

TREASURY MANAGEMENT STRATEGY 2019/20

Summary: To report the Board's Treasury Management Strategy for 2019/20.

Author: David Shelmerdine, Finance Officer

Recommendations:

(a) That the contents of the Treasury Management Strategy for 2019/20 be noted; and

(b) that the investment policies be approved.

Key Issues

1. The attached strategy document reflects the Board's long-standing practice and has been agreed by the Executive Committee as appropriate for the Board's current circumstances.
2. This year the Board will have a relatively high level of surplus funds to invest, because a large proportion of grant income has been received well in advance of associated expenditure.
3. It is therefore proposed that a sum of £450k be invested in a 12-month fixed-term deposit with the Clydesdale Bank (currently rated A- by one of the specified rating agencies and approved by the Board for investment purposes).

Background

4. The Board is required to maintain, and review annually, a strategy for managing its investments and borrowings; and also to report annually on its investment performance to the Executive Committee.
5. At certain times of year, the Board accumulates surplus funds arising from the timing of payments from funders in advance of expenditure by the Board, and from balances carried forward year on year. At the same time, the Board is debt-free, and has no borrowings.
6. The Board's existing Treasury Management Strategy has provided a sound basis for controlling the Board's investment and managing risk to date. Officers have used short-term deposits with Lloyds and Clydesdale Banks to achieve a degree of flexibility and competition.
7. However, the return on its periodic investments in recent years has inevitably been very low, as a result of the prevailing economic climate.
8. The existing Strategy has been reviewed and updated in the light of current legislation and the Board's latest financial circumstances, and is contained at **Appendix 'A'** attached.

Supporting Paper(s):

Appendix 'A' - Treasury Management Strategy 2019/20.