

Audit and Governance Committee

31 January 2024

Report of the Chief Finance Officer

Portfolio of the Executive Member for Finance, Performance, Major Projects, Equalities and Inclusion

Scrutiny of the Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29

Summary

1. This report is a statutory requirement setting the strategy for treasury management and specific treasury management indicators for the financial year 2024/25. The strategy is set against a context of projected interest rates and the Council's capital expenditure programme and leaves investment criteria and limits largely unchanged.
2. The Council has significant investments and borrowing which bring with them financial risk including the loss of invested funds and the revenue impact of changes in interest rates. It therefore requires an overall strategy as well as practices and procedures to identify, monitor and control the risks.

Recommendations

3. Audit and Governance Committee is asked to scrutinise the treasury management strategy statement and prudential indicators for 2024/25 to 2028/29 at annex 1.

Reason: So that those responsible for scrutiny and governance arrangements are properly updated and able to fulfil their responsibilities in scrutinising the strategy and policy

Background

4. The Treasury Management Strategy Statement and Prudential Indicators 2024/25 to 2028/29 are attached at annex 1 and cover the:

- Integrated treasury management strategy statement including the annual investment strategy and the minimum revenue provision policy statement;
 - Prudential indicators
 - Revised treasury management policy statement
 - Specified and non-specified investments schedule
 - Treasury management scheme of delegation and role of the section 151 officer
5. On 20 December 2021 the Chartered Institution of Public Finance and Accountancy (CIPFA) published the revised Treasury Management Code and Prudential Code with changes which come into effect for and are formally adopted within the 2023/24 Treasury Management Strategy Statement (TMSS). The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval. As part of the updated code the Council is required to ensure that it has appropriate risk, investment, governance and reporting processes in place.

Consultation

6. Not applicable.

Options

7. Not applicable. It is a statutory requirement for Council to operate in accordance with the CIPFA Prudential Code.

Council Plan

8. The treasury management strategy statement and prudential indicators are aimed at ensuring the Council maximises its return on investments and minimises the cost of its debts whilst operating in a financial environment that safeguards the council's funds. This will allow more resources to be freed up to invest in the council's priorities, values and imperatives as set out in the Council Plan.

Implications

Financial

9. The security of council funds is a priority, maximising returns on investments and along with minimising the finance costs of debt.

Legal Implications

10. Treasury Management activities have to conform to the Local Government Act 2003 and statutory guidance issued under that Act, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

Other Implications

11. There are no other implications as a result of this report.

Risk Management

12. The treasury management function is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003 (as amended), supporting regulations, the CIPFA Prudential Code and the CIPFA Treasury Management in the Public Services Code of Practice (the code) are all adhered to as required.

| Contact Details | |
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| Author | Chief Officer responsible for the report |
| Debbie Mitchell Chief Finance Officer debbie.mitchell@york.gov.uk | Debbie Mitchell Chief Finance Officer |
| Tony Clark Senior Accounting Technician tony.clark@york.gov.uk | |
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| Wards affected | All |

Annexes:

Annex 1 – Treasury Management Strategy Statement and Prudential Indicators for 2024/25 to 2028/29 Executive Report and Annexes A – D.

Abbreviations

CIPFA – Chartered Institution of Public Finance and Accountancy