

# Southend-on-Sea City Council

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

to

**Cabinet**

on

**14 February 2023**

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Agenda  
Item No.

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**Treasury Management Policy – 2023/24**  
**Policy and Resources Scrutiny Committee**  
**Cabinet Member: Councillor Paul Collins**  
***Part 1 (Public Agenda Item)***

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## **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 2023/24.
- Treasury Management Strategy for 2023/24.
- Annual Treasury Management Investment Strategy for 2023/24.

## **2. Recommendations**

**That the Cabinet recommend to Council that it approve:**

**2.1. The Treasury Management Policy Statement 2023/24 (Appendix 1).**

**2.2. The Treasury Management Strategy 2023/24 (Appendix 2).**

**2.3. The Annual Treasury Management Investment Strategy 2023/24 (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 2023/24 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 2023/24 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 2023/24 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 2023/24 financial year. The changes from the revised 2022/23 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. This training is particularly important for members of the Audit Committee as that committee is responsible for the scrutiny of the Treasury Management Policy.

#### **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 Corporate Plan (2022-2026) and the Southend 2050 Ambition

- 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, priorities 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 11 January 2023 for scrutiny. Audit Committee asked questions relating to the following areas:

- Ensuring value for money in the use of brokers to enter into certain types of investment.
- Ensuring value for money regarding the use of a treasury management adviser.
- The criteria other than credit ratings that are used to assess the investment quality of counterparties.
- Confirmation that the Council does not invest in derivatives.
- The limit on deposits with other Local Authorities, the intentions regarding investing up to that limit and current level of such deposits.
- The reporting of the performance of the Treasury Management activities.

- The value of Internal Audit reviewing the Treasury Management Policy on a regular basis

Full responses were provided at the meeting with no further follow-up requested.

#### 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. CIPFA (Chartered Institute of Public Finance and Accountancy) Treasury Management Code of Practice

## 8. **Appendices**

Appendix 1 – Treasury Management Policy Statement 2023/24

Appendix 2 – Treasury Management Strategy 2023/24

Appendix 3 – Annual Treasury Management Investment Strategy 2023/24

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