Rushcliffe Borough Council

Governance Scrutiny Group

Thursday, 19 June 2024

Capital and Investment Strategy Outturn 2024/25

Report of the Director – Finance and Corporate Services

1 Purpose of report

1.1 The purpose of this report is to summarise the transactions undertaken during the 2024/25 financial year reporting against the Council's Capital and Investment Strategy 2024/25.

1.2 The report also provides information on the Council's commercial investment activity ensuring there is both transparency and scrutiny in terms of both treasury and asset investment decision making.

2 Recommendation

2.1 It is RECOMMENDED that the Governance Scrutiny Group:

(a) considers and scrutinises the Capital and Investment Strategy 2024/25 outturn position.
(b) agrees the change the counterparty limit for banks (unsecured investments) from £3m to £5m

3 Reasons for Recommendation

3.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the prudential and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Finance in Local Authorities (the Prudential Code).

4 Supporting Information

TREASURY MANAGEMENT

Prudential Indicators Summary

4.1 During 2024/25, the Council complied with its legislative and regulatory requirements. The key prudential and treasury indicators detailing the impact of capital expenditure activities during the year are as follows:

Table 1: Prudential and Treasury Indicators

Prudential and Treasury Indicators	2023/24 Actual £'000	2024/25 Estimate £'000	2024/25 Actual £'000
Capital Expenditure	6,752	12,154	7,045
Capital Financing Requirement	9,889	7,863	9,989
Investments	(71,215)	(55,706)	(76,126)

4.2 The approved capital programme for 2024/25 was £11.079m, with £3.405m brought forward from 2023/24, other budget adjustments of £3.417m and slippage of £5.747m during the year giving a total provision for the year of £12.154m. Actual expenditure against the approved programme was £7.045m giving rise to a variance of £5.109m. Carry forwards of £4.308m have been requested for approval by Cabinet as part of the Final Outturn Report (for July Cabinet agenda).

Capital Expenditure and Financing

4.3 The Council undertakes capital expenditure on both its own long-term assets and on grants that can be capitalised under statute (capital payments to third parties). These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.) which has no resulting impact upon the Council's borrowing need; or
- If insufficient financing is available or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

4.4 The capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed:

Table 2 Capital Expenditure and Financing

Capital Programme	2023/24 Actual £'000	2024/25 Estimate £'000	2024/25 Actual £'000
Capital Expenditure	6,752	12,154	7,045
Less Financed by:			
Capital Receipts	-3,026	-2,010	-782
Capital Grants	-3,042	-6,667	-4,860
Reserves	-684	-3,477	-1,403
Increase in borrowing need	0	0	0

All the expenditure can be financed from the Council's capital resources mitigating the need to either internally or externally borrow.

The Council's Overall Borrowing Need

4.5 The Council's underlying need to borrow for capital expenditure is called the Capital Financing Requirement (CFR). The CFR represents the net capital expenditure in

2024/25 and prior years that has not yet been paid for by revenue or other resources.

4.6 Part of the Council's Treasury Management activity is to organise the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be through utilising temporary cash resources within the Council (internal borrowing) or sourced through borrowing from external bodies, for example, the Public Works Loan Board (PWLB).

4.7 Where a positive CFR exists, the Council is required, by statute, to make an annual charge called the Minimum Revenue Provision (MRP) to reduce the CFR based on the life of the relevant assets. This provision effectively raises cash to either help repay loans or replenish internal borrowing.

4.8 The total CFR can be reduced by:

- The application of additional resources (such as unapplied capital receipts); or
- Charging more than the statutory revenue charge (MRP) each year through a voluntary revenue provision (VRP).

4.9 In 2017/18 the Council decided to set the MRP at £1m. This comprised £0.250m MRP to finance the Arena based on £10m borrowing over a 40-year life. A further £0.750m was provided by way of VRP to meet the Council's commitment to repay the borrowing early. The Council has been releasing an equivalent sum (approximately £1m) from the New Homes Bonus (NHB) Reserve to offset any impact of the borrowing charge to the taxpayer in-year. This practice will continue, and new schemes which increase borrowing requirements will increase MRP. The Arena will be repaid in full in 2026-27 at which point MRP will reduce and VRP will stop.

