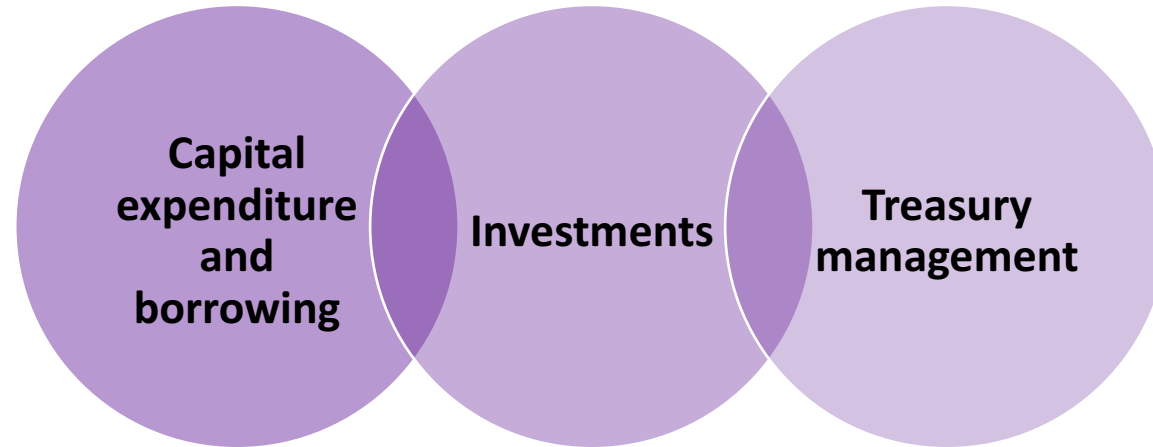


DRAFT CAPITAL AND TREASURY MANAGEMENT STRATEGY 2023/24

**Corporate Policy and Scrutiny
Committee
8 December 2022**

Introduction

The annual **Capital and Treasury Management Strategy** explains how decisions will be made about:



Scrutiny of the annual strategy plays an important role in ensuring effective governance of these 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.

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

Background

The Council is required to produce a **Capital and Treasury Management Strategy** each year.

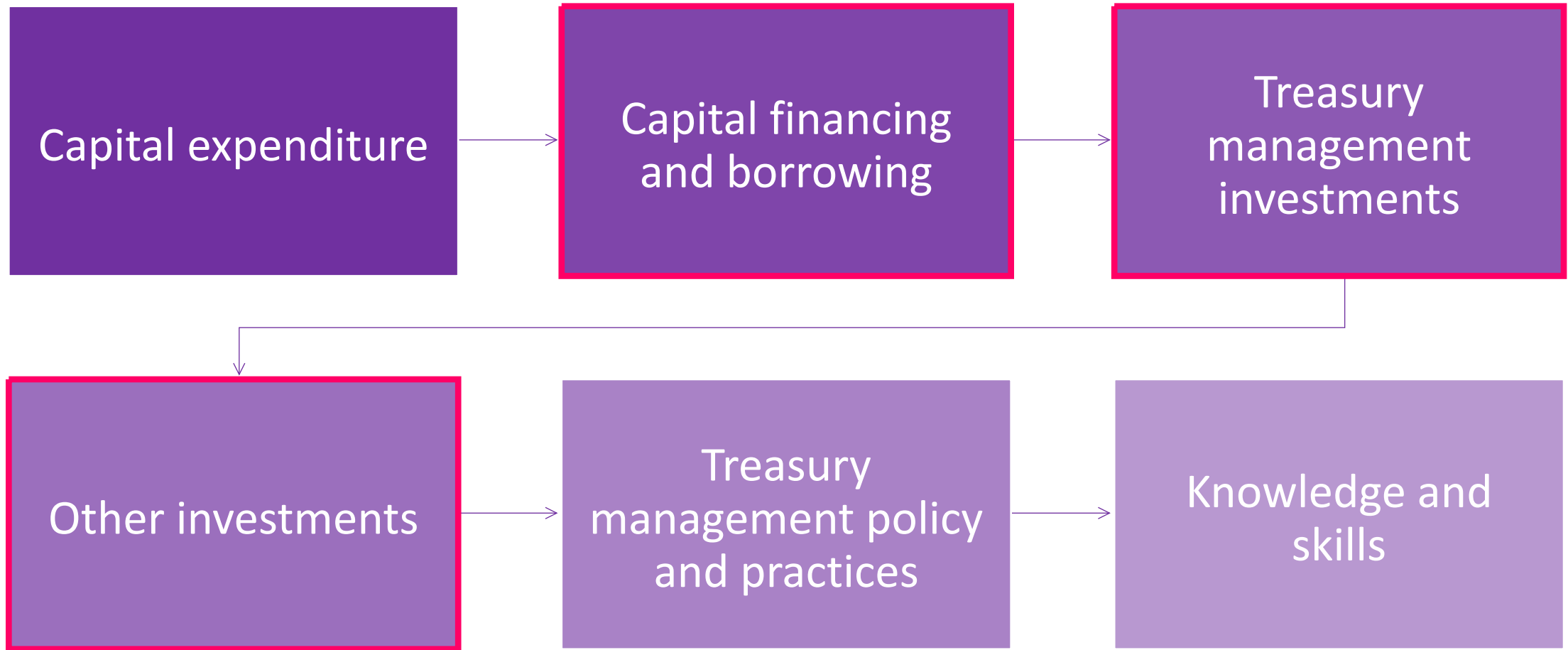
The Strategy must be produced in compliance with:

