



<b>Subject:</b>	<b>CIPFA Prudential Code Capital Strategy and Treasury Management Indicators 2021/22</b>
<b>Date:</b>	19th March 2021
<b>Reporting Officer:</b>	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources
<b>Contact Officer:</b>	Trevor Wallace, Head of Finance

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
After Committee Decision	<input type="checkbox"/>
After Council Decision	<input type="checkbox"/>
Some time in the future	<input type="checkbox"/>
Never	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report</b>
1.1	The Local Government Finance Act (NI) 2011 and the supporting Prudential and Treasury Codes produced by the Chartered Institute of Public Finance and Accountancy (CIPFA), require the Council to consider the affordability and sustainability of capital expenditure decisions through the reporting of prudential and treasury management indicators.
1.2	The Prudential Code requires the Council to produce a Capital Strategy for 2021/22. This report provides information for Members on the Capital Strategy, incorporating the prudential indicators for Belfast City Council for the period 2021/22 to 2023/24, and the Council's Treasury Management Strategy for 2021/22.

<b>2.0</b>	<b>Recommendations</b>
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> <li>• note the contents of this report and the prudential and treasury management indicators included within the appendices to the report.</li> </ul> <p>and agree:</p> <ul style="list-style-type: none"> <li>• The Authorised Borrowing Limit for the Council of £154m for 2021/22.</li> <li>• The Treasury Management Strategy for 2021/22, which has been included as Appendix B to this report.</li> </ul>
<b>3.0</b>	<b>Main Report</b>
3.1	<p>The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to agree a minimum revenue provision policy annually and to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.</p>
3.2	<p>At the Strategic Policy and Resources Committee on the 9 December 2011, Members approved the Council's Treasury Management Policy which is based on the CIPFA Treasury Management Code of Practice. The Treasury Management Policy requires that a Treasury Management Strategy be presented to the Strategic Policy and Resources Committee on an annual basis and that it is supported by a mid-year and year end treasury management reports.</p>
3.3	<p>The Capital Strategy, incorporating the prudential indicators, is included as Appendix A, while the Treasury Management Strategy and treasury management indicators have been included as Appendix B.</p>
3.4	<p>The comparison of "Gross Borrowing" to "Capital Financing Requirement (CFR)" is the main indicator of prudence when considering the proposed capital investment plans of the Council. Estimated gross borrowing should not exceed the CFR for the current year plus two years. The Council's estimated gross borrowing position, illustrated in Table 6, Appendix A, is comfortably within the CFR in the medium term. The Director of Finance and Resources therefore considers the estimated levels of gross borrowing as being prudent.</p>
3.5	<p>Table 9 (Appendix A) shows the estimated financing costs for capital expenditure as a percentage of the estimated net revenue stream for the Council, based on the medium financial plan. These illustrate that in the medium term, capital financing costs will represent</p>

	11.3% of the Council's net running costs. On this basis the Director of Finance and Resources is satisfied that the level of capital expenditure is affordable.
3.6	<p>The Finance Act requires the Council to set an affordable borrowing limit, relating to gross debt. The Prudential Code defines the affordable limit as the "Authorised Borrowing Limit" and gross borrowing must not exceed this limit. Table 7 (Appendix A) sets out the recommended "Authorised Borrowing Limit" for the Council as being £154m for 2021/22.</p> <p><b><u>Financial and Resource Implications</u></b></p>
3.7	<p>As detailed in the report</p> <p><b><u>Equality or Good Relations Implications</u></b></p>
3.8	None
<b>4.0</b>	<b>Documents Attached</b>
	<p>Appendix A – Capital Strategy Report 2021/22</p> <p>Appendix B – Annual Treasury Management Strategy 2021/22</p>