

Rother District Council

Report to	-	Council
Date	-	7 March 2022
Report of the	-	Cabinet
Subject	-	References from Cabinet Meetings

The Council is asked to consider the recommendations arising from the Cabinet meeting held on 28 February 2022 as set out below.

CABINET – 28 February 2022**CB21/85. TREASURY MANAGEMENT STRATEGY STATEMENT AND
(11) ANNUAL INVESTMENT STRATEGY**

The Treasury Management Statement set out the Council's treasury issues and looked to ensure that the Council met its spending obligations. The Council was required to receive and approve at least three main reports each year to include:

- 1) Prudential and Treasury Indicators and the Treasury Strategy;
- 2) a Mid-Year Treasury Management Report; and
- 3) an Annual Treasury Report.

These reports incorporated a number of policies, estimates and actuals which were scrutinised by the Audit and Standards Committee prior to making recommendations to Cabinet and full Council.

The Treasury Management Strategy detailed the Council's capital issues and reviewed the position regarding investments, borrowing strategy, economic outlook and policies on the creditworthiness of counterparties.

The Annual Investment Strategy detailed the Council's investment priorities, promoting security, liquidity and investment return. In order to minimise risks, the Council stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list.

The 2022/23 draft Revenue Budget reported to Cabinet on 7 February 2022 presumed an income of £342,000 from treasury activities, which assumed a return of 0.64% from deposit type investments and 3.60% return from property fund investments. The forecast for the next five years continued to see low returns, based on the forecast use of cash reserves to support the Revenue Budget.

On the 20 December 2021, CIPFA published its updated Treasury Management and Prudential Borrowing codes. Local authorities were not required to embed the changes in their 2022/23 Treasury Management and Annual Investment Strategies, but full implementation would be required from 2023/24.

It was noted that the Department for Levelling Up, Housing and Communities (DLUHC) was proposing to tighten regulations around local authorities financing capital expenditure on investments in commercial projects for yield and had already closed access to all Public Works Loan Board borrowing if such schemes were included in an authority's capital programme. The Council had taken legal advice and it had been confirmed that all schemes in the Property Investment Strategy had been classed as regeneration schemes.

The DLUHC had also conducted a consultation on amending Minimum Revenue Provision (MRP) rules for English local authorities. The proposals would come into effect from the 1 April 2023 and would not be applied retrospectively. They were not expected to have any impact on the Council's proposed MRP policy however, could have implications for any borrowing that the Council provided to a third party, such as its own housing company. The impact of the changes would be reviewed during 2022/23 and reported to Members.

The expectation was that 2022/23 would see a return to some sort of stability in the investment environment but uncertainty around the pandemic would undoubtedly remain. The strategies proposed in the report, together with the interest rates forecast, were in line with the assumptions made when preparing the 2022/23 Revenue Budget. The costs of treasury operations were contained within the 2022/23 draft Revenue Budget.

RECOMMENDED: That the:

- 1) Treasury Management Strategy as set out at Appendix A to the report be approved and adopted;
- 2) Annual Investment Strategy as set out at Appendix B to the report be approved and adopted;
- 3) Minimum Revenue Provision Policy Statement 2022/23 be approved;
- 4) Prudential and Treasury Indicators as set out in Appendix A to the report be approved; and
- 5) authorised limits in the report be approved.

CB21/86.
(13)

HOUSING COMPANY BUSINESS PLAN

Consideration was given to the confidential report of the Chief Executive regarding the annual business plan proposal of the Council's Housing Company for the period 2022-25 and to meet the terms of the Shareholder Agreement between the Housing Company and the Council.

The Head of Housing and Communities (Chief Operating Officer Housing Company) updated Members on the Housing Company's annual business plan, which was attached at Appendix 1 to the report.

The importance of maintaining the confidentiality of this matter was reiterated to Members.

The ambitions of the Company had not changed since the last plan was adopted. Therefore, it was not proposed to significantly alter the Business Plan 2022-25. The principle aim of the Company remained the same: to seek to accelerate the delivery of quality housing throughout the district.

RECOMMENDED: That the Council's Housing Company business plan 2022-2025 be approved.

(Councillors Barnes, Drayson and Thomas each declared a Personal Interest in this matter as Company Executive Directors for the Council's Housing Company and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

Councillor D.B. Oliver
Leader of the Council

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