

Overview and Scrutiny Committee

Excerpt of minutes of the meeting held on Wednesday 28 September 2022 in the Town Hall, Royal Leamington Spa at 6.00 pm.

Present: Councillor Milton (Chair); Councillors Barton, J Dearing, Jacques, Kohler, Leigh-Hunt, Redford and Syson.

Also Present: Councillor Hales, Portfolio Holder – Resources; Councillor Rhead, Portfolio Holder – Climate Change; and Councillor Bartlett – Portfolio Holder – Economy and Culture.

26. **Apologies and Substitutes**

- (a) An apology for absence was received from Councillor King.
- (b) Councillor Quinney substituted for Councillor Cullinan; Councillor Davison substituted for Councillor A Dearing; and Councillor Illingworth substituted for Councillor Noone.

27. **Declarations of Interest**

There were no declarations of interest made.

28. **Minutes**

The minutes of the Overview and Scrutiny Committee meeting held on 9 August 2022 were taken as read and signed by the Chair as a correct record.

32. **Annual Treasury Management Report 2021/2022**

The Committee considered a report from Finance which covered Warwick District Council's Treasury Management performance for the whole of 2021/22, as attached at Appendix A to the report.

The Council was required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indicators for 2021/22. The report met the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

The Treasury Management Strategy for 2021/22 and the Council's Treasury Management Practices, in accordance with the Code of Practice for Treasury Management, required that the Treasury Management function reported on its activities during the year by no later than 30 September in the year after that being reported on.

During 2021/22, the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24/2/2021);

- a mid-year (minimum) treasury update report (Finance & Audit Scrutiny 03/11/2021); and
- an annual review following the end of the year describing the activity compared to the strategy (the current report).

In addition, the Council received a half-yearly Treasury Management update report for the second half of 2021/22, which was also on the agenda for the meeting.

The regulatory environment placed responsibility on Members for the review and scrutiny of Treasury Management policy and activities. The report was, therefore, important in that respect, as it provided details of the outturn position for treasury activities and highlighted compliance with the Council's policies previously approved by Members.

The Council was required to confirm that it had complied with the requirement under the Code to give prior scrutiny to all the above Treasury Management reports. In previous years, this had been undertaken within the scrutiny function of Finance & Audit Scrutiny Committee. As that Committee had ceased to exist and the Council only had a Scrutiny Committee, it was considered by officers that the report for now should come to the Overview & Scrutiny Committee before they were reported to the full Council.

Officers had considered this and, on reflection, in future felt that this work was more closely aligned with the Audit & Standards Committee and therefore it was recommended that this should fall under the remit of the Audit & Standards Committee. Officers had undertaken comparison work with other Councils and found that there was no unified approach across the sector. Grant Thornton tended to see treasury management reports being considered by an Audit Committee, with anything required then also going to Cabinet on the proposed approach (with referral to Council for certain decisions). This would not remove the ability for the Overview & Scrutiny Committee to consider any report regarding treasury management that was on the Cabinet agenda.

The report commented, where appropriate, on the Council's actual performance against what was forecast in the 2021/22 Treasury Management Strategy as well as, in certain instances, latest forecasts. The Council was also required to comment on its performance against its Annual Investment Strategy for the year.

In terms of alternative options, as explained above, the Code of Practice mandated that Annual Treasury Management Performance had to be reported by 30 September after that financial year had closed, demonstrating compliance with the Prudential Code, or explaining any divergence for the approved Treasury Management Strategy and Prudential Indicators.

The Council had announced that it would divest from fossil fuels at the earliest opportunity; no later than the end of 2025, and ideally by the end of 2022. The Council was able to take advantage of market movements to divest in September 2021, as outlined in the report.

The Council might consider varying its investment vehicles or counterparty limits; however, this would alter the potential credit and liquidity risks.

The 2021/22 Annual Treasury Management Report was contained at Appendix A to the report and demonstrated that the Council's Treasury Management activity was compliant with Prudential Indicators and the requirements of the Prudential Code.

Councillor Syson congratulated Councillor Hales, the Portfolio Holder for Resources, for presenting the Committee with such a good use of the Council's resources.

Resolved that the contents of the report in respect of the Council's Treasury Management activities during 2021/22, be noted; and

Recommended to Council that in future, updates on Treasury Management should be considered by the Audit & Standards Committee and the Constitution and relevant Policies be updated to reflect this.

(The meeting ended at 9.30pm)

CHAIR
1 November 2022