- 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**).

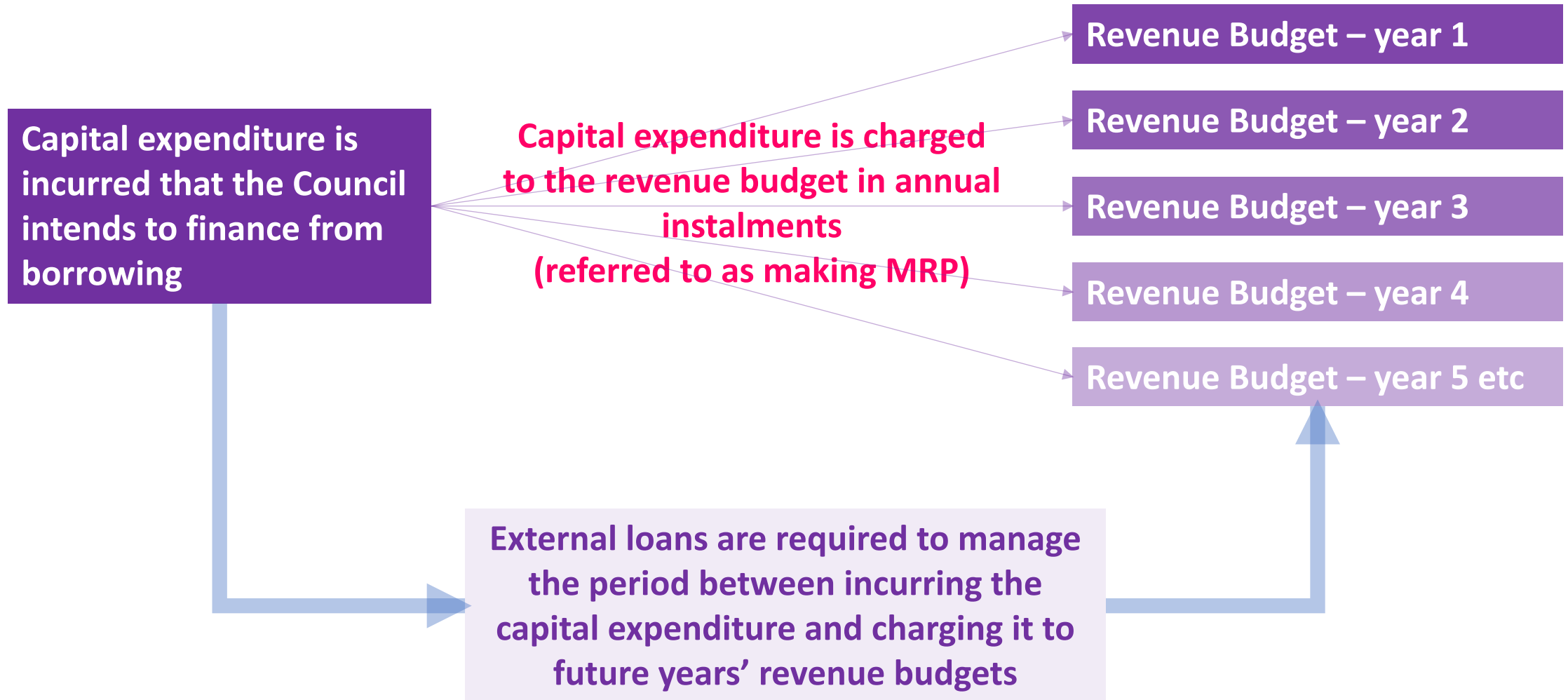
This means that much of the content is mandated.

