

## AUDIT & GOVERNANCE COMMITTEE

20<sup>th</sup> April 2023

### Report of the Executive Director Finance

#### **REVIEW OF THE TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STATEMENT 2023/24 and the TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY MID-YEAR REVIEW REPORT 2022/23**

#### **Purpose**

To review the Treasury Management Strategy Statement, Minimum Revenue Provision Statement and Annual Investment Statement 2023/24 and the Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2022/23 approved by Council on 28<sup>th</sup> February 2023 and 13<sup>th</sup> December 2022 respectively.

To endorse the CIPFA Effective Scrutiny of Treasury Management self assessment review.

#### **Recommendation**

#### **That Members**

- 1) consider the Treasury Management Reports, as detailed within the reports attached at Appendix A and Appendix B and highlight any changes for recommendation to Cabinet; and**
- 2) endorse the CIPFA Effective Scrutiny of Treasury Management self assessment at Appendix C, highlighting any further training requirements to inform the 2023/24 training plan.**

#### **Executive Summary**

At its meeting in February each year, the Council approve the Treasury Management Strategy and Prudential Indicators including, as required by the Code, that the Audit & Governance Committee be given the opportunity to scrutinise the strategy and policies, as well as receiving regular monitoring reports. In order to undertake this role effectively the Committee receive regular treasury management reports and all Members receive training on treasury management at least annually or more often when required.

With regard to the appointment of a Committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies, the code suggests:

- This involves reviewing the Treasury Management policy and procedures and making recommendations to the responsible body;
- Public Service Organisations have a responsibility to ensure that those charged with governance have access to the skills and knowledge they require to carry out this role effectively;

- Those charged with Governance also have a personal responsibility to ensure they have the appropriate skills and training in their role;
- The procedures for monitoring Treasury Management activities through audit, scrutiny and inspection should be sound and rigorously applied, with an openness of access to information and well-defined arrangements for the review and implementation of recommendations for change; and
- This includes the provision of monitoring information and regular review by Councillors in both executive and Scrutiny functions.

In compliance with the above, a copy of the Treasury Management Strategy and Prudential Indicators for 2023/24 is attached at **Appendix A**, together with a copy of the Mid-year Report on the Treasury Management Service 2022/23 at **Appendix B**.

The CIPFA Treasury Management Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny.

Furthermore, the Code states that they expect all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and Council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and Council members to undertake self-assessment against the required competencies.
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a self-assessment for completion by members responsible for the scrutiny of treasury management, in order to identify any areas where support or training is needed to ensure the development of effective scrutiny. This self-assessment has been reviewed and is attached at **Appendix C** for review and endorsement.

Training on Treasury Management issues was most recently delivered for Members in February 2023 (following training in February 2022), with training on the Corporate Capital Strategy in February 2020.

Effective scrutiny is important. As well as demonstrating compliance with the Code, the scrutiny is an important part of ensuring effective governance of treasury management.

- It helps develop a better understanding of the treasury risks faced by the organisation.
- It helps ensure better decision making on strategy & policy matters.
- It improves accountability and transparency.
- It improves knowledge and understanding of treasury matters amongst the members of the governing body.

The most important thing is that the review is used to identify any areas where support or training is needed to ensure the development of effective scrutiny.

### **Equalities implications**

There are no equalities implications arising from the report.

### **Legal implications**

Approval of Prudential Indicators and an Annual Investment Strategy is a legal requirement of the Local Government Act 2003. Members are required under the CIPFA Code of Practice to have ownership and understanding when making decisions on Treasury Management matters.

### **Resource and Value for Money implications**

All financial resource implications are detailed in the body of this report which links to the Council's Medium Term Financial Strategy.

### **Risk implications**

Risk is inherent in Treasury Management and as such a risk based approach has been adopted throughout the report with regard to Treasury Management processes.

### **Report Author:**

Please contact Stefan Garner, Executive Director Finance, extension 242 or Jo Goodfellow, Assistant Director Finance, extension 241.

<i>Background Papers:-</i>	Corporate Vision, Priorities Plan, Budget & Medium Term Financial Strategy 2023/24 (Including Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Statement 2023/24, and Corporate Capital Strategy, Council 28 <sup>th</sup> February 2023)
	Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2022/23, Council 13 <sup>th</sup> December 2022
	CIPFA Treasury Management Panel Bulletin, December 2009: Treasury Management – Update

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