

EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Treasury Management Strategy Statement and Annual Investment Strategy 2023/24
Meeting of:	Audit Committee
Date:	9 th February 2023
Is this an Executive Decision:	NO
Is this a Key Decision:	NO
Is the report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	[]
Essential Signatories:	
ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE	
Monitoring Officer – John Teasdale	
Date	Signature
Head of Service – Sal Khan	
Date	Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Audit Committee

Date: 9/2/23

TITLE:	Treasury Management Strategy Statement and Annual Investment Strategy 2023/24
PORTFOLIO:	Finance
HEAD OF SERVICE:	Sal Khan
CONTACT OFFICER:	Lisa Turner – Chief Accountant ext. 1399
WARD(S) AFFECTED:	All

1. Purpose of the Report

- 1.1 The Treasury Management Strategy Statement fulfils various statutory requirements and best practice guidelines in respect of the Council's treasury activities and also its capital investment plans.

2. Contribution to Corporate Priorities

- 2.1 The treasury management strategy contributes to all corporate priorities by minimising the cost to the Council of borrowing to finance its Capital Programme, whilst at the same time maximising the Council's income from the investment of surplus funds whilst maintaining the security and liquidity of investments.

3. The Treasury Management Strategy Statement and Annual Investment Strategy

- 3.1 The Council is required to operate a balanced budget, which means that income raised during the year will meet expenditure. Part of the treasury management operation is to ensure that the flow of cash is adequately planned, with cash being available when it is needed. Surplus monies are invested in suitable counterparties, providing adequate liquidity initially before considering investment return. Further details on the treasury function are set out within the strategy which covers:

- the role of Treasury Management;

- risk management (in the context of treasury management)
- capital plans and prudential indicators
- the Minimum Revenue Provision (MRP) policy.
- the Council's current treasury position;
- treasury indicators;
- prospects for interest rates;
- borrowing strategy;
- investment strategy and creditworthiness policy;

3.2 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the Prudential Code for Capital Finance in Local Authorities and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable over the longer term.

3.3 The underlying principles within the strategy are largely consistent with the previous year and the prudential indicators reflect the capital spending proposals set out within the Medium Term Financial Strategy. This includes an uplift in credit limits to £6m associated with AAA rated money market funds approved in December 2022. Highlights, key issues and notable changes for 2023/24 are set out below:-

3.4 The Capital Financing Requirement (CFR), the council's underlying need to borrow, is forecast to reduce over the medium term. This reflects commitments in the Medium Term Financial Strategy, including the remainder of the Council's fleet replacement to be met from borrowing in 2022/23 and 2024/25, with planned capital receipts utilised to reduce the CFR in 2022/23 and 2023/24 alongside statutory repayments in line with the minimum revenue provision policy.

3.5 The ratio of capital financing costs to net revenue stream has significantly reduced in the short to medium term as a result of both the actual and forecast increase in investment rates since the strategy for 2022/23 was approved.

3.6 A newly introduced and mandatory Liability Benchmark which is intended to measure an authorities' net loan or external borrowing requirement. For the Council this demonstrates that under the current capital spending proposals there is no requirement for new external borrowing.

4. Financial Considerations

4.1 This report deals solely with financial matters.

5. Risk Assessment and Management

5.1 The main risks to this report and the council achieving its objectives are set out within section 2 of the strategy statement. These cover interest rate risk, inflation risk, market/credit risk and liquidity risk.

5.2 The risks are referred to in the Risk Register.

6. **Legal Considerations**

This section has been approved by the following member of the Legal Team: Glen McCusker.

6.1 The Local Government Act 2003 requires local authorities to have regard to the prudential code for capital finance. In addition the Capital Finance Amendment Regulations (S.I 2008/414) requires the authority to determine a Minimum Revenue Provision policy each year. This report supports these statutory requirements.

7. **Equality and Health**

7.1 **Equality impacts:** An equality and health impact assessment is not required.

7.2 **Health impacts:** An equality and health impact assessment is not required.

8. **Data Protection Implications – Data Protection Impact Assessment (DPIA)**

8.1 A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

8.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

9. **Human Rights**

9.1 There are no Human Rights issues arising from this Report.

10. **Sustainability** (including climate change & change adaptation measures)

10.1 Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) No

11. Recommendation

- 11.1 To recommend that full Council approve the Treasury Management Strategy Statement, Minimum Revenue Provision Policy, and Annual Investment Strategy 2023/24 set out in Appendix A to this report.

12. Background papers

- 12.1 n/a

13. Appendix

Treasury Management Strategy Statement and Annual Investment Strategy 2023/24 – Appendix A.