

AUDIT AND ASSURANCE COMMITTEE

Meeting date: 23 November 2020

From: Julie Crellin, Director of Finance (Section 151 Officer)

ANNUAL TREASURY MANAGEMENT STRATEGY 2021/22

1.0 EXECUTIVE SUMMARY

- 1.1 *The CIPFA Treasury Management Code and Prudential Code requires the Council to determine its Treasury Strategy and Prudential Indicators on an annual basis in advance of the new financial year.*
- 1.2 *The draft report in Appendix 1, updated to include Prudential Indicators to 2025/26, will be presented to Council in February 2021 for review and approval.*
- 1.3 *The draft Treasury Management Strategy Statement is consistent with the 2020/21 strategy statement approved by Council in February 2020.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Underpinning the Council's stated priorities is an aim of being as effective and efficient as possible. Policies and practices that enable the management of the Council's Treasury Management function to be operated in such a manner support the overall objectives and priorities of the Council.*
- 2.2 *There are no direct equality implications arising out of the recommendations in this report.*

3.0 RECOMMENDATION

- 3.1 *It is recommended that:*
- 3.2 *Audit & Assurance Committee consider and approve in principle the draft Treasury Management Strategy Statement 2021/22 as set out before the finalisation of the Strategy Statement for Council's approval in February 2021.*

4.0 BACKGROUND

- 4.1 The CIPFA Treasury Management Code and Prudential Code require that local authorities determine their Treasury Strategy and Prudential Indicators on an annual basis in advance of the new financial year. To ensure compliance with this requirement, this paper sets out the draft Treasury Strategy for operations during 2021/22 for consideration and approval by Council in February 2021 as part of the suite of papers that support the Medium Term Financial Plan 2021/22-2025/26. The draft of this Strategy Statement is presented as Appendix 1 to this report.
- 4.2 The Council is required by statute to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. The primary function of the Treasury section within the Finance team, is to manage the cash flow planning (both in the short and longer term) to ensure that the Council can meet its revenue and capital spending obligations. In terms of capital spending, this may involve arranging long or short term loans (i.e. borrowing), or using longer term cash balances, in lieu of external borrowing. Finance must:
- ensure the Council's short term cash reserves are securely held (i.e. security of principal);
 - ensure appropriate levels of cash are available to manage day to day payments (i.e. liquidity); and
 - after both the above have been considered to maximise investment returns (i.e. income generation).
- 4.3 The draft 2021/22 Treasury Management Strategy contains no changes of substance to the 2020/21 strategy approved by Council in February 2020. However, a number of further technical updates will be made to the report before it is presented to Council in February 2021. These include updating the report for the most up to date interest rate forecasts and investment / long term borrowing position and the inclusion of the Prudential Indicators 2019/20 to 2025/26 which will incorporate the treasury management implications of the capital programme that is recommended by Cabinet to Council in February.

5.0 OPTIONS

- 5.1 Audit & Assurance Committee may either:
- 5.2 Consider the draft Treasury Management Strategy 2021/22; or
- 5.3 Suggest amendments to the draft Treasury Management Strategy 2021/22;
or
- 5.4 Request further information from the Director of Finance (Section 151 Officer).

6.0 CONCLUSION

- 6.1 The Council is required to determine its Treasury Strategy and Prudential Indicators on an annual basis in advance of the new financial year.
- 6.2 The proposed draft Treasury Management Strategy Statement is consistent with the 2020/21 strategy reviewed by Audit & Assurance Committee in December 2019 and approved by Council in February 2020.

Julie Crellin, Director of Finance (Section 151 Officer)
23 November 2020

APPENDICES

Appendix 1 - Draft Annual Treasury Management Strategy Statement 2021/22

IMPLICATIONS

Electoral Division(s): All

Executive Decision

	No
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Key Decision

	No
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If a Key Decision, is the proposal published in the current Forward Plan?

		N/A
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Is the decision exempt from call-in on grounds of urgency?

	No
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If exempt from call-in, has the agreement of the Chair of the relevant Overview and Scrutiny Committee been sought or obtained?

		N/A
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Has this matter been considered by Overview and Scrutiny?
If so, give details below.

	No
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Has an environmental or sustainability impact assessment been undertaken?

	No	
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Has an equality impact assessment been undertaken?

	No	
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N.B. If an executive decision is made, then a decision cannot be implemented until the expiry of the eighth working day after the date of the meeting – unless the decision is urgent and exempt from call-in and necessary approvals have been obtained.

PREVIOUS RELEVANT COUNCIL OR EXECUTIVE DECISIONS

County Council - 13 February 2020

Draft Revenue Budget 2020/21 and Medium Term Budget Financial Plan (2020-2025) and Draft Capital Programme (2020-2025)

Appendix D – Treasury Management Strategy Statement

CONSIDERATION BY OVERVIEW AND SCRUTINY

Not considered by Overview and Scrutiny.

BACKGROUND PAPERS

No background papers

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