

EXTRACT FROM COMMITTEE

Audit Committee**1 February 2022**

53. Declarations of Interest

Councillor Vaughan declared a Personal Interest in minute 54 as Grand Daughter worked in the Finance Section at City of Lincoln Council.

54. Prudential Indicators 21-22 - 2024/25 and Treasury Management Strategy 2022/23

Sarah Hardy, Principal Finance Business Partner:

- a) presented a report for Audit Committee to scrutinise and recommend to the Executive for approval the adoption of the 15 statutory prudential indicators and 8 local indicators for the period 2021/22 to 2024/25, together with the 2022/23 Treasury Management Strategy, prior to being reported to Council for final approval
- b) referred to training undertaken prior to the start of this meeting in relation to Treasury Management in order to help members take an informed view on the contents of this report
- c) summarised the key prudential indicators which had been incorporated into the 2022/23 strategy; the projected capital expenditure would determine the capital financing or borrowing requirement, which would in turn determine the actual level of external borrowing taken and hence, cash balances available for investment
- d) reported on the methodology employed for selecting investment counterparties as detailed at paragraph 2.2 of the report
- e) advised that the strategy for 2022/23 had been prepared taking into account changes in the Prudential Code and Treasury Management Code as detailed at paragraph 2.3 of the report.
- f) outlined the operation of the Council's prudential indicators, its treasury function and its likely activities for the forthcoming year, incorporating the four key Council reporting requirements as follows:
 - Prudential and Treasury Indicators
 - Minimum Revenue Provision (MRP) Statement
 - Treasury Management Strategy
 - Investment Strategy
- g) referred to information provided at paragraph number 4.1.2 of the report in relation to Capital Expenditure and Financing, which would be broken down further between the General Fund and Housing Revenue Account as requested by members

- h) requested that Audit Committee review the content of the report and its associated appendices and recommend to Executive and Council for approval.
- i) invited questions and comments

The committee discussed in detail the arrangements that had been put in place for the Treasury Management training and suggestions were made to hold virtual training at a time that was not immediately before Audit Committee. Officers responded that consideration would be given to when and how training sessions could be delivered in future.

The Chair referred to North Kesteven District Councils Treasury Management Strategy which included a paragraph in relation to investing in Environmental, Social and Governance (ESG) and asked if something similar could be included in the City of Lincoln Council Treasury Management Strategy. Officers responded that whilst the Council would like to make this statement, in practice it would be difficult to achieve. A balance was needed between investing in ESG and the Councils finances. The committee further commented that it was important to recognise ESG and should be considered going forward. Officers agreed that this would be investigated and to find out how it could be implemented and evidenced and to understand the affect that this would have on the Councils finances. This would be considered and options would be proposed in next year's Treasury Management Strategy.

RESOLVED that:

1. The prudential indicators detailed in Section 4.1 and Appendix 1 of the report be recommended to Executive and Council for approval.
2. The Treasury Management Strategy (including the Treasury Management Prudential Indicators and the Investment Strategy) as set out in Section 4 and Appendix 3 of the report be recommended to Executive and Council for approval.
3. The revised MRP policy detailed in Appendix 2 of the report be recommended to Executive and Council for approval.