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

Overview



Capital Financing and Borrowing



Borrowing Strategy

The **Capital Financing Requirement (CFR)** quantifies the amount of capital expenditure that will need to be charged to the Revenue Budget in future years.



The Council is only permitted to **borrow externally** up to the level implied by the CFR.

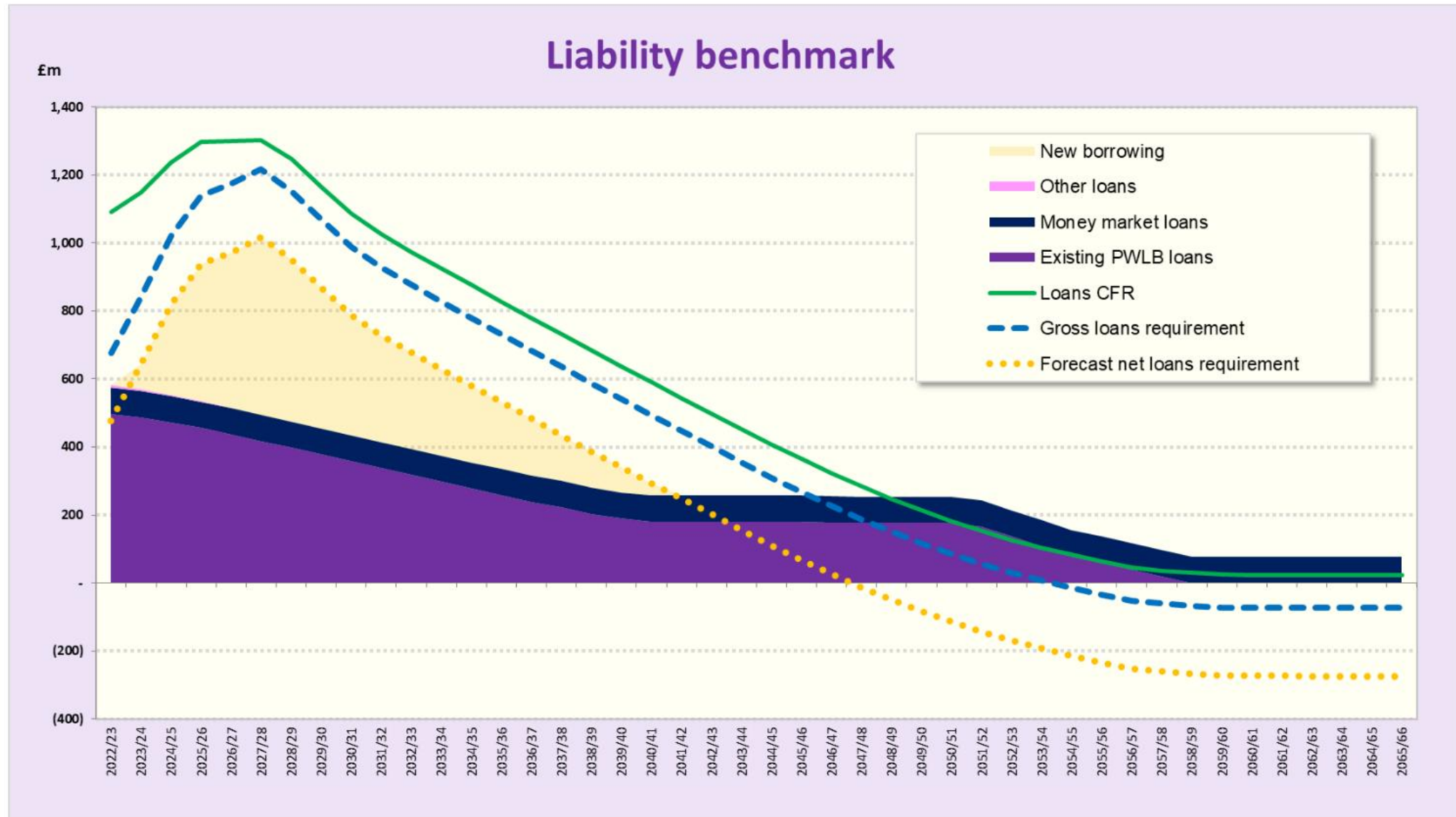
The Council must **not borrow** if there is **no identified need** for it though.

