

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 February 2023

Portfolio:	Policy & Resources
Subject:	Treasury Management Strategy
Report of:	Deputy Chief Executive Officer
Corporate Priorities:	A dynamic, prudent and progressive Council

Purpose:

This report considers the draft Treasury Management Strategy and Investment Strategy for 2023/24, prior to its submission to the Council for approval.

Executive summary:

Regulations require the Council to prepare and formally approve both an annual Treasury Management Strategy and Investment Strategy. The document for 2023/24 is attached as Appendix A to this report for consideration by the Executive before being submitted to Council for approval.

A new prudential indicator, the **liability benchmark**, has been added to reflect the requirements of the revised Treasury Management Code of Practice and the Prudential Code issued in 2021. This new prudential indicator in paragraph 48, shows the lowest risk level of borrowing for the Council.

In the past 12 months, the Council's **investment** balance has ranged between £21 million and £38 million, lower levels are expected in the forthcoming year due to capital programme expenditure. The Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income

Borrowing levels are expected to be £52.2 million at the end of 2023/24 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.

Recommendation:

It is recommended that the Executive:

- (a) endorses the draft Treasury Management Strategy and Investment Strategy for 2023/24, attached as Appendix A to this 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.

Cost of proposals:

Not applicable

Appendices: **A:** Treasury Management Strategy and Investment Strategy 2023/24

Background papers: None

Reference papers:

Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in the Public Services 2021

CIPFA The Prudential Code 2021

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 2023/24 provided by Arlingclose (the Council's Treasury Advisers)

Enquiries:

For further information on this report please contact Caroline Hancock (01329 824589)