

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25th JAN 2024

Capital Strategy 2024/25 Including Treasury Management Strategy

Relevant Portfolio Holder	Councillor Luke Court – Portfolio Holder for Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Bernard Ofori-Atta
Report Author: Bernard Ofori-Atta	Job Title: Head of Finance & Customer Services Contact email: Bernard.ofori-atta@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. **Audit, Governance and Standards Committee are asked to RECOMMEND TO COUNCIL that:**
 - i) **the Capital Strategy (Appendix A) as an appropriate overarching strategy for the Council be approved.**
 - ii) **the Treasury Management Strategy for 2024/25 (Appendix B) and the associated MRP policy (Appendix C) be approved.**
 - iii) **the Investment Strategy (Appendix D) be approved.**

2. BACKGROUND

- 2.1 The report for 2024/25 is required following changes in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Department of Levelling Up, Housing and Communities (DLUHC) guidance. It combines an overview of how capital expenditure, capital financing, treasury and other investment activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. The strategies set limits and indicators that embody the risk management approach that the Council believes to be prudent. The strategies are set against the mid-term financial strategy, the context of the UK economy and projected interest rates.
- 2.2 The Council are required to set a balanced operating budget. The role of the treasury function is to manage cash flow within the authority so that the demands of expenditure can be met. The policies included in this report set out the criteria in which the Council can manage its Treasury management function.

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25th JAN 2024

- 2.3 The CIPFA Code of Practice for Treasury Management in Public services (the CIPFA TM Code) and the Prudential Code require local authorities to set the Treasury Management Strategy Statement (TMSS) and Prudential Indicators each financial year. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance. In addition the Council has to receive a report on treasury management and this is reported on a quarterly basis which is included within the Quarterly Monitoring Report.
- 2.4 CIPFA has defined Treasury Management as:
- “the management of the organisation's investments, cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 2.5 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council's approved Treasury Management Practices and include:
- Liquidity Risk (Adequate cash resources)
 - Market or Interest Rate Risk (Fluctuations in the value of investments)
 - Inflation Risks (Exposure to inflation)
 - Credit and Counterparty Risk (Security of Investments)
 - Refinancing Risks (Impact of debt maturing in future years)
 - Legal & Regulatory Risk (Compliance with statutory and regulatory requirements)
- 2.6 The guidance requires investment strategies to comment on the use of treasury management consultants and on the investment of money borrowed in advance of spending needs.
- 2.7 In formulating the Treasury Management Strategy and the setting of the Prudential Indicators, the Council adopts the Treasury Management Framework and Policy recommended by CIPFA.
- 2.8 Given the Council is yet to formally close its 2020/21, 2021/22, and 2022/23 accounts at the present time. The Strategies will be updated, if required, once the Accounts have been closed and approved.

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25th JAN 2024

3. LEGAL IMPLICATIONS

- 3.1 This is a statutory report under the Local Government Act 2003.

4. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 4.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

Climate Change Implications

- 4.2 The green thread runs through the Council Plan. This includes the Capital and Treasury Management Strategies.

5. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 5.1 There are no direct equalities implications arising as a result of this report.

Operational Implications

- 5.2 None as a direct result of this report, service requirements which form the Capital Programme are the base data for this report.

6. RISK MANAGEMENT

- 6.1 Failure to manage the Treasury Management function effectively to ensure the delivery of maximum return within a secure environment. Controls in place to mitigate these risks are as follows:

- Regular monitoring of the status of the organisations we invest with
- Daily monitoring by internal officers of banking arrangements and cash flow implications.

7. APPENDICES and BACKGROUND PAPERS

Appendix A – Capital Strategy 2024/25

Appendix B – Treasury Management Strategy 2024/25

Appendix C – Minimum Revenue Provision Statement 2024/25

Appendix D – Investment Strategy 2024/25

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE and STANDARDS COMMITTEE

25th JAN 2024

9. REPORT SIGN OFF

Department	Name and Job Title	Date
Portfolio Holder	Cllr Luke Court	17/01/2024
Lead Director / Head of Service	Pete Carpenter	15/01/2024
Financial Services	Bernard Ofori-Atta	15/01/2024
Legal Services	Claire Felton	15/01/2024
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	