Bath & North East Somerset Council

Decision Register Entry

Cabinet Meeting Resolution

Executive Forward Plan Reference	E3301

Treasury Management Strategy Statement 2022/23

Date of Meeting	11-Feb-22
The Issue	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. This report fulfils the Council's legal obligation under the Local Government Act to have regard to the CIPFA Code.
The decision	**RESOLVED** (unanimously): (1) To recommend the actions proposed within the Treasury Management Strategy Statement (Appendix 1 of the report) to February Council. (2) 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 16 February 2022 to the Chief Finance Officer and Cabinet Member for Economic Development & Resources, in light of any changes to the recommended budget as set out in the Budget Report elsewhere on the agenda for this meeting. (3) To note that any comments made by the Corporate Audit Committee at its meeting on 3 February 2022 will be reported to Full Council on 16 February 2022.
Rationale for decision	The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare a Treasury Management Strategy; this sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
Other options considered	The Chief Financial Officer, having consulted the Cabinet Member for Economic Development & Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are the table below.

Alternative	Impact on income and expenditure	Impact on risk management
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 may be 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 may be 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 balanc leading to a higher impac in the event of a default; however long-term intere costs may be more certai
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 offse by rising investment income in 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 to a lowe impact in the event of a default; however long-terr interest costs may be less certain.

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