



Public Accounts Select Committee

Treasury Management Mid-Year Review 2021/22

Date: 23 September 2021

Key decision: No.

Class: Part 1.

Ward(s) affected: All

Contributors: Director of Finance

Outline:

The purpose of the draft report for Mayor and Cabinet appended to this report is to set out the following:

- An economic update for the five months of the 2021/22 financial year;
- A review of the Treasury Management Strategy;
- An update on the Council's capital expenditure programme and prudential indicators;
- A review of the Council's investment portfolio for 2021/22;
- A review of the Council's borrowing strategy for 2021/22; and
- A review of compliance with treasury and prudential limits for 2021/22.

Recommendation:

Public Accounts Select Committee are recommended to:

Note the report and the appended draft Treasury Management Mid-Year Review 2021/22 and appendices, and recommend that it be presented to Mayor and Cabinet on the 6 October 2021.

Timeline of engagement and decision-making

3 March 2021 – 2021/22 Budget Report to Council (Section 5.21 onwards: Treasury Management Strategy)

10 February 2021 – 2021/22 Budget Update Report to Mayor & Cabinet

3 February 2021 – 2021/22 Budget Report to Mayor & Cabinet

1. Summary

- 1.1. This report presents the draft Treasury Management Mid-Year Review 2021/22 and appendices due to be presented to Mayor and Cabinet on the 6 October 2021.
- 1.2. The purpose of the draft Treasury Management Mid-Year Review 2021/22 is to set out the following:
 - An economic update for the five months of the 2021/22 financial year;
 - A review of the Treasury Management Strategy;
 - An update on the Council's capital expenditure programme and prudential indicators;
 - A review of the Council's investment portfolio for 2021/22;
 - A review of the Council's borrowing strategy for 2021/22; and
 - A review of compliance with treasury and prudential limits for 2021/22.

2. Recommendations

- 2.1. Public Accounts Select Committee (PASC) are recommended to:

Note the report and the appended draft Treasury Management Mid-Year Review 2021/22 and appendices, and recommend that it be presented to Mayor and Cabinet on the 6 October 2021.

3. Policy Context

- 3.1. The Council's 2018 to 2022 Corporate Strategy identifies seven corporate priorities and four core values which are the driving force behind what we do as an organisation. It sets out a vision for Lewisham and priority outcomes that organisations, communities and individuals can work towards to make this vision a reality. Through the work on Covid recovery these are also supported by the four Future Lewisham themes.
- 3.2. In taking action to implement and review the Council's treasury management function, with the overriding objective to achieve security, maintain adequate liquidity, and seek yield in line with the Council's risk appetite, we will be driven by the Council's four core values:
 - We put service to the public first;
 - We respect all people and all communities;
 - We invest in employees; and
 - We are open, honest and fair in all we do.
- 3.3. These core values align with the Council's seven corporate priorities, as follows:
 - **Open Lewisham** - Lewisham is a welcoming place of safety for all where we

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celebrate the diversity that strengthens us.

- **Tackling the housing crisis** - Everyone has a decent home that is secure and affordable.
- **Giving children and young people the best start in life** - Every child has access to an outstanding and inspiring education, and is given the support they need to keep them safe, well and able to achieve their full potential.
- **Building an inclusive local economy** - Everyone can access high quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- **Delivering and defending health, social care and support** - Ensuring everyone receives the health, mental health, social care and support services they need.
- **Making Lewisham greener** - Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.
- **Building safer communities** - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.

3.4. As the Council seeks to support the borough and its businesses and residents through the pandemic and beyond, this recovery is based on the four key themes of Future Lewisham, these are:

- A Greener Lewisham;
- A healthy and well future;
- An economically sound future; and
- A future we all have a part in.

3.5. The Treasury Management Strategy will directly support the theme of an economically sound future for the borough and its residents.

4. Background

4.1. As per the CIPFA Treasury Management Code of Practice the role of the Committee is receiving and reviewing reports on treasury management policies, practices and activities.

5. Draft Treasury Management Mid-Year Review 2021/22 and appendices

5.1. The draft Treasury Management Mid-Year Review 2021/22 and appendices are attached to this report, the content of which are presented to PASC for review.

6. Financial implications

6.1. There are no direct financial implications arising from this report, all relevant financial implications are in the attached draft report.

7. Legal implications

7.1. There are no direct legal implications arising from this report, all relevant legal implications are in the attached draft report.

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8. Equalities implications

- 8.1. There are no direct equalities implications arising from this report, all relevant equalities implications are in the attached draft report.

9. Climate change and environmental implications

- 9.1. There are no direct climate change and environmental implications arising from this report, all relevant climate change and environmental implications are in the attached draft report.

10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from this report, all relevant crime and disorder implications are in the attached draft report.

11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from this report, all relevant health and wellbeing implications are in the attached draft report.

12. Background papers

- 12.1. The following papers are appended to this report:
- *Draft Treasury Management Mid-Year Review 2021/22*
 - *Appendix 1 – Interest Rate Forecasts 2021 – 2024*
 - *Appendix 2 – Extract from Credit Worthiness Policy*
 - *Appendix 3 – Benchmarking Extract*
 - *Appendix 4 – Economic Update from Link Asset Services*
 - *Appendix 5 – Approved Countries for Investment*
 - *Appendix 6 – Requirement of the CIPFA Treasury Management Code of Practice*

13. Report author and contact

- 13.1. For more information please contact David Austin, Director of Finance, 1st Floor Laurence House, 020 8314 9249, David.Austin@lewisham.gov.uk.
- 13.2. Financial implications: Katharine Nidd, Head of Strategic Finance, Planning and Commercial.
- 13.3. Legal implications: Mia Agnew, Contracts Lawyer.

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