

Chichester District Council

Corporate Governance & Audit Committee

22 January 2024

Draft Treasury Management and Investment Strategy

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 2024-25; 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 2024-25 is approved before 1 April 2024 in accordance with CIPFA's Treasury Management in the Public Services: Code of Practice and the DLUHC'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 2024-25.

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 considered in the 5 year model underpinning the Council's Financial Strategy and resources statement.

7. Consultation

- 7.1. In December 2023, a treasury management workshop was held for members of this Committee and Cabinet to aid their understanding of this function and the legal regime and guidance on which the Council's Treasury Management and Investment Strategies have been developed and then applied. The workshop explained about the Council's approach in practice and the investments portfolio held for short term cashflow purposes and longer term investments.
- 7.2. This committee are asked to comment on the report before it is considered by Cabinet in February. Due to the publication deadlines of Corporate Governance and Audit Committee and Cabinet, any comments will be provided to the Cabinet meeting as a verbal update.

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
Crime & Disorder		✓
Climate Change 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	✓	
Human Rights and Equality Impact		✓
Safeguarding and Early Help		✓
General Data Protection Regulations (GDPR)		✓
Health and Wellbeing		✓
Other (Please specify): 1. Compliance with the Local Government Act 2003	✓	

	Yes	No
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 2023-24 and 2024-25

10.2. Appendix 2- Treasury Management Policy Statement, Treasury Management Strategy Statement, Treasury Prudential Indicators and Annual Investment Strategy for 2024-25.

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.