The Impact of IFRS16 on the CFR

4.10 The CFR has been restated to reflect IFRS16 (new leasing standard) which requires recognising the right-of-use (ROU) asset and lease liability on the balance sheet, which impacts the CFR calculation. The CFR calculation is a measure of an authority's capital expenditure capacity, and the additional assets and liabilities increase the amount of funding required. Under IFRS 16, the resulting ROU asset and lease liability increase the CFR and authorised debt limits.

4.11 The Council's CFR for 2024/25 represents a key prudential indicator and is shown below. The table shows the revised opening position after IFRS16. No internal borrowing was needed in 2024/25 giving a closing balance of £9.989m after deducting the MRP of £1.652m (£1.2m planned plus an additional £0.452m to match IFRS 16 Adjustment) and £1m applied capital receipts.

Table 3 Capital Financing Requirement

Capital Financing Requirement (CFR)	2023/24 Actual £'000	2024/25 Actual £'000
Original Opening Balance	13,266	9,889
Add: unfinanced capital expenditure (IFRS 16 - ROU Assets)	0	2,752
Revised Opening Balance	**13,266**	**12,641**
Less MRP/VRP	-1,255	-1,652
Less applied Capital Receipts and S106	-2,122	-1,000
Closing Balance	**9,889**	**9,989**

Net Borrowing, CFR, Authorised Limit and Operational Boundary

4.12 The borrowing activity is normally constrained by prudential indicators for net borrowing, the CFR and by the Authorised Limit for external debt.

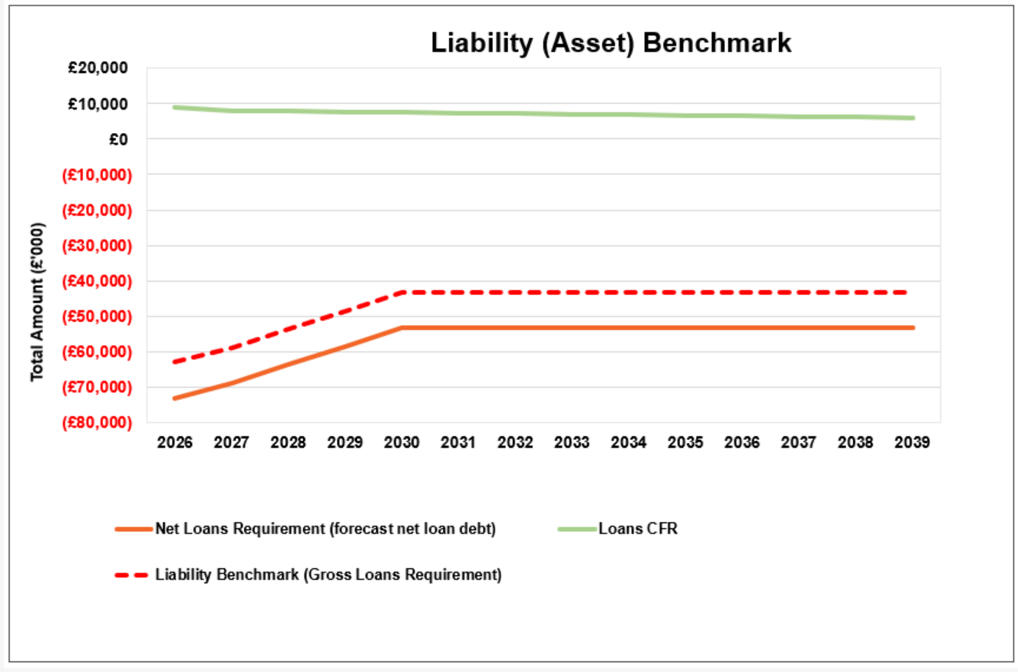
4.13 The authorised limit is the “affordable borrowing limit” required by section 3 (1) of the Local Government Act 2003 and represents the limit beyond which borrowing is prohibited and was set at £20m in the 2024/25 Strategy.

4.14 As the Council had no recourse to borrow externally during 2024/25 these indicators are not applicable.

4.15 Similarly, the Council is required to set an operational boundary, which is the expected borrowing position of the Council during the course of the year. The operational boundary is not a limit, and actual borrowing can be either below or over the boundary subject to the authorised limit not being breached. The Operational Boundary was set at £15m in case any borrowing is required in emergency circumstances. The Authorised limit of £20m gives room for any variations from this. Any borrowing in excess of this would require Full Council approval.

