

Report to	Council
Date of meeting	27 February 2024
Lead Member / Officer	Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets
Report author	Liz Thomas, Head of Finance and Audit
Title	Treasury Management Strategy Statement (TMSS) 2024/25 and Prudential Indicators 2024/25 to 2026/27 (Appendix 1)

1 What is the report about?

- 1.1 The TMSS (Appendix 1) shows how the Council will manage its investments and its borrowing for the coming year and sets the policies within which the treasury management (TM) function operates.

2 What is the reason for making this report?

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management (the "CIPFA TM Code") requires the Council to approve the TMSS and Prudential Indicators annually. A decision is required therefore to approve the recommendations below.

3 What are the Recommendations?

- 3.1 That Council approves the TMSS for 2024/25 (Appendix 1).
- 3.2 That Council approves the setting of Prudential Indicators for 2024/25, 2025/26 and 2026/27 (Appendix 1 Annex A).
- 3.3 That Council approves the Minimum Revenue Provision Statement (Appendix 1 Section 6).
- 3.4 That Council confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 2) as part of its consideration.

4 Report details

Background

- 4.1 TM involves looking after the Council's cash which is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 4.2 At any one time, the Council normally has up to £20m in cash so it needs to make sure that the best rate of return possible is achieved without putting the cash at risk.

TMSS 2024/25

- 4.3 The TMSS for 2024/25 is set out in Appendix 1. This report includes the following sections:
- 4.4 The Council's treasury investment strategy (section 3) which will continue to be to prioritise security and liquidity before seeking the highest rate of return. The Council holds minimal investments for short-term cashflow purposes and therefore mainly invests in UK Government's Debt Management Office and a high street bank call account.
- 4.5 The Council's borrowing strategy (section 4) continues to be to monitor interest rates and to take a mixture of short-term and long-term loans depending on the level of the respective rates.
- 4.6 The Council's Minimum Revenue Provision statement (section 6) for the year ahead, which shows no change from last year.
- 4.7 TM Prudential Indicators which set limits on the Council's TM activity as shown in Appendix 1 Annex A.

5 How does the decision contribute to the Corporate Priorities?

- 5.1 An efficient TM strategy allows the Council to minimise its borrowing costs and release funding for its investment priorities.

6 What will it cost and how will it affect other services?

- 6.1 There are no additional cost implications arising as a result of the setting of Prudential Indicators. The point of the TM Strategy is to obtain the best return within a properly managed risk framework.

7 What are the main conclusions of the Wellbeing Impact Assessment?

- 7.1 Financial planning and decision making should ensure that proper regard is given to the requirements of the Wellbeing of Future Generations Act and in particular, proper consideration of the long term impact of financial decisions, including the payback period and whole life costs of capital investment decisions, properly impact assessed budget proposals and long term debt and investment (treasury management) strategies. The principles of prudence, affordability and sustainability are already enshrined within the requirements of the Prudential Code and should underpin financial planning and decision making.
- 7.2 In the context of treasury management, the existing requirements to assess and report on the long term financial consequences of investment and borrowing decisions using prudential indicators and long-term debt planning support the sustainability goals of the Wellbeing Act.
- 7.3 The Wellbeing Impact Assessment report is included in Appendix 2 which shows how an efficient Treasury Management Strategy promotes the wellbeing goals of the Act.

8 What consultations have been carried out with Scrutiny and others?

- 8.1 The Strategy Statement was reviewed by the Governance and Audit Committee on 31 January 2024. The committee had no matters to draw to the Council's attention.
- 8.2 The Council has consulted with its TM consultants, Arlingclose Ltd.

9 Chief Finance Officer Statement

- 9.1 TM involves looking after significant sums of cash so it is a vital part of the Council's work. It requires a sound strategy and appropriate controls to safeguard the Council's money, to ensure that reasonable returns on investments are achieved and that debt is effectively and prudently managed.

9.2 It is a requirement of the CIPFA Code of Practice on TM for Council to approve a TMSS each financial year.

10 What risks are there and is there anything we can do to reduce them?

10.1 There are inherent risks involved in any TM activity as outlined in the Strategy Statement. The Council has a risk management policy but it is impossible to eliminate these risks completely.

11 Power to make the Decision

11.1 The Local Government Act 2003 determines the requirement for local authorities to set Prudential Indicators and requires the Council to comply with the Prudential Code of Capital Finance for Local Authorities that has been produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).