

North East Derbyshire District Council

Council

1 February 2021

Treasury Strategy Reports 2021/22 - 2024/25

Report of Councillor P Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

The purpose of this report is to provide Council with the necessary information to approve the Council's suite of Treasury Strategies for 2021/22 to 2024/25.

1 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 Ministry of Housing, Communities and Local Government requires local authorities to produce an investment Strategy. So there is now a requirement to produce three separate treasury strategies.
- 1.3 As in previous years, the Council's Treasury Management Strategy provides the framework for managing the Council's cash flows, borrowing and investments, and the associated risks for the years 2021/22 to 2024/25. 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).
- 1.4 The Capital Strategy 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 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).

- 1.5 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 (Appendix 3).
- 1.6 At its meeting on 20 January, the Audit and Corporate Governance Scrutiny Committee considered the suite of treasury management reports. The Council's treasury management advisors were also present. The impact of external factors on the Council's treasury management investments was discussed and the Committee requested that a report be presented to a future meeting further exploring this impact. The report will include a number of factors including information on the risk of investing in banks due to bail in rules and a review of the Council's current portfolio in respect of ethical investments. Findings from the review can be considered for inclusion in future strategies.

2 Conclusions and Reasons for Recommendation

- 2.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2021/22 to 2024/25 for consideration and approval by Council. 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 above strategies provide an approved framework within which the officers undertake the day to day capital and treasury activities.

3 Consultation and Equality Impact

- 3.1 There are no equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 Alternative options are considered throughout the

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 These are considered throughout the report

5.2 Legal Implications including Data Protection

5.2.1 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.

5.2.2 There are no Data Protection issues arising directly from this report.

5.3 Human Resources Implications

5.3.1 There are no human resource implications arising directly out of this report.

6 Recommendations

6.1 It is recommended that Council approve the Treasury Management Strategy at Appendix 1 and in particular:

- a) Approve the Borrowing Strategy
- b) Approve the 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 Council's Criteria before any investment is undertaken.
- d) Approve the Prudential Indicators

6.2 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 2021/22
- c) Approve the Prudential Indicators for 2021/22 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£202,762,000
Operational Boundary	£197,761,000
Capital Financing Requirement	£192,761,000

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

6.4 It is recommended that Council note the review of Investments by the Audit and Corporate Governance Scrutiny Committee, the outcomes of which can be considered for inclusion in future strategies.

7 Decision Information

<p>Is the decision a Key Decision?</p> <p>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><i>BDC: Revenue - £75,000</i> <input type="checkbox"/></p> <p><i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/></p> <p><i>Capital - £250,000</i> <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In?(Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8 Document Information

Appendix No	Title
1	Treasury Management Strategy
2	Capital Strategy
3	Investment Strategy
<p>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)</p>	
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