
TREASURY MANAGEMENT STRATEGY 2023/24

Report by Acting Chief Financial Officer

SCOTTISH BORDERS COUNCIL

23 February 2023

1 PURPOSE AND SUMMARY

- 1.1 This report proposes the Treasury Management Strategy 2023/24 for Council approval.**
- 1.2 The Treasury Management Strategy is the framework which ensures that the Council operates within prudent, affordable limits in compliance with the CIPFA Code.
- 1.3 The Strategy for 2023/24 is included in this report at Appendix 1 and reflects the impact of the draft Financial Plans for 2023/24 onwards on the prudential and treasury indicators for the Council.

2 RECOMMENDATIONS

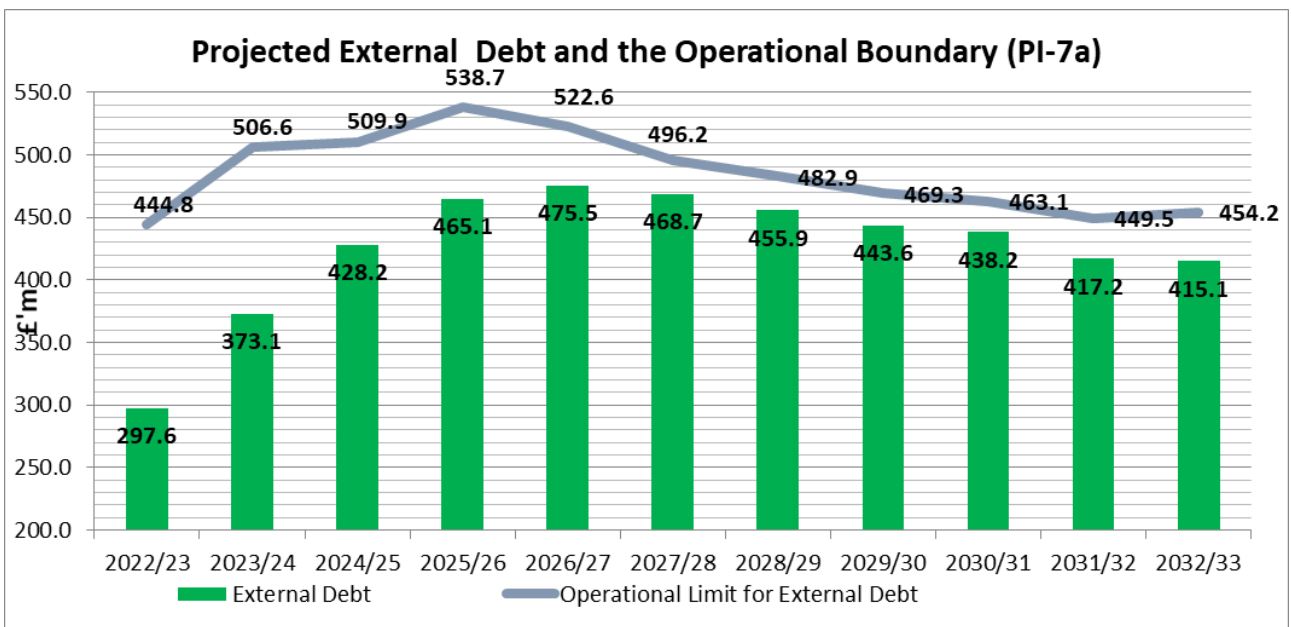
- 2.1 **It is recommended that Council:**
 - (a) Approves the Treasury Management Strategy 2023/24 as set out in Appendix 1;**
 - (b) Notes that the draft Treasury Management Strategy was considered by Audit Committee on 13 February 2023;**
 - (c) Reviews capital expenditure plans going forward to ensure they remain realistic, affordable and sustainable; and**
 - (d) Ensures that the revenue consequences of all capital projects be fully reviewed in all investment decisions.**

3 BACKGROUND

- 3.1 In line with recommended practice set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code (i.e. Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes) the Audit Committee scrutinised the 2023/24 Treasury Management Strategy on the 13th February 2023 and recommended it for Council approval.

