

**THIS REPORT IS NOT EXEMPT AND IN THE PUBLIC DOMAIN**

**SOUTH WALES FIRE & RESCUE AUTHORITY**

AGENDA ITEM NO 6ix

27 MARCH 2023

REPORT OF THE TREASURER

**TREASURY MANAGEMENT STRATEGY 2023/24**

**THIS REPORT IS FOR DECISION**

REPORT APPROVED BY THE TREASURER

REPORT PRESENTED BY TEMP HEAD OF FINANCE, PROCUREMENT  
& PROPERTY

**SUMMARY**

The Authority's Annual Treasury Management Strategy and associated information is required to be approved in advance of the new financial year. The strategy provides the necessary framework from which officers will manage treasury activities on behalf of the Authority.

**RECOMMENDATION**

That the Fire Authority note and approve the following:

- Regulatory changes and reporting impacts
- The Treasury Management Strategy Statement (TMSS);
- Capital Prudential Indicators and Minimum Revenue Provision (MRP) Policy
- Borrowing Policy and Treasury Indicators / limits
- Annual Investment Strategy (AIS)
- The Treasurer to update strategies / policies as necessary

**1. BACKGROUND**

1.1 The Fire & Rescue Authority is required to approve in advance of each financial year its governance arrangements for treasury management activities. Detailed explanations of what these are, are contained in Appendix 1.

1.2 All Local Authority bodies are required by statute to approve the TMSS and associated policies annually.

**2. ISSUE**

2.1 The purpose of this report is for Members to consider the treasury management activities required to ensure short term liquidity and longer-

term capital spending plans in a prudent and sustainable manner and that cash resources are managed effectively.

- 2.2 In 2021 CIPFA revised both the Treasury Management Code and Prudential Code with changes impacting TMSS reporting and the risk management framework.
- 2.3 This Authority has regard to these Codes when it prepares the TMSS and related reports which are taken to Full Authority for final approval.
- 2.4 In summary, the revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

- 1. Treasury Management (applicable to this Authority)**
- 2. Service delivery**
- 3. Commercial return**

In addition, the revised Codes require the Authority to implement the following:

- a. Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form, with material differences between the liability benchmark and actual loans to be explained.
- b. Long-term treasury investments are to be classed as commercial investments unless justified by a cash flow business case.
- c. Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year.
- d. Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by the Authority.
- e. Reporting to members is to be done quarterly. Specifically, the Treasurer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Authority and can be reported as part of the authority's integrated revenue, capital, and balance sheet monitoring.

- f. Environmental, social and governance (ESG) issues to be addressed within an Authority's treasury management policies and practices (TMP1).

### 3 FINANCIAL IMPLICATIONS

- 3.1 The approval of the Treasury Management Strategy provides the control framework within which officers can operate to ensure that as far as possible the costs of borrowing are minimised, investment opportunities are maximised, and adequate liquidity is maintained so that payments can be made when they fall due. Such activities are undertaken whilst ensuring risk is kept to a minimum.

#### 3.2 Community and Environment

Equality, Diversity and Inclusion	No
Welsh Language	No
Well-Being Of Future Generations (Wales) Act	No
Socio Economic Duty	No
Sustainability / Environment / Carbon Reduction	No
Safeguarding	No
Consultation and Communications	No
Consultation with Representative Bodies	No
Impact Assessment	No

#### 3.3 Regulatory, Strategy and Policy

Legal	Yes
Financial	Yes
Procurement	No
Corporate Risk	No
Information Management	No
Data Protection / Privacy	No
Health, Safety and Wellbeing	No
Governance & Audit	Yes
Service Policy	No
National Policy	No

#### 3.4 Resources, Assets and Delivery

Human Resources and People Development	No
Assets and Resources (Property/Fleet/ICT/Equipment)	No
Service Delivery	No
Procurement	No
Budget Revenue/Capital	Yes

#### 4. RECOMMENDATION

4.1 That the Fire Authority note and approve the following:

- Regulatory changes and reporting impacts
- The Treasury Management Strategy Statement (TMSS)
- Capital Prudential Indicators and Minimum Revenue Provision (MRP) Policy
- Borrowing Policy and Treasury Indicators / limits
- Annual Investment Strategy (AIS)
- The Treasurer to update strategies / policies as necessary.

<b>Contact Officer:</b>	Lisa Mullan T/Head of Finance, Property & Procurement
<b>Background Papers</b>	<ul style="list-style-type: none"><li>- Local Government Act 2003</li><li>- CIPFA Treasury Management Code</li><li>- CIPFA Prudential Code</li><li>- WG MRP &amp; Investment Guidance</li><li>- Capital Budget Working Papers</li></ul>