

# **Capital, Investment and Treasury Strategies 2020/21 to 2022/23**

*Director* Netta Meadow, Strategy and Support Services  
*Lead Officers:* Nicola Hix, Interim S151 Officer  
Paul Matravers, Specialist - Finance  
*Contact Details:* [nicola.hix@southsomerset.gov.uk](mailto:nicola.hix@southsomerset.gov.uk) or (01935) 462612  
[paul.matravers@southsomerset.gov.uk](mailto:paul.matravers@southsomerset.gov.uk) or (01935) 462275

## **Purpose of Report**

1. The purpose of this report is to inform members of the recommended strategy in relation to capital expenditure and financing, investments and treasury management activities.

Previously separate strategies have been presented, however this report provides a holistic view of the Council's capital, investment and borrowing requirements meeting the requirements of statutory guidance issued by government in January 2018.

## **Recommendations**

2. Audit Committee are requested to review and comment on the draft Treasury Management Strategy, and recommend for approval to the District Executive.
3. To note the Minimum Revenue Provision statement (This is to go to full council for approval. The figures within the report are provisional dependant on the report going to District Executive in Feb 2020 so it is anticipated that these will change).
4. Audit Committee are requested to provide feedback on the full report including any suggestions for improvement.

## **Introduction and Background**

5. In line with regulatory guidance, the Council is required to produce a Capital Strategy, and Investment Strategy and a Treasury Management Strategy. These are intrinsically linked so, whilst in the past these have been presented to Members as separate reports, they have been pulled together into a draft consolidated document this year. It is recognised this is a large document, but is helpful on this occasion to provide a holistic review of the relevant data and information together with supporting narrative.
6. The report is also expanded to include a number of graphs and charts to make some of this information more accessible to a wider audience. The Interim S151 Officer proposes to explore future iterations of this report to condense into a single, shorter strategy document. This will be discussed with our external auditor to ensure compliance to the relevant regulations is not compromised.
7. The Audit Committee is requested specifically to review and comment on the draft Treasury Management Strategy section of the report (Page 33-49). However, feedback and comments are invited on the whole draft report.
8. The 2020/21 Minimum Revenue Provision Statement is set out on pages 55-57. These are included in draft at this stage, and will potentially be amended for the report to Executive to reflect final budget proposals for 2020/21.

## Treasury Strategy Statement 2020/21 - Key Information

9. The Treasury Management Strategy Statement is split into the following main areas:
- **External Context** (Appendix A) – Summary commentary on the wider economic picture provided by Arlingclose (Treasury Advisor)
  - **Local Context** – Current position on borrowing and investments
  - **Borrowing Strategy** – Proposed borrowing strategy 2020/21
  - **Treasury Investment Strategy** – Proposed investment strategy 2020/21
  - **Treasury Management Indicators** – Proposed indicators to be used to measure and manage exposure to treasury management risk
  - **Other Items** - Related matters
  - **Financial Implications** - Budget for investment income and debt interest
  - **Other Options Considered** - Alternative strategies, with their financial and risk management implications
10. There are no changes proposed to the 2020/21 treasury management strategy for the key areas detailed below:
- Approved counterparties and the limits applicable to each counterparty (Table 24)
  - Investment limits and the cash limits applicable (Table 25)

## Minimum Revenue Provision Statement 2020/21 - Key Information

11. The 2020/21 MRP statement includes a new section on voluntary overpayments of MRP. Voluntary overpayments can be made in a financial year with the impact of the overpayment being a reduction in the charge to revenue in future years.
12. The statement provides information on the process of determining if an MRP overpayment can be made in a particular year.

## Financial Implications

13. There are no additional financial implications in reviewing the attached treasury management strategy.

**Background Papers:** *CIPFA Treasury Management Code of Practice*  
*CIPFA Prudential Code*  
*Treasury Management Practices*