



Audit & Governance Committee
7 February 2019

Treasury Management Strategy 2019/20

Purpose of the report:

This report sets out the council's treasury management strategy for 2018/19, as required to ensure compliance with CIPFA's Code of Practice for Treasury management.

Recommendations:

The Audit and Governance Committee is asked to approve the Treasury Management Strategy for 2019/20.

Introduction:

1. At the Council meeting on 11 December 2018 it was agreed that responsibility for approving the annual Treasury Management Strategy Statement (TMSS) should be delegated to the Audit and Governance Committee. The Council Overview Scrutiny Committee provided scrutiny of this strategy on 25 January 2019.
2. The Council's Treasury Management Strategy for 2019/20 is attached as Annex 1.

Treasury Management Strategy 2019/20:

3. Treasury management is defined as 'the management of the organisation's cash flows, banking, money market and capital market transactions, the effective management of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.'¹
4. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Authority's prudent financial management.
5. The proposed TMSS shows the Authority's risk appetite and limits for investment and borrowing, and the full set of Prudential and Treasury Indicators.

¹ CIPFA Code of Practice for Treasury Management in the Public Services.

Implications:**Financial and value for money implications**

1. The impact of this strategy on the interest paid and interest receivable budgets are included within paragraph 65 of annex 1 and have also been factored into the Medium Term Financial planning for 2019/20.

Equalities and Diversity Implications

2. There are no direct equalities implications of this report.

Risk Management Implications

3. The Authority measures and manages its exposures to treasury management risks using indicators outlined in paragraphs 54-60 of annex 1.

Next Steps:

4. The Treasury Team will monitor borrowing and cash investments and will continue to update this Committee as appropriate.
5. A half-year monitoring report and full-year report for 2019/20 will be presented to this committee.

Report contact: Nikki O'Connor, Finance Manager (Assets & Accounting)

Contact Details: Nicola.oconnor@surreycc.gov.uk 020 8541 9263

Sources/Background Papers: CIPFA Code of Practice for Treasury Management in the Public Services (Revised)