4.16 The Liability (or Asset) Benchmark reflects the real need to borrow and is shown graphically (Chart 2). The Council’s CFR is reducing due to MRP repayments. Rushcliffe Arena MRP/VRP payments were spread over 10 years, and the last full year repayment is 2025/26. MRP payments for Cotgrave Masterplan, Rushcliffe Oaks and Bingham Hub are spread over 40 years so the Councils CFR will not be zero until at least 2060/61 and possibly later for Right of Use assets. Reserves are being used to fund future capital expenditure and working capital/S106 monies are returning to a normal level. The Liability Benchmark shows the Council has no need to borrow over the medium term.

Chart 2 Liability Benchmark



The Ratio of Financing Costs to Net Revenue Streams

This is an indicator of affordability and compares net financing costs (MRP, borrowing costs, less investment income) to net revenue income. This indicator shows how the proportion of net income used to pay for financing costs. The actual is negative figure as a result of higher income from investments due to interest rates throughout the year remaining above expectations and higher cash balances (as can be seen with higher investments in Table 1). Together these result in income exceeding MRP payments.

Table 4 Ratio of Financing Costs to Net Revenue Stream

Ratio of Financing costs to net revenue stream	2023/24 Actual £'000	2024/25 Estimate £'000	2024/25 Actual £'000
Net Financing Costs	-633	135	-856
Net Revenue Stream	15,754	16,267	17,295
Ratio	-4.02%	0.83%	-4.95%

4.17 Net income from commercial and service investments is expressed as a percentage of net revenue streams. 2024/25 was slightly lower than estimated due to net revenue streams being higher due to higher-than-expected Grant Income and Business Rates.

Table 5 Net Income to Net Revenue Stream

Net Income to Net Revenue Stream	2024/25 Estimate £'000	2024/25 Actual £'000
Net Income from commercial and service investments	1,822	1,905
Net Revenue Stream	16,267	17,295
Ratio	11.2%	11.0%

Upper Limits for Fixed and Variable Rate Exposure

4.18 The purpose of these indicators is to allow the Council to manage the extent to which it is exposed to changes in interest rates. Exposure is currently 57% for Fixed Rate and 43% for Variable. The Strategy states that whilst the Council has set a limit of 50% on fixed interest rate exposure, during a time of falling interest rates, as the UK is currently experiencing, this indicator should not be restrictive, preventing the Council from locking into higher interest rates.

Table 6 Upper Limits for Fixed and Variable Rate Exposures

Upper Limits for Fixed and Variable Rate Exposures	2024/25 Estimate £'000	2024/25 Actual £'000
Fixed Interest Rate limit	50%	57%
Variable Interest Rate limit	100%	43%

Upper Limit for Total Principal Sums invested over 1 year

4.19 This limit is intended to contain the exposure to the possibility of any loss that may arise as a result of the Council having to seek early repayment of any investments made. If an investment had to be repaid before its natural maturity date due to cash flow requirements, then, if market conditions were unfavourable, there would be an adverse impact on the Council.

Table 7 Upper Limit for Total Principal Sums invested over 1 year

Upper Limit for Total Principal Sums Invested over one year	2024/25 Estimated £'000	2024/25 Actual £'000
Total Investment balance	55706	76126
Limit (50% of total investment)	27900	38063
Sums invested over one year	0	0

Treasury Position on 31 March 2025

4.20 The Council's debt and investment position is managed by the Treasury team to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all Treasury Management activities in line with the approved treasury strategy. Procedures and controls to achieve these objectives are established through reports to Members via the Governance Scrutiny Group and reporting and through officer activity detailed in the Council's Treasury Management Practices. The following table details the Counterparties that the Council had placed investments with at the end of 2024/25. The Council held two ESG funds at the end of the year totalling £7.4m which represents 9.7% of total cash balances.

