

## STOCKPORT COUNCIL

### REPORT TO CABINET– SUMMARY SHEET

**Subject:** 2019/20 Treasury Management Strategy, Annual Investment Strategy and Minimum Revenue Provision Policy

**Report to Cabinet**

**Date: 5 February 2019**

**Report of:** (a) Leader of the Council and Cabinet Member for Policy, Finance and Devolution

**Key Decision:** (b) Y

Forward Plan ☒ General Exception ☐ Special Urgency ☐ (Mark with a Y if applicable)

#### **Summary:**

This comprehensive report proposes the 2019/20 Treasury Management Strategy, Annual Investment Strategy, Minimum Revenue Provision Policy and prudent and sustainable Treasury and Prudential Indicators, which are constructed in compliance with the CIPFA Treasury Management Code of Practice.

The Council has delegated the role of ensuring effective scrutiny of its Treasury Management Strategy to the Corporate, Resource Management and Governance Scrutiny Committee (CRMG). As such, the views of CRMG were sought and any opinions or suggestions made have been taken into account when formulating the Council's Treasury Management Strategies for 2019/20.

The first part of the report details the Council's Capital expenditure plans and Strategy which are a key driver to the long-term borrowing aspect of treasury management activity and strategy; these are reflected in a number of prudential and treasury indicators.

The report develops to show how capital expenditure funded by prudential borrowing is subsequently charged against the Council's revenue resources in the Minimum Revenue Provision (MRP) Policy Statement.

Fundamentals of the Council's investment policy, approach to creditworthiness and investment strategies for 2019/20 are included in the Annual Investment Strategy statement.

The report provides an economic commentary and interest rate forecast, detailing likely scenarios for the economy and financial markets in 2019/20 based on current information. However given the volatility of sentiment and the UK's uncertain Brexit position, there is no assurance at this stage as to what may occur in the coming weeks. Predictions built into the report for interest rates have assumed that an agreement will be reached on Brexit prior to the March deadline, however at the time of writing, the Brexit situation in the UK remains 'fluid'. Bank rate is forecast to reach 1% by mid-2019, although the prospect that 2019 may pass without a rate hike remains a possibility. Adjustments to central forecasts as such may be made as the situation unfolds.

A key highlights report is provided which summarises the main points of the more comprehensive report.

An Equalities Impact Assessment has been carried out on the Treasury Management Strategy; this is included at Appendix Six.

**Comments/Views of the Cabinet Member: (c)**

Given the Council's aspiration to invest in growth this is a very important document which demonstrates how we will balance the desire to invest with the need to be prudent and ensure that the financing of our capital programme is robust and affordable.

CRMG scrutiny members have been engaged in a consultation process on the Treasury Strategy and the profile of Treasury Management is being raised through regular reporting.

The Strategy proposed is appropriate, robust and adequately prudent and I commend it to the Cabinet for approval.

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**Recommendation(s) of Cabinet Member: (d)**

Cabinet is asked to recommend that the Council Meeting approves

- The Minimum Revenue Provision Policy for 2019/20;
  - The Capital Expenditure Forecasts and Capital Financing Requirement projections;
  - The Treasury Management Strategy 2019/20;
  - The Treasury and Prudential Indicators and Limits 2019/20-2021/22;
  - The Annual Investment Strategy (AIS) 2019/20.
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**Relevant Scrutiny Committee** (if decision called in): **(e)**

Corporate, Resource Management & Governance

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**Background Papers** (if report for publication): **(f)**

Contact person for accessing  
background papers and discussing the report

**Officer:** Lorna Soufian  
**Tel:** 0161 474 4026

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**'Urgent Business': (g)**

**Yes/ No (Please circle)**

**Certification** (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor \_\_\_\_\_ and the Chief Executive/Monitoring Officer/ Borough Treasurer for the decision to be treated as 'urgent business' was obtained on /will be obtained before the decision is implemented.

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