

REPORT OF AUDIT COMMITTEE

(Meeting held on 29 January 2021)

1. TREASURY MANAGEMENT STRATEGY 2021/22 TO 2023/24 AND TREASURY INDICATORS (Minute No 72)

The Committee has considered the Council's Treasury Management Strategy Statement 2021/22 to 2023/24, including the Annual Treasury Management Investment Strategy for 2021/22 (and the remainder for 2020/21) and Treasury Indicators for the same period.

Following detailed consideration by the Committee, the policies and approvals sought are:

Treasury Management Strategy Statement

The Treasury Management Strategy Statement sets out how the Council's treasury service will support the capital expenditure and financing decisions taken over the three year period from 2021/22 to 2023/24. The day to day treasury management function and the limitations on activity through treasury indicators are also set out in the statement.

The report had been prepared prior to the adoption of the Capital Programme for 2021/22 and subsequent years. Therefore, the target indicators may be subject to minor variation. These indicators are targets only and minor adjustments will not be reported.

Any adjustments to the treasury management limits will be reported.

Treasury Management Investment Strategy

Treasury risk management at the Council is conducted within the framework of the CIPFA Treasury Management in Public Services: Code of Practice 2017 Edition (the CIPFA Code). The report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code. The Treasury Management Investment Strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

This Strategy is shown in Annex A to Committee Report 6. (The Committee noted a minor update to the figure in the table at Appendix B to Annex A, where the Unsecured figure in the first column should have read 8.9 instead of 2.9.)

The above policies and parameters provide an approved framework within which officers undertake the day to day treasury activities.

This Strategy aims to strike a balance between allowing for current investment levels to continue, whilst also considering the Council's intention to directly invest in both commercial and residential property.

RECOMMENDED:

- (a) *That the Treasury Management Strategy 2021/22 to 2023/24 including the Annual Treasury Management Investment Strategy for 2021/22 (and the remainder for 2020/21) and the Treasury Indicators contained within Annex A of Audit Committee Report 6 of the Audit Committee agenda, be approved, subject to the update to Annex A as set out above.*
- (b) *That authority be delegated to the Section 151 Officer, (who in turn delegates to Hampshire County Council's Director of Corporate Resources, as agreed in the Service Level Agreement, to manage all Council investments (other than the high yield investment portfolio) and borrowing, according Treasury Management Strategy Statement as appropriate.*

2. INVESTMENT STRATEGY 2021/22 (Minute No 73)

The Committee also considered the Investment Strategy for 2021/22, which the Council must produce to comply with statutory guidance.

The Investment Strategy is attached at Appendix B and incorporates all of the Council's investment activities, which consist of:

- **Treasury Management Investments** (see Item 1 above)
- **Commercial Investments**

The Commercial investments section of the strategy combines properties which have been in NFDC ownership for several years, as well as the accumulation of property investment strategies that have been adopted more recently by this Council.

Although the primary purpose of these adopted strategies is to support the economic sustainability and regeneration within the District and provide additional housing to support New Forest residents and communities, the strategies also generate a revenue return, hence being prevalent to this investment strategy. The strategy considers the contribution made by these investments, the security, the risk assessment process and liquidity.

The strategy sets out various performance indicators, designed to assist readers understand the implications of the Council's investing activities on the general fund, and the forecast yields expected from the differing investment categories.

RECOMMENDED:

That the Investment Strategy for 2021/22, as set out in Appendix 1 of Audit Committee Report 7 of the Audit Committee agenda, be approved.

**CLLR A O'SULLIVAN
CHAIRMAN**