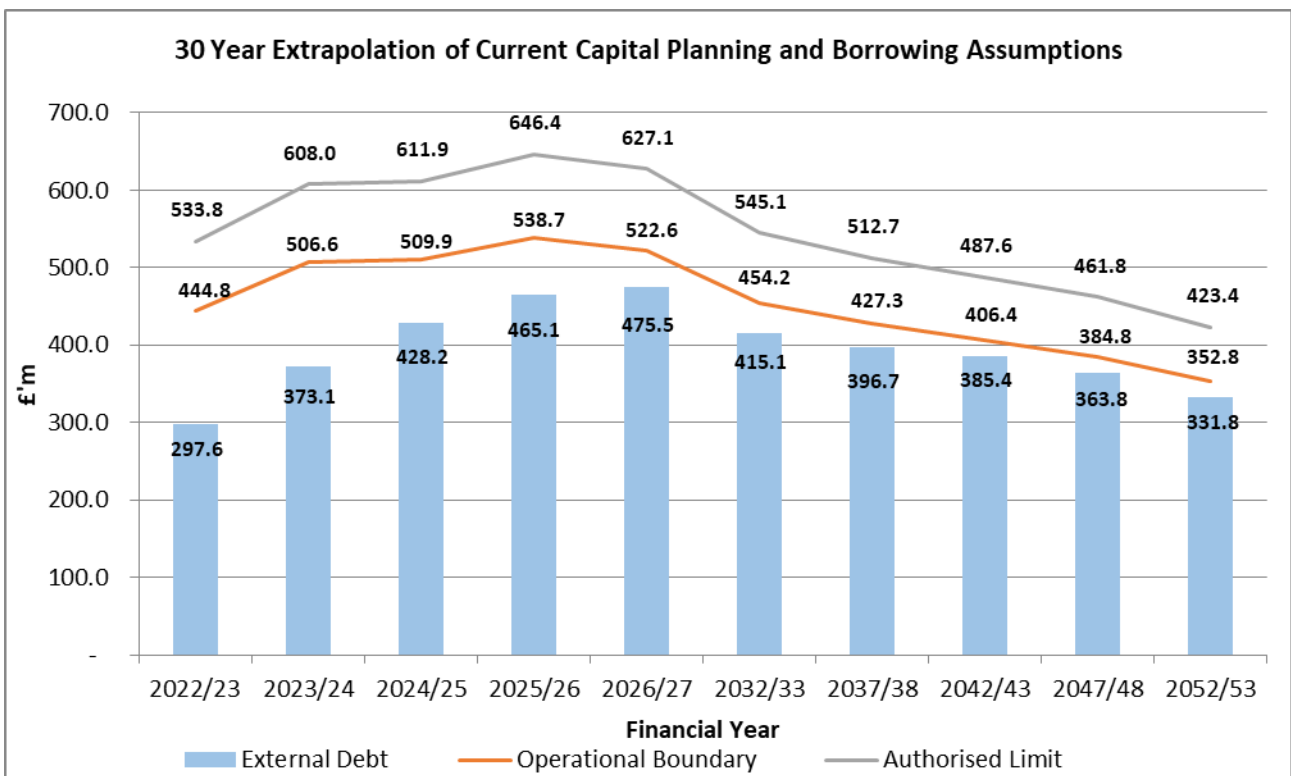
4 TREASURY MANAGEMENT STRATEGY 2023/24

- 4.1 Appendix 1 contains the draft Treasury Management Strategy for 2023/24 for consideration by Council.
- 4.2 This is based on the draft Financial Capital Plans for 2023/24 to 2032/33, which are being presented to Council elsewhere on this agenda.
- 4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy. The significant change from the 2022/23 strategy is:
- (a) An increase in the Capital Financing Requirement (CFR) of £29.093m as a result of re-profiling of the debt liability repayments of the Council's PPP contracts as at 1 April 2023. The increase in the CFR will continue to be reduced by the revised repayments after each Service Concession Arrangement contract has expired until the end of the revised period.
- 4.4 The table overleaf shows the "Operational Boundary" against the anticipated levels of external borrowing. The external borrowing levels should not normally exceed the operational boundary limit, defined by the Prudential Framework. The gap between these two elements as seen in the table, consistently shows that the Council maintains an "under-borrowed" position. The gap however is reducing over the years due to the ambitious capital programme.



4.5 The chart below details projected external borrowing for the next 5 financial years and then at each 5 year interval up to 2052/53. Alongside this, the Operational Boundary and Authorised Limit are also shown. The chart is designed to inform long term scenario planning in line with best practice.

It should be noted that from 2032-33, the first year outwith the current 10 year Capital Plan, a 10 year average capital expenditure, and annual borrowing requirement of £10.5m, has been assumed.



4.6 A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council has measured the LB for a 10 year period in line with the Capital Plan. There are four components to the LB: -

- 1 Existing loan debt outstanding
- 2 Loans CFR
- 3 Net loans requirement
- 4 Liability benchmark (or gross loans requirement)

The measurement shows the Council to be in an under-borrowed position with a requirement for further borrowing in future years. The Council will actively monitor the progress of the Capital Plan and align forecast spend to the most efficient borrowing options available at that time.

- 4.7 The implementation of IFRS16 has been delayed until 2023/24 year end. When implemented this will mean that leases which were previously off balance sheet will now be included. Leases form part of the other long term liability figures which make up the Prudential Indicators. The data gathering has been substantially completed and the financial implications are being assessed.

5 IMPLICATIONS

5.1 Financial

There are no additional financial implications in relation to this report, its content specifically relating to the financing and investment activities of the Council.

5.2 Risk and Mitigations

The risks to delivering the Strategy have been identified within the Strategy itself at Appendix 1. Controls and mitigating actions have been implemented, monitored and reviewed in line with the Council's Risk Management Policy. The Strategy provides the parameters and guidance for the investment and borrowing decisions for the Council.

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which forms part of the governance of the Treasury function within the Council.

5.4 Sustainable Development Goals

There are no direct economic, social or environmental issues with this report which would affect the Council's sustainability policy.

5.5 Climate Change

There are no direct carbon emissions impacts as a result of this report.

5.6 Rural Proofing

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 Data Protection Impact Statement

There are no personal data implications arising from the proposals contained in this report.

5.8 Changes to Scheme of Administration or Scheme of Delegation

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

6 CONSULTATION

- 6.1 The Chief Legal Officer (including as Monitoring Officer), the Chief Officer Audit and Risk, Director People Performance & Change, Communications and the Clerk to the Council are being consulted and any comments received will be reported to the meeting.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Signature

Author(s)

Name	Designation and Contact Number
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Background Papers:

Previous Minute Reference: not applicable

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