

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 26TH FEBRUARY, 2020

REFERENCE FROM CABINET: 3RD FEBRUARY, 2020

**“C214 TREASURY MANAGEMENT AND INVESTMENT STRATEGY
2020/21 AND UPDATE FOR 2019/20 (L/PR) (SCRUTINY – CORPORATE
PERFORMANCE AND RESOURCES) –**

The interim report provided an update on the Council’s Treasury Management operations for the period 1st April to 31st December, 2019. All activities were in accordance with the Council’s approved strategy on Treasury Management. Details of monies borrowed and repaid and those invested were outlined in the report.

The report presented the proposed 2020/21 Treasury Management and Investment Strategy at Appendix 1.

The Council had to ensure that the Prudential Code was complied with, which had been developed by CIPFA as a professional code of practice. To demonstrate the Council had fulfilled these objectives, the Code set out prudential indicators that should be used and the factors that must be taken into account. These were shown in Appendix 1 to the report as part of the Strategy.

The Council also had a legal requirement to comply with the Welsh Government Guidance on Investments and had taken this into consideration when developing the Strategy.

Capital expenditure when financed by long term debt incurred two elements of cost, interest on and repayment of the principal sum borrowed. The resources the Council must put aside in each year to repay the principal sum borrowed was known as Minimum Revenue Provision (MRP) and the Council's policy for calculation was detailed in the report.

The Treasury Management Policy for 2020/21 was attached at Appendix 2 to the report.

This was a matter for Executive decision

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

(1) T H A T the Treasury Management interim report for the period 1st April to 31st December, 2019 be endorsed.

(2) T H A T the policy for making Minimum Revenue Provision in 2020/21 be approved.

(3) T H A T Cabinet recommend to Council that the proposed 2020/21 Treasury Management and Investment Strategy be approved including the following specific resolutions (detailed in Appendix 1 to the report):

- The Authorised Limit for External Debt be set at £210.541m for 2019/20, £228.394m for 2020/21, £255.520m for 2021/22 and £271.600m for 2022/23.
- The Operational Boundary for External Debt be set at £203.608m for 2019/20, £221.461m for 2020/21, £246.087m for 2021/22 and £264.667m for 2022/23.
- The Section 151 Officer be given delegated authority within the total Authorised Limit and Operational Boundary as estimated for individual years to effect movement between the separately agreed limits for borrowing and other long-term liabilities.
- An upper limit be set on its fixed interest rate exposures of £147.810m for 2019/20, for 2020/21 of £168.021m, for 2021/22 of £204.111m and for 2022/23 of £221.408m of its net outstanding principal sum on its borrowings / investments.
- An upper limit be set on its variable interest rate exposures of £0 for 2019/20, 2020/21, 2021/22 and 2022/23 of its net outstanding principal sum on its investments.
- An upper limit of £0m for 2019/20, £10m for 2020/21, £10m in 2021/22 and £10m in 2022/23 be set for total principal sums invested for over 364 days.
- The amount of projected borrowing that was fixed rate maturing in each period as a percentage of total projected borrowing that be fixed rate for 2020/21 be set as:

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

- The Prudential Indicators set out in Appendix 1 be approved.
- The Treasury Management Policy set out in Appendix 2 be approved.

Reasons for decisions

(1) To present the Treasury Management Interim Report.

(2) To agree the basis of the Minimum Revenue Provision calculation for 2020/21.

(3) The Treasury Management and Annual Investment Strategy be prepared as required by the Local Government Act 2003.”