

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 14 March 2022

**Report of:** Deputy Chief Executive Officer

**Subject:** TREASURY MANAGEMENT STRATEGY AND INDICATORS

#### SUMMARY

Regulations require the Council to prepare and formally approve an annual Treasury Management Strategy. The document for 2022/23, attached as Appendix A, was endorsed by the Executive on 7 February 2022 and submitted to Full Council for approval on 25 February 2022.

CIPFA published revised versions of its Treasury Management Code of Practice and the Prudential Code in late December 2021. Due to the late publications, CIPFA recognises that changes may not be fully implemented until 2023/24 due to the lead-in time to produce the strategy. Therefore, this strategy is based on the 2017 version of both Codes.

There are no significant changes to this year's Strategy, but areas of note are:

- In the past 12 months, the Council's investment balance has ranged between £16 million and £25 million and similar levels are expected to be maintained in the forthcoming year (paragraph 7).
- The majority of the Council's investments is expected to be invested in short-term unsecured bank deposits and money market funds with approximately £16 million available for longer-term investment (paragraph 10).
- Recognising the Council's commitment to climate change mitigation, a new Environmental, Social and Governance (ESG) Policy identifying investment considerations has been added (paragraph 27).
- Borrowing levels are expected to increase to a projected £72.7 million at the end of 2022/23 to fund the capital programme (paragraph 29).
- Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield (paragraph 37).
- The economic and interest rate forecast by the Council's treasury advisors has been updated as at December 2021 (paragraph 51 and Annex 1).

*The Audit and Governance Committee's areas of responsibility for Treasury Management is to ensure effective scrutiny of the implementation of the Council's Treasury Management Strategy and Policy.*

## **RECOMMENDATION**

It is RECOMMENDED that the Committee note the Treasury Management Strategy and Prudential Indicators for 2022/23, attached as Appendix A to this report.

**Appendices: Appendix A:** Treasury Management Strategy and Investment Strategy 2022/23

**Background Papers:** None

**Reference Papers:**

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services 2017

CIPFA The Prudential Code 2017

Statutory Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 from the Ministry of Housing, Communities and Local Government (MHCLG)

Template for Treasury Management Strategy and Investment Strategy 2022/23 provided by Arlingclose (the Council's current Treasury Advisers)

**Enquiries:**

For further information on this report please contact Caroline Hancock (Ext 4589)