



Report to: Full Council Meeting – 9 March 2023

Relevant Committee Chairman: Councillor Sylvia Michael, Audit & Governance

Director Lead: Sanjiv Kohli - Deputy Chief Executive / Director – Resources - Section 151 Officer

Lead Officer: Andrew Snape, Assistant Business Manager Financial Services, Ext. 5523

<b>Report Summary</b>	
<b>Report Title</b>	Treasury Management, Capital and Investment Strategies 2023/24
<b>Purpose of Report</b>	This report seeks approval for the Treasury Management Strategy, Capital and Non-Treasury Investment strategies, updated in accordance with latest guidance.
<b>Recommendations</b>	<p>That Council approve:</p> <ul style="list-style-type: none"> <li>• The Treasury Management Strategy 2023/24, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix A);</li> <li>• The Treasury Prudential Indicators and Limits, contained within Appendix A;</li> <li>• The Authorised Limit Treasury Prudential Indicator contained within Appendix A;</li> <li>• The Capital Strategy 2023/24, contained within Appendix B;</li> <li>• The Capital Prudential Indicators and Limits for 2023/24, contained within Appendix B;</li> <li>• The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix D, which sets out the Council’s policy on MRP;</li> <li>• The Flexible Use of Capital Receipts Strategy, contained with Appendix E;</li> <li>• The Non-Treasury Investment Strategy 2023/24 Appendix F; and</li> <li>• The Investment Prudential Indicators and Limits for 2023/24, contained within Appendix F.</li> </ul>
<b>Reason for Recommendation</b>	It is a legislative requirement for a Local Authority to approve a Treasury Management, a Capital and an Investment strategy and the attached appendices meet that requirement.

	In addition, the External Auditors (Mazars) may pass comment in their Report to those charged with governance should relevant strategies not be approved.
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## **1.0 Background**

1.1 Each year the Council must approve three strategies which set out how the Council will manage its cash. Those three strategies are:

- The Treasury Strategy
- The Capital Strategy
- The Non-Treasury Investment Strategy

### **Treasury Strategy**

1.2 Treasury Management is defined as “The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.3 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes to set Treasury Prudential Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

1.4 The Act therefore requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.5 CIPFA requires that the Council creates and maintains a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities; creates and maintains a list of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives; and produce an annual Treasury Management Strategy Statement, a Mid-year review and an Annual report covering activity in year.

### **Capital Strategy**

1.6 The Capital Strategy outlines the principles and framework that shape the Council’s capital decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council’s priorities and objectives as set out in the Corporate Plan.

1.7 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Capital Prudential Indicators each financial year to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

- 1.8 CIPFA requires that the Council sets Prudential Indicators which set out expected capital activities during the financial year and delegates the role of scrutiny of the Capital Strategy to a specific named body. For this Council the delegated body is the Audit and Governance Committee.

### **Non-Treasury Investment Strategy**

- 1.9 The definition of an investment covers all of the financial assets of the Council as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.
- 1.10 A loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.
- 1.11 The DLUHC Investment Guidance is issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.
- 1.12 For each financial year, a local authority should prepare at least one Investment Strategy (“the Strategy”). The Strategy should contain the disclosures and reporting requirements specified in this guidance. The Strategy should be approved by the full council.

## **2.0 Proposals**

- 2.1 The three strategies referred to in section 1 above were tabled at the Audit and Governance Committee on the 1<sup>st</sup> February 2023 and subsequently were recommended to Full Council for approval.
- 2.2 It is proposed that the strategies, as appended to this report, are approved for the 2023/24 financial year.

## **3.0 Implications**

In writing this report and in putting forward recommendations’ officers have considered the following implications: Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

### **3.1 Financial Implications (FIN22-23/6264)**

All financial implications have been included within each of the appendices.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition and the 2017 revised Edition

CIPFA Prudential Code Local Government Act 2003

CIPFA Standard of Professional Practice on Treasury Management