

From: Su Martin, **Financial Advisor, KEIFCA**

To: Kent and Essex Inshore Fisheries and Conservation Authority –  
25 May 2023

Subject: **TREASURY MANAGEMENT STRATEGY 2023/24**

Classification: **Unrestricted**

**Summary:**

This paper details the Treasury Management Strategy for the Authority during the 2023/24 financial year. It follows the Kent County Council Treasury Management Strategy where appropriate.

**Recommendation:**

Members are asked to **NOTE** the strategy as it is explained at paragraph 2.1 and 3.1 with KEIFCA monies remaining on deposit with Kent County Council unless better opportunities are found and **APPROVE** it for the year.

**1. Introduction**

1.1 Under financial regulations the financial advisor is responsible for reporting to the Authority a treasury management strategy and updating such a report on a yearly basis, usually as part of the budget setting process/medium term plan. This report sets out the treasury management strategy.

1.2 Local Authority's treasury activities, both borrowing and investment, are strictly regulated by statutory requirements and the CIPFA Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code). A fundamental requirement of the regulations and guidance notes is the formulation of an annual Treasury Management Strategy. Such a strategy should include:

- Borrowing and investment projections
- The expected movement in interest rates
- Borrowing and investment strategies
- Treasury management performance indicators

- 1.3 The Kent and Essex Inshore Fisheries and Conservation Authority has no borrowing, nor will it have in the foreseeable future, and only has positive cash balances.

At 31<sup>st</sup> March 2022 the Authority had an average closing balance of £1,854,481 invested via Kent County Council, in the equivalent of seven-day money at a rate tied to LIBOR (London Inter-Bank Offered Rate). As the funds are liquid i.e. available on demand without any notice, the 7 day rate was considered most appropriate

The standard interest for held funds is the average 7 day market rate. the average rates so increased throughout the financial year, beginning in April at 0.69% average and ending in March at nearly 4% average. The interest received by KEIFCA on the investment in 2022/23 was £46,070.58.

Month	Average open / Close Balance	Average Interest Rate	Number of Days	Interest earned in month
April	1,982,185.24	0.694	30	1,130.64
May	2,370,744.17	0.928	31	1,868.63
June	2,305,727.36	1.1151	30	2,113.19
July	2,241,149.33	1.2062	31	2,295.94
August	2,194,533.41	1.6562	31	3,086.86
September	2,147,972.18	1.9869	30	3,507.84
October	2,083,432.36	2.301	31	4,071.51
November	2,044,821.48	2.9172	30	4,902.87
December	1,993,792.20	3.2734	31	5,543.02
January	1,920,552.01	3.4746	31	5,667.58
February	1,862,606.29	3.9105	28	5,587.51
March	1,854,481.17	3.9967	31	6,295.00
<b>Total</b>				<b>46,070.59</b>

## 2. Current Strategy

- 2.1 The Council's strategy for 2023/24 is essentially the same as that for 2022/23. Given the continuing risk and very low returns from short-term unsecured bank investments the Council will continue to invest a significant proportion of the cash available for longer term investment in secure and / or higher yielding asset classes. It will continue to invest in money market funds and Government including local authority deposits to meet its liquidity requirements.

## 3. Current Position

- 3.1 Kent County Council works within the advice of Arlingclose, their Treasury advisors, in terms of bank deposits. Currently their maximum recommended deposit duration would be 6 months, though some institutions are still limited to 35 days. This is to mitigate against any bail-in risks should a bank fail. The min A- lower common denominator rating is applied for any bank or building society.

<http://www.kent.gov.uk/about-the-council/strategies-and-policies/corporate-policies/budget-book#tab-1>

**Recommendation:**

Members are asked to **NOTE** the strategy as it is explained at paragraph 2.1 and 3.1 with KEIFCA monies remaining on deposit with Kent County Council unless better opportunities are found and **APPROVE** it for the year.

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