
TREASURY MANAGEMENT STRATEGY 2024/25

Report by Director of Finance and Procurement

AUDIT COMMITTEE

12 February 2024

1 PURPOSE AND SUMMARY

- 1.1 This report is to enable the Audit Committee to undertake their scrutiny role in relation to the Treasury Management activities of the Council. It presents the proposed Treasury Management Strategy for 2024/25 for consideration prior to Council approval.**
- 1.2 CIPFA (Chartered Institute of Public Finance and Accountancy) defines Treasury Management as 'The management of the local authority's borrowing, investments and 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'. 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 2024/25 to be submitted to Council on 29 February 2024 is included in this report at Appendix 1 and reflects the impact of the Administration's draft Financial Plans for 2024/25 onwards on the prudential and treasury indicators for the Council.

2 RECOMMENDATIONS

- 3.1 It is recommended that the Committee considers whether to make any comments or recommendations on the draft Treasury Management Strategy for 2024/25 prior to presentation to Council for approval.**

3 BACKGROUND

4.1 The Audit Committee is responsible for scrutinising the Treasury Management Strategy in line with recommended practice set out in the CIPFA Code (i.e. Treasury Management in the Public Services: Code of Practice and Cross-Sectorial Guidance Notes).

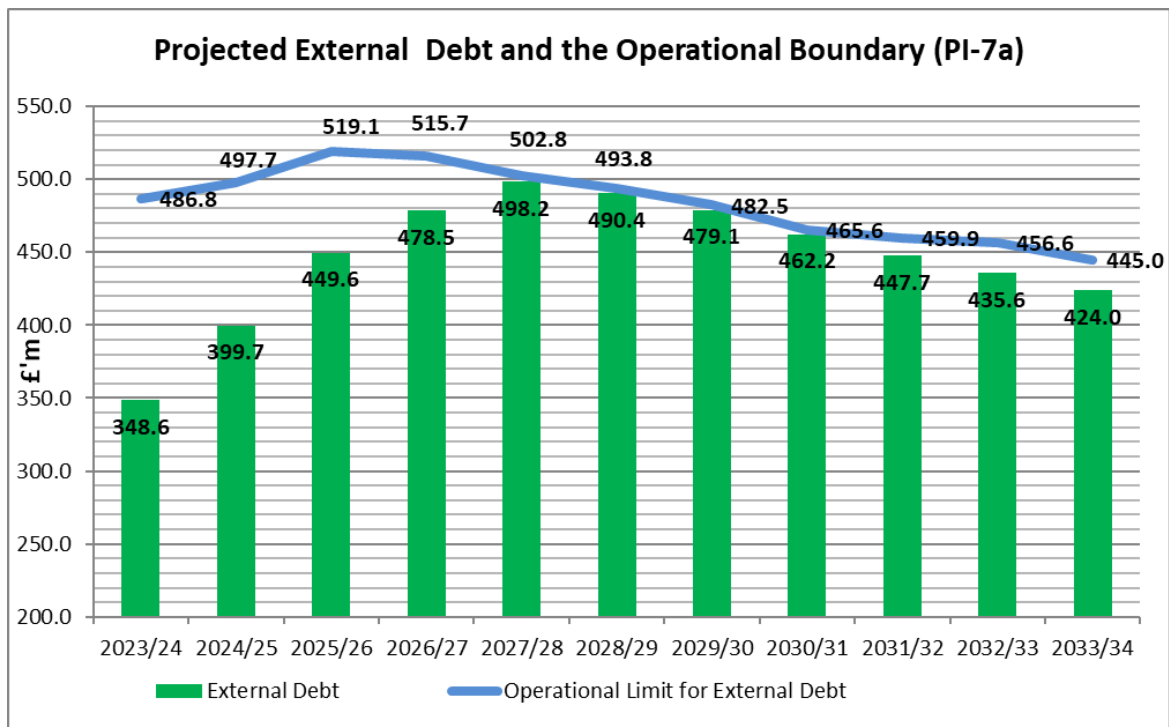
4 TREASURY MANAGEMENT STRATEGY 2024/25

4.1 Appendix 1 contains the draft Treasury Management Strategy for 2024/25 for consideration by the Audit Committee.

4.2 This is based on the current draft Financial Capital Plans for 2024/25 to 2033/34, yet to be published and as such is subject to change as these plans will not be presented to Council for approval until 29 February 2024.

