

**TREASURY MANAGEMENT PANEL**  
**11 NOVEMBER 2022**

**TREASURY MANAGEMENT REVIEW 2022**

**1. Summary**

1.1 To provide the Panel with the mid-year treasury report for the financial year 2022/23.

**2. RECOMMENDATIONS**

2.1 That the Panel notes the treasury activity for the first half of 2022/23 financial year – as set out in the Mid-Year Treasury Report, at Appendix A.

2.2 That the Panel receives an update from the Principal Accountant and the Council's treasury advisors, Arlingclose on the treasury activity, since the treasury panel meeting on 8<sup>th</sup> July 2022.

2.3 That the Panel receives an economic update from the Council's treasury advisors, Arlingclose.

2.4 That the Panel seeks clarification and explanation of any matters arising.

**3. Background and Discussion**

3.1. Treasury Management in local government is regulated by the Local Government Act 2003 and the CIPFA Code of Practice on Treasury Management 2021. Under the provisions of the Local Government Act 2003, the Council is required to have regard to CIPFA Codes and to the DLUHC's<sup>1</sup> (formerly MHCLG) Investment Guidance, which was revised in 2018.

3.2. 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.”

\*It should be noted that CIPFA defines investments as covering all the financial assets and non-financial assets, which an Authority holds primarily for financial returns, such as investment property.

---

<sup>1</sup> Department for Levelling Up, Housing and Communities

# TREASURY MANAGEMENT PANEL

## 11 NOVEMBER 2022

### 3.3. Treasury mid-year report 2022/23

The Treasury Management Code requires public sector authorities to determine an annual Treasury Management Strategy and as a minimum, formally report on their treasury activities and arrangements to Cabinet mid-year and after the year-end. The Treasury mid-year report 2022/23 at Appendix A (presented to Cabinet on 27.10.2022 Agenda item 11), details the Council's treasury activity for the first half of the financial year and includes borrowing and investment balances as at 30<sup>th</sup> September 2022.

### 3.4. Treasury Activity since 30<sup>th</sup> September 2022

There has been very little change to the in-house investments since 30<sup>th</sup> September 2022, with money market funds being utilised for daily liquidity requirements. Money market yields are currently around 2%. With the Monetary Policy Committee likely to increase the Bank Rate again at its meeting on 3<sup>rd</sup> November 2022, the yields on the money markets are expected to rise shortly after.

The Principal Accountant will provide an update at the meeting, on the in-house investment balance as at 31<sup>st</sup> October 2022.

### 3.5 Economic Update

Phiroza Katrak from Arlingclose will provide an update on the externally managed pooled funds and an economic update at the meeting.

## 4. Relationship to the Corporate Plan

Council Performing Strongly Theme PS1 – this is the robust management of the Council's day-to-day finances, enabling it to meet its financial obligations to all stakeholders by offering a high quality, value for money service.

Regular monitoring and scrutiny of the Council's financial position, and, in particular its treasury management function is key to maintaining a sound financial strategy. This is an important element of the Corporate Health theme.

## 5. Financial, legal, staffing and other implications and risk assessments

Financial Implications	Contained within this report
Legal Implications	Treasury management is a complex subject and local authority treasury management is subject to a range of regulations, government guidance and professional codes that add to the complexity.
Public Sector Equality Duty	None
Climate Impact Assessment	None as a result of this report

**TREASURY MANAGEMENT PANEL**  
**11 NOVEMBER 2022**

Staffing Implications	None as a result of this report
Administrative Implications	None as a result of this report
Risk Assessment	Treasury operations are tightly regulated and the Council's external advisors consulted regularly, thus minimising the risk to the Council. The Council's borrowing is in keeping with the Prudential Code's principles of affordability, prudence and sustainability.  A prudent approach is taken in relation to investment activity with priority being given to security and liquidity over yield.

6. Details of Exempt Information Category

Not applicable

7. Appendices

Appendix A – Mid Year Treasury Report 2022-23

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date / File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
Banking 2022-23		Catherine Bailey ext. 3312	Financial Services/ Corporate Services	<u>N/A</u>