

# Chichester District Council

## Corporate Governance and Audit Committee

14 January 2021

### Draft Treasury Management, Investment and Capital Strategies 2021-22

#### 1. Contacts

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#### 2. Recommendation

- 2.1. **That the Committee considers the Treasury Management Policy Statement, the Treasury Management Strategy Statement, the Investment Strategy and relevant Indicators for 2021-22, and**
- 2.2. **That the Committee considers the Council's Capital Strategy for 2021-22 to 2025-26.**
- 2.3. **That the documents in 2.1 and 2.2 are recommended to Cabinet and Council for approval**

#### 3. Background

- 3.1. Local authorities' treasury management activities are prescribed by the Local Government Act 2003 and Regulations issued under this Act. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice (the Code) derives its legal status from these statutory Regulations.
- 3.2. The draft Treasury and Investment Strategy presented at appendix 2 to this report is designed to comply with this regulatory framework.
- 3.3. The Council is also required by the Code to produce a Capital Strategy which should:
  - provide a high-level overview of how capital and treasury intentions contribute to the provision of local services; and,
  - describe how risks to future financial sustainability are managed.
- 3.4. A draft capital Strategy is included in this report at appendix 3.
- 3.5. Although every attempt has been made to reduce the technical content of this report, by its very nature the report is specialised in parts and the glossary of terms in Appendix 5 aims to aid members understanding of some terms used.

#### 4. Outcomes to be achieved

- 4.1. The Treasury Management and Investment Strategies for 2021-22 and the Council's Capital Strategy for 2021-22 to 2025-26 are approved before 1 April 2021 in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice and the MHCLG's investment Regulations.

#### 5. Alternatives that have been considered

- 5.1. The Treasury Strategy contains details of alternatives that have been considered. There is no 'do nothing' option as the Council is required to approve a Treasury and Investment Policy for 2021-22 as well as its Capital Strategy before 31 March 2021.

#### 6. Resource and legal implications

- 6.1. The Council may be putting its financial standing at risk, as well as failing to meet the requirements of the Local Government Act 2003, if it failed to follow the revised Treasury Management Code and the Investment Guidance. Acceptance of the recommendations in this report would not only help avoid this risk, but would demonstrate that the Council's financial matters continue to be managed prudently
- 6.2. The Treasury Management Strategy and the Prudential Indicators reflect various assumptions of future interest rate movements and Government support for capital expenditure. These assumptions have been taken into account in the 5 year model under pinning the Council's Financial Strategy and resources statement.
- 6.3. Appendix 1 to the Treasury Strategy contains details of the interest rate assumptions that have been used in developing this strategy.

#### 7. Consultation

- 7.1. The forthcoming financial year's Treasury Management Strategy, Investment Strategy and Capital Strategy documents will also be considered by Cabinet before being presented to Full Council for approval.

#### 8. Community impact and corporate risks

- 8.1. The statutory and regulatory framework under which the treasury management function operates is very stringent, and each authority has to decide its own appetite for risk and the rate of return it could achieve.
- 8.2. Risk management is covered within the Treasury Management Strategy and specifically within TMP 1, an extract of which is shown in appendix 4.

#### 9. Other Implications

	Yes	No
<b>Crime &amp; Disorder</b>		✓
<b>Climate Change</b> 1. Ethical, Social and Governance (ESG) factors are increasingly	✓	

being recognised as a factor in the wider Treasury sector. The strategies accompanying this report includes sections on responsible investing and carbon reduction.		
<b>Human Rights and Equality Impact</b>		✓
<b>Safeguarding and Early Help</b>		✓
<b>General Data Protection Regulations (GDPR)</b>		✓
<b>Health and Wellbeing</b>		✓
<b>Other (Please specify):</b> 1. <b>Compliance with the Local Government Act 2003</b> 2. Non-compliance or loss of an investment due to default by a counterparty could affect the financial wellbeing of the council dependent on the size of the loss and the ability to fund losses from its unallocated reserves.	✓	

## 10. Appendices

- 10.1. Appendix 1 – Summary of amendments between 2020-21 and 2021-22
- 10.2. Appendix 2- Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2021-22.
- 10.3. Appendix 3 – Capital Strategy 2021-22 to 2025-26
- 10.4. Appendix 4 - Treasury Management Practices (TMP's) Extract of TMP 1 Risk Management.
- 10.5. Appendix 5 - Glossary

## 11. Background Papers

- 11.1. None.