Bolsover District Council

Strategy Reports 2020/21

Introduction

- Conducted within the framework of Cipfa's Treasury Management in the Public Services: Code of Practice 2017.
- Authority to approve a Treasury Management Strategy before 1st of April.
- In the past Treasury Management Strategy contained all the information.
- Now produce 3 separate strategies.
- In February all will be reported to Council for approval.
- Here for you to consider and pass on any comments to Council.

The Treasury Management Strategy – Appendix 1

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- Treasury Management is the management of the Authority's cash flows borrowing and investments and the associated risks.
  - The Authority is exposed to financial risks due to it's investments and borrowing.
  - The identification, monitoring and control of financial risk are central to the Authority's financial management.

The Treasury Management Strategy contains:

- 1.6 – 1.22 local context.
- 1.23 – 1.35 The Borrowing strategy.
- 1.36 – 1.58 The Investment strategy.
- 1.59 – 1.64 Treasury management indicators.
- 1.65 onwards information about derivatives.

The Capital Strategy - Appendix 2

- Introduced by 2017 edition of the Prudential Code.
- Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year.
- Assets below £10,000 are not capitalised.

Capital Financing

- All capital expenditure must be financed either from:
- External sources such as government grants and other contributions.
- The Council’s own resources (revenue, reserves and capital receipts) or
- Debt, which is borrowing and leasing.

When Capital is Financed by Debt

- Debt is only a temporary source of finance, since loans must be repaid.
- This is therefore replaced over time by other financing, usually from revenue, which is known as minimum revenue provision (MRP).
- Alternatively proceeds from selling capital assets (known as capital receipts) may be used to replace the debt.
- The Council’s cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR).
- This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

The Capital Strategy contains:

- Table 1 Capital expenditure plans – summary.
- Appendix A Capital expenditure plans – detail.
- Table 2 how the capital expenditure will be financed – summary.
- Table 3 at 1.12 has the revenue implications of capital debt.
- Table 4 at 1.13 is estimated capital financing requirements.
- Appendix B The minimum revenue provision statement.

The Corporate Investment Strategy – Appendix 3

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- Introduced by the 2018 edition of the Government's Guidance on Local Government Investments.
- Focuses on service investments and commercial investments.
- We've already covered the Treasury Management Investments in the TM Strategy.

The Investment Strategy contains:

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- 1.10 – 1.18 Loans and shares for service.
- 1.19 - 1.23 Property held for investment purposes.
- 1.24 Loan commitments and financial guarantees.
- 1.30 – 1.33 Investment indicators.

Our Commercial Investments are

- **Property** - The Council invests in local, commercial and residential property with the intention of making a profit that will be spent on local public services.

- The Ministry for Housing Communities and Local Government, defines property to be an investment if it is held primarily or partially to generate a profit.

Service Investments

- **Loans** - The Council lends money to support local public services and to stimulate local economic growth.
- **Shares** - The Council invests in the shares of Dragonfly Development Limited.

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Any Questions?