

Item 6 (b) - Treasury Management Strategy 2016/17

The attached report was considered by the Cabinet, relevant minute extract below

Cabinet - 4 February 2016 (Minute 72)

The minute reference from the Finance & Advisory Committee was tabled, which included an updated interest rate forecast from Capita Asset Services together with an update on Santander UK Plc latest credit ratings. The Portfolio Holder for Finance presented the report advising that the Finance Advisory Committee had considered the same report and had agreed to recommend it with the inclusion of Santander UK Plc as an investment counterparty.

The Principal Accountant introduced the report advising that it formed part of the budget strategy for 2016/17 and sets out the proposed treasury strategy for the forthcoming year. Since the writing of the report, Capita Asset Services had amended their interest rate forecast. Therefore, the prospects for interest rates detailed in the report and Appendix B to the report had changed.

Santander was recognised as a UK bank, but its parent company was Spanish. It was noted that investment in non-UK banks was currently permitted under the existing policy, but Members had preferred that investment was restricted to UK organisations with the exception of Handelsbanken, a Swedish bank which was approved for use in the current financial year. He advised that he was aware that out of the eleven authorities in the investment benchmarking group, six had investments with Santander and the bank's investment rates were either in line with or exceeded those available in the market.

If Members were minded to include Santander, then the Capita Asset Services recommended duration limit at the present time was 6 months, and they would fall into the investment limit category of up to £7m.

It was noted that the last training session by Capita for Members had been in 2010. Officers agreed to investigate further training for Members. As there was a fee, joint training with other authorities could be considered in order to spread the cost.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That with the inclusion of Santander UK Plc as an investment counterparty, Cabinet recommend the Council approve the Treasury Management Strategy for 2016/17.