

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

18 January 2023

Treasury Strategy Reports 2023/24 - 2026/27

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: Jayne Dethick

PURPOSE/SUMMARY

To enable the Audit and Corporate Governance Scrutiny Committee to consider the attached treasury strategies prior to them being taken to Council for approval.

RECOMMENDATIONS

1. That the Audit and Corporate Governance Scrutiny Committee note this report and the attached strategies and make any comments that they believe to be appropriate with regards to them.

IMPLICATIONS

Finance and Risk **Yes ✓** **No**

These are considered throughout the report.

On Behalf of the Section 151 Officer

Legal including Data Protection **Yes ✓** **No**

As part of the requirements of the CIPFA Treasury Management Code of Practice the Council 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 issues arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing **Yes** **No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

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: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	No Details:

Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.

All

REPORT DETAILS

- 1.1 Treasury risk management at the Council 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 Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2 The CIPFA Code requires that a Capital Strategy be produced alongside the Treasury Management Strategy. In addition, the 2018 Investment Guidance issued by the Department for Levelling Up, Housing and Communities requires local authorities to produce an investment Strategy. So there is now a requirement to produce three distinct strategies which are detailed below.
- 1.3 The Treasury Management Strategy provides the framework for managing the Council'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.

- 1.4 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 Council's services. The report also provides an overview of the associated risk, its management and the implications for future financial sustainability. The Capital Strategy also sets out the capital expenditure plans for the period and how they will be financed. It provides information of the minimum revenue provision, capital financing requirement and prudential indicators aimed at monitoring risk.
- 1.5 The 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 income through commercial investments or by supporting local services by lending to or buying shares in other organisations.
- 1.6 The Flexible Use of Capital Receipts Strategy focuses on the Council's plans to utilise capital receipts for service reform in strict adherence of S15 (1) of the Local Government Act 2003.

2 Reasons for Recommendation

- 2.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2023/24 to 2026/27 for consideration and approval by Council on 30 January 2023. It contains:
 - The Treasury Management Strategy which provides the framework for managing the Council'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 Council's services.
 - The Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.
 - The Flexible Use of Capital Receipts Strategy which details plans to utilise capital receipts for service reform in strict adherence with S15 (1) of the Local Government Act 2003.

The above strategies are required to 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.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Strategy Reports 2023/24 – 2026/27 and Appendices 1-4.
Background Papers	