

REPORT OF AUDIT COMMITTEE

[\(Meeting held on 27 January 2023\)](#)

1. TREASURY MANAGEMENT STRATEGY 2023/24 (MINUTE NO 38)

The Committee has considered the Treasury Management Strategy 2023/24 to 2025/26 including the Annual Treasury Management Investment Strategy for 2023/24 (and the remainder for 2022/23.) and the Treasury Indicators.

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 2023/24 to 2025/26.

The day-to-day treasury management function and the limitations on activity through treasury indicators are also set out in the Statement. This report has been prepared prior to the adoption of the Capital Programme for 2023/24 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 Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice (the CIPFA Code). This 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 in Section 5 of Item 5 of the Audit Committee agenda. 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 2023/24 to 2025/26 including the Annual Treasury Management Investment Strategy for 2023/24 (and the remainder for 2022/23.), and the Treasury Indicators contained within Annex A to Item 5 of the Audit Committee agenda, be agreed.***
- (b) That authority be delegated to the Section 151 Officer, who in turn delegates to Hampshire County Council's Director of Corporate Operations, as agreed in the Service Level Agreement, to manage all Council investments (other***

than the high yield investment portfolio) and borrowing according to the Treasury Management Strategy Statement as appropriate.

2. INVESTMENT STRATEGY 2023/24 (Minute No 39)

The Committee has also considered the proposed Investment Strategy for 2023/24.

The Council currently holds, and intends to increase, its exposure in a variety of Investments held in part for the purpose of generating additional income to the Council.

By producing this strategy report, the Council is following statutory guidance issued by the Government in January 2018

The Investment Strategy incorporates all of the Council's investment activities, which consist of:

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

Treasury Management Investments

The Investment Strategy has regard to the Treasury Management Strategy, which sets out in detail how the Council's treasury service will invest surplus cash, taking into consideration the requirements of the Council's capital programme, and other financing needs. The balance of treasury management investments fluctuates and can exceed £100m at given points during a fiscal period.

Property Investments

The Property investments section of the strategy brings together 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 2023/24, as set out in Appendix 1 of Audit Committee Report 6 of the Audit Committee agenda, be approved.

**CLLR A ALVEY
CHAIRMAN**