



**Policy, Finance and
Development
Committee**

**Tuesday, 06 February
2024**

**Matter for
Information and
Decision**

Report Title: Treasury Management Policy and Strategies and Prudential Indicators (2024/25)

Report Author(s): Simon Ball (Senior Finance Business Partner)

Purpose of Report:	<p>This report contains the Capital Strategy and Prudential Indicators which ensure that the capital expenditure plans of local authorities are affordable, prudent, and sustainable.</p> <p>It also contains the Treasury Management Policy, Strategy and Plan including Treasury Management Indicators detailing the expected treasury management operations and impact on the prudential indicators for the forthcoming financial year.</p> <p>It fulfils the key requirements of the:</p> <ul style="list-style-type: none">• Local Government Act 2003;• The CIPFA Prudential Code for Finance in Local Authorities;• The CIPFA Code of Practice for Treasury Management in Public Services;• DLUHC Statutory Guidance on Local Government Investments; and <p>DLUHC Statutory Guidance on the Minimum Revenue Provision.</p>
Report Summary:	<p>The report contains the Council's:</p> <ul style="list-style-type: none">• Capital Strategy including the Prudential Indicators,• Treasury Management Policy• Treasury Management Strategy and Plan including Treasury Management Indicators• Minimum Revenue Provision (MRP) Statement• Investment Strategy for 2024/25.• Flexible Use of Capital Receipts Strategy for 2024/25
Recommendation(s):	<p>a) That the Capital Strategy 2024/25 including the Prudential Indicators (as set out in Appendix 1) be approved;</p> <p>b) That the Treasury Management Policy, Treasury Strategy and Plan 2024/25 (as set out in Appendices 2 & 3) be approved;</p> <p>c) That the Minimum Revenue Provision Statement 2024/25 (as set out in Appendix 4) be approved;</p> <p>d) That the Investment Strategy 2024/25 (as set out in Appendix 5) be approved; and</p> <p>e) That the Flexible Use of Capital Receipts Strategy (as set out in Appendix 6) be approved.</p>
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	<p>Sal Khan (Interim Strategic Director) (0116) 257 2690 sal.khan@oadby-wigston.gov.uk</p> <p>Bev Bull (Head of Finance /Section 151 Officer)</p>

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Strategic Objectives:	Our Council (SO1)
Vision and Values:	"A Stronger Borough Together" (Vision) Resourceful & Resilient (V4)
Report Implications: -	
Legal:	There are no implications directly arising from this report.
Financial:	The implications are as set out in this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Reputation Damage (CR4) Regulatory Governance (CR6)
Equalities and Equalities Assessment (EA):	There are no implications directly arising from this report. EA not applicable
Human Rights:	There are no implications directly arising from this report.
Health and Safety:	There are no implications directly arising from this report.
Statutory Officers' Comments: -	
Head of Paid Service:	Click to select comment.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None
Background Papers:	None
Appendices:	<ol style="list-style-type: none"> 1. Capital Strategy 2023/24 which includes the Prudential Indicators for 2024/25 – 2028/29 2. Treasury Management Policy 2024/25; 3. Treasury Management Strategy 2024/25 which includes the Treasury Management Indicators for 2024/25 - 2028/29; 4. Minimum Revenue Provision (MRP) Statement 2024/25; 5. Investment Strategy 2024/25. 6. Flexible Use of Capital Receipts Strategy 2024/25

1. Introduction

- 1.1 The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice and to prepare, set and publish a Capital Strategy including prudential indicators, and a

Treasury Management Policy, Treasury Strategy and Plan including treasury indicators that ensure the Council's capital expenditure plans are affordable, prudent and sustainable in the long- term.

- 1.2 The prudential indicators consider the affordability and impact of capital expenditure plans and set out the Council's overall capital framework. The prudential indicators summarise expected treasury activity, introduce limits upon that activity and reflect the underlying capital programme. As a consequence, a Treasury Management Strategy is prepared which considers the effective funding of the capital expenditure decisions and complements the prudential indicators.
- 1.3 The Council is required to operate a balanced budget, meaning that cash raised during the year will meet cash expenditure. As part of this, the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus moneys are invested in low risk counterparties commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The Council is required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby charges to revenue remain affordable within the projected income of the Council for the foreseeable future. These increases in charges may arise from increases in interest charges and debt repayment caused by increased borrowing to finance additional capital expenditure and any increases in operational running costs from new capital projects.
- 1.4 Treasury Management is, therefore, an important part of the overall financial management of the Council's affairs. Treasury Management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risk associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.5 Specific treasury indicators are prepared and included in the Treasury Management Policy and Strategy which also requires Member approval.
- 1.6 The Annual Investment Strategy for Treasury Management investments, sets the limits for the maximum amounts to be invested and the types of investments the Council may consider.
- 1.7 The Minimum Revenue Provision statement states how the Council will charge revenue for capital expenditure, which is financed by borrowing or credit arrangements. Local Authorities are required each year to set aside some of their revenues as provision for this debt. This was revised in November 2023.
- 1.8 The Council's capital and treasury activities are strictly regulated by statutory requirements and guidance, including the CIPFA Prudential Code for Capital Finance in Local Government, CIPFA Treasury Management Code of Practice, Department for Levelling Up Housing and Communities (DLUHC) Investment Guidance and DLUHC Minimum Revenue Provision (MRP) Guidance.
- 1.9 Full Council is required to approve the Capital Strategy and Treasury Management Policy statement for the forthcoming year at or before the start of the year.
- 1.10 Annual reporting to the Policy Finance and Development Committee (PFD) is required annually to on the activities of the treasury management operation and on the exercise of the Section 151 Officer's delegated treasury management powers.

2. CAPITAL STRATEGY, TREASURY STRATEGIES AND PRUDENTIAL INDICATORS 2024/25

2.1 The following strategies are attached as appendices for PFDC to recommend to Council on the 22nd February for approval:

- Appendix 1 – Capital Strategy 2024/25 which includes the Prudential Indicators for 2024/25 – 2028/29;
- Appendix 2 – Treasury Management Policy 2024/25
- Appendix 3 - Treasury Management Strategy 2024/25 which includes the Treasury Management Indicators 2024/25 - 2028/29
- Appendix 4 – Minimum Revenue Provision (MRP) Statement 2024/25;
- Appendix 5 – Investment Strategy 2024/25.
- Appendix 6 – Flexible Use of Capital Receipts Strategy 2024/25.

The values within these strategies align with the revenue and capital budgets. Changes in capital and treasury indicators will be reported to PFD on a quarterly basis. All changes to the budgets that impact on the strategies will be agreed with the Section 151 Officer in consultation with the Chair of Policy, Finance and Development Committee.