

# Treasury Management and Prudential Code Consultations

## August 2017

Summary of key changes proposed by consultation documents. Responses by 30<sup>th</sup> September 2017. Implementation from 2018/19.

### Treasury Management Code

- Monitoring/reporting of detailed indicators can be delegated to sub-committees (ultimate responsibility remains with Full Council).
- Code extended to cover non-treasury investments (new TMP); includes service investments (Commercial Property portfolios, loans to subsidiary /outsourcing structures etc) held primarily for financial return or to generate a surplus.
- Financial guarantees /Contingent Liabilities to be monitored and reported; probability of being called upon assessed. To be reconciled to Statement of Accounts.
- Interest Rate exposure indicators removed; TM Strategy to state how interest rate exposure is managed and monitored.
- Borrowing maturity tables to be extended to include variable rate borrowing; comprehensive borrowing table.
- Principal invested over 364 days revised to Principal invested over 365 days (in line with financial reporting definitions).

### Prudential Code

- Formal requirement to develop a Capital Strategy (linked to TM Strategy); including assessment of long-term financing implications and external debt vs internal borrowing.
- CFO to report explicitly on deliverability, affordability and risks associated with Capital Strategy; recognising CFO may need to rely upon external advise in reaching conclusions.
- Formal adoption of TM Code indicator removed; statutory requirement to have regard to TM Code already exists.
- Removal of HRA specific references; Code to encompass all ring-fenced type funds.
- Remove Impact on Council Tax indicator; focus on long-term view of affordability rather than indicator focused on immediate impact.