

**Audit, Risk and Governance Committee**  
Meeting to be held on Monday, 30 January 2023

Electoral Division affected:  
N/A;

**Treasury Management Strategy 2023/24**  
(Appendices 'A' – 'C' refer)

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**Brief Summary**

The council is required to produce a Treasury Management Strategy before the beginning of each financial year. The proposed Treasury Management Strategy for 2023/24 is at Appendix A, the Investment Strategy at Appendix B, and the associated Minimum Revenue Provision Policy Statement at Appendix C.

**Recommendation**

The Audit, Risk and Governance Committee is asked to recommend that Full Council approves the Treasury Management and Investment Strategies, and the Minimum Revenue Provision Policy Statement for 2023/24, as set out in this report.

**Detail**

Treasury management is the management of the council's investments and cash flows, its banking, money market and capital market transactions. It also includes the effective control and management of the risks associated with these activities, ensuring that the council gets the best performance within acceptable risk parameters. Although the impact of treasury management decisions is considered over the long term, there is a requirement through regulations for the strategies to be approved annually.

**Treasury Management Strategy**

The Treasury Management Strategy at Appendix A sets out the council's approach for both its borrowing and investment activity. The borrowing strategy is determined by the need for the council to borrow in accordance with the Prudential Code and the impact of the economic climate on the prevailing cost and availability of borrowing. The report identifies a likely need to borrow and notes that the council has fixed a higher proportion of debt for a long term having taken advantage of historically low interest rates. The balance between long- and short-term debt will continue to be



kept under review. It should be noted that the figures in the strategy will be subject to minor changes as the capital programme is developed and approved.

## **Investment Strategy**

The then Ministry of Housing, Communities and Local Government's statutory guidance on local government investments includes provisions relating to investments that support local public services by lending to or buying shares in other organisations (service investments), and those made to earn investment income (known as commercial investments where this is the main purpose). These investments held for service purposes or for commercial profit are considered in the Investment Strategy at Appendix B. The Investment Strategy, whilst having regard to yield, has the key drivers continuing to be security and liquidity.

## **Minimum Revenue Provision Policy Statement**

The Minimum Revenue Provision (MRP) Policy Statement for 2023/24 is also presented for approval at Appendix C. During the year the government has been consulting on changes to the approach to Minimum Revenue Provision, with the outcome of this consultation still due; any changes are not anticipated to come into effect until 1 April 2024. One of the matters raised in the government consultation relates to the practice of some local authorities not charging Minimum Revenue Provision on specific schemes on the basis that the resultant borrowing will be financed by future income receipts. Whilst the county council is compliant with these new proposals, the wording in the council's Minimum Revenue Provision Policy Statement has been clarified to reflect this.

## **Changes from prior year**

Aside from minor wording changes, updated context and commentary, the policies set out in the appendices are broadly in line with those approved for 2022/23 with the only significant change being within the Treasury Management Strategy where there is a proposal to limit the percentage of total investments held as long-term bonds. This has been introduced to provide some measure of balance in the term length of investments.

## **Consultations**

Arlingclose, the county council's external treasury management advisers, have provided advice in the formulation of the proposals in this report.

## **Implications:**

This item has the following implications, as indicated:

## **Risk management**

The council, having adopted the 'Prudential Code', is required to prudently manage its investments and borrowing. A failure to do so could expose the council to undue financial risks.



**Local Government (Access to Information) Act 1985  
List of Background Papers**

Paper	Date	Contact/Tel
Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice	2021	Paul Dobson (01771) 534725
Ministry of Housing, Communities and Local Government statutory guidance on local authority investments		Paul Dobson (01771) 534725

Reason for inclusion in Part II, if appropriate

N/A

