

Southend-on-Sea Borough Council

Report of Executive Director (Finance and Resources)
to
Cabinet
on
16 February 2021

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Agenda
Item No.

4

Treasury Management Policy – 2021/22
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor Ron Woodley
Part 1 (Public Agenda Item)

1. Purpose of Report

1.1. To consider the following Treasury Management documents before recommending them to Council for approval:

- Treasury Management Policy Statement for 2021/22;
- Treasury Management Strategy for 2021/22;
- Annual Treasury Management Investment Strategy for 2021/22;

2. Recommendations

That the Cabinet recommend to Council that it approve:

2.1. The Treasury Management Policy Statement 2021/22 (Appendix 1);

2.2. The Treasury Management Strategy 2021/22 (Appendix 2);

2.3. The Annual Treasury Management Investment Strategy 2021/22 (Appendix 3);

3. Background

3.1. In compliance with the CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice the Council's Treasury Management Policy comprises the following:

- Treasury Management Policy Statement;
- Treasury Management Strategy;
- Annual Treasury Management Investment Strategy

and these are reviewed annually for approval by Council before the start of each financial year.

- 3.2. The purpose of the Treasury Management Policy Statement is to set out the scope of the Treasury Management function, the policy on borrowing, debt restructure, investments, delegation and management of risk. The Treasury Management Policy Statement for 2021/22 is attached as **Appendix 1**.
- 3.3. The purpose of the Treasury Management Strategy is to set out how the budgeted financing costs can be achieved. It covers the prospects for interest rates and the strategy on borrowing and debt restructuring. The Treasury Management Strategy for 2021/22 is attached as **Appendix 2**.
- 3.4. The purpose of the Annual Treasury Management Investment Strategy is to set out the investment objectives and the policies on the use of external fund managers, on the investment of in-house managed funds and on the use of approved counterparties. The Annual Treasury Management Investment Strategy for 2021/22 is attached as **Appendix 3**.
- 3.5. Appendices 1, 2 and 3 together form the Treasury Management Policy and are then used by officers on a daily basis for the effective running of the treasury management function.
- 3.6. In response to the on-going economic, regulatory and financial market conditions, and in consultation with our treasury management advisers, the treasury management policy has been updated for the 2021/22 financial year to reflect updated circumstances. The changes from the revised 2020/21 policy are shown in **Appendix 4**.
- 3.7. The policy and strategy documents are written in order to provide officers and advisers with clear boundaries within which to work but as a result they are written using technical language. Treasury management training has been offered to all councillors to aid understanding of the issues and further courses will be available in the future.

4. Other Options

- 4.1. There are many options available for the operation of the Treasury Management function, with varying degrees of risk associated with them. The Treasury Management Policy set out in this report aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

5. Reasons for Recommendations

- 5.1. The recommendations are to comply with the CIPFA Treasury Management Code of Practice.

6. Corporate Implications

Contribution to the Southend 2050 Road Map

- 6.1. The Treasury Management Strategy sets out how the financing costs as part of the Medium Term Financial Plan may be achieved. The Treasury Management policy together with the prudential indicators (set out in the Prioritising Resources to Deliver Better Outcomes report elsewhere on this agenda), acknowledge how effective treasury management will provide support towards the achievement of the Council's ambition and desired outcomes.

Financial Implications

- 6.2. The financial implications of the proposed capital investment programme are considered in the Prioritising Resources to Deliver Better Outcomes report elsewhere on this agenda. Other financial implications are dealt with throughout this report.

Legal Implications

- 6.3. Compliance with the relevant regulations and codes of practice has been considered throughout this report.

People Implications

- 6.4. There are no people implications arising from this report.

Property Implications

- 6.5. There are no property implications arising from this report.

Consultation

- 6.6. The key treasury management decisions are taken in consultation with our treasury management advisers.

Appendices 1 to 4 were presented to the Audit Committee on 13 January 2021 for scrutiny. Audit Committee sought clarification and reassurance on the following areas, which was duly provided by officers:

- the nature and appropriateness of debt restructuring;
- confirmation that that Council does not use interest rate swaps;
- the effect on the Council of the changes to the Public Works Loan Board lending terms.

Equalities and Diversity Implications

- 6.7. There are no equalities issues arising from this report.

Risk Assessment

- 6.8. The Treasury Management Policy acknowledges that the successful identification, monitoring and management of risk is fundamental to the effectiveness of its activities.

Value for Money

- 6.9. Treasury Management activities include the pursuit of optimum performance consistent with effective control of the risks associated with those activities.

Community Safety Implications

- 6.10. There are no community safety implications arising from this report.

Environmental Impact

- 6.11. There are no environmental impacts arising from this report.

7. Background Papers

- 7.1. None

8. Appendices

Appendix 1 – Treasury Management Policy Statement 2021/22

Appendix 2 – Treasury Management Strategy 2021/22

Appendix 3 – Annual Treasury Management Investment Strategy 2021/22

Appendix 4 – Changes from the revised 2020/21 Treasury Management Policy