Report title: Draft Capital and Treasury Management Strategy – 2023/24
Report to Corporate Policy and Scrutiny Committee
Report author: Cllr Christopher Whitbread, Cabinet Member for Finance, Resources and Corporate Affairs
Date of meeting: 8 December 2022   **For:** Consideration
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1.   Purpose of Report

1.1   The purpose of this report is to present an early draft of the Council's Capital and Treasury Management Strategy for 2023/24 and to invite the Committee to review and comment on it, prior to it being presented to Cabinet on **17 January 2023**.

2.   Background

2.1   The Council is required to produce a Capital and Treasury Management Strategy each year. The purpose of this strategy is to explain how decisions are made about capital expenditure, investments and treasury management.

2.2   The Strategy must be produced in compliance with:

- Statutory requirements (including those stipulated under Part 1 of the **Local Government Act 2003**).

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance and Local Authorities (the **Prudential Code**).

- The CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral guidance notes (**Treasury Management Code**).

This means that much of the content is mandated.

2.3   It is nevertheless important that the Strategy document articulates, as clearly as possible, how decisions are made about capital expenditure, investments and treasury management and how the risks associated with these activities are to be managed.

2.4   The Strategy contains several elements as follows:

- **Capital expenditure** – explains the process for approving, monitoring and financing capital projects.

- **Capital financing and borrowing** - provides a projection of the Council's Capital Financing Requirement and the external borrowing required and explains how the Council will discharge its duty to repay debt.

- **Treasury management investments** - explains how and where cash balances arising as a result of the Council's day-to-day activities will be invested to ensure that the funds are protected from loss and are available when needed.

- **Other investments** - contains an overview of the Council's other investment activities.

- **Treasury management Policy Statement and Treasury Management Practices** - this sets out the Council's Treasury Management Policy Statement and Treasury Management Practices.

- **Knowledge and skills** - explains the knowledge and skills available to the Council in relation to management of borrowing and investment activities.

2.5   The Strategy is subject to approval by full Council and must be approved prior to commencement of the financial year to which it relates. Consequently, the Strategy for 2023/24 will be presented to full Council on **09 February 2023** for approval (alongside the 2023/24 Budget). Once approved, it will be published in the Council's Annual Plan for 2023/24.

3.   Role of the Corporate Policy and Scrutiny Committee

3.1   CIPFA's Treasury Management Code requires each authority to nominate a responsible body for the scrutiny of its treasury management strategy and policies. Scrutiny of the annual strategy and related policies is therefore necessary to evidence compliance with the CIPFA Code.

3.2   Scrutiny also plays an important role in ensuring effective governance of the Council's treasury management activities by:

- Helping to improve knowledge and understanding of treasury management matters, including the treasury risks the Council is exposed to.

- Improving accountability and transparency over these activities.

3.3   Accordingly, the Committee is invited to review and comment the draft Strategy prior to it being presented for consideration by the Cabinet on **17 January 2023.**

4.   List of appendices

4.1   Appendix A – Draft 2023/24 Capital and Treasury Management Strategy.