

EXTRACT FROM COMMITTEE

Audit Committee

31 January 2023

55. Treasury Management Policy and Strategy

Collen Warren, Financial Service Manager:

- a. presented a report for Audit Committee to scrutinise and recommend to Council for approval and the adoption of the:
 - Treasury Management Strategy 2023/24;
 - Prudential Indicators;
 - Minimum Revenue Provision (MRP) Policy Amended from 2022/23
 - Treasury Management Practices (TMPS's)
- 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 2023/24 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. referred to paragraph 3.2 of the report in relation to the Liability Benchmark and explained that this new Treasury Indicator had been adopted in the Treasury Management Strategy 2023/24
- e. referred to paragraph 4 of the report and detailed the proposed changes to the MRP Policy, the advantages and disadvantages to changing the policy and concluded that the number of advantages outweighed the disadvantages
- 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. requested that Audit Committee review the content of the report and its associated appendices and recommend to Council for approval.
- h. invited questions and comments

APPENDIX B

Question: Referred to the changes to the MRP Policy and asked if there was any risk involved in changing to the annuity method.

Response: It was just an alternative method, there was no risk involved.

Question: Commented that there were 60% of Councils that had adopted the annuity method and asked why 40% of Councils had not adopted this method.

Response: Advice was provided by the Treasury, there were other strategies that could be used but this method was the best fit for this Council.

Question: Asked why the changes to the MRP Policy had not been made sooner.

Response: The MRP Policy was reviewed every 5 years, it would not be reviewed annually as this would make capital planning difficult.

Mike Norman, Mazars commented that this method had regard to the regulations and did not exhibit aggressive practices. The proposed policy was consistent with what would be expected.

Question: Asked where was the majority of the debt.

Response: The debt was not physically being paid back but the money was set aside to pay the debts on maturity.

Jaclyn Gibson, Chief Finance Officer, explained that the Council had purchased commercial properties, where the money had not been set aside for that debt, the saving made from moving to the annuity method has allowed the Council to put the money aside for that debt. All of the Council debts now have MRP provision.

Question: Referred to appendix 5 of the Treasury Management Practices and asked if the Allpay contract had been renewed.

Response: The contract had been renewed for an additional 2 years and the document would be updated to reflect this.

The Chair referred to the Environmental, Social and Governance Considerations and commented that this was raised at last year's Audit Committee and she was pleased to see that it had been included.

RESOLVED that:

1. The Treasury Management Strategy 2023/24 including the Prudential Indicators be recommended to Executive and Council for approval.
2. The Minimum Revenue Provision Policy amended from 2022/23 be recommended to Executive and Council for approval.
3. The Treasury Management Practices be recommended to Executive and Council for approval.