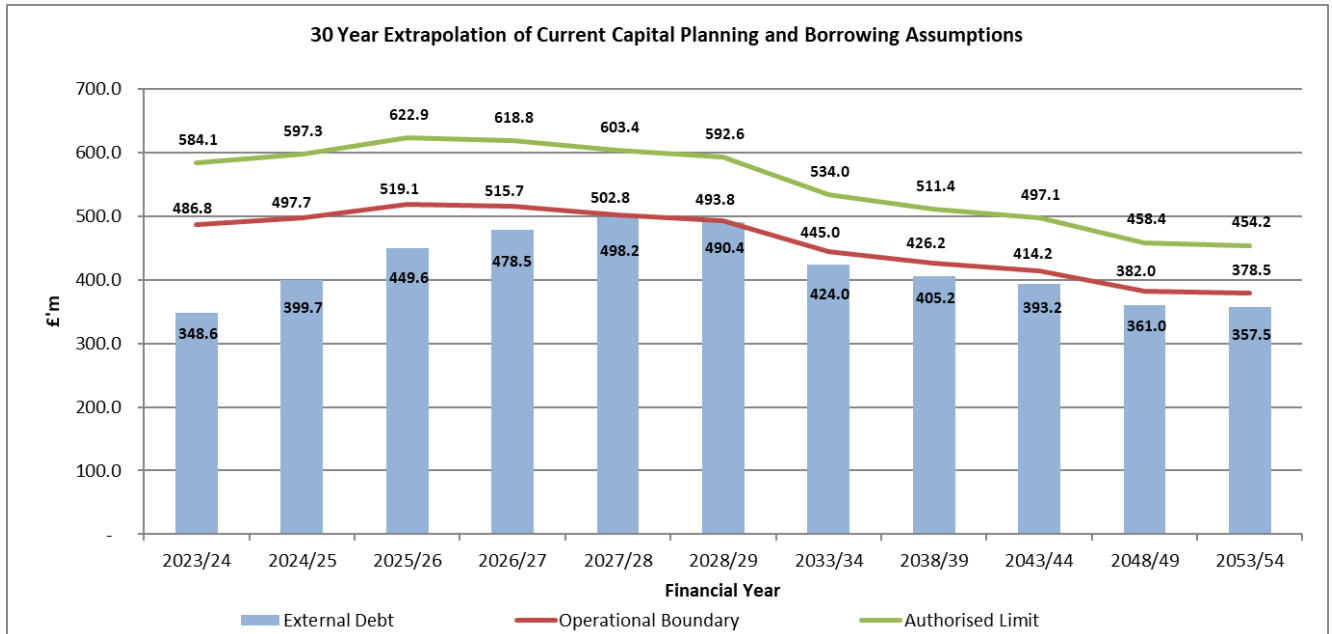
4.3 Appendix 1, Annex A contains a summary of the proposed indicators within the strategy.

4.4 The table below 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 2053/54. 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.

