



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

24 January 2024

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

2024/25 Treasury Management Strategy Statement

Report Author

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Purpose of Report

This Council is required by regulations issued under the Local Government Act 2003 to produce a Treasury Management Statement for each financial year. The draft Statement meets the requirements of the CIPFA Code of Practice on Treasury Management (the Code) and the Prudential Code.

Recommendations

That the Committee recommends to Council that the 2024/25 Treasury Management Strategy Statement be approved.

Decision Information

Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities	High performing Council
Which wards are impacted?	All

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance

1.1 These are considered throughout the report and appendix.

Completed by: Richard Wyles, Chief Finance Officer

Legal and Governance

1.2 This report provides details of the Council's Treasury Management Strategy Statement which forms part of the Budget and Policy Framework. Members should scrutinise any elements which will assist the role of the Governance and Audit Committee in its review of the Treasury Management Strategy.

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

Risk and Mitigation

1.3 Risk has been considered as part of this report and any specific high risks are included in the table below:

Category	Actions/Controls
Financial Risk	The treasury strategy has been compiled in conjunction with the Council's treasury advisors and will be monitored by the Committee on a quarterly basis.

Completed by: Tracey Elliott, Governance and Risk Officer

2. Background to the Report

- 2.1 The CIPFA Treasury Management Code defines treasury management activities as: “The management of the local authority’s 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”.
- 2.2 The CIPFA Code of Practice for Treasury Management in the Public Services (the “CIPFA Treasury Management Code”) and the CIPFA Prudential Code require local authorities to produce a Treasury Management Strategy Statement (TMSS) on an annual basis.
- 2.3 The TMSS details the investment and borrowing policies that the Council will follow during 2024/25. The CIPFA code and the Department for Levelling Up, Housing and Communities (DLUHC) statutory guidance also requires the Council to have a policy on non-treasury investments which is included in the Capital Strategy which will be approved by Council on 29 February 2024.
- 2.4 The TMSS sets out the counterparties that the Council will invest with and the limits that will be invested with each counterparty. These limits are detailed in Appendix 3 of Appendix A.
- 2.5 The Treasury Management Code requires all investments and investment income to be attributed to one of the following purposes:
 - **Treasury Management** - This type of investment represents balances which are only held until the cash is required.
 - **Service Delivery** – Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is “either related to the financial viability of the project or otherwise incidental to the primary purpose”.
 - **Commercial return** – Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to the Council’s financial capacity, i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. The Council must not borrow to invest primarily for financial return.
- 2.6 Reporting to members is required to be undertaken quarterly. Governance and Audit Committee receive quarterly treasury management monitoring reports for review and approval. The Treasury Management Strategy Statement is presented to the Committee on an annual basis for review and a recommendation is made to Council for approval.
- 2.7 Appendix 3 of the Treasury Management Strategy Statement detail the Council’s Ethical Investment Statement which has been reviewed by Link Group to ensure that

it meets the requirements of the Treasury Management Code and does not prevent the Council from adhering to the Treasury Management principles of Security, Liquidity and Yield.

3. Key Considerations

3.1 These are considered throughout the report and Appendix A.

4. Other Options Considered

4.1 No other options are available as the Council is required to produce a Treasury Management Strategy as part of the treasury management reporting requirements.

5. Reasons for the Recommendations

5.1 The Council is required to produce and approve a Treasury Management Strategy Statement as part of the treasury management reporting requirements.

6. Appendices

6.1 Appendix A – 2024/25 Treasury Management Strategy Statement