

## **GOVERNANCE AND AUDIT COMMITTEE: 26 March 2024**

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### **TREASURY MANAGEMENT STRATEGY 2024/25**

### **REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 9.1**

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#### **Reason for this Report**

1. The Governance and Audit Committee Terms of Reference sets out their responsibility for undertaking scrutiny of the accounting, audit and commercial issues in relation to the Council's Treasury Management Strategy and practices.
2. A Treasury Management Strategy for 2024/25 was approved as part of the Budget Report to Council in March 2024. This report has been prepared to provide Governance and Audit Committee Members with the Treasury Management Strategy for 2024/25.

#### **The Draft Treasury Management Strategy**

1. The strategy is included at Appendix 1 and covers the following areas: -
  - Introduction to the Capital Strategy, Capital Financing Requirement and Treasury Strategy
  - The current treasury position
  - Economic background and prospects for interest rates
  - Borrowing, including: -
    - Policy
    - Annual Minimum Revenue Provision (MRP) Policy Statement
    - Council borrowing requirement
    - Borrowing Strategy and choice between internal and external borrowing
  - Treasury management indicators and limits for 2024/25 to 2028/29
  - Treasury investment policy and strategy, including security and investments approved for use
  - Non-Treasury investments – Service investment and investment primarily for yield
  - The Treasury Function
  - A glossary of terms.

2. The main points to note in the Treasury Management Strategy are:
- It is currently a single integrated strategy for the Council as a whole rather than separate strategies for the Housing Revenue Account and the Council's General Fund.
  - The strategy is required to be drafted in accordance with Welsh Government guidance on investments and the requirements of the CIPFA Treasury Management Code..
  - The current level of the Capital Financing Requirement is based on previous budgets and expenditure, whilst future forecasts are determined in the Capital Strategy approved as part of the budget in March 2024.
  - Maintaining the previously agreed approach to making prudent provision for debt repayment of debt.
  - The timing of borrowing decisions, associated risks and financial implications will be important in order to achieve a balance between using temporary cash balances held (internal borrowing) and shorter dated borrowing in the short term and securing parts of the Council's long term borrowing requirement.
  - There is little change to the Investment Section with the priority for Treasury investments being security, liquidity then yield, with the Strategy retaining the potential use of a range of investment options to increase diversification and increase individual limits to support the management of cash in a low interest environment. Joint Ccommittee temporary cash will be managed within criteria and parameters set out in the strategy.
  - Strong credit critetria are set for investments undertaken by the Council based on Fitch Credit Criteria.
  - The Treasury Management Strategy is intended to apply from the date of approval by Council in March 2024.
  - Assessment of the skills, capacity and resilience of the Treasury function to implement the strategy adopted.

### **Reason for Report**

3. To note the Treasury Management Strategy for 2024/25 and provide any comments as necessary to be considered as part of the mid year report or for the corporate director to consider as part of their delegation to implement the Treasury Management Activities.

### **Legal Implications**

4. No direct legal implications arise from this report.

## **Financial Implications**

5. The Treasury Management Strategy is the outcome of decisions taken as part of Council's budget proposals and its financial position. It does have financial implications which are consistent with and form part of the budget proposals for 2024/25, Medium Term Financial Plan and Capital Strategy considered by Council in March 2024.
6. In approving the Capital Strategy and Treasury Management Strategy, Council Members will need to consider the affordability, prudence and sustainability of an increasing borrowing requirement in line with the Prudential Code. This includes a range of financial and procedural mitigations to support an expanding investment programme and mitigate against risks to affordability.

## **RECOMMENDATION**

7. That Governance and Audit Committee note the Treasury Management Strategy for 2024/25. and provide any comments as necessary to be considered as part of the Mid-year update report or for the corporate director to consider as part of their delegation to implement the Treasury Management Activities.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**  
**26 March 2024**

*The following appendix is attached*  
Appendix 1 – Treasury Management Strategy 2024/25