

AGENDA ITEM 8**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****29TH JANUARY 2021****REPORT OF GROUP DIRECTOR OF FINANCE & RESOURCES****TREASURY MANAGEMENT STRATEGY 2021/22****SUMMARY**

This report presents the Authority's Treasury Management, Capital and Investment Strategies for the financial year 2021/22. The Capital Strategy incorporates within it the Minimum Revenue Provision Policy.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet approves the Treasury Management, Investment and Capital Strategies for 2021/22.

DETAIL

1. In December 2017 The Chartered Institute of Public Finance and Accountancy updated the Treasury Management Code of 2011. The Code was reviewed and updated following developments in the marketplace and the introduction of the Localism Act 2011 for English local authorities.
2. The code defines Treasury Management as the management of the organisations borrowing, investments and cash flows, banking, money market and its capital market transactions. The effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks. This definition is intended to apply to all public service organisations in their use of capital and project financings, borrowings and all investments.
3. As a result of consultation in late 2017 the Ministry of Housing, Communities and Local Government updated the Statutory Guidance on Local Authority investments
4. The revised code and statutory guidance was implemented in 2019/20. To meet with these new requirements the following three strategies have been produced:-
 - i. Treasury Management Strategy (Appendix 1) - the management of the Authority's cash flows, borrowing, investments, and the associated risks.
 - ii. Capital Strategy (Appendix 2) - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to

the functions of the Authority. Including an overview of how associated risk is managed and the implications for future financial sustainability.

- iii. Investment Strategy (Appendix 3) – investments held by the Authority hat are not managed as part of normal treasury management processes.
5. The underpinning Treasury Management Practices adopted to implement the Treasury Management Strategies remain unchanged from those approved by Cabinet in March 2018.

FINANCIAL IMPLICATIONS.

- 6. None

LEGAL IMPLICATIONS

- 7. None

RISK ASSESSMENT

- 8. The Treasury Management Strategy is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION & COMMUNICATION

- 9. None.

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