Neither can it borrow to invest for the primary purpose of generating a financial return.



A **liability benchmark** is used to inform the assessment of the amount of loan debt the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows

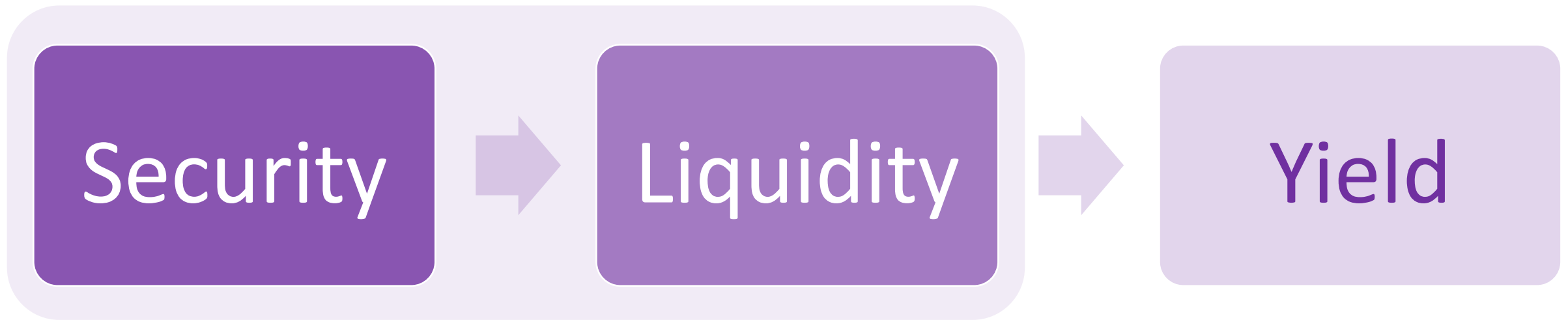
Liability Benchmark



Treasury Management Investments

When the Council has surplus cash balances for investment, they are invested until they are next required.

The Council's investment priorities are:



Funds will primarily be invested according to the Secretary of State's definition of **specified investments**.

