

Somerset West and Taunton Council

Audit and Governance Committee – 14 March 2021

Capital, Investment and Treasury Strategies 2022/23 to 2024/25

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: John Dyson, Corporate Finance Manager (Interim)

1 Executive Summary / Purpose of the Report

- 1.1 The purpose of this report is to bring to Members three recommended strategies covering Capital, Investment and Treasury Management (CIT Strategies) for their consideration and adoption.
- 1.2 Appendix A to this report combines three Strategies together with the Council's Minimum Revenue Provision (MRP) Statement. Its format has been developed to meet the requirements of statutory guidance issued under Part 1 of the Local Government Act 2003, with particular reference to CIPFA's Prudential Code of Practice and Treasury Management Code of Practice.

2 Recommendations

- 2.1 Full Council is recommended to approve the CIT Strategies and MRP Statement for adoption with effect from 1 April 2022.

3 Background and Full Details of the Report

- 3.1 In line with regulatory guidance, the Council is required to produce a Capital Strategy, and Investment Strategy and a Treasury Management Strategy annually. These have again been combined into a draft consolidated document as Appendix A to this report. Appendix A also contains the Minimum Revenue Provision (MRP) Statement, which is also an annual requirement to be set by the Council.
- 3.2 It is recognised this is a large document that contains complex information and draws from a multitude of information sources. Most notably, the Strategies combine with and sit alongside the annual Revenue Budgets and Capital Programme for the General Fund and the Housing Revenue Account.
- 3.3 The report is also expanded to include a range of graphs and charts that may make some of this information more accessible to a wider audience. Whilst the Assistant Director – Finance (S151 Officer) has explored potential to make this report and future iterations into a condensed strategy document, new and lengthy Code updates (published in late December 2021, with parts released as late as February 2022) have signalled greater emphasis on the need to prepare robust and detailed Capital, Investment and Treasury Strategies by local authorities.

- 3.4 The capital programme for the Housing Revenue Account (HRA) was approved by Council on 8 February. The Executive agreed the recommended capital programme for the General Fund, with amendment, on 9 February with the General Fund full Budget Report presented to Council for approval at its meeting on 24 February 2022. A minority of aspects of this Draft strategy document will be finalised after this report is published for Scrutiny.
- 3.5 Aligned with the Council's approved programme of investment in Commercial Properties with a view to generating yield, HM Treasury and CIPFA have been instrumental in their expectations for local authorities ceasing making these types of investment after publication of the new CIPFA Prudential Code in December 2021. Central government had already announced changes with effect from 26 November 2020 that prevents use of PWLB (Public Works Loans Board) borrowing for financing commercial property acquisitions.
- 3.6 The impact of these substantial developments is covered in detail within the Strategies in Appendix A.
- 3.7 Meanwhile, the Council has still been able to deliver its CIT Strategies without breaching any of the parameters of the revised Codes of Practice, and ongoing financing of capital investment remains fully achievable.

4 Links to Corporate Aims / Priorities

- 4.1 The Capital, Investment and Treasury Management strategies support the delivery of all Corporate Aims.

5 Finance / Resource Implications

- 5.1 Any financial / resource implications are contained within the Appendix to this covering report.

6 Legal Implications

- 6.1 None in respect of this report.

Democratic Path:

- Corporate Scrutiny Committee – 2 March 2021
- Audit and Governance Committee – 14 March 2021
- Executive – 16 March 2021
- Full Council – 29 March 2021

Reporting Frequency: Annually

List of Appendices

Appendix A	Capital, Investment and Treasury Strategies 2022/23 to 2024/25
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