



<b>Full Council</b>	<b>Thursday, 24 February 2022</b>	<b>Matter for Information and Decision</b>
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**Report Title:** Treasury Management Policy and Strategies (2022/23)

**Report Author(s):** Comie Campbell (Head of Finance/Deputy Section 151 Officer)/Rashpal Sohal (Finance Manager)

<b>Purpose of Report:</b>	<p>This report outlines the expected treasury operations and sets out the treasury management and prudential indicators for the forthcoming financial year. It fulfils the key requirements of the:</p> <ul style="list-style-type: none"> <li>• Local Government Act 2003;</li> <li>• The CIPFA Code of Practice for Treasury Management in Public Services;</li> <li>• DHLUC Investment Guidance;</li> <li>• The CIPFA Prudential Code for Finance in Local Authorities; and</li> <li>• The requirement for a policy for the annual Minimum Revenue Provision.</li> </ul>
<b>Report Summary:</b>	The report contains the Treasury Management Policy, Council's Prudential indicators, Treasury Strategy and Plan, Investment Strategy for 2022/23.
<b>Recommendation(s):</b>	<p><b>A. That the Treasury Management Policy (as set out in Appendix 1) be approved;</b></p> <p><b>B. That the Prudential Indicators for 2022/23 (as set out in Appendix 2) be approved;</b></p> <p><b>C. That the Treasury Strategy and Plan 2022/23 (as set out in Appendix 3) be approved; and</b></p> <p><b>D. That the Investment Strategy 2022/23 (as set out in Appendix 4) be approved;</b></p>
<b>Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):</b>	<p>Tracy Bingham (Director/Section 151 Officer)  <a href="mailto:tracy.bingham@oadby-wigston.gov.uk">tracy.bingham@oadby-wigston.gov.uk</a></p> <p>Comie Campbell (Head of Finance/Deputy Section 151 Officer)            (0116) 257 2713  <a href="mailto:comie.cambell@oadby-wigston.gov.uk">comie.cambell@oadby-wigston.gov.uk</a></p> <p>Rashpal Sohal (Finance Manager)            (0116) 257 2705  <a href="mailto:rashpal.sohal@oadby-wigston.gov.uk">rashpal.sohal@oadby-wigston.gov.uk</a></p>
<b>Corporate Objectives:</b>	Providing Excellent Services (CO3)
<b>Vision and Values:</b>	<p>"A Stronger Borough Together" (Vision)</p> <p>Accountability (V1)</p> <p>Innovation (V4)</p>
<b>Report Implications:-</b>	

Legal:	There are no implications arising from this report.
Financial:	Interest earned on balances and interest paid on external debt impact on the resources available to the Council. The prudential indicators provide a framework for ensuring the Council's capital plans are affordable, prudent and sustainable.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities & Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
<b>Statutory Officers' Comments:-</b>	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	As the author, the report is satisfactory.
Monitoring Officer:	The report is satisfactory.
<b>Consultees:</b>	None.
<b>Background Papers:</b>	None.
<b>Appendices:</b>	1. Treasury Management Policy (2022/23) 2. Prudential Indicators (2022/23) 3. Treasury Strategy and Plan (2022/23) 4. Investment Strategy (2022/23)

## 1. **Introduction**

1.1 The Council defines its Treasury Management activities 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"*

1.2 Part of the Treasury Management operation is to ensure that the cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Councils low risk appetite, providing adequate liquidity initially before considering investment return.

1.3 The second main function of the Treasury Management service is the funding of the Council's Capital Programme. The Capital Programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations.

- 1.4 This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council risk or cost objectives.

## **2. Treasury Management Policy (2022/23)**

- 2.1 This Policy dictates the Council's overall approach to Treasury Management. It explains the key Treasury Management practices which are undertaken and outlines how the Council carries these out in furtherance of its corporate goals. This Policy has been revised in line with the publication Treasury Management in the Public Services – Code of Practice and Cross Sectional Guidance Notes as attached at **Appendix 1**.

## **3. Prudential Indicators (2022/23)**

- 3.1 Part 1 of the Local Government Act 2003 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities 2017 edition ("the Code") sets out a framework for self-regulation of capital spending, in effect allowing Councils to invest in capital projects without any limit as long as they are affordable, prudent and sustainable. This allows the Council to determine the appropriate level of capital investment to properly deliver quality public services, subject to affordability.
- 3.2 To facilitate the decision making process and support capital investment decisions, the Prudential Code requires the Council to agree and monitor a number of Prudential Indicators as attached at **Appendix 2**.
- 3.3 These indicators are mandatory and are purely for internal use by the Council. They are not to be used as comparators between authorities. In addition, the indicators should not be taken individually; rather the benefit from monitoring will arise from following the movement in indicators over time and year on year changes.

## **4. Treasury Strategy and Plan (2022/23)**

- 4.1 In accordance with the requirements of CIPFA's latest Code of Practice on Treasury Management and the Council's Treasury Management Policy Statement, a Treasury Strategy and Plan for 2022/23 has been prepared and attached at **Appendix 3**.
- 4.2 For the purpose of the Strategy, Treasury Management includes the management of all capital market transactions in connection with the cash and funding resources of the Council. This covers all funds and reserves including the collection fund and includes the arrangement of leases.
- 4.3 The strategy includes broad principles, which provide the framework within which the Council's treasury management activities are conducted together with detailed plans for the management of the Council's loans and investment portfolios. The strategy includes those indicators required by the Prudential Code that relate to treasury management.

## **5. Investment Strategy (2022/23)**

- 5.1 This strategy is written in accordance with section 15 (1) of the Local Government Act 2003. The aims are to ensure the Council facilitates investment decisions so that the Council investment sums remain secure. Another requirement is for the Council to sufficient available cash resources to carry out its functions. The Council would also want to achieve the maximum return on its investments. The investment strategy is attached at **Appendix 4**.