

NORTH LINCOLNSHIRE COUNCIL

AUDIT COMMITTEE

TREASURY MANAGEMENT STRATEGY AND PRACTICES 2022/23

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.
 - 1.2.1 A Treasury Management Policy Statement, stating the policies and objectives of its treasury management activities, as approved by Council.
 - 1.2.2 A Treasury Management Strategy covering the council's Borrowing and Investing Activities.
 - 1.2.3 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 an updated Treasury Management Policy Statement, Treasury Management Strategy Statement and Treasury Management Practices for 2022-23.

2. BACKGROUND INFORMATION

- 2.1 The proposed Treasury Management Policy Statement, Treasury Management Strategy Statement (TMSS) for 2022/23 and Treasury Management Practices are attached as Appendices. They have been developed in consultation with our treasury management advisors, Link Group.

2.2 Whilst the Council has appointed advisors to support effective treasury management arrangements, the Council is ultimately responsible for its treasury decisions and activity. No treasury activity is without risk. The successful identification, monitoring and control of risk is therefore an important and integral element of treasury management activities.

3. OPTIONS FOR CONSIDERATION

3.1 To consider the Treasury Management Policy Statement and note the revised Treasury Management Strategy and Treasury Management Practices in the Appendices.

4. ANALYSIS OF OPTIONS

4.1 The attached appendices have been compiled utilising the advice of our Treasury Advisors and comply with the requirements of the CIPFA Code.

5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)

5.1 None, other than the those set out in the report and appendices.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 Not applicable

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 The Audit Committee is requested to:

- a) Consider the assurance the attached appendices give the Audit Committee on the Council's Treasury activities.

- b) Adopt the Prudential Code 2017, the CIPFA Treasury Management in Public Services Code of Practice and related MHCLG Guidance.
- c) Note the Treasury Management Policy Statement (Appendix 1)
- d) Note the Treasury Management Strategy for 2022/23 (Appendix 2)
- e) Note the Treasury Management Practices (Appendix 3)

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Background Papers used in the preparation of this report –

- Local Government Act 2003
- CIPFA Treasury Management in Public Services Code of Practice (2017 Edition)
- CIPFA Code of Practice 2019-20
- CIPFA The Prudential Code for Capital Finance in Local Authorities (2017 Edition)

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.

