

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

Title of Report:	Treasury Management Strategy Statement and Annual Investment Strategy 2021/22
Meeting of:	Council
Date:	22 <sup>nd</sup> February 2021
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:	[ ]
<p><b>Essential Signatories:</b></p> <p><b>ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE</b></p> <p>Monitoring Officer</p> <p>Date ..... Signature .....</p> <p>Head of Service – Sal Khan</p> <p>Date ..... Signature .....</p>	

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

Report to: Council

Date: 22/2/21

<b>TITLE:</b>	Treasury Management Strategy Statement and Annual Investment Strategy 2021/22
<b>PORTFOLIO:</b>	Leader of the Council - Finance
<b>HEAD OF SERVICE:</b>	Sal Khan
<b>CONTACT OFFICER:</b>	Lisa Turner – Chief Accountant ext. 1399
<b>WARD(S) AFFECTED:</b>	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 attached strategy has been considered by the Scrutiny (Audit and Value for Money Council Services) Committee and there were no observations or comments that the Committee wished to draw to the attention of the Council. The attached strategy 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 underlying principles within the strategy are largely consistent with the previous year and the prudential indicators reflect the spending proposals set out within the Medium Term Financial Strategy. Highlights, key issues and notable changes for 2021/22 are set out below:-

3.3 The capital financing requirement (CFR), our underlying need to borrow, is forecast to increase in 2021/22 as a result of the capital expenditure being incurred for the replacement of the Waste Vehicle fleet. This increase is forecast to be significantly offset in the year by the Council's policy to reduce the CFR through both the statutory repayments as well as approved voluntary repayments from capital receipts, although the timing of these remains uncertain. The medium term position shows the underlying trend is an overall reduction in the Council's CFR. There is a financial benefit to the revenue budget from this strategy, which arises from reduced borrowing costs, both in the short, medium and long term.

3.4 It should also be noted that the new Accounting Standard that was initially coming into force from 1<sup>st</sup> April 2020 and then again from 1 April 2021 has been deferred again until 1<sup>st</sup> April 2022 for Local Authorities (IFRS16) in relation to leases. When this does come into force it will require the vast majority of assets leased in to be brought onto the balance sheet and an associated asset and liability recognised. Whilst it is not anticipated that this will impact on the budget it will impact on the prudential indicators, including the Capital Financing Requirement and the forecasts and limits set out with the Treasury Management Strategy. The strategy and associated limits will be updated in due course to reflect this change.

3.5 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. These indicators are shown and explained throughout the strategy statement.

#### **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: Angela Wakefield.*

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. Human Rights**

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

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

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

**10. Recommendation**

10.1 To approve the Treasury Management Strategy Statement, Minimum Revenue Provision Policy, and Annual Investment Strategy 2021/22 set out in Appendix A to this report.

**11. Background papers**

11.1 n/a

**12. Appendix**

Treasury Management Strategy Statement and Annual Investment Strategy 2021/22 – Appendix A.