

London Borough of Waltham Forest

Report Title	Treasury Management Strategy, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2024-25
Meeting / Date	Council, 29 th February 2024
Directorate	Finance
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Wards affected	None Specifically
Public access	Open
Appendices	Appendix 1 – Treasury Management Strategy Statement 2024-25

1. Summary
 - 1.1. This report recommends the Full Council to approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Strategy and Annual Investment Strategy for 2024-25 and the Treasury Management Policy Statement and Clauses.
 - 1.2. This report sets out the context within which the Council's treasury management activity operates and outlines a proposed strategy for the coming year. The report considers the Council's borrowing and investment strategy alongside required Prudential Indicators. It also identifies risk reduction strategies that have been established to ensure the fundamental aims of security, liquidity, and yield of the Council's investments.
 - 1.3. The Council is required to actively manage its substantial cashflows daily. The need to place monies in investments or to borrow monies to finance capital programmes and to cover daily operational needs, is an integral part of daily cash and investment portfolio management.
2. Recommendation
 - 2.1. The report is asking the Full Council's Committee to:

- 2.1.1. **Approve** the Treasury Management Strategy Statement and Annual Investment Strategy Report 2024-25. See appendix 2,3 and 4 on page 21 to 27.
- 2.1.2. **Approve** the MRP strategy for 2024-25. See appendix 1 on page 19-20.
- 2.1.3. **Approve** the Prudential Indicators as set out in the Treasury Management Strategy, which demonstrate that the Council's capital investment plans are affordable prudent and sustainable. See page 15-16.

3. Proposals

- 3.1. Treasury Management in the context of the report is defined 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." (CIPFA Treasury Management Code of Practice 2021).
- 3.2. The Council has powers under Part 1 of the Local government Act 2003 to borrow (i.e. prudential borrowing) and invest money in accordance with statute. In carrying out these functions, the Council is required to have regard to both the statutory guidance which is the DLUHC (previously MHCLG) Investment Guidance and MRP Guidance and the CIPFA Treasury Management and Prudential code by the Local Government Act 2003. The Council should follow the guidance unless there is good reason not to. The Guidance requires the Council to agree a treasury strategy for borrowing and to prepare an annual investment strategy, an interim report, and an annual treasury management review.
- 3.3. The attached appendix is presented to the Council to approve the Treasury Management Strategy, MRP Strategy and Annual Investment Strategy for 2024-25 and Treasury Management Policy Statement and Clauses to be formally adopted. The report includes details of the Strategy for 2024-25, borrowing and investment forecasts based on cash flow and the capital expenditure.
- 3.4. The strategy is in compliance with the statutory regulations and guidance.

4. Options and Alternatives Considered

- 4.1. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The Treasury Team will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.
- 4.2. The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then yield.

5. Consultation

- 5.1. The Treasury Management Team and Treasury Strategy Group are consulted on the content of this report. Members of these groups includes the following officers: Strategic Director of Resources, Director of Financial Services, Asst Director of Pensions & Treasury, Strategic Finance Advisors and Treasury Manager.
- 5.2. The Council's treasury adviser (LINK) has advised on the content of the report.

6. Implications

6.1. Finance, Value for Money and Risk

- 6.1.1. This report details financial activity and possible future proposals in respect of treasury strategy. Any proposed changes will be made to maximise the value and effective utilisation of the Council's finances and in accordance with CIPFA's Code of Practice.

6.2. Legal

- 6.2.1. The Council's Constitution provides that all money held by the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the officer responsible for the proper administration of the Council's financial affairs the Strategic Director of Resources (Section 151 officer).
- 6.2.2. This report sets out the Council's position regarding its legal requirements under the CIPFA Prudential Code, Code of Practice on Treasury Management in Local government, and other regulations.

6.3. Equalities and Diversity

6.3.1. There are no specific implications.

6.4. Sustainability (including climate change, health, crime and disorder).

6.4.1. There are no specific implications.

6.5. Council Infrastructure (e.g. human resources, accommodation or IT issues)

6.5.1. There are no specific implications.

Background Information (as defined by Local Government (Access to Information) Act 1985)

None