Appendix A – Item 7

**Treasury Management Policy and Strategy Statement 2024/25 (TMPSS) – summary information**

The information provided below is to provide members with a clearer picture of the scale and actual Treasury Management figures applicable to Tyne and Wear Fire and Rescue Authority for 2024-25. This has been requested as the Authority report must include all of the data relevant to our Lead Authority (Sunderland City Council) which carries out the Treasury Management function for the Authority along with other public bodies that use their function.

The data below relates purely to Tyne and Wear Fire and Rescue Authority for greater transparency:

**Policy and Strategy**

- In summary the proposed TMPSS for 2024/25 is compliant with the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice which satisfies all statutory requirements covered by the Local government Act 2003.

- There are no major changes being proposed to the prudent TMPSS of previous years which has served the Authority so well.

- This is based on an average borrowing cost of existing debt of 2.80% which is one of the lowest rates in the country and so reduces the annual cost of borrowing on the Authority's revenue budget.

- The key indicator for future new borrowing is set at 5% in 2024/25

- The authority's investment strategy and objectives are considered low risk in order to help protect the security of its investments, this is of paramount importance. Our next consideration is to ensure liquidity of our investments so that funds can be accessed to meet all cash flow demands and then finally is the optimum rate of return (yield) achievable based on the first two overriding principles.

- The current rate of return on investments is 4.88% and is above the benchmark rate. This equates to more than £1.3m of interest receivable in 2023/24. As the Bank of England Base rates varies so too does the rate of return on investments.

**Outstanding Debt**

- The Authority has historic debt outstanding totalling £10.346m.
- All of this debt is with the Public Works Loan Board (PWLB) however penalties apply if repay debt before maturity
- It currently repays 4% of the loan principal each year in accordance with the recommended Annual Minimum Debt Provision.
- Average interest on total debt is currently 2.80%.
- No new borrowing is required in 2024/25 as use of earmarked reserves is planned.

**Level of Investments**

- The Authority has the bulk of its reserves invested currently standing at £27.514m.
- Invested prudently and has never experienced any financial loss on its invested funds
- Uses strict criteria in placing investments with financial institutions which is open and transparent.

**Overall Net Treasury Position**

- Currently the Authority has a net treasury Investment position (Investments exceed gross debt) and this confirms that the Authority is using its reserves to fund its Capital Programme without the need to borrow at this time.

**Key Treasury Management Prudential Indicators (PI's)**

- These PI's ensure that the cash flow and capital spending plans of the Authority are affordable, prudent and sustainable.
- The Authorised Limit for External Debt (borrowing and other long term liabilities) cannot exceed £33.550m in 2024/25. This measure must not and cannot exceeded.
- The Operational Boundary for External Debt should not exceed £28.550m in 2024/25
- These are monitored daily to ensure compliance and current highest levels of activity in 2023/24 was £24.943m to date.

**Conclusions**

- The TMPSS for 2024/25 is considered reasonable and can be flexed should market conditions change during the year.
- The TMPSS provides significant reassurance to members
- It definitely adds value to the Authority's resources by providing optimum funding arrangements to finance the Capital Programme and minimising borrowing costs on the revenue budget but also achieving a safe and significant rate of return on investments that it takes great measures to minimise risk which benefits the revenue budget each year.