

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

TREASURY MANAGEMENT PRACTICES 2021/22

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The Council is required to comply with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services (The Code) as revised in 2017.
- 1.2 In order to comply with the key requirements of the Code, the Council should create and keep under review.
 - A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities, as approved by Council.
 - Suitable Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.
- 1.3 Audit Committee is responsible for ensuring effective scrutiny of the treasury management arrangements.
- 1.4 This report contains updated TMPs to reflect service structure changes during 2020-21.

2. BACKGROUND INFORMATION

The legal and regulatory framework

- 2.1 The Local Government Act 2003 requires local authorities to have regard to such guidance as the Secretary of State may by regulations specify. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 specify the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (The Code) as such guidance.
- 2.2 CIPFA has adopted the following as its definition of treasury management activities:

The management of the organisation's investments, borrowing and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

- 2.3 The High-Level objectives of the Council's treasury management activities are set out in the Treasury Management Policy Statement (Appendix 1).
- 2.4 The Code also requires the Council to maintain suitable Treasury Management Practices (TMPs), setting out the manner in which the organisation will seek to achieve its Treasury Management policies and objectives, and prescribing how it will manage and control those activities (Appendix 2).

3 OPTIONS FOR CONSIDERATION

- 3.1 To consider the Treasury Management Policy Statement and note the revised Treasury Management Practices in Appendix 1 and 2.

4 ANALYSIS OF OPTIONS

- 4.1 As a principle, a common set of Practices have been adopted for North Lincolnshire Council treasury activity.
- 4.2 Link Asset Services Ltd were re-appointed as our Treasury Advisors in January 2021 and their advice and guidance has been sought on updating our TMPs.

5 RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 The financial implications include primarily staffing considerations but also IT software and the retention of advisors. Adequate financial resources already exist and as such no additional resource requirements are created by this report.

6 OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 Risks are covered within the Treasury Management Practices.

7 OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 7.1 Not applicable

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 8.1 Not applicable

9 RECOMMENDATIONS

- 9.1 That the Audit Committee considers the assurance provided by this report on the effectiveness of arrangements for treasury management, and:
- 9.2 That the Audit Committee notes the Treasury Management Practices for the 2021/22 financial year

DIRECTOR: GOVERNANCE AND PARTNERSHIPS

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Date: 19th March 2021

Background Papers used in the preparation of this report

Treasury Management Strategy 2021-22
CIPFA-Code of Practice in the Public Service Fully Revised 2017
CIPFA-The Prudential Code Fully Revised 2017
MHCLG Guidance
Local Government Act 2003

APPENDIX 1

The Treasury Management Policy Statement

1. The Council defines its treasury management activities as:

The management of the Council's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.
3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
4. The Council's high-level policies for borrowing, borrowing in advance and investments.
 - The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt.
 - This organisation will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.
 - The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.