

FAREHAM

BOROUGH COUNCIL

2020/21
Decision No.
2250

Record of Decision by Executive

Monday, 1 February 2021

Portfolio	Policy & Resources
Subject:	Treasury Management Strategy 2021/22
Report of:	Deputy Chief Executive Officer
Corporate Priority:	Dynamic, prudent and progressive Council

Purpose:

This report considers the draft Treasury Management Strategy and Investment Strategy for 2021/22, prior to its submission to the Council for approval.

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Investment Strategy. The document for 2021/22 is attached as Appendix A to the report for consideration by the Executive before being submitted to Council for approval. There have been no significant changes proposed to the strategies.

In the past 12 months, the Council's investment balance has ranged between £14million and £44million. The higher balances are due to Covid-19 related Government grants received in advance and are expected to reduce in the forthcoming year. The majority of the Council's investments are expected to be invested in short-term unsecured bank deposits and money market funds with approximately £12m available for longer-term investment.

The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk short-term investment options reducing the value of investments.

Borrowing levels are expected to increase to a projected £72.7million at the end of 2021/22 to fund the capital programme. The Council has previously raised all of its long-term borrowing from the Public Works Loan Board (PWLB) but will consider long-term loans from other sources. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.

Options Considered:

A revised page 53 of the agenda pack was tabled at the meeting to correct the net rate of return on commercial investments, as detailed in the table provided at paragraph 77 of the report.

As recommendation.

Decision:

RESOLVED that the Executive:

- (a) endorses the draft Treasury Management Strategy and Investment Strategy for 2021/22, attached as Appendix A to the report; and
- (b) agrees to submit the report to Council for approval.

Reason:

In accordance with the Code of Practice for Treasury Management in the Public Services and guidance from the Ministry for Housing Communities and Local Government (MHCLG), the Treasury Management Strategy and Investment Strategy have to be approved by full Council.

Confirmed as a true record:

Councillor SDT Woodward (Executive Leader)

Monday, 1 February 2021