Treasury Management Investments



Treasury Management Investments

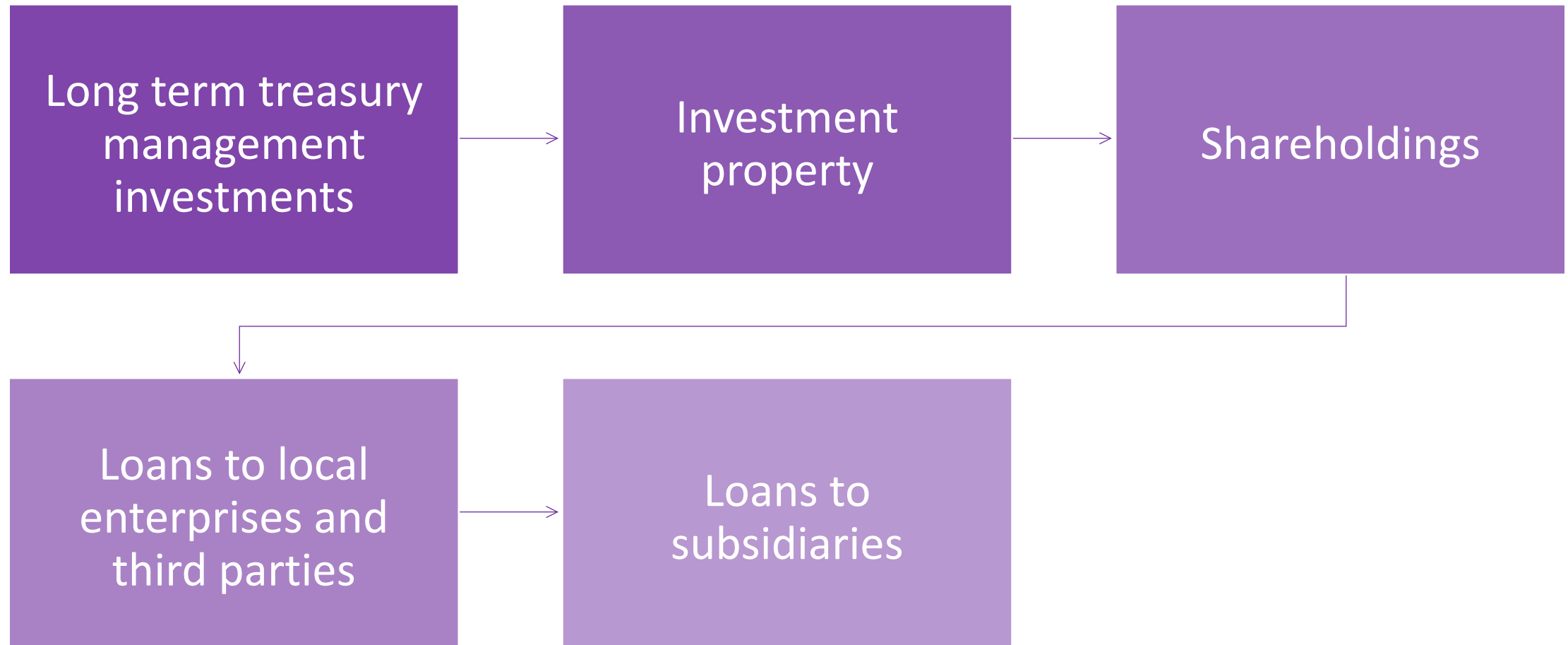
Environmental, Social and Governance issues

The Council will **not knowingly** invest directly in businesses whose activities and practices pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's values.

This would include, inter alia, avoiding direct investment in institutions with material links to:

- Human rights abuse (e.g. child labour, political oppression)
- Environmentally harmful activities (e.g. pollutants, destruction of habitat, fossil fuels)
- Socially harmful activities (e.g. tobacco, gambling)

Other investments



Questions?