

Update of Changes to Cabinet Report MCa/19/45 - Joint Capital, Investment & Treasury Management Strategies 2020/21

MID SUFFOLK DISTRICT COUNCIL

TO: Mid Suffolk Cabinet	REPORT NUMBER: MCa/19/45
FROM: Cabinet Member for Finance	DATE OF MEETING: 10 February 2020
OFFICER: Katherine Steel, Assistant Director, Corporate Resources	KEY DECISION REF NO. CAB145

JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2020/21

1. PURPOSE OF REPORT

- 1.1 This report presents the Joint Capital, Investment and Treasury Management Strategies for the financial year 2020/21.
- 1.2 These are in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code, the CIPFA Prudential Code, which were both updated in 2017, and the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, which introduced the requirement to prepare a Capital Strategy and an Investment Strategy. The Treasury Management Strategy remained largely unchanged.
- 1.3 The Prudential Indicators and Minimum Revenue Provision (MRP) Statement are linked to the Budget report that will be presented at this Cabinet meeting and the Full Council meetings in February 2020.
- 1.4 The Codes of Practice recommend that these strategies are subject to scrutiny before being presented to Full Council, which falls within the remit of the Joint Audit and Standards Committee.

2. OPTIONS CONSIDERED

- 2.1 This report fulfils the Councils legal obligations to have regard to the Code and MHCLG Guidance.
- 2.2 Individual strategies were considered but Joint Strategies have been prepared.

3. RECOMMENDATIONS TO BOTH COUNCILS

That the following be approved:

- 3.1 The Joint Capital Strategy for 2020/21, including the Prudential Indicators, as set out in Appendix A and the updates tabled at the meeting.
- 3.2 The Joint Investment Strategy for 2020/21, as set out in Appendix B and the updates tabled at the meeting.
- 3.3 The Joint Treasury Management Strategy for 2020/21, including the Joint Annual Investment Strategy as set out in Appendix C and the updates tabled at the meeting.
- 3.4 The Joint Treasury Management Indicators as set out in Appendix D.
- 3.5 The Joint Treasury Management Policy Statement as set out in Appendix G.
- 3.6 The Joint Minimum Revenue Provision Statement as set out in Appendix H.
- 3.7 That the key factors and information relating to and affecting treasury management activities set out in Appendices E, F, and I be noted.
- 3.8 That Officers and Members, Working Parties and whatever mechanisms have been set up commence exploring alternative investment strategies that take greater account of the Councils' own declaration of a climate change emergency.

REASON FOR DECISION

Local authorities are required to approve their Treasury Management Strategy (TMS), their Capital Strategy (including an overview of the TMS) and their Investment Strategy annually before the start of the financial year.

Appendix A – Joint Capital Strategy

Paragraph 4.7: Words changed from £196.07m to £195.87m for Mid Suffolk

Paragraph 4.9 Table 7: Borrowing and the Liability Benchmark

Borrowing and Liability Benchmark						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Mid Suffolk District Council	Actual £m	Forecast £m	Budget £m	Budget £m	Budget £m	Budget £m
Outstanding Borrowing (Debt)	(145.29)	(139.58)	(169.90)	(166.54)	(158.09)	(168.61)
Liability Benchmark	131.98	152.59	178.71	192.40	197.16	195.87
	(13.30)	13.01	8.81	25.86	39.08	27.26

Paragraph 8, Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

Proportion of Net Financing Costs to Net Revenue Stream						
Mid Suffolk District Council	2019/20 Forecast	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	
General Fund -						
Net Financing costs / (Income) £m	(0.97)	(0.84)	(1.40)	(1.19)	(0.88)	
Proportion of net revenue stream %	-7.25%	-5.67%	-9.93%	-8.53%	-6.72%	
Council Housing (HRA) -						
Net Financing costs £m	2.90	2.96	3.14	3.14	3.11	
Proportion of net revenue stream %	19.96%	20.25%	20.19%	19.09%	18.22%	

Appendix B Joint Investment Strategy

Paragraph 5.1, Table 3: Proportionality of Investments

Proportionality of Investments						
Mid Suffolk District Council	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
Gross service expenditure	33.28	33.81	33.37	34.54	34.91	35.32
Gross Investment income	1.76	2.76	3.36	4.78	4.60	4.24
Proportion	5.28%	8.17%	10.06%	13.83%	13.17%	12.01%

Appendix C - Joint Treasury Management Strategy

Paragraph 3.3, Table 1: Capital Financing Requirement Summary and forecast

Cumulative Capital Financing Requirement						
Mid Suffolk	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
General Fund	36.28	37.53	40.33	40.94	42.46	42.17
Capital Investments	30.00	45.55	57.46	61.29	61.29	61.29
Council Housing (HRA)	87.97	91.74	95.63	105.25	108.27	108.27
Total CFR	154.25	174.81	193.41	207.48	212.01	211.73
Less: External Borrowing**	(145.29)	(110.94)	(93.57)	(92.34)	(91.23)	(90.10)
Internal (Over) Borrowing (Cumulative)	8.97	63.87	99.84	115.15	120.78	121.63
Less: Balances & Reserves-General Fund	(26.62)	(27.45)	(20.35)	(20.04)	(19.77)	(19.54)
Less: Balances & Reserves-HRA	(10.24)	(10.74)	(9.79)	(10.41)	(10.39)	(11.61)
Add Working Capital surplus	2.28	2.28	2.28	2.28	2.28	2.28
New Net (Investment) / Borrowing Requirement	(25.61)	27.97	71.97	86.97	92.90	92.76

Paragraph 3.7, Table 2: Liability Benchmark

Liability Benchmark						
Mid Suffolk District Council	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
CFR	154.25	174.81	193.41	207.48	212.01	211.73
Less: Usable Reserves	(36.85)	(38.18)	(30.15)	(30.45)	(30.16)	(31.15)
Add Working Capital surplus	2.28	2.28	2.28	2.28	2.28	2.28
Plus: Minimum Investments	12.30	13.68	13.17	13.09	13.03	13.01
Liability Benchmark	131.98	152.59	178.71	192.40	197.16	195.87