Table 8 Treasury Position on 31 March 2025

Financial Institution	Amount £	Length of Investment	Interest
Royal London Cash Plus Fund	1,015,613	On-going	3.96%
CCLA Property Fund	2,008,092	On-going	4.36%
CCLA Cautious Fund	1,825,481	On-going	3.25%
Aegon Diversified Income fund	4,560,790	On-going	6.80%
Ninety One Diversified Income Fund	4,518,894	On-going	6.20%
Aviva Investors	236	Call	4.47%
Blackrock	471,027	Call	4.49%
CCLA - PSDF	1,364,225	Call	4.50%
Federated Investors (UK)	734,286	Call	4.53%
Goldman Sachs Asset Management	75,606	Call	4.43%
HSBC Asset Management ESG	5,576,188	Call	4.52%
Invesco AIM	1,074,170	Call	4.53%
Aberdeen Asset Management	3,679,232	Call	4.54%
Broxbourne Borough Council	4,570,000	16/06/2025	5.50%
Rushmoor Borough Council	5,000,000	18/04/2025	5.25%
Telford & Wrekin	5,000,000	25/07/2025	4.80%
Blackpool Council	4,000,000	23/04/2025	4.77%
LB of Waltham Forest	5,000,000	22/04/2025	4.90%
Surrey County Council	5,000,000	25/04/2025	4.90%
New Forest District Council	5,000,000	22/09/2025	5.50%
Lancashire County Council	5,000,000	19/06/2025	5.80%
Bedford Borough Council	5,000,000	03/04/2025	6.00%
HSBC Asset Management Business	41,518	Call	1.76%
Bank of Scotland PLC	862	Call	0.01%
Bank of Scotland PLC32	117,216	32 Days	3.00%
Barclays Bank PLC	6,860	Call	1.75%
Barclays Bank PLC32	4,906,132	32 Days	4.45%
Handlesbanken PLC	12,170	Call	3.95%
Handlesbanken PLC35	12,892	35 Days	4.10%
Santander UK PLC1	464,221	Call	2.73%
Santander UK PLC35	90,563	35 Days	4.03%
Average Interest Rate			**4.69%**
Total Investments	**76,126,273**		

The Strategy for 2024/25

4.21 The expectation, within the strategy for 2024/25, was that interest rates would remain at around 5.25% until autumn 2024 to a low of around 3% by early to mid-2026. The Monetary Policy Committee agreed to drop the base rate to 5% as of 1 August 2024 and then further reduced the base rate down 25 basis points to 4.75% in November 2024. The base rate today currently stands at 4.25% following a vote to further cut the rate in May 2025 from 4.5%. The Council continued with the prudent investment of the treasury balances to achieve the objectives of security of capital and liquidity of its investments, whilst achieving the optimum return on investments. Council's investments were where possible placed in short-term liquid assets to benefit from increasing rates. Generally, short term investment options have returned rates in line with BoE base rate and have at times yielded a better return than longer term investment options. Notwithstanding that, the Council must invest some of its cash longer term so as to spread risk in line with the strategy.

Investment Rates and Outturn Position in 2024/25

4.22 Whilst the Council continues to ensure investments are secure, the Council is proactively looking to maximise its rate of return. The overall rate of return on investments for the year was 4.69% compared with the budgeted rate of 4.50%, and an actual rate of 5.24% in 2023/24. As well as elevated interest rates, additional S106 monies and underspends on the capital programme resulted in an increase in the amounts available to be invested resulting in a net return on investments of £2,168,600 against a budget of £1,043,200.

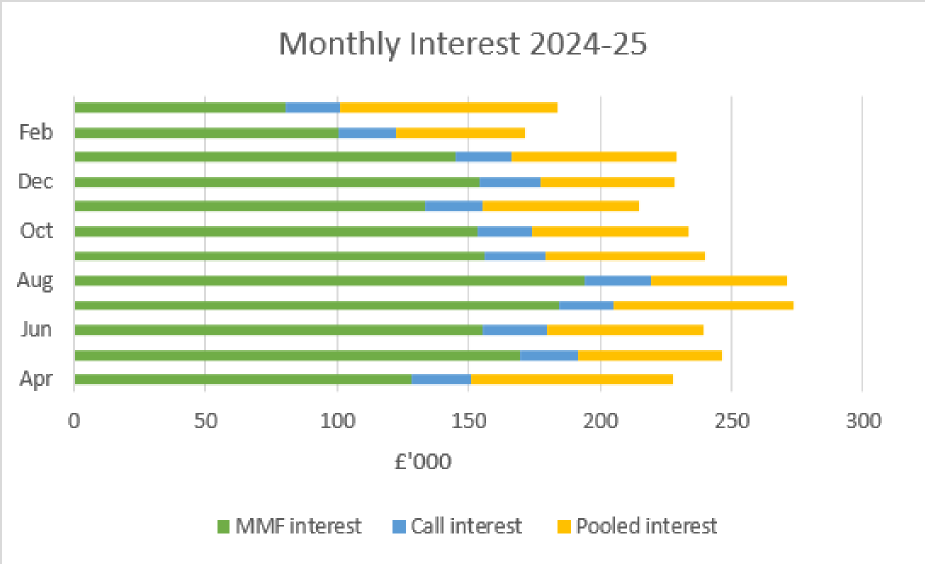
4.23 The fair value of the Council's diversified funds can fluctuate. During the year the value decreased by £0.109m. The overall variance against the initial investment is £1.071m deficit. To mitigate this loss, appropriations have been made to a reserve and the balance currently stands at £1.173m to cushion any adverse fluctuations with a further £0.137m proposed from 2024/25 underspends. There is currently a statutory override, effective to April 2029, which prevents any accounting loss impacting on the revenue accounts.

