

REPORT TO: CABINET

DATE: 24 JANUARY 2019

TITLE: CAPITAL AND TREASURY REPORT 2019

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES

LEAD OFFICERS: SIMON FREEMAN, HEAD OF FINANCE AND DEPUTY TO THE MANAGING DIRECTOR (01279) 446228

SENIOR MANAGEMENT BOARD
(01279) 446004

This is a Key Decision

It is on the Forward Plan as Decision Number I008579

The decision is not subject to Call-in Procedures for the following reasons:

The decision stands as a recommendation to Full Council

This decision will affect no ward specifically.

RECOMMENDED that Cabinet recommends to Full Council that:

A The following Capital and Treasury Reports be approved:

- i) The Capital Strategy Report (attached as Appendix A to the report)
- ii) The Capital Programme Strategy Statement 2019/20 (attached as Appendix B to the report)
- iii) The Investment Strategy Report 2019/20 (attached as Appendix D to the report)
- iv) The Minimum Revenue Provision Statement 2019/20 (attached as Appendix E to the report).

B The proposed revised Treasury Management Strategy Statement 2019/20 (attached as Appendix C to the report) be approved for implementation with immediate effect.

REASON FOR DECISION

A The Capital Strategy Report 2019/20 (attached as Appendix A to the report) covers the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017, including the prudential indicators.

The report should be approved by Full Council before the start of the new financial year.

- B** The Capital Programme Strategy Statement 2019/20 (attached as Appendix B to the report) is not a requirement of any guidance, but is included within this report to provide context for capital investment explained elsewhere. Specifically, for 2019/20, it sets out the Council's programme for building council homes.
- C** The Treasury Management Strategy Statement 2019/20 (attached as Appendix C to the report) covers the requirements of the new CIPFA Treasury Management Code of Practice 2017, including the treasury management indicators. In a departure from previous practice, where a Capital Strategy (attached as Appendix A to the report) is approved by Full Council. Approval of this report may be delegated to the committee responsible for the implementation and regular monitoring of treasury management policies and practices. For consistency it is included here for this year.
- D** The Investment Strategy Report 2019/20 (attached as Appendix D to the report) covers the requirements of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance 2018, including the investment indicators.
- E** The Minimum Revenue Provision Statement 2019/20 (attached as Appendix E to the report) covers the requirements of the MHCLG Guidance on Minimum Revenue Provision 2012.

BACKGROUND

1. The 'Capital and Treasury Report' brings together a number of documents in order to comply with new Government (MHCLG) and accountancy professional (CIPFA) guidance.
2. One of the new requirements is the submission of an overarching document, a Capital Strategy Statement, which sets out the Council's longer term plan for capital expenditure, and the way in which it is to be funded. The approval of the Strategy (as set out in Appendix A to the report) is a requirement of Council.
3. To provide further context a medium term strategy for the Capital Programme 2018/19 – 2023/24 is given (as set out in Appendix B to the report) allowing a separate report to this meeting to concentrate on approval of the current and immediate forthcoming year: 'Capital Programmes 2018/19-2019/20'.
4. At the heart of this document are statements governing treasury management, now split into three separate documents (as set out in appendices C, D and E).
5. Treasury management is defined as "the management of the Council's investments and cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks."

6. The primary requirements of the current guidance are as follows:
- a) Creation and maintenance of a Treasury Management Policy Statement
 - b) Creation and maintenance of Treasury Management Practices (TMP)
 - c) Receipt of an annual Treasury Management Strategy Statement (TMSS)
 - d) Presentation of a mid-year review of the TMSS and an annual report (stewardship report) to Full Council
 - e) Delegation by the Council for responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions
 - f) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For the Council the current TMSS specifies the responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group, as well as to the Audit and Standards Committee as may be required
 - g) Submission of an Investment Strategy (as set out in Appendix D to the report)
 - h) Submission of a Minimum Revenue Provision Statement (as set out in Appendix E to the report).

ISSUES/PROPOSALS

- 7. All reports have been prepared in compliance with respective guidance.
- 8. Members are invited to refer/approve these documents as appropriate.

IMPLICATIONS

Place (Includes Sustainability)

None specific.

Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning

Finance (Includes ICT)

Any specific implications are set out within the report and supporting appendices. The strategies are key documents underpinning key aspects of financial management across the Council which enable sound financial management to be applied and for resources and assets to be protected.

Author: Simon Freeman, Head of Finance and Deputy to the Managing Director

Housing

None specific.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

None specific.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

None specific.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Capital Strategy Report

Appendix B – Capital Programme Strategy Statement 2019/20

Appendix C – The Treasury Management Strategy Statement 2019/20

Appendix D – The Investment Strategy Report 2019/20

Appendix E – The Minimum Revenue Provision Statement 2019/20

Background Papers

CIPFA Prudential Code 2017

CIPFA Treasury Management Code of Practice 2017

MHCLG Investment Guidance 2018

MHCLG Guidance on Minimum Revenue Provision 2012

HRA Business Plan 2018-2048

Capital Programme 2018/19-2019/20

Arlingclose Ltd treasury management advisory documents

Treasury Management and Accounting records

Glossary of terms/abbreviations used

See Appendix C, Annex E for glossary of terms.