

<b>Committee:</b>	<b>Date:</b>
Financial Investment Board	2 February 2017
<b>Subject:</b> Treasury Management Strategy Statement and Annual Investment Strategy 2017/18	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>
<b>Report author:</b> Kate Limna – Chamberlain’s Department	

### Summary

The attached document sets out the City’s Treasury Management Strategy Statement and Annual Investment Strategy for 2017/18. The document includes the various Prudential Indicators required to be set for the City Fund to ensure that the City’s capital investment plans are affordable, prudent and sustainable. The main proposals within the document are incorporated within the separate report entitled “City Fund - 2017 Budget Report” being considered by the Finance Committee on 21 February 2017.

The only change to the Treasury Strategy for 2017/18 is to the Non Specified Investments (Appendix 4) where, following discussions with the Chairman and Deputy Chairman of the Financial Investment Board, UK Index Linked Gilts have been included.

The key areas to highlight are:

- As at 31 December 2016, the City had cash balances totalling some £969.1m. The majority of balances are held for payment to third parties; they are either restricted reserves, or will be drawn down over the coming years to fund various projects such as the Museum of London. Some £200m is being held as part of the City’s contribution to Crossrail and this is expected to be paid either towards the end of this financial year (2016/17) or at the start of the next financial year (2017/18) (section 3).
- In assessing the creditworthiness of prospective counterparties the City uses a risk weighted scoring system rather than just using the lowest rating from the credit rating agencies (section 7.2) This is unchanged from previous years.
- It is proposed that the City continues to be prepared to lend monies for up to three years’ duration based on risk assessments for each opportunity undertaken by Treasury Officers and discussed with the Chamberlain. As the current returns on deposits for 2 and 3 years are considered insufficient, no new long term deposits have been made (sections 7.4 & 7.5).
- Capita Asset Services, the City’s Treasury Management advisors are looking at alternative investment options, taking into consideration the City’s forecasted expenditure over the coming years.
- It is anticipated that the City will remain debt free during 2017/18 but it should be noted that it is possible that there may be a borrowing requirement in future years, depending on the funding strategy for the Museum of London project (section 6).

It is unlikely that there will be a borrowing requirement before 2019 and the Treasury Management Strategy Statement and Annual Investment Strategy will be amended when necessary.

The main changes to the document from last year's version are highlighted in yellow.

### **Recommendation**

It is recommended that the Financial Investment Board reviews and approves the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2017/18, and recommends that Finance Committee submits it to the Court for formal adoption as part of the City Fund - 2017 Budget Report.

### **Annex**

Treasury Management Strategy Statement and Annual Investment Strategy 2017/18

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