
Report to: Governance and Audit Committee

Date: 13 October 2022

Subject: **Treasury Management**

Director(s): Angela Taylor, Director, Corporate and Commercial Services

Author(s): Katie Hurrell, Head of Finance

1 Purpose of this report

- 1.1 To provide members with an update on the Treasury Management activities for 2021/22 and 2022/23 to date.

2 Information

- 2.1 The regular governance meetings continue to be held with both Treasury partners (separate arrangements are in place for the Police Fund) to consider and review the transactions relating to investments and treasury management. No areas of concern were raised since the last meeting in July and the next meeting is due on 17 October and 10 November 2022, with Leeds City Council Wakefield Council respectively. The high level of cash balances and the challenges with regard to placing funds with approved counterparties, unchanged since previously reported.
- 2.2 The budget report to the Combined Authority in February 2022 confirmed the treasury management arrangements encompassing the whole organisation in place for the year and no subsequent changes are proposed at this stage. These arrangements and prudential borrowing rules will continue to be applied throughout the coming year. This is set out in the Treasury Management Statement attached (**Appendix 1**).

Capital expenditure 2021/22

- 2.3 Total capital expenditure in 2021/22 was £252 million, funded through a combination of income streams but primarily grants from the Department for Transport and the Department for Housing, Levelling Up and Communities (in relation to the Getting Building Fund and Brown Field Housing Fund). These included the Local Transport Plan Integrated Transport block funding and highways maintenance grant totalling £49.6m which is then utilised by the Combined Authority and the constituent Local authorities, the £20m capital

grants for Brown Field Housing and £123m for the Transforming Cities programme that commenced during the year.

- 2.4 The Transport Fund (£30m) alongside of the City Deal element of the funding (£20.4m) received for 2021/22 have been applied to £72.9m of projects within the programme. An approved overspend in year on the Transport Fund programme has been accounted from the previous Growth Deal transport element of capital grants unapplied with the balance of £15.3m being under the borrowing requirement in line with the budgeted capital financing requirement.
- 2.5 The Combined Authority capital programme wholly relates to investment in Transport infrastructure and Economic regeneration projects. The Police Fund capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology. The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures.

Implementation of the CIPFA Codes of Practice 2021

- 2.6 Members were informed in the January 2022 meeting that CIPFA has updated and published the revised Codes of Practice for Capital and Treasury Management in December 2021. The Codes and changes within them have been examined in detail and changes will be considered and adopted in the Treasury Strategy, which will be presented to the Committee in the January meeting. The broad areas to be addressed, created, or updated are as follows:

Implementation timing, by start of financial year 2023/24

Knowledge and Skills of officers of Treasury Management (TM) remit

Investment Management Practices (IMP's) document creation.

Non-Treasury Investment (if applicable)

- need to include knowledge and skills of officers outside of strict TM remit for non-TM investments
- need to establish purposes, objectives and management arrangements including risk management procedures, training and skills for non-TM investments

Treasury Management Policy Statement (TMPS) to include statement of counterparty policy for borrowing and updated for all changes for the CA approval in February 2023

Treasury Management Reporting, annual strategy report, half year Report and outturn report

Prudential Indicators (PIs)

- Change and update existing PI's as required
- Produce and update new PI's for Investments
- Develop new local Indicators as necessary for risk management benchmarking
- Develop Liability benchmark for debt

- Develop Liability benchmark for investments if required.
- Produce PI monitoring tool for in year reporting with financial health quarterly reporting
- Ensure PI's reflect ring fenced accounts where necessary (e.g. Police and Crime Commissioners)

3 Financial Implications

3.1 There are no financial implications directly arising from this report.

4 Legal Implications

4.1 There are no legal implications directly arising from this report.

5 Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 That the Committee to note the position on treasury management.

8 Background Documents

None.

9 Appendices

Appendix 1 – Treasury Management Statement 2021/22 and review of 2022/23 to date.