

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

30 JANUARY 2020

### REPORT OF THE INTERIM HEAD OF FINANCE & SECTION 151 OFFICER

#### TREASURY MANAGEMENT STRATEGY 2020-21

#### 1. Purpose of Report

1.1 The purpose of the report is to present the draft Treasury Management Strategy 2020-21, which includes the:

- Borrowing Strategy 2020-21
- Investment Strategy 2020-21
- Treasury Management Indicators for the period 2020-21 to 2022-23

#### 2. Connections to Corporate Improvement Objectives / Other Corporate Priorities

2.1 This report assists in the achievement of the following corporate priority/priorities:

- Smarter use of resources – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.

2.2 The work of the Audit Committee supports corporate governance and assists in the achievement of all corporate and service objectives. Prudent treasury management arrangements will ensure that investment and borrowing decisions are made ensuring the smarter use of financial resources and hence assist achievement of Corporate Priorities.

#### 3. Background

3.1 To ensure effective scrutiny of treasury management in accordance with the Treasury Management Strategy (TMS), Audit Committee has been nominated to be responsible for ensuring effective scrutiny of the TMS and polices in accordance with the Treasury Policy Statement and Treasury Management Prudential Indicators.

3.2 The Council manages its Treasury Management activities in accordance with the Local Government Act 2003, and associated guidance:

- The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code), which requires the Council to approve a Treasury Management Strategy before the start of each financial year.
- The Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019, which requires the Council to approve an Investment Strategy prior to the start of each financial year.

- The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) 2017. This includes a requirement for local authorities to provide a Capital Strategy, which is a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy and TMS will be approved by Council in February 2020. The Capital Strategy and TMS are interlinked as borrowing and investments are directly impacted by capital plans.

#### **4. Current situation / proposal**

- 4.1 The TMS 2020-21 at **Appendix A** confirms the Council's compliance with the CIPFA Code, which requires that formal and comprehensive objectives, policies and practices, strategies and reporting arrangements are in place for the effective management and control of treasury management activities, and that the effective management and control of risk are the prime objectives of these activities.
- 4.2 The TMS 2020-21 will be presented to Council for approval in February 2020 and whilst the main body will remain unchanged, there may be variations to some of the figures if there are any changes (such as the capital programme) to reflect the most up to date information.

#### **5. Effect upon Policy Framework & Procedure Rules**

- 5.1 Paragraph 20.3 of the Financial Procedure Rules (FPRs) within the Council's Constitution requires that all investments and borrowing transactions shall be undertaken in accordance with the Council's Treasury Management Strategy as approved by Council.
- 5.2 Paragraph 20.8 of the FPRs sets the Audit Committee's responsibility to ensure effective scrutiny of the Treasury Management policies and practices.
- 5.3 This report ensures compliance with the above requirements.

#### **6. Equality Impact Assessment**

- 6.1 There are no equality implications arising from this report.

#### **7. Wellbeing of Future Generations (Wales) Act 2015 Implications**

- 7.1 The well-being goals identified in the Act were considered in the preparation of this report. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve wellbeing for the people of Bridgend. In developing the TMS, officers have considered the importance of balancing short-term needs for cash flow management and minimizing the revenue costs of debt, with longer-term objectives of managing the Council's long term debt maturity profile.

#### **8. Financial Implications**

- 8.1 These are reflected within the report.

## **9. Recommendation**

9.1 It is recommended that Audit Committee:

- give due consideration to the Treasury Management Strategy for 2020-21; and
- recommend that it is presented to Council for approval in February 2020.

**Gill Lewis**  
**Interim Head of Finance**  
**22 JANUARY 2020**

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### **Background documents**

CIPFA Code of Practice on Treasury Management in Local Authorities (2017)  
CIPFA Prudential Code for Capital Finance in Local Authorities (2017)  
Welsh Government Statutory Guidance on Local Government Investments (2019)