

## Recommendation from the Executive – 21 March 2024

Executive  
Minute  
reference  
76

### Treasury Management Strategy 2024/25

The Executive Member for Finance, Governance and Organisation, Councillor Lewanski, introduced the Treasury Management Strategy 2024/25 for the coming year. The Strategy comprises of three sections:

- (i) The **Treasury Management Strategy Statement (TMSS)** – this sets out details of the Council’s ‘traditional’ treasury management activities such as sources of borrowing and investment counterparties and limits.

In response to an Advance Question raised by the Chair of Overview and Scrutiny Committee, he confirmed that the Capital Financing Requirement (CFR) that is reported in the Quarter 3 monitoring report that Members considered at Agenda Item 8, was originally prepared in March last year when the 2023/24 Treasury Strategy was drafted. These CFR forecasts were recently updated when preparing the Strategy to reflect the capital programme outturn position for 2022/23 and 2023/24 and updated forecasts for capital expenditure and financing over the medium term.

The two separate snapshots were therefore the 2022/23 balances and forecasts in the quarterly performance report to monitor the current year’s treasury position and the updated 2024/25 forecasts in the Strategy report which will be used to monitor next year’s treasury activity.

Another factor to note was the £40m capital receipt last summer from sale of accommodation units at The Rise which has a beneficial impact on the Council’s underlying investment balances and borrowing requirement.

- (ii) The **Investment Strategy** – this covers the Council’s investments and a summary of those made for service or commercial reasons. It confirms that provision has already been made, funded through a call on the Commercial Risks Reserve in previous years, for expected credit losses, relating to company loans and shareholdings.

- (iii) The **Capital Strategy** – this outlines the Council's capital expenditure plans and core borrowing (internal or external) and investing activities. It includes the Prudential Indicators that the Council is required to report under CIPFA's Code of Practice.

One ongoing area of uncertainty related to the outcome of the latest consultation on changes to how the Minimum Revenue Provision (MRP) is calculated and accounted for. If there are changes, this will need to be reflected through updates to the MRP Policy which was attached as an annex to the Strategy.

There were no further comments from Executive Members. Councillor Harrison, Chair of Overview and Scrutiny Committee, thanked the Committee Members who attended the briefing session with the Council's Treasury Advisors (Arlingclose) and the Chief Finance Officer on 5 March 2024 which covered background to treasury management in local government and the underlying drivers for the 2024/25 Strategy. Councillor Harrison observed that he was heartened by the very pertinent questions from Members.

The Chief Finance Officer confirmed that written answers would be provided.

**RESOLVED – that the Executive RECOMMEND to Council to approve the following:**

- **Treasury Management Strategy for 2024/25;**
- **Investment Strategy 2024/25; and**
- **Capital Strategy 2024/25.**

