

# Chichester District Council

Corporate Governance & Audit Committee

31 October 2022

## Draft Treasury Management and Investment Strategy

### 1. Contacts

#### Report Authors:

Mark Catlow, Group Accountant

Tel: 01243 521076 E-mail: mcatlow@chichester.gov.uk

Kevin Gillett – Valuation & Estates Manager

Telephone: 01243 534727 E-mail: kgillett@chichester.gov.uk

### 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 2023/24; and,**
- 2.2. **That the documents in 2.1 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 Treasury Management Code was updated late in 2021 and the documents presented to Committee incorporate updated elements where required. Appendix 1 highlights the changes made to help members consider the updated sections.
- 3.3. 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 Strategy for 2023/24 is approved before 1 April 2023 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 2023/24.

## 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. Due to differences in timing between the deadlines for this report and the Council's annual budget and capital strategies, the information contained in these documents is based on that available during Autumn 2022. There will inevitably be some difference between these figures and the final approved budget, capital programme and corporate priorities but these will be captured as part of future iterations of these documents.

## 7. Consultation

- 7.1. n/a.

## 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. Risk management is covered within the Treasury Management Strategy and specifically within TMP 1, an extract of which is shown in appendix 3.

## 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 Council has included sections on responsible investing and carbon reduction in these updated strategies	✓	
<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.		
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## **10. Appendices**

- 10.1. Appendix 1 – Summary of amendments between 2022/23 and 2023/24
- 10.2. Appendix 2- Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2023/24.
- 10.3. Appendix 3 - Treasury Management Practices (TMP's) Extract of TMP 1 Risk Management.
- 10.4. Appendix 4 - Glossary

## **11. Background Papers**

- 11.1. None.