

Key Decision Required:	Yes	In the Forward Plan:	Yes
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CABINET

8 MARCH 2019

REPORT OF FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

A.4 ANNUAL CAPITAL AND TREASURY STRATEGY FOR 2019/20 (INCLUDING PRUDENTIAL AND TREASURY INDICATORS)

(Report prepared by Richard Barrett and Wendy Borgartz)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To agree the Annual Capital and Treasury Strategy for 2019/20 (including Prudential And Treasury Indicators) for submission to Council on 26 March 2019.

EXECUTIVE SUMMARY

- The Annual Capital and Treasury Strategy for 2019/20, including Prudential and Treasury Indicators, was approved by the Finance and Corporate Resources Portfolio Holder on 5 February 2019 for consultation with the Resources and Services Overview and Scrutiny Committee.
- The Resources and Services Overview and Scrutiny Committee considered the Strategy at its meeting on 11 February 2019 and resolved:
That the Committee both notes the contents of the Annual Capital and Treasury Strategy for 2019/20 and agrees that it does not need to submit any comments for the Cabinet's consideration.
- The Local Government Act 2003 and supporting regulations require the Council to set out its treasury strategy for borrowing, and to prepare an annual Investment strategy (as required by Investment Guidance subsequent to the Act) that sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments, "having regard" to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice. Revised editions of both documents were issued in December 2017.
- Although the Council has always maintained a Capital Strategy, the revised guidance issued in December 2017 now requires the Council to update it annually.
- Rather than produce two separate documents, as they are closely linked, the Capital Strategy has been combined with the Treasury Strategy which is set out in **Appendix A**, with only minor amendments required in 2019/20 to reflect the latest financial position of the Council. ***(For completeness, Appendix A also includes the report considered by the Finance and Corporate Resources Portfolio Holder that was considered when approving the strategy on 5 February 2019 for consultation with the Resources and Services Overview and Scrutiny Committee).***

- The Capital Strategy element of the combined document covers the various elements surrounding capital investment decisions and the key criteria that investment decisions should be considered against.
- The Treasury Strategy element of the combined document covers the various elements that satisfy the requirements of the various codes that govern the borrowing and investment activities of the Council and has been prepared in the light of advice received from the Council's Treasury advisors and reflects the latest codes and guidance.
- Prudential and Treasury indicators are included as an Annex to the combined strategy and are therefore included within **Appendix A**.
- Under the Prudential Code the Council has freedom over capital expenditure as long as it is prudent, affordable and sustainable. The Prudential Indicators either measure the expected activity or introduce limits upon the activity, and reflect the underlying capital appraisal systems and enable the Council to demonstrate that it is complying with the requirements of the Prudential Code.
- After noting the resolution of the Resources and Services Overview and Scrutiny Committee, Cabinet are required to consider and agree the Annual Capital and Treasury Strategy for 2019/20 (including Prudential and Treasury Indicators) that is attached as **Appendix A** for recommending to Council in March 2019.

RECOMMENDATIONS

That Cabinet notes the resolution of the Resources and Services Overview and Scrutiny Committee and agrees that the Annual Capital and Treasury Strategy for 2019/20 (including Prudential And Treasury Indicators) attached within Appendix A be submitted to Council for approval.

APPENDICES

Appendix A – Annual Capital and Treasury Strategy for 2019/20 *(including Prudential and Treasury Indicators and the covering report considered by the Finance and Corporate Resources Portfolio Holder on 5 February 2019)*