



Decision Report

Report reference number: 014-23

Government security classification: Not protectively marked

Title of report: Treasury Management Strategy 2023-24

Area of county / stakeholders affected: Countywide

Report by: Austin Page - Financial Accounting and Compliance Manager

Date of report: 24th March 2023

Enquiries to: Neil Cross - Chief Financial Officer

1. Purpose of the report

This report is seeking approval of the Treasury Management Strategy 2023-24.

2. Recommendations

The Commissioner is asked to:

- a) Approve the Treasury Management Strategy 2023-24 (Appendix 1), and
- b) Note the key points of the strategy:
 - The Authority may need to borrow to deliver the 2025/26 capital programme.
 - Loans of £24.5m are held against an approved limit of £40m of debt.
 - The Authority is unable to repay loans early without significant penalties.
 - The Authority aims to maintain an investment portfolio of high credit quality investments with a liquid maturity profile.

3. Benefits of the proposal

This proposal:

- Fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- Allows for the effective management of the Authority's cash flows, borrowing and investments, and the associated risks.

4. Background and proposal

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds

and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

The Authority has engaged with Arlingclose, its treasury management advisors, to provide support in producing this strategy. However, all decisions relating to treasury management are the responsibility of the Authority.

5. Alternative options considered and rejected

Alternative investment strategies are considered in the Treasury Management Strategy as follows:

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and / or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and / or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise, and this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default, however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default, however long-term interest costs may be less certain

6. Strategic priorities

The Treasury Management Strategy is an important part of the Authority's overall strategic financial planning, as it helps to inform and support delivery of the Medium-Term Financial Strategy.

Adopting a Treasury Management Strategy will deliver on the priorities in the Fire and Rescue Plan, which include making the best use of our resources, and ensure we are transparent with regard to our cashflow, borrowing and investments.

7. Operational implications

The Treasury Management Strategy sets out the operational limits on borrowing and investments. It also gives guidance on approved counterparties and sets out prudential indicators which allow the Authority to benchmark its performance.

8. Financial implications

As at 31st March 2022, the Authority held loans of £24.5m and investments of £13m. The Strategy minimises the Authority's exposure to financial risk, such as credit loss, and ensures sufficient cash is held to meet its commitments.

The Authority receives interest in respect of the investments that it can make in accordance with the guidelines set out in the Treasury Management Strategy.

9. Legal implications

Department for Levelling Up, Housing and Communities (DLUHC) guidance under the Local Government Act 2003 requires local authorities to have regard to the CIPFA Code.

There are no further legal implications arising from this decision.

10. Staffing implications

There are no direct staffing implications arising from this decision.

11. Equality and Diversity implications

This decision will not impact on any of the protected characteristics as defined within the Equality Act 2010.

We have considered whether individuals with protected characteristics will be disadvantaged as a consequence of the actions being taken. Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:

Race	N	Religion or belief	N
Sex	N	Gender reassignment	N
Age	N	Pregnancy & maternity	N
Disability	N	Marriage and Civil Partnership	N
Sexual orientation	N		

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

12. Risks

A Treasury Management Strategy is an important control measure in ensuring medium-term financial plans are affordable and sustainable. It will enable the service to manage a reasonable level of unexpected financial pressures that may arise. It will also ensure that the service is able to continue with innovation and transformational improvement whilst at the same time ensuring that expenditure is not withheld unnecessarily.

Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk will be managed in accordance with the Treasury Management Strategy.

13. Governance Boards

This Treasury Management Strategy was presented to the following boards:

- Service Leadership Team on 28th February 2023.
- Strategic Board on 16th March 2023.

14. Background papers

Appendix 1 – Treasury Management Strategy.

Decision Process (014-23)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support the recommendation

.....

Sign: 

Date:.....23/03/2023.....

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

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Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority’s (“the Commissioner’s”) Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.

Monitoring Officer

Sign: 

Print: P. Brent-Isherwood

Date: 12 April 2023

Chief Finance Officer

Sign: 

Print:Neil Cross.....

Date: . . . 23/03/2023

Step 3 - Publication

Is the report for publication? **YES**

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

None

If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

- | | | |
|---|-------------------|-----------|
| 1 | Of Decision Sheet | NO |
| 2 | Of Appendix | NO |

If 'YES', please provide details of required redaction:

N/A

Date redaction carried out:

If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign: Print:

Date signed:

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree / do not agree the recommendations to this report:



Sign: (PFCC)

Print: Roger HIRST Date signed: 19th April 2023