Table 9 Fair Value of diversified (pooled) funds at 31.3.25

Fair Value	Amount Invested	31/03/2024	31/03/2025	Difference	Difference in valuation from initial investment
Aegon-Previously Kames	5,000,000	4,597,766	4,560,790	(36,976)	(439,210)
Ninety One-Previously Investec	5,000,000	4,535,612	4,518,894	(16,718)	(481,106)
RLAM	1,000,000	1,005,085	1,015,613	10,528	15,613
CCLA Property	2,000,000	1,970,157	2,008,092	37,935	8,092
CCLA Cautious Fund	2,000,000	1,929,604	1,825,481	(104,123)	(174,519)
Total	15,000,000	14,038,224	13,928,870	(109,354)	(1,071,130)

4.24 Although the Council's diversified funds are subject to fluctuations in capital value, they provide exceptional returns into the revenue accounts. The graph below shows monthly returns from different accounts. In 2024/25, the diversified funds returned an average rate of 5.29%, over 50 basis points more than Money Market Funds at 4.78%. It should be noted that the balance invested in Money Markets fluctuates month by month.

Chart 1 -Different investments and respective interest earned



4.25 The Council's investment policy is governed by the annual Capital and Investment Strategy approved by Council on 7 March 2024 (and prior to this approved by the Governance Scrutiny Group on 22 Feb 2024). This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, for example, rating outlooks and credit default swaps information. During the year it came to light that some banks classified as secure are actually deemed unsecure by our Treasury Advisors, this means that during the year we had invested £4.9m with Barclays against a limit of £3m. Arlingclose advise that unsecure investments should be around 5% of total investments, and the equivalent for the unsecure investments actually made during the year were approximately 5.2% which accords with their guidance. Whilst this has breached the limits set in the strategy, it is recommended that the limit be increased to reflect the advice from Arlingclose and even though technically there is a breach, the Council continues to spread its risks by having a wide variety and number of investments and counterparties. Ultimately, as with setting all the limits, it is a Council decision utilising the professional views of officers who support the recommendation to change the limit that reflects the current level of investment.

4.26 The Council's longer-term cash balances comprise primarily revenue and capital resources, although these will be influenced by cash flow considerations and the need for working balances and contingencies. The Council's core cash resources are detailed in the following table. The Council continues to face financial challenges and although reserve levels are predicted to decline over the medium term, they are maintained at a healthy level sufficient to support against risk and uncertainties and continue to deliver the capital programme. The position is reported to, and reviewed by, both Corporate Overview Group and Cabinet in their year-end financial monitoring reports. There has been a net transfer to earmarked reserves of £3.34m. The key points to note are:

- £1.509m NHB income is transferred in and appropriated to Regeneration reserve (£759k) and Climate Change (£750k) included in the figures below

- Other 'Transfers out' or use of reserves total £5.793m of these, £2.189m are movements between reserves to redirect funds between reserve balances such as collection fund and freeport to new pressures i.e. simpler recycling and carbon offsetting and £1.402m used to fund capital projects, mainly vehicle replacements and Cotgrave Leisure Centre Enhancements. Of the remaining £2.202m, significant items include: £1.178m from the New Homes Bonus (NHB) reserve used to offset the Minimum Revenue Provision (MRP), this is a requirement by legislation to make a charge to the revenue budget for the recovery of internal borrowing for capital expenditure and £0.421m out from the Organisation Stabilisation Reserve for approved carry forwards from 2023/24.

- Other 'Transfers in' total £9.133m increasing reserves. The transfers between reserves as above total £2.189m. Other significant items comprise: £3.432m efficiencies to cover carry forward and reserve commitments; £1.124m for organisation stabilisation, £1.061m Regeneration and Community Projects reserve and £0.850m for Climate Change reserve to support capital spending going forward.

