

Annual Treasury Management Report 2022/23



Report to:	Cabinet
Date:	7 September 2023
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance and Governance
Lead Officer:	Simon Freeman, Deputy Chief Executive and Director of Finance (01279) 446228
Contributing Officer:	Lucy Hume, Corporate Finance Manager (01279) 446253
Key Decision:	No
Forward Plan:	Forward Plan Number I015973
Call In:	This item is not subject to call in procedures because the decision stands as a recommendation to Full Council
Corporate Priority:	Improve council services
Wards Affected:	None specifically

Recommended that:

- A** Cabinet note the annual Treasury Management Report for 2022/23 (Appendix A to the report), and that the Council operated within the Treasury Management Strategy Statement during 2022/23 and that the report is recommended to Full Council for approval.

Reason for decision

- A** In complying with latest Codes of Practice, Full Council is required to receive an annual report on the prior years' treasury management functions of the Council, which should also receive review by Cabinet in advance of its presentation to Full Council.
- B** The Prudential Indications are also required to be reported to Full Council. These are included within the annual Treasury Management report.

Other Options

A No other options have been considered.

Background

1. Treasury management is defined as “The management of the Council’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
2. During 2022/23 the minimum reporting requirements were that Full Council should receive the following reports:
 - a) An annual treasury strategy in advance of the year (Full Council 3 February 2022);
 - b) A mid-year treasury update report (Full Council 15 December 2022); and
 - c) An annual review following the end of the year describing the activity compared to the strategy (this report).
3. The annual report for 2022/23 has been produced in compliance with the Code and is set out in Appendix A to this report. The regulatory environment governing treasury management places onus on Councillors for the review and scrutiny of treasury management policies and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council’s policies previously approved by Council.

Issues/Proposals

4. As stewards of public funds, the Council continues to take all practical steps to protect its investment portfolio. In this respect, emphasis remains in this order or priority: security, liquidity and yield.
5. Security is defined as “reducing risk in order to protect the return of capital sums, particularly in relation to the Council’s investments”. In practice this means placing investments with organisations which have a high quality credit rating. Liquidity means “ensuring that investments are not committed for excessive time periods in order to facilitate the Council’s cashflow requirements and to reflect the risk of not having immediate access to funds”. Yield is “obtaining a reasonable return on investments”.
6. The advice from the Council’s Treasury Management advisors, Arlingclose, is that the Council must aim towards a good investment spread as the best defence against a possible Capital loss. As a result, and within the overarching powers given by Councillors

in the Treasury Management Strategy, the Council held investments with the CCLA (the Local Authority Property Fund), a Cash-Plus Fund, Money Market Funds, Local Authorities and the Treasury's Debt Management Office. It does not currently hold and investments with Banks and Building Societies, other than funds held with it's own banker Barclays Bank plc.

Implications

Equalities and Diversity

None specific.

Climate Change

The Council will work with Arlingclose to ensure its Treasury Management activities reflect best practice with respect to Environmental, Social and Governance issues.

Finance

As contained in the report.

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Governance and Corporate Services

None specific.

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Appendices

Appendix A – Annual Treasury Management Report 2022-23

Background Papers

Treasury Management Strategy 2022-23

Glossary of terms/abbreviations used

None