

Report to: Policy & Performance Improvement Committee - 23 October 2023
 Director Lead: Sanjiv Kohli, Deputy Chief Executive, Director – Resources and S151 Officer
 Lead Officer: Andrew Snape, Assistant Business Manager - Financial Services, Ext 5523

| Report Summary | |
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| Report Title | Review of Treasury Management and Non-Treasury Investment Strategies 2023/24 |
| Purpose of Report | For Members to review the Treasury Management and Non-Treasury Investment Strategies |
| Recommendations | That the Policy & Performance Improvement Committee review and comment upon the Treasury Management and Non-Treasury Investment Strategies for 2023/24 |

1.0 Background

1.1 At the meeting of Policy & Performance Improvement Committee on 26 June 2023, a request was made for the review of the current financial year’s treasury management strategy and non-treasury investment strategy. Therefore, this report covers the regulations governing for the two strategies, the governance for the approval and the timeline for the development of the annual strategies. The two strategies are attached at **Appendix A** and **Appendix B**.

2.0 Regulations

Treasury Management Strategy

2.1 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.

2.2 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). These strategies set out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

Non-Treasury Investment Strategy

- 2.3 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.
- 2.4 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.
- 2.5 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”. 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.

3.0 Governance

- 3.1 Within the Council’s approved Constitution under Part C – Responsibility for Function, the Audit & Governance Committee has the responsibility for scrutiny of the Council’s Treasury Management Strategy and Investment Strategy and the in-year monitoring of compliance with the strategies. While Full Council has the responsibility for the policy framework approval of the Annual Treasury Management Strategy and Investment Strategy.

4.0 Review

- 4.1 The documents appended at appendices A&B are extracts of the strategies that were approved at Council on 9th March 2023. The full documents include tables which contain information which is approved within the Revenue Budget setting report and Capital Programme reports, hence are not in scope of this review. The extracts that are included here inform the framework that Officers use on a daily basis and hence can be influenced during the approval of the Strategies at Council in March 2024.
- 4.2 The aim of this review, is for a wider set of Members to make comment and potentially influence the framework that Officers work within. Suggestions by Members of this Committee will be communicated to the Council’s Treasury Advisors (Link Asset Services) who will refer to any comments within the training session on the 12th December 2023, and hence where appropriate could be included within the Strategies to be approved in March 2024 for Officer to work within during 2024/25 and onwards.

5.0 Timeline

5.1 As in previous financial years there will be training session with the Council's treasury management consultants, Link Asset Services. This year's training session is scheduled for 12 December which will be open to all Members of the Council. The aim of the session is to enhance understanding and develop knowledge in the technical area of Treasury Management. This will be an ideal opportunity for Members to potentially have an input or influence on the criteria that is then proposed for the strategies for 2024/25 and beyond, prior to them being tabled at Audit & Governance in February and then Full Council in March 2024.

6.0 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.

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.

None