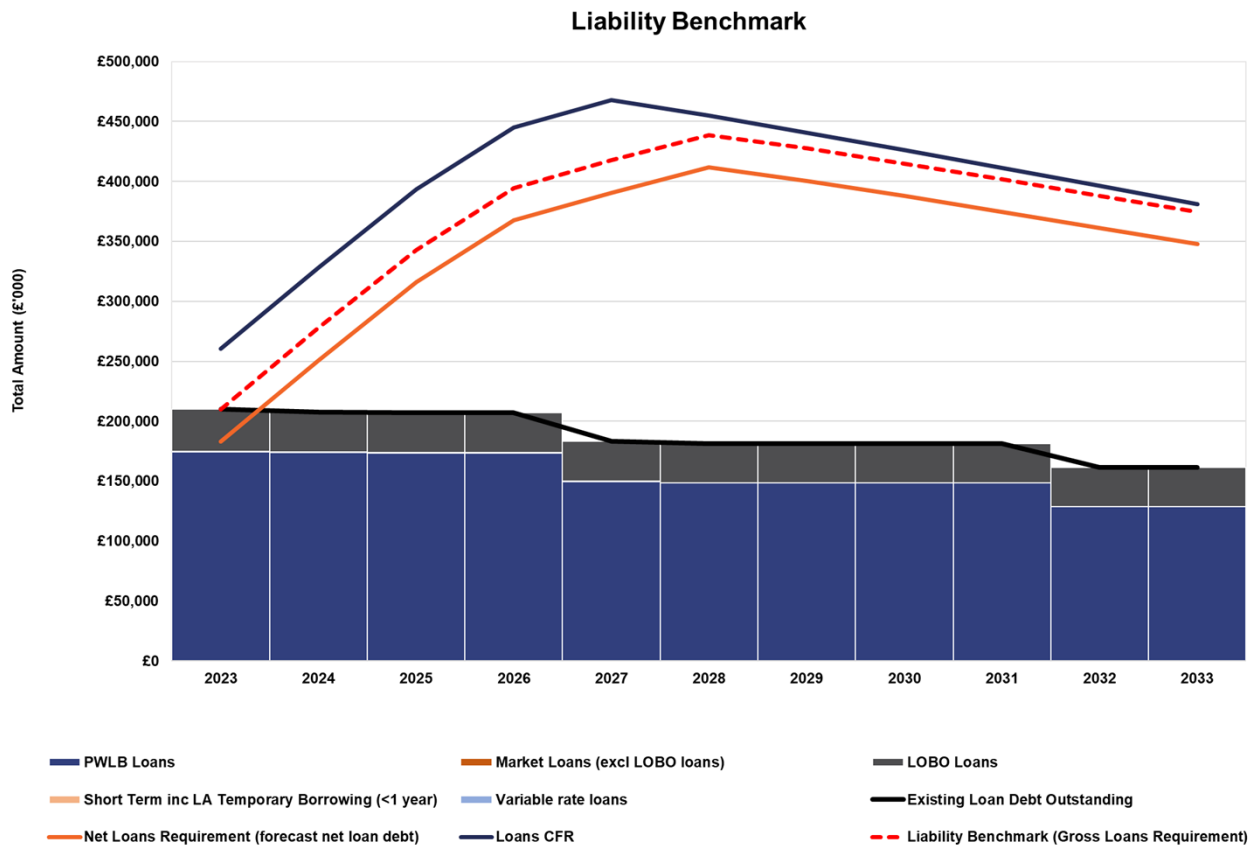
It should be noted that from 2032-33, the first year outwith the current 10 year Capital Plan, a 10 year average capital expenditure, and annual borrowing requirement of £10.5m, has been assumed.



4.6 A third prudential indicator 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 on the graph below 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 deferred until 1st April 2024. When implemented this will mean that leases which were previously off balance sheet and funded via revenue sheet will now be included. Leases form part of the other long term liability figures which make up the Prudential Indicators that will be reported in the Treasury Management Strategy Statement for 2025/2026.

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 key purpose of presenting the Strategy to Audit Committee is to ensure that the members are satisfied with this element of the risk management framework for the treasury management function within the Council. 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
Director of Finance and Procurement

Signature

Author(s)

Name	Designation and Contact Number
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Background Papers:

Previous Minute Reference: not applicable

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