

Audit and Governance Committee

31 January 2024

Report of the Chief Finance Officer

Portfolio of the Executive Member for Finance, Performance, Major Projects, Equalities and Inclusion

Treasury Management Monitor 3 2023/24

Summary

1. The purpose of the report is to provide a quarterly update to Audit & Governance Committee on treasury management activities and to provide the latest update of the prudential indicators.
2. Audit & Governance Committee are responsible for ensuring effective scrutiny of the treasury management strategy and policies, as stated in the Treasury Management Strategy 2023/24 approved by full Council on 23 February 2023. The Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (“the Code”) stipulates that:
 - There needs to be a quarterly review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
 - Those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
3. Attached at Annex 1 is the Treasury Management Monitor 3 report which was presented to Executive on 25 January 2024.

Recommendations

4. Audit & Governance Committee are asked to note and scrutinise Treasury Management Monitor 3 and Prudential Indicators attached at Annex 1.

Reason: That those responsible for scrutiny and governance arrangements are updated on a regular basis to ensure that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.

Background

5. This quarterly report has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, and covers the following:
 - A brief economic update;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - An update to the prudential indicators;
 - A review of the Council's investment portfolio;
 - A review of the Council's borrowing strategy;
 - A review of compliance with the Treasury and Prudential Limits.

Consultation

6. Not applicable.

Options

7. Not applicable. It is a statutory requirement for Council to operate in accordance with the CIPFA Prudential Code.

Council Plan

8. Treasury management is an integral part of the council's finances providing for cash flow management and financing of capital schemes. It aims to ensure that the council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the council's funds. This will allow more resources to be freed up to invest in the council's priorities, values and imperatives as set out in the Council Plan.

Implications

Financial

9. The security of council funds is a priority, maximising returns on investments and along with minimising the finance costs of debt.

Legal Implications

10. Treasury Management activities have to conform to the Local Government Act 2003 and statutory guidance issued under that Act, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Other Implications

11. There are no other implications as a result of this report.

Risk Management

12. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

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Wards affected	All

Annexes:

1. Treasury Management Monitor 3 and Prudential Indicators 2023/24
2. Annex A to above report – Prudential Indicators 2023/24