

## AVON FIRE AUTHORITY

<b>MEETING:</b>	<b>Avon Fire Authority</b>
<b>MEETING DATE:</b>	<b>Friday, 17 February 2023</b>
<b>REPORT OF:</b>	<b>The Treasurer</b>
<b>SUBJECT:</b>	<b>Treasury Management Strategy 2023 - 2026</b>

### 1. **SUMMARY**

The proposed Treasury Management Strategy for the period 2023 / 2026 is included at **Appendix 1**. This strategy is based on the previously approved 2022 / 2025 Treasury Management Strategy and provides an updated position for the Fire Authority.

### 2. **RECOMMENDATIONS**

The Avon Fire Authority is asked to:

- Approve the Treasury Management Strategy for 2023 / 2026.

### 3. **BACKGROUND**

3.1 Treasury Management is defined by CIPFA as “the management of the organisation’s borrowings, investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3.2 The majority of the Treasury Management functions are undertaken on behalf of the Fire Authority by Bristol City Council (BCC), working with the Head of Finance and Treasurer, in accordance with the terms of the Financial Services Contract. BCC provide all of the financial indices and financial forecasts which support this Treasury Management Strategy. Whilst BCC provide the Fire Authority with its Treasury Management services, the Fire Authority has overall responsibility for the implementation and regular monitoring of its Treasury Management policies and practices.

#### 4. FINANCIAL IMPLICATIONS

The Treasury Management Strategy is driven by the 2023 / 2026 Capital Strategy, with external borrowings projected to fund the majority of planned capital expenditure from 2025 / 2026.

##### Summary of 2023/26 Capital Strategy

Funding and Expenditure	2023/24	2024/25	2025/26	Total
	Programme £'000	Programme £'000	Programme £'000	Programme 23/24-25/26 £'000
Capital Receipts (from sale of HQ)	0	0	0	0
Capital Receipt from house sale	125	0	0	125
Capital Receipt from fleet disposals	25	25	25	75
Capital Reserve	6,181	3,094	0	9,275
Prudential borrowing	0	318	2,663	2,981
<b>Total Funding</b>	<b>6,331</b>	<b>3,437</b>	<b>2,688</b>	<b>12,456</b>
Premises	3,176	688	1,038	4,902
Operational Equipment	100	100	100	300
Fleet	1,834	2,099	1,000	4,933
ICT	300	300	300	900
Transformation	471	0	0	471
Control	450	250	250	950
<b>Total Expenditure</b>	<b>6,331</b>	<b>3,437</b>	<b>2,688</b>	<b>12,456</b>

#### 5. KEY CONSIDERATIONS

5.1 To ensure effective Treasury Management, the Fire Authority develops and maintains:

- An annual Treasury Management Strategy.
- A Treasury Management Policy Statement.
- Suitable Treasury Management practices, setting out the manner in which the Fire Authority will seek to achieve those policies and objectives and outlining how it will manage and control those activities.

This information is shown within **Appendix 1**.

5.2 With the Authority expecting to undertake external borrowing from 2024/ 2025 (for the first time since 2015), a review of available internal funding sources, particularly with regards to reserves has been recommended by the Treasurer.

5.3 The upswing in interest rates this year now also presents an investment opportunity. We currently have approximately £15m on deposit with Bristol City Council earning 3.18%%. Given these cash reserves and the updated capital programme, we believe that we are able to invest £5m in a one-year fixed deposit bond at 4.15%. This will provide additional interest income of £60k and

is permissible within our Treasury Management Strategy and the Prudential Code.

## **6. RISKS**

- 6.1 The Fire Authority has the power to invest to finance its Capital Programme, but the Prudential Code makes it clear the authority is responsible to ensure all capital, investment plans and borrowing are prudent, affordable and sustainable. This risk will be managed in accordance with the strategy and with advice from the Fire Authority's external Treasury Management advisors. This is consistent with the existing controls and planned mitigating actions relating to this risk (CR20 – Funding and Resource Pressures) in the Corporate Risk Register. The Treasurer will act in accordance with the Authority's policy statement; Treasury Management practices and CIPFA's Standard of Treasury Management in the public services.

## **7. LEGAL/POLICY IMPLICATIONS**

- 7.1 The Authority is required by section 15(1)(a) of the Local Government Act 2003 to have regard to such guidance as the Secretary of State may issue; and to the code of practice contained in the document entitled "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" published by CIPFA.
- 7.2 Under section 12 of the Local Government Act 2003 the Authority has the power to invest for "any purpose relevant to its functions" and "for the purposes of the prudent management of its financial affairs".
- 7.3 The Fire Authority must determine its Treasury Management decisions prudently and comply with the CIPFA Prudential Code for Local Authorities (2021) and the revised CIPFA Code of Practice for Treasury Management in the Public Services (2021).

## **8. BACKGROUND PAPERS**

- a) 2022 / 2025 AFA Treasury Management Strategy – AFA 22.06.22 Paper 14
- b) CIPFA Code of Practice for Treasury Management in the Public Services

## **9. APPENDICES**

Appendix 1 - Treasury Management Strategy and Glossary of key Treasury Management definitions.

**10. REPORT CONTACT**

Claire Bentley, Head of Finance  
Kevin Woodward, Temporary Treasurer