

Bolsover District Council

Audit & Corporate Overview Scrutiny Committee

20th January 2022

TREASURY STRATEGY REPORTS
2022/23 – 2025/26

Report of the Portfolio Holder for Finance

Classification: This report is public

Report By: Assistant Director of Finance and Resources

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PURPOSE / SUMMARY

To provide Council with the necessary information to approve the Authority's suite of Treasury Strategies for 2022/23 to 2025/26.

REPORT DETAILS

1 Background

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2 CIPFA issued a revised Prudential Code and Treasury Management Code in late December 2021. Due to the lateness the Codes were released, CIPFA are allowing a 'soft launch' of the Codes. This means the 2022/23 strategies are not based on the new Codes but The Council needs to be aware of the principals in the revised Codes and ensure that we adhere to them in all our activities. The 2023/24 strategy reports will include the full implementation of the revised Codes.
- 1.3 From 2019/20, the CIPFA Code required that a Capital Strategy be produced alongside the Treasury Management Strategy. In addition, the 2018 Investment Guidance issued by the then Ministry of Housing, Communities and Local Government, required local authorities to produce a Corporate Investment Strategy. So from 2019/20 there has been a requirement to produce three separate treasury strategies.

- 1.4 As in previous years, the Authority's Treasury Management Strategy provides the framework for managing the Authority's cash flows, borrowing and investments, and the associated risks for the years 2022/23 to 2025/26. The Treasury Management Strategy sets out the parameters for all borrowing and lending as well as listing all approved borrowing and investment sources. Prudential indicators aimed at monitoring risk are also included. **(Appendix 1)**.
- 1.5 The Capital Strategy is intended to be a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Authority's services. The report also provides an overview of the associated risk, its management and the implications for future financial sustainability. The Capital Strategy sets out the capital expenditure plans for the period and how they will be financed. It also provides information of the minimum revenue provision, capital financing requirement and prudential indicators aimed at monitoring risk **(Appendix 2)**.
- 1.6 The Corporate Investment Strategy focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management. Investments covered by this strategy include earning investment income through commercial investments or by supporting local services by lending to or buying shares in, other organisations **(Appendix 3)**.

2. Reasons for Recommendation

- 2.1 This report outlines the Authority's proposed suite of Treasury Strategies for the period 2022/23 to 2025/26 for consideration and approval by Council. It contains:
- The Treasury Management Strategy which provides the framework for managing the Authority's cash flows, borrowing and investments for the period.
 - The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Authority's services.
 - The Corporate Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

The above strategies provide an approved framework within which the officers undertake the day to day capital and treasury activities.

3 Alternative Options and Reasons for Rejection

- 3.1 Alternative options are considered throughout the report.

RECOMMENDATIONS

1. It is recommended that Council approve the Treasury Management Strategy at **Appendix 1** and in particular:
 - a) Approve the Borrowing Strategy.

- b) Approve the Treasury Management Investment Strategy.
 - c) Approve the use of the external treasury management advisors Counterparty Weekly List – or similar – to determine the latest assessment of the counterparties that meet the Authority’s Criteria before any investment is undertaken.
 - d) Approve the Prudential Indicators.
2. It is recommended that Council approve the Capital Strategy as set out in **Appendix 2** and in particular:
- a) Approve the Capital Financing Requirement.
 - b) Approve the Minimum Revenue Provision Statement for 2022/23.
 - c) Approve the Prudential Indicators for 2022/23 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£127.888m
Operational Boundary	£122.888m
Capital Financing Requirement	£117.888m

3. It is recommended that Council approve the Corporate Investment Strategy as set out in **Appendix 3**.

Approved by the Portfolio Holder - Cllr Clive Moesby, Executive Member for Finance

IMPLICATIONS

Finance and Risk: Yes No

Details:

Financial implications are covered throughout this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

As part of the requirements of the CIPFA Treasury Management Code of Practice the Authority is required to produce every year a Treasury Management Strategy and Capital Strategy which requires approval by full Council prior to the commencement of each financial year. This report is prepared in order to comply with these obligations. There are no data protection implications arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

There are no human resource implications arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	All
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Portfolio Holder

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Strategy
2	Capital Strategy
3	Corporate Investment Strategy
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	