

Report of the Head of Corporate Finance & Commercial Procurement (interim s151 officer)

## **Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2020/21 to 2024/25**

### **Summary**

1. This report is a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2020/21. The strategy is set against a context of projected interest rates and the Council's capital expenditure programme and leaves investment criteria and limits largely unchanged.
2. The Council has significant investments and borrowing which bring with them financial risk including the loss of invested funds and the revenue impact of changes in interest rates. It therefore requires an overall strategy as well as practices and procedures to identify, monitor and control the risks.

### **Background**

3. The Treasury Management Strategy Statement and Prudential Indicators 2020/21 to 2024/25 are attached at annex A and cover the:
  - Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
  - Prudential indicators
  - Revised treasury management policy statement
  - Specified and non-specified investments schedule
  - Treasury management scheme of delegation and role of the section 151 officer
4. There are no significant changes to the strategy other than to include a 4<sup>th</sup> criteria for investments. After security, liquidity and yield the council will now also consider responsible investments as set out in paragraphs 76 to 82 of the report attached at annex A.

## **Consultation**

5. Treasury management strategy and activity is influenced by the capital investment and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a process of consultation, details of which are outlined in the budget reports to be considered by Executive on 13<sup>th</sup> February 2020.

## **Options**

6. It is a statutory requirement for the council to operate in accordance with the CIPFA Prudential Code.

## **Council Plan**

7. The treasury management strategy statement and prudential indicators are aimed at ensuring 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**

8. The revenue implications of the treasury strategy are set out in the revenue budget report to be considered by Executive on 13th February 2020.

### **Legal Implications**

9. 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**

10. There are no HR, Equalities, crime and disorder, information technology or other implications as a result of this report

## Risk Management

11. 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.

## Recommendation

12. Audit and Governance Committee are asked to:

note the treasury management strategy statement and prudential indicators for 2019/20 to 2023/24 at annex A.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy.

<b>Contact Details</b>	
<b>Author</b>	<b>Chief Officer responsible for the report</b>
Debbie Mitchell Head of Corporate Finance and Commercial Procurement Ext 4161  Emma Audrain Principal Technical Accountant Ext 1170	Debbie Mitchell Head of Corporate Finance and Commercial Procurement (interim s151 officer)
	Report approved <input checked="" type="checkbox"/>
<b>Wards affected</b>	All

## Annexes

Annex A – Treasury Management Strategy Statement and Prudential Indicators for 2020/21 to 2024/25