There is an increase in usable capital receipts. These will be used to fund deferred schemes in the capital programme.

Table 10 Balance Sheet Resources

Balance Sheet Resources	31/03/2024 £'000	31/03/2025 £'000
General Fund Balance	2,604	2,604
Earmarked Reserves	20,947	24,287
Usable Capital Receipts	3,422	5,762
Capital Grants Unapplied	98	142
Total	27,071	32,795

Conclusion – Treasury Management

4.27 Overall, the Council has been successful in achieving its objectives in line with the Strategy of ensuring security of its investments; ensuring there was sufficient liquidity to operate efficiently and enable the delivery of objectives; and achieve a yield on investment returns given the constraints placed upon the Council (in terms of both financial market risks and the need to retain liquidity and protect capital). The Council continues to pursue Environmental Social and Governance (ESG) investments where these satisfy the principles of security and liquidity, but it is still an emerging market and therefore the risks need to be carefully balanced. Whilst inflation was on a downward trend during the first 3 quarters of 2024/25, the fourth quarter saw an increase to 2.5% again continuing to rise to the current level of 3.5% in April 2025, well above the BoE target of 2%. This meant that there was not as rapid a decline in interest rates as expected with current rate of 4.25% not being announced until May 2025. The UK economy has expanded slightly with gross domestic product having increased by 0.7% in the first quarter of the calendar year, 0.5% in quarter 2 and 0.1% in quarter 3. However, with the troubles surrounding the Trump presidency, and trade tariffs, the economy looks set to remain unstable. We will continue to monitor the position closely.

ASSET INVESTMENT STRATEGY

Overview

4.28 Guidance on Treasury Management activity focuses on the role of longer-term investments specifically held to make a commercial return. The Prudential Code includes the principle that the purchase of commercial property purely for profit cannot lead to an increased capital financing requirement (see paragraph 3.1). The Council no longer invests in property for commercial gain.

4.29 This section of the report reviews the position of existing commercial investments.

Investments 2024/25

4.30 2024/25 remained an uncertain year with the UK general election, the US presidency, inflationary pressures from fiscal policies and high interest rates all impacting on the economy.

Current Position

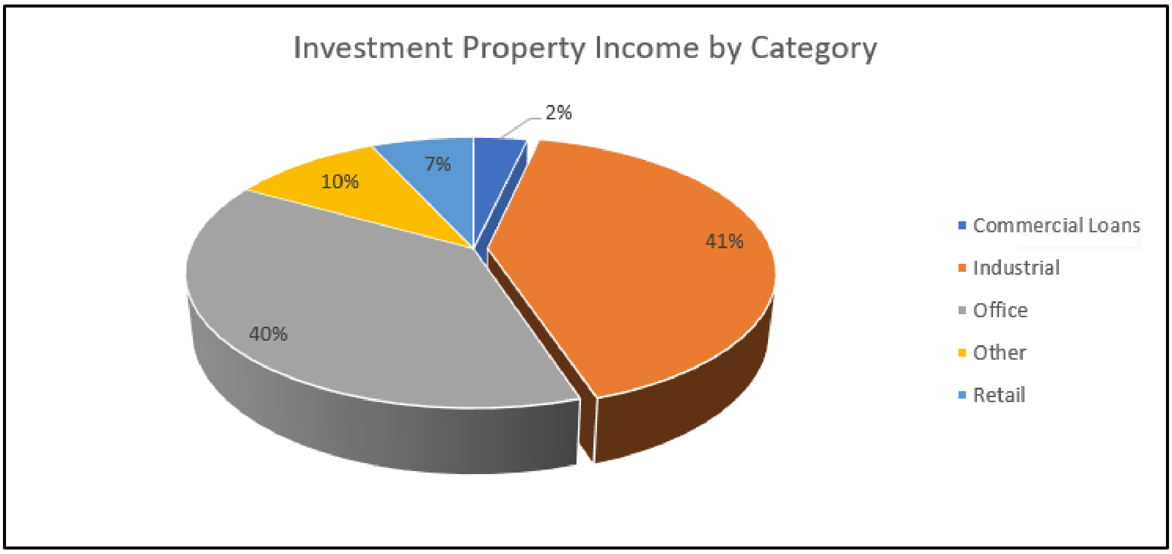
4.31 The table below shows the returns being made on previous acquisitions from the Asset Investment Strategy. 2024/25 showed a return of 6.06% compared with 5.92% in 2023/24.

