

# Cherwell District Council

## Accounts, Audit and Risk Committee

22 January 2020

### Capital, Investment and Treasury Management Strategies 2020-21

#### Report of Executive Director of Finance (Interim)

This report is public

#### Purpose of report

To submit the draft capital, investment and treasury management strategy reports for 2020-21. These reports were presented as draft to AARC on 20 November 2019 and have subsequently been updated.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To recommend the draft strategies for 2020-21 to Council for adoption.

#### 2.0 Introduction

- 2.1 The capital and investment strategies were new reports introduced for 2019/20, to sit alongside the treasury management strategy. These strategies meet, respectively, the requirements of the 2017 Prudential Code, the 2018 MHCLG Investment Guidance and the 2017 CIPFA Treasury Management Code of Practice.

#### 3.0 Report Details

- 3.1 The draft strategies were previously submitted to AARC on 20 November 2019. They have since been revised following comments from members and advice from the Council's treasury management advisers, Arlingclose. They have also been updated with figures from 31 December 2019 monitoring reports.
- 3.2 The **Capital Strategy** demonstrates how the council takes capital expenditure decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. It sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

- 3.3 The **Investment Strategy** relates only to non-treasury management investments. The purpose of the strategy is to demonstrate how the council:
- Makes investment decisions (governance, advice taken etc)
  - Demonstrates investments are tied to corporate objectives
  - Assesses and monitors risk
  - Assesses and monitors return
  - Ensures there is appropriate capacity, skills and culture to support its strategy
- 3.4 Investments which are covered by this strategy include such things as:
- Loans to third parties (e.g. subsidiaries, charities, businesses) [Service loans]
  - Purchase of shares (in subsidiaries, businesses etc)
  - Property
- 3.5 The **Treasury Management Strategy** sets out the Council's risk appetite and associated priorities in relation to security, liquidity and yield in respect of returns from various financial instruments.

## 4.0 Conclusion and Reasons for Recommendations

There is a requirement for full Council to approve the three strategies prior to the start of each financial year.

## 5.0 Consultation

None

## 6.0 Alternative Options and Reasons for Rejection

There are no alternative options – this is a requirement placed upon all local authorities.

## 7.0 Implications

### Financial and Resource Implications

There are no financial implications arising directly from any outcome of this report. The financial implications of are incorporated into the draft budget 2020/21 and MTFs 2020/21 to 202/25. Presentation of this report is in line with the CIPFA Code of Practice and Prudential Code

Comments checked by:

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## Legal Implications

There are no legal implications arising directly from any outcome of this report.

Comments checked by:

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## Risk Management Implications

There are no risk management implications arising directly from any outcome of this report. Treasury management is itself the management of risk and therefore these strategies demonstrate how the council manages treasury, capital and investment risk. Risks escalated as and when necessary to the leadership risk register

Comments checked by:

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## 8.0 Decision Information

### Wards Affected

All wards are affected

### Links to Corporate Plan and Policy Framework

Links to all areas of Corporate Plan

### Lead Councillor

None

## Document Information

Appendix No	Title
Appendix 1	Capital Strategy 2020-21
Appendix 2	Investment Strategy 2020-21
Appendix 3	Treasury Management Strategy 2020-21
Background Papers	
None	
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