

Part A

**Report to:** Audit Committee

**Date of meeting:** Thursday, 23 November 2023

**Report author:** Chief Finance Officer

**Title:** Draft Treasury Management Strategy 2024/25

**1.0 Summary**

1.1 This report sets out the draft Treasury Management Strategy Statement (TMSS) for 2024/25. The final TMSS will be considered by Council on 30 January 2024 alongside the Budget for 2024/25, Medium Term Financial Strategy and Capital Investment Strategy.

1.2 The report is presented to the Audit Committee as the body delegated by Council to undertake the role of scrutiny of treasury management strategy and policies.

**2.0 Risks**

2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
Treasury Management Risks are not adequately managed	The function fails to provide security of its cash and / or sufficient liquidity to meet current obligations	The Treasury Management function applies the Treasury Management Strategy Statement and monitors performance against it. The Treasury Management Strategy Statement will reflect the latest requirements for the CIPFA Treasury Management Code of Practice and applies best practice	Treat	4

### 3.0 **Recommendations**

3.1 The Committee is asked to recommend to council the draft Treasury Management Strategy Statement 2024/25.

**Further information:**

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**Report approved by:** Hannah Doney, Chief Finance Officer

### 4.0 **Detailed proposal**

4.1 The Treasury Management Strategy Statement (TMSS) supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.

4.2 The TMSS details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives are of the TMSS are:

- Security - Safeguard the repayment of the principal and interest of its investments on time
- Liquidity - Ensure adequate liquidity to meet obligations as they fall due
- Yield - Investment return is the final objective and is considered after security and liquidity requirement have been satisfied.

4.3 This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Strategy (MTFS) and Capital Strategy.

4.4 The Chief Finance Officer in consultation with the Portfolio Holder Resources has delegated authority to approve any variation to the Treasury Management Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

4.5 The Audit Committee is designated as the Committee to receive reports on the performance of the Treasury Management function. The Committee currently receives two reports per year: the Mid Term Review and Annual Performance Report. As the committee responsible for monitoring the performance of the function, the Committee is also asked to comment on the TMSS prior to its consideration and approval by Council. The draft TMSS is at Appendix 1.

4.6 The draft TMSS has been prepared in accordance with the Treasury Management Code of Practice which is statutory guidance prepared by the Chartered Institute of Public Finance and Accountancy (CIPFA).

4.7 The principles of effective treasury management and primary objectives remain the same as in previous years. There are limited changes proposed to the TMSS for 2024/25 however, a new Policy on Environment, Social and Governance (ESG) considerations is included at section 14 of the strategy.

4.8 In addition, the use of the external fund managers has been updated to reflect the plan to divest from the Royal London Asset Management Pooled Funds by 31 March 2025 to reduce the Council's exposure to Price risk, Refinancing Risk and high interest rates on external borrowing by utilising the cash for internal borrowing. Further information on this is set out in the Treasury Management Mid Term Review 2023/24 elsewhere on the agenda.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Chief Finance Officer comments that there are no implications arising directly from this report.

### 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 There are no legal issues arising from this report.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no issues arising from this report.

### 5.4 **Staffing**

5.4.1 There are no staffing issues arising from this report.

## 5.5 **Accommodation**

5.5.1 There are no accommodation issues arising from this report.

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety issues arising from this report.

## 5.7 **Sustainability**

5.7.1 There are no sustainability issues arising from this report.

## **Appendices**

- Appendix 1 – Draft Treasury Management Strategy Statement 2024/25

## **Background papers**

- Treasury Management Mid Term Review 2023/24