Table 12 AIS investment returns 2024/25

Investment Value £	Gross Return	Investment	2023/24 Actual £'000	2024/25 Actual £'000
1964500	3.35%	NCCC Loan (interest)	71,468	65,892
1477500	5.21%	Trent Boulevard (Co-Op)	77,021	77,021
984000	7.83%	Finch Close	77,195	77,092
1917000	7.41%	Bardon	142,000	142,000
2500000	7.18%	Cotgrave Offices	45,364	48,385
		and Cotgrave Industrial Units	131,934	131,185
860000	7.40%	Boundary Court	58,300	63,600
1900000	5.30%	Cotgrave Phase 2	84,885	100,739
2450790	5.58%	Unit 3 Edwalton Business Park	136,850	136,850
2083364	5.28%	Unit 1 Edwalton Business Park	110,000	110,000
16137154	6.06%	Total	935,017	952,764

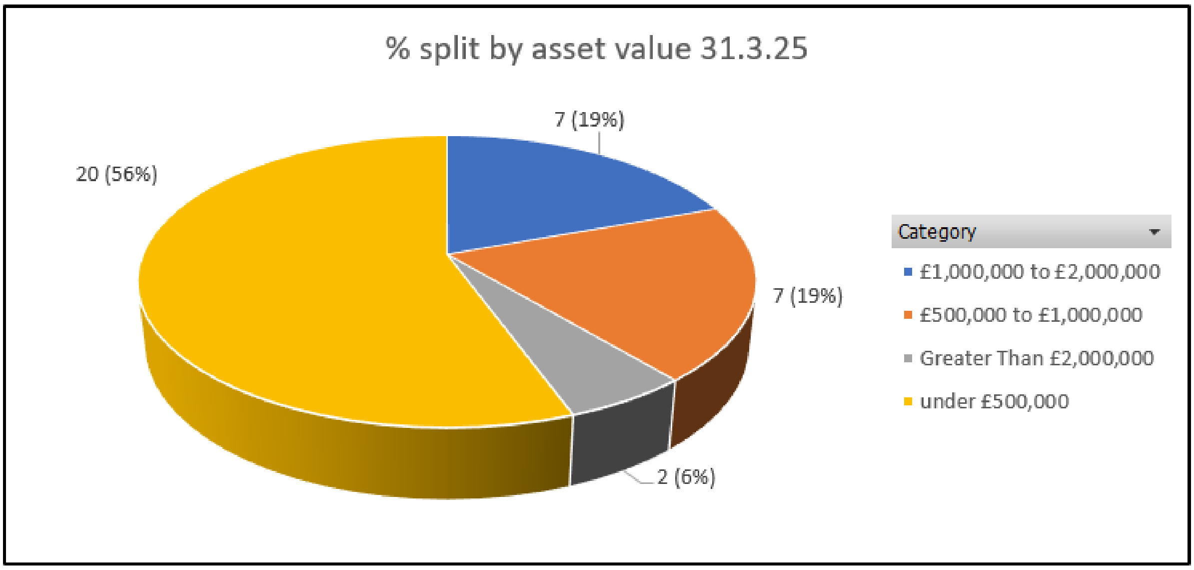
4.32 The Council maintains a good spread of risk over it's property portfolio (classified by the rental earned) as depicted below:

Chart 2 – Investment Property Income by Category 2024/25



4.33 Chart 3 below shows the Council's overall property portfolio classified by asset value and number of investments

Chart 3 percentage split of overall property portfolio by asset value



4.34 Many of the Council's investments have been in industrial units (given its focus on economic regeneration) and in offices and these have been very successful. Further diversification of investments mitigates the risk of income payment default.

4.35 In terms of risk in relation to the Council's budget, the following table demonstrates that whilst property income is important for the Council's budget, there is not an over emphasis upon property income and there are other income streams.

Commercial Investment income and costs

Table 13 Commercial Investment income and costs

Commercial Investments	2024/25 Budget £'000	2024/25 Actual £'000
Commercial Property Income	(1,902)	(1,987)
Running Costs	458	365
Net contribution to core functions	**(1,444)**	**(1,622)**
Interest from Commercial Loans	(63)	(66)
Total Contribution	**(1,507)**	**(1,688)**
Total Income	(11,231)	(12,571)
Total Contribution/Total income	**13.4%**	**13.4%**
Sensitivity +/- 10%	(190)	(199)

The Way Forward

4.36 The Council's original intention for the Asset Investment Strategy (AIS) was to generate around £1m of additional property rental income to help bridge the anticipated budget deficit. Revised PWLB borrowing rules have been introduced to ensure that no lending they issue is used primarily for commercial investment. While the Council has no plans to borrow during the MTFS the Council remains compliant with these rules. Investment income as a result of the AIS will reach it's full year effect in 2026/27 with further increases relating only to rent increases rather than in growth of the portfolio from acquisitions.

