



Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Corporate Director Resources	Cabinet	24 March 2021

<b>Treasury Management Policy Statement and Practices, Treasury Management and Annual Investment Strategy, Minimum Revenue Provision Policy Statement and Capital Strategy 2021/22</b>
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## **1. Purpose of report**

- 1.1** To set out the policies and objectives of the council in respect of Treasury Management activities, to explain how the council seeks to achieve the objectives and manage and control the activities for 2021/22 which includes the Capital Strategy.

## **2. Outcomes**

- 2.1** A Policy Statement, Statement of Treasury Management Practices, Treasury Management and Annual Investment Strategy, a Minimum Revenue Provision (MRP) Policy Statement and a Capital Strategy.

## **3. Recommendations**

- 3.1** To recommend to Council that the Treasury Management Policy Statement 2021/22 be approved and formally adopted. (Appendix 1).
- 3.2** To approve the revised Treasury Management Practices 2021/22 (Appendix 2).
- 3.3** To recommend to Council that the Treasury Management and Annual Investment Strategy 2021/22 (Appendix 3) be approved.
- 3.4** To recommend to Council that the MRP Policy Statement 2021/22 (Appendix 4) be approved and formally adopted.
- 3.5** To recommend to Council that the Capital Strategy 2021/22 (Appendix 5) be approved.

## **4. Background**

- 4.1** The report has been prepared in accordance with the Revised CIPFA Treasury Management Code 2018.
- 4.2** As part of the revised Prudential Code 2017, CIPFA introduced a new requirement for councils to publish a Capital Strategy (see Appendix 5). Councils were obliged to have their Capital Strategy in place for 2019/20 to comply with the new regulations. Guidance on the form and content of the Capital Strategy is still limited and as such the current strategy document represents an evolving document. This approach is in line with CIPFA's expectations and the understanding that all councils will be working towards developing their own strategies over time to meet local needs. Further Guidance is expected to be published in Spring 2021.
- 4.3** The Capital Strategy is designed to demonstrate that the council takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money (VFM), prudence, sustainability and affordability. The strategy is intended to set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the achievement of priority outcomes. Long-term is not defined and beyond the current Medium Term Financial Planning period, there is little detail or certainty within the current strategy, particularly taking into account the current funding reform context. As greater clarity is achieved nationally, it is expected that further iterations of the strategy will become more detailed and longer-term.
- 4.4** Owing to the interrelatedness of the Treasury Management framework and the Capital Strategy, there is a good deal of overlap between the two documents and potential for duplication. Efforts have been made to streamline the Capital Strategy and cross-reference to existing Treasury Management documents where possible in order to reduce repetition.
- 4.5** In January 2020 all members were offered Treasury Management Training from Link Asset Services and this included members of the Overview and Scrutiny Committee. Further training was given on 18 January 2021.

## **5. Key issues and proposals**

- 5.1** The Local Government Act 2003 requires the council to have regard to the Prudential Code and to set Prudential Indicators for the next three years. The 2021/22 Prudential Indicators were considered by Cabinet at their meeting on 17 February 2021 and are due to be approved at the Council meeting on 11 March 2021.
- 5.2** The key objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. In exceptional cases, its purpose

may be to demonstrate that that there is a danger of not ensuring this, so that the authority concerned can take remedial action.

**5.3** In order to demonstrate compliance with the CIPFA Code of Practice for Treasury Management, the Council must approve a Policy Statement, Treasury Management Practices, a Treasury Management and Investment Strategy, an MRP Policy Statement and a Capital Strategy setting out how the council will seek to achieve its Treasury Management policies, together with details of how these activities are managed and controlled.

**5.4** It is also a requirement of the Code of Practice that the full Council agrees the Treasury Management and Annual Investment Strategy, the MRP Policy Statement and the Capital Strategy for the forthcoming financial year. The 2021/22 Strategies and MRP Policy Statement are attached at Appendix 3, 4 and 5.

<b>Financial and legal implications</b>	
Finance	There are no direct financial implications arising from the adoption of the Treasury Management Policy Statement and Treasury Management Practices. The Prudential Code allows capital investment to proceed within prudent limits where the council can fund it from its own resources and external revenue streams.
Legal	The approval of the recommendation will ensure that the CIPFA Code of Practice on Treasury Management and statutory requirements have been complied with.

#### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

<b>risks/implications</b>	<b>✓ / x</b>
asset management	x
climate change	x
ICT	x
data protection	x

#### **Processing Personal Data**

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

### **List of appendices**

Appendix 1 - Treasury Management Policy Statement 2021/22

Appendix 2 - Treasury Management Practices 2021/22

Appendix 3 - Treasury Management Strategy and Annual Investment Strategy 2021/22

Appendix 4 - Minimum Revenue Provision Policy Statement

Appendix 5 - Capital Strategy