

Amendments to the Treasury Management Strategy

- 1.1 The Treasury Management Strategy Statement and Annual Investments Strategy 2017/18 was presented to Council on 16 February 2017.
- 1.2 The Council are looking to become more commercial and maximise investment return where satisfactory results of due diligence are found and risk mitigated. Therefore changes are required to be made to the strategy to allow the Council to further explore alternative areas for investment.
- 1.3 The Commercial Strategy will be presented to Full Council in December and under which the Council may wish to invest in income generating projects utilising the advantageous borrowing rates provided by the Public Works Loans Board. We have therefore reviewed the Operational and Authorised Borrowing Limit Prudential Indicators.
- 1.4 Proposed changes (the numbers refer to the relevant paragraph in the approved strategy) :-

i) INSERTED

4.7 Borrowing Indicators

4.7.1 Council are required to approve two prudential indicators for External Debt. The Authorised Limit and Operational Limit for borrowing.

4.7.2 The Authorised limit is the maximum amount of borrowing that the Authority is allowed to reach and should not be breached. This includes a head room over the Operational limit to allow for cashflow issues, and unexpected breaches in the operational limit.

4.7.3 The Operational limit is the probable amount of borrowing that is required and should reflect that that is required and affordable on an ongoing basis to the Authority. This will always be lower than the authorised limit.

| | 2017/18 | 2018/19 |
|-----------------------------|---------|---------|
| Authorised Borrowing Limit | £10m | £10m |
| Operational Borrowing Limit | £7m | £7m |

5.2.2

ii) AMENDED

Table 1: Approved Investment Counterparties and Limits

| Credit Rating | Banks Unsecured | Banks secured | Government | Corporates | Registered Providers |
|---------------|-----------------|---------------|-----------------|---------------------------------------|----------------------|
| None | £1m 6 months | n/a | £1m 25 years | £2m (was previously £50k for 5 years) | £1m 5 years |

5.4.6 Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following suitable due diligence by the S151 officer. *(removed as part of a diversified pool in order to spread the risk widely)*

Table 3: Investment Limits

| | Cash limit |
|-----------------------------|-------------------------------|
| Loans to unrated corporates | £2m in total <i>(was £1m)</i> |
| Money Market Funds | £12m in total |