

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 7TH MARCH, 2022

REFERENCE FROM CABINET: 28TH FEBRUARY, 2022

“C843 TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2022/23 AND UPDATE FOR 2021/22 (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) -

The Executive Leader and Cabinet Member for Performance and Resources presented the report, the purpose of which was to provide an interim report on the Council's Treasury Management operations for the period 1st April to 31st December, 2021 and to submit for consideration the proposed 2022/23 Treasury Management and Investment Strategy.

The interim report provided an update on the Council's Treasury Management operations for the period 1st April to 31st December 2021. All activities were in accordance with the Council's approved strategy on Treasury Management. Details of monies borrowed and repaid and those invested were outlined in the report.

The report presented the proposed 2022/23 Treasury Management and Investment Strategy at Appendix 1 to the report.

The Council ensured that the Prudential Code was complied with, which had been developed by CIPFA as a professional code of practice. To demonstrate the Council had fulfilled these objectives, the Code set out prudential indicators that should be used and the factors that must be taken into account. These were shown in Appendix 1 to the report as part of the Strategy.

The Council also had a legal requirement to comply with the Welsh Government Guidance on Investments and had taken this into consideration when developing the Strategy.

Capital expenditure when financed by long term debt incurred two elements of cost, interest on and repayment of the principal sum borrowed. The resources the Council must put aside in each year to repay the principal sum borrowed was known as Minimum Revenue Provision (MRP) and the Council's policy for calculation was detailed in the report.

The Treasury Management Policy Statement for 2022/23 was attached at Appendix 2 to the report.

The Council would formally adopt the new CIPFA 2021 edition of The Prudential code published in December 2021 together with the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes.

The Leader said that there was also a Treasury Management training session available to any Member on 1st March, 2022 at 4pm.

This was a matter for Executive and Council decision.

Cabinet, having considered the report and all the issues and implications contained therein,

RESOLVED -

(1) T H A T the Treasury Management interim report for the period 1st April to 31st December 2021 be endorsed.

(2) T H A T the policy for making Minimum Revenue Provision in 2022/23 be approved.

(3) T H A T Cabinet recommend to Council on 7th March, 2022 that the proposed 2022/23 Treasury Management and Investment Strategy be approved including the following specific resolutions (detailed in Appendix 1):

- The Authorised Limit for External Debt be set at £223.352m for 2021/22, £241.693m for 2022/23, £274.792m for 2023/24 and £288.151m for 2024/25.
- The Operational Boundary for External Debt be set at £212.948m for 2021/22, £230.785m for 2022/23, £264.384m for 2023/24 and £277.743m for 2024/25.
- The Section 151 Officer be given delegated authority within the total Authorised Limit and Operational Boundary as estimated for individual years to effect movement between the separately agreed limits for borrowing and other long term liabilities.
- An upper limit is set on its fixed interest rate exposures of £148.716m for 2021/22, for 2022/23 of £172.311m, for 2023/24 of £208.615m and for 2024/25 of £230.455m of its net outstanding principal sum on its borrowings / investments.
- An upper limit is set on its variable interest rate exposures of £0 for 2021/22, 2022/23, 2023/24 and 2024/25 of its net outstanding principal sum on its investments.
- An upper limit of £10m for 2021/22, £10m for 2022/23, £10m in 2023/24 and £10m in 2024/25 is set for total principal sums invested for over 364 days.
- The amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate for 2022/23 be set as
-

	Upper Limit	Lower Limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	100%	0%

- The Prudential Indicators set out in Appendix 1 be approved.
- The Treasury Management Policy set out in Appendix 2 be approved.

(4) T H A T the formal adoption of the new CIPFA 2021 edition of The Prudential Code together with the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes be approved.

(5) T H A T the urgent decision procedure as set out in Section 14:14 of the Council's Constitution be used in order for the Treasury Management and Investment Strategy 2022/23 and Update for 2021/22 to be referred to Full Council on 7th March, 2022.

Reasons for decisions

(1) To present the Treasury Management Interim Report.

(2) To agree the basis of the Minimum Revenue Provision calculation for 2022/23.

(3) The Treasury Management and Annual Investment Strategy is prepared as required by the Local Government Act 2003.

(4) Approval of the adoption of the new CIPFA 2021 edition of The Prudential Code together with the Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes is a statutory requirement.

(5) To allow this matter to be referred to Full Council on 7th March, 2022."