

# FAREHAM

## BOROUGH COUNCIL

### Report to Audit and Governance Committee

**Date:** 13 March 2023

**Report of:** Deputy Chief Executive Officer

**Subject:** TREASURY MANAGEMENT STRATEGY

#### SUMMARY

Regulations require the Council to prepare and formally approve an annual Treasury Management Strategy. The document for 2023/24, attached as Appendix A, was endorsed by the Executive on 6 February 2023 and submitted to Full Council for approval on 24 February 2023.

CIPFA published revised versions of its Treasury Management Code of Practice and the Prudential Code in December 2021. The Strategy produced for 2023/24 addressed the changes to the content required in this document. Areas of note are:

- A new prudential indicator, the **liability benchmark**, has been added in paragraph 48, and 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 (paragraph 7).
- 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 (paragraph 16).
- Borrowing levels are expected to be £52.2 million at the end of 2023/24 to fund the capital programme (paragraph 31).
- 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 (paragraph 39)

- The economic and interest rate forecast by the Council's treasury advisors has been updated as at January 2023 (paragraph 56 and Annex 1).

## **RECOMMENDATION**

It is RECOMMENDED that the Committee note the Treasury Management Strategy and Prudential Indicators for 2023/24, attached as Appendix A to this report.

**Appendices: Appendix 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 current Treasury Advisers)

**Enquiries:**

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