

Southend-on-Sea City Council

Agenda
Item No.

Report of Deputy Chief Executive and Executive Director
(Finance and Resources)

to

Audit Committee

on

11 January 2023

Report prepared by: Caroline Fozzard
Senior Finance Lead (Strategy, Sustainability and
Governance)

Treasury Management Policy for 2023/24

Cabinet Member: Councillor Paul Collins

Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1 To submit the treasury management policy for 2023/24 to Audit Committee for scrutiny before approval by Council as part of the annual budget process.

2. Recommendation

- 2.1 That Audit Committee scrutinises and offers comments on the treasury management policy which comprises the following three documents:**

- **Treasury Management Policy Statement for 2023/24;**
- **Treasury Management Strategy for 2023/24;**
- **Annual Treasury Management Investment Strategy for 2023/24.**

3. Background

- 3.1 The treasury management policy is agreed in advance of the year to which it relates. The policy is then monitored regularly and is updated, as appropriate, to reflect changing circumstances and guidance.
- 3.2 At its meeting of 13 January 2010 the Audit Committee agreed a report on the implementation of the revised CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice. One of the recommendations of the code is that the treasury management policy should be

scrutinised in detail by a specialist committee, before being accepted by the authority.

- 3.3 At its meeting of 25 February 2010 Council amended the terms of reference of the Audit Committee to include scrutiny of the treasury management policy. From April 2010 onwards, the Audit Committee has been responsible for ensuring its effective scrutiny.
- 3.4 In compliance with the CIPFA Treasury Management Code of Practice the Council's treasury management policy comprises:
- the Treasury Management Policy Statement;
 - the Treasury Management Strategy;
 - the Annual Treasury Management Investment Strategy.
- 3.5 Since their approval by Council in February 2022, these documents for 2022/23 have been updated. At the June 2022 Cabinet meeting the limit on deposits with any one Property Fund was increased from £25m to £30m. This was to ensure the value of the investment did not exceed the approved limit following a period of very good fund performance.
- 3.6 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 proposed Treasury Management Policy Statement for 2023/24 is attached as **Appendix 1**.
- 3.7 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 proposed Treasury Management Strategy for 2023/24 is attached as **Appendix 2**.
- 3.8 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 proposed Annual Treasury Management Investment Strategy for 2023/24 is attached as **Appendix 3**.
- 3.9 Appendices 1, 2 and 3 together form the treasury management policy and are used on a daily basis for the effective running of the treasury management function.
- 3.10 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 2023/24 financial year. The changes from the 2022/23 policy are shown in **Appendix 4**.
- 3.11 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 (most recently on 5 December 2022) and further training will be available in the future.

4. Corporate Implications

3.12 Contribution to the Council's Vision and Critical Priorities

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, acknowledge how effective treasury management will provide support towards the achievement of the Council's vision and critical priorities.

3.13 Financial Implications

The financial implications of the proposed capital investment programme will be considered in the forthcoming budget reports to Cabinet. Other financial implications are dealt with throughout this report.

3.14 Legal Implications

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

3.15 People Implications

None

3.16 Property Implications

None

3.17 Consultation

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

3.18 Equalities and Diversity Implications

None

3.19 Risk Assessment

The treasury management policy acknowledges that the successful identification, monitoring and management of risk are fundamental to the effectiveness of its activities.

3.20 Value for Money

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

3.21 Community Safety Implications

None

3.22 Environmental Impact

Subject to the Treasury Management Investment Objectives being satisfactorily met, consideration will be given to environmental factors for the funds and financial institutions being invested in.

5. Background Papers

3.23 None

6. Appendices

3.24 Appendix 1 – Treasury Management Policy Statement 2023/24

3.25 Appendix 2 – Treasury Management Strategy 2023/24

3.26 Appendix 3 – Annual Treasury Management Investment Strategy 2023/24

3.27 Appendix 4 – Changes from the revised 2022/23 Treasury Management Policy