

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

24th January 2023

TREASURY STRATEGY REPORTS
2023/24 – 2026/27

Report of the Assistant Director of Finance and Resources

Classification	This report is Public
Report By	Assistant Director of Finance and Resources
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PURPOSE/SUMMARY OF REPORT

To enable the Committee to consider the Authority's suite of Treasury Strategies for 2023/24 to 2026/27, prior to the report being taken to Council.

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 2021 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, these strategy reports include the full implementation of the revised Codes.
- 1.3 Since 2019/20 there has been a requirement to produce three separate treasury strategies. This report therefore, includes the strategy for Treasury Management, The Capital Strategy and the Corporate Investment Strategy.
- 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 2023/24 to 2026/27. 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 2023/24 to 2026/27 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.

RECOMMENDATION(S)

1. That Audit and Corporate Overview Scrutiny Committee note the report and make any comments that they believe to be appropriate to be given verbally at the Council meeting on 1st February 2022.

The Council report recommendations are as follows:

X1 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.

X2 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 2023/24.
- c) Approve the Prudential Indicators for 2023/24 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£139.500m
Operational Boundary	£134.500m
Capital Financing Requirement	£129.501m

X3 It is recommended that Council approve the Corporate Investment Strategy as set out in **Appendix 3**.

Approved by 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

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

Not applicable to this report

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

<p>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:</p> <p>Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	<p>No</p>
<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p>	<p>No</p>

<p>District Wards Significantly Affected</p>	<p>None</p>
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes</p> <p>Details: Portfolio Holder</p>

<p>Links to Council Ambition: Customers, Economy and Environment.</p>
<p> </p>

DOCUMENT INFORMATION	
Appendix No	Title
1	Treasury Management Strategy
1A	Arlingclose Economic & Interest Rate Forecast
1B	Existing Investment & Debt Portfolio Position
2	Capital Strategy
2A	Capital Programme
2B	Annual Minimum Revenue Provision Statement
3	Corporate Investment Strategy

Background Papers
<i>(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 Executive you must provide copies of the background papers).</i>
None