

Report of the Chief Finance Officer

## **Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2022/23 to 2026/27**

### **Summary**

1. This report is a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2022/23. 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 2022/23 to 2026/27 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. One area to highlight is in respect of the Council's MRP policy where a review has been undertaken and a revised policy agreed by Full Council. Full details are in the Executive report attached at Annex A.
5. On 20th December 2021 CIPFA published the revised Treasury Management Code and Prudential Code with changes which will impact on future Treasury Management Strategy Statement and Annual Investment Strategy reports and the risk management framework. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy

Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval. Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

## **Consultation**

6. 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 were outlined in the budget reports considered by Executive on 7<sup>th</sup> February 2022.

## **Options**

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

## **Council Plan**

8. 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**

9. The revenue implications of the treasury strategy are set out in the revenue budget report considered by Executive on 7<sup>th</sup> February 2022.

### **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 HR, Equalities, crime and disorder, information technology or 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.

## Recommendation

13. Audit and Governance Committee are asked to:

- a. note the treasury management strategy statement and prudential indicators for 2022/23 to 2026/27 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.

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	Report approved 22.2.22
<b>Wards affected</b>	All

**Annexes**

Annex 1 – Treasury Management Strategy Statement and Prudential Indicators for 2022/23 to 2026/27