



Subject:	CIPFA Prudential Code Capital Strategy and Treasury Management Indicators 2024/25
Date:	22 March 2024
Reporting Officer:	Trevor Wallace, Director of Finance
Contact Officer:	Helen Lyons, Corporate Finance Manager

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

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

1.0	Purpose of Report
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 2024/25. This report provides information for Members on the Capital Strategy, incorporating the prudential indicators for Belfast City Council for the period 2024/25 to 2026/27, and the Council's Treasury Management Strategy for 2024/25.

2.0	Recommendations
2.1	<p>The Committee is asked to:</p> <ul style="list-style-type: none"> • note the contents of this report and the prudential and treasury management indicators included within the appendices to the report. <p>And agree:</p> <ul style="list-style-type: none"> • The Authorised Borrowing Limit for the Council of £145m for 2024/25. • The Treasury Management Strategy for 2024/25, which has been included as Appendix B to this report.
3.0	Main report
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. Recent changes in the CIPFA Prudential Code recommends best practice that treasury management reports are submitted on a quarterly basis.</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 Debt" to "Capital Financing Requirement (CFR) is the main indicator of prudence when considering the proposed capital investment plans of the Council. Estimated gross debt should not exceed the CFR for the current year plus two years. The Council's estimated gross debt position, illustrated in Table 6, Appendix A, is comfortably within the CFR in the medium term. The Director of Finance therefore considers the estimated levels of gross debt as being prudent.</p>

3.5	<p>Table 10 (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 term. These illustrate that in the medium term, capital financing costs will represent an average of 6.27% of the Council's net running costs. On this basis the Director of Finance is satisfied that the level of capital expenditure is affordable.</p>
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 8 (Appendix A) sets out the recommended "Authorised Borrowing Limit" for the Council as being £145m for 2024/25.</p> <p><u>Financial & Resource Implications</u></p>
3.7	<p>As detailed in the report</p> <p><u>Equality or Good Relations Implications</u></p>
3.8	<p>None</p>
4.0	Appendices – Documents Attached
	<p>Appendix A – Capital Strategy Report 2024/25</p> <p>Appendix B – Annual Treasury Management Strategy 2024/25</p>