Member and Officer Training

4.37 The Code requires a suitable training process for members and officers. There will be specific training for members involved in scrutiny and broader training for all councillors. Previously these needs have been reported through the Member Development Group, with the Council specifically addressing this important issue by:

- Periodically facilitating workshops for members on finance issues most recently provided in December 2024
- Interim reporting and advising members of Treasury issues via Governance Scrutiny Group.

With regards to officers:

- Attendance at training events, seminars, and workshops;
- Support from the Council's treasury management advisors; and
- Identifying officer training needs on treasury management related issues through the Performance Development and Review appraisal process.

4.38 Given the technical nature of the subject failure to attend relevant training sessions undermines the scrutiny process.

4.39 The Council will continue to have its annual Treasury Management training session with Councillors provided by its Treasury advisers.

4.40 On 7 March 2025 Full Council approved the appointment of an independent person to the Governance Scrutiny Group (GSG). This post will be subject to the same training requirements as other members of GSG.

Conclusion

4.41 The position on all Council investments, whether treasury or commercial investments, remains fluid. Clearly risks remain in the treasury markets, the property market and also with the Council's Capital Programme. The economy, monetary measures and fiscal policy, the future remain uncertain and will be monitored closely. A quarterly update will be presented to this group showing the position during 2025/26.

5 Risk and Uncertainties

5.1 The report covers many treasury risks including counterparty, interest rate risk, changes in fair value and also property risks both unique to individual properties and the wider strategic view of property. The Council is mindful that it is important that it continues to mitigate risk by having a diversified asset investment portfolio and other income streams, so it is not over reliant on property income (paragraph 4.35).

6 Implications

6.1 Financial Implications

Financial implications are covered in the body of the report.

6.2 Legal Implications

This report supports compliance with the Local Government Act 2003 and the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice.

6.3 Equalities Implications

There are no equalities implications contained within the body of this report.

6.4 Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications contained within the body of this report.

6.5 **Biodiversity Net Gain Implications**

There are no Bio Diversity Net Gain implications contained within the body of this report.

7. Link to Corporate Priorities

Quality of Life	Efficient and effective treasury and asset investment management supports all of the Council's corporate priorities
Efficient Services	
Sustainable Growth	
The Environment	

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group:

(a) considers and scrutinises the Capital and Investment Strategy 2024/25 outturn position.

(b) agrees the change to the counterparty limit for banks (unsecured investments) from £3m to £5m.

For more information contact:	Name; Peter Linfield Director – Finance and Corporate Services 0115 914 8439 email plinfield@rushcliffe.gov.uk
Background papers Available for Inspection:	Statement of Accounts 2024/25; Capital and Investment Strategy 2024/25; Treasury Management Update – Mid-Year Report 2024/25 and quarters 1 to 3 Reports 2024/25
List of appendices (if any):	Appendix 1 - Glossary of Terms

Appendix 1

Glossary of Terms

BoE – Bank of England

CCLA Property Fund - this a local authority property investment fund. The property fund is designed to achieve long term capital growth and a rising income from investments in the commercial property sector.

Covered Bonds – these investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means they are exempt from bail-in.

ESG – stands for environmental, social, and governance and refers to how companies score on these responsibility metrics. Environmental criteria gauge how a company safeguards the environment. Social criteria examine how it manages relationships with employees, suppliers, customers, and communities. Governance measures a company's leadership, executive pay, audits, internal controls, and shareholder rights.

LIBID – London Inter Bank Bid Rate. The rate at which banks are willing to borrow from other banks.

Money Market Funds – these funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks.

MRP – Minimum Revenue Provision – is the minimum amount which a Council must charge to its revenue budget each year, to set aside a provision for repaying external borrowing. This is an annual revenue expense in a Council's budget.

Pooled Funds – shares in diversified investment vehicles consisting of different investment types including banks, equity shares and property, these funds have the advantage of providing wide diversification of investment risks.