

Audit and Governance Committee		Agenda Item
26 January 2024		9
Title:	Draft Financial Strategies	
Report of:	Ian Pantling	
Public Report:	Yes	
Key Decision:	No	
Voting Arrangements:	N/A	

Recommendations:

A	Review and comment upon the Draft Capital, Investment and Treasury Management Strategies for 2024-25 and the draft 2024-25 Minimum Revenue Provision (MRP) statement
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Strategic Objective(s):

The proposals within this report fit under the following strategic objective(s):

X	Delivering Best Value and High Performance
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Adhering to best practice guidance is a key element to demonstrate that the Combined Authority is performing well, CIPFA treasury management guidance requires that the financial strategies are approved before the start of each financial year.

1. Purpose

1.1	The purpose of the report is for the Audit and Governance Committee to review the draft Capital, Investment and Treasury Management Strategies and draft MRP Statement for 2024-25 before they are presented to the Combined Authority Board for adoption in March.
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2. Proposal

2.1	In-line with the Audit and Governance Committee's terms of reference they are asked to review and comment upon the draft Capital, Investment and Treasury Management Strategies for 2024-25 and the draft 2024-25 Minimum Revenue Provision (MRP) statement
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3. Background

3.1	According to its Terms of Reference, the Audit and Governance Committee shall “ <i>ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA's Code of Practice</i> ”.
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3.2	The Treasury Management in the Public Services: Code of Practice 2021 recommends that Members receive regular reports on the authority's treasury management policies, practices and activities, including a mid-year review progress report.
3.3	The following strategies have been updated for 2024/25 and are attached as Appendix 1 with changes since the 2023/24 equivalents marked as Appendix 2.
3.4	Capital Strategy: To provide a high-level overview for elected members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.
3.5	Non Treasury Investment Strategy: To meet the requirements of statutory guidance in which the Authority would support local public services by lending to or buying shares in other organisations, or to earn investment income
3.6	Treasury Management Strategy: Being the management of the Authority's cash flows, borrowing and investments and the associated risks.
3.7	Minimum Revenue Provision (MRP) Statement: A DLUHC requirement to approve an MRP Statement each year to ensure that capital expenditure is financed over a reasonable period
3.8	The figures used in the strategies reflect the draft Budget and Medium Term Financial Plan (MTFP) proposed to the Combined Authority Board at its November meeting. These figures will be updated to reflect the approved budget following the final decision in January, and any other relevant budgetary decisions made at that meeting before the final versions are presented for approval to the Combined Authority Board in March.
3.9	The majority of the changes are a result of updating to reflect the latest financial position and governance changes including the adoption of the Single Assessment Framework.
3.10	Other key changes are the increase in the approved limit for share investments in local businesses from £10m to £25m to provide sufficient headroom for the possibly transfer of investments currently held by Cambridgeshire and Peterborough Business Growth Company Limited, and new investments from the Strategic Growth Fund and Levelling Up Fund. The form of these investments are yet to be determined, but could take the form of shares.
3.11	In the Treasury Management Strategy the limits for long term investments have been updated to align with the Asset Benchmark and the Environmental, Social and Governance (ESG) policy has been strengthened to take advantage of information available from Arlingclose, our Treasury Management Advisors. The Authority is in the process of opening a Money Market Fund account with ESG credentials.
3.12	The MRP Statement has been updated to reflect the ability to make no MRP on loans made for service purposes where no repayment is received in the year, providing sufficient MRP is made to cover any difference between the borrowing outstanding in relation to the loan and the expected recoverable amount. This does not apply to any of the Authorities current loans as they are all funded fully by grant, not debt.
3.13	The Committee is asked to review the suite of strategies ahead of being taken to the Board for approval in March.

4. Appendices

4.1	Appendix 1 – Cambridgeshire and Peterborough Combined Authority Draft Strategies 2024-25
4.2	Appendix 2 – Cambridgeshire and Peterborough Combined Authority Draft Strategies 2024-25 (with track changes)

5. Implications

Financial Implications	
5.1	None other than those highlighted in the main body of the report.
Legal Implications	
6.1	Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.
Public Health Implications	
7.1	There are no direct public health implications
Environmental & Climate Change Implications	
8.1	There are no direct climate change implications although the Treasury Management Strategy does prioritise banks and funds with ESG credentials.
Other Significant Implications	
9.1	There are no other significant implications
Background Papers	
10.1	None