee on the 23rd February 2018 and this report is attached as Appendix 1.

3.5 The Audit and Governance Committee carefully scrutinised the proposed Treasury Management strategy and approved that the recommended strategy be referred to full Fire Authority.

CHRIS LITTLE
TREASURER TO THE AUTHORITY