

For Publication

Fire and Rescue Authority
28 March 2024

REPORT AUTHOR: CHIEF FIRE OFFICER AND TREASURER

SUBJECT: TREASURY MANAGEMENT STRATEGY AND PRACTICES

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Background Papers:

The Treasury Management Strategy and Treasury Management Policies for 2023/24 were reviewed and approved by the Fire and Rescue Authority in March 2023.

Will this report affect any of the following?

Implications	Yes/No	Impact/Reference
Financial	Y	Impacts investment income, where cash balances are invested
Risk Management	Y	Low risk appetite in terms of organisations invested in
Legal	N	
Privacy and Security	N	
Duty to collaborate	Y	There is an option for inter authority loans
Health and Safety	N	
Equality, Diversity and Inclusion	N	
Environmental Sustainability	Y	Consideration is always given to Green investment organisations
Consultation and Communication	N	

PURPOSE

To review the Authority's Treasury Management Strategy Statement and Treasury Management Policies.

RECOMMENDATIONS

1. To consider and approve the following documents:

- i. Treasury Management Strategy Statement
- ii. Minimum Revenue Provision Policy and Annual Investment Strategy
- iii. Treasury Management Practices

1. Outcome

- 1.1 Sound internal control and governance arrangements for Treasury Management will ensure the Authority can reduce the risk it faces from treasury management activities.

2. Reason for Report

- 2.1 Treasury management activities can be defined as follows:

'The management of the organisation'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.' Source the Chartered Institute of Public Finance and Accountancy (CIPFA).

2.2 The reporting of treasury management activity and the treasury management prudential indicators must meet the requirements of the 2009, 2011 and 2017 revised CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities (as required through Regulations issued under the Local Government Act 2003). The main 2017 Code updates, for information, are noted in para 3.2 below.

3. Updated Documentation

3.1 The Authority is required to consider and scrutinise the relevant treasury management documents. The updated documents for the next financial year that are attached are:

- The Treasury Management Strategy (including the Minimum Revenue Provision Policy and Annual Investment Strategy)
- Treasury Management Practices

3.2 The updated Treasury Management Strategy Statement is attached at Appendix A. There was an update in 2017 to the Code, mainly to capture the increasingly commercial approach being taken by many councils who are investing in property, with many outside of their own authority's area. The Code is now less prescriptive as to what indicators to be included in the strategy. There have been no further updates since.

3.3 Since 2018/19, Inter Authority lending has also been included as an option to consider, should this arise, within the Strategy.

3.4 The Treasury Management Practices are in accordance with the requirements of the Code and Guidance. The updated Treasury Management Practices are attached to this report for Members scrutiny and consideration at Appendix B. These documents provide the cornerstones for effective treasury management and ensure the approved Treasury Management Strategy is adhered to.

The Treasury Management Practices set out the manner in which the Authority will seek to achieve those policies and objectives, and prescribe how it will manage and control those activities.

There are no material updates to comment on for 2024/25.

4. Treasury Management and Support

4.1 The Treasurer recognises that treasury management is inevitably a highly technical and challenging area. To ensure that those Authority Members tasked with treasury management responsibility, including those responsible for scrutiny, have the support they need the following training was previously arranged:

- Training sessions were previously provided to Members in 2011, 2013, 2015, 2017 and 2022 (by Link Asset Services).
- The most recent training was again provided by Link Asset Services at the Members Development in January 2024.

5. Financial Implications and Value for Money

5.1 The Authority currently has:

- a total borrowing of £9.987m,
- short-term investments of up to £13.5m (£17.9m if including short term notice accounts)
- budgeted interest of £745k in 2024/25 from investments.

It is vital these transactions are managed efficiently and effectively.

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