

Cabinet Meeting Resolution

**Executive  
Forward Plan  
Reference**

**E3368**

**Treasury Management Strategy Statement 2023/24**

| <b>Date of Meeting</b>          | 9-Feb-23   |                                  |                    |   |                                  |  |  |  |
|---------------------------------|--|----------------------------------|--------------------|---|----------------------------------|--|--|--|
| <b>The Issue</b>                | <p>The Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) requires the Authority to approve a treasury management strategy before the start of each financial year.</p> <p>This report fulfils the Council’s legal obligation under the Local Government Act to have regard to the CIPFA Code.</p>   |                                  |                    |   |                                  |  |  |  |
| <b>The decision</b>             | <p>(1) To recommend the actions proposed within the Treasury Management Strategy Statement (Appendix 1 of the report) to February Council.</p> <p>(2) To note the Treasury Management Indicators detailed in Appendix 1 of the report.</p> <p>(3) To recommend Council to approve the adoption of the Treasury Management Clauses (Appendix 3 of the report).</p> <p>(4) To note the Treasury Management Indicators detailed in Appendix 1 of the report and to delegate authority for updating the indicators prior to approval at Full Council on 21<sup>st</sup> February 2023 to the Chief Finance Officer and Cabinet Member for Resources, in light of any changes to the recommended budget as set out in the Budget Report.</p> <p>(5) To note that any comments made by the Corporate Audit Committee at their meeting on 7<sup>th</sup> February 2023 will be reported to Full Council on the 21<sup>st</sup> February 2023.</p> |                                  |                    |   |                                  |  |  |  |
| <b>Rationale for decision</b>   | <p>To ensure that the Council’s investment plans are affordable, prudent and sustainable. The suggested strategy for 2023-24 is based on the Treasury Officers’ views on interest rates, supplemented with leading market forecasts provided by the Council’s treasury advisor, Arlingclose. The report fulfils the Authority’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.</p>   |                                  |                    |   |                                  |  |  |  |
| <b>Other options considered</b> | <p>The Chief Financial Officer, having consulted the Cabinet Member for Resources, believes that the proposed strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are set out in the table below.</p> <table border="1" data-bbox="424 2022 1498 2116"> <thead> <tr> <th><b>Alternative</b></th> <th><b>Impact on income and expenditure</b></th> <th><b>Impact on risk management</b></th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>  |                                  | <b>Alternative</b> | <b>Impact on income and expenditure</b> | <b>Impact on risk management</b> |  |  |  |
| <b>Alternative</b>              | <b>Impact on income and expenditure</b>  | <b>Impact on risk management</b> |                    |   |                                  |  |  |  |
|                                 |  |                                  |                    |   |                                  |  |  |  |

# Cabinet Meeting Resolution

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|  | Invest in a narrower range of counterparties and/or for shorter times. | Interest income will be lower.  | Lower chance of losses from credit related defaults, but any such losses greater.  |
|  | Invest in a wider range of counterparties and/or for longer times.     | Interest income will be higher.   | Increased risk of losses from credit related defaults, but any such losses smaller.  |
|  | Borrow additional sums at long-term fixed interest rates.              | Debt interest costs will rise; this is unlikely to be offset by higher investment income. | Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain.  |
|  | Borrow short-term or variable loans instead of long-term fixed rates.  | Debt interest costs will initially be lower.  | Increases in debt interest costs will be broadly offset by rising investment the medium term, but long-term costs may be less certain. |
|  | Reduce level of borrowing.   | Saving on debt interest is likely to exceed lost investment income.                       | Reduced investment balance leading impact in the event of a default; however long-term interest costs may be less certain.             |

**The Decision is subject to Call-In within 5 working days of publication of the decision**