

PART A

Report to: Audit Committee
Date of meeting: 6 December 2018
Report of: Head of Finance
Title: Draft Capital Strategy

1.0 Summary

1.1 This report seeks comments from the Audit Committee on the draft capital strategy for 2019/20.

2.0 Risks

2.1

Nature of Risk	Consequence	Suggested Control Measures	Response <i>(Treat, tolerate, terminate, transfer)</i>	Risk Rating (the combination of severity and likelihood)
The Capital Strategy seeks to manage the risks associated with the Council's investment and borrowing activities.	Failure to adequately manage these risks could result in financial and reputational loss to the council.	An approved capital strategy and treasury management policy is in place and adhered to.	Treat	4

3.0 Recommendations

That the Committee review the draft strategy and make any comments it wishes to make.

Contact Officer:

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4.0 **Detailed proposal**

- 4.1 The Capital Strategy is a new requirement introduced under the revisions made to the Prudential Code in 2018. It replaces the requirement to report on a detailed Treasury Management Strategy as part of the budget setting process.
- 4.2 The purpose of the capital strategy (the Strategy) is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 4.3 The detailed Treasury Management Strategy, in support of the approved Capital Strategy, will be brought to the Audit Committee immediately following the approval of the Capital Strategy by the Council.
- 4.4 The draft strategy is appended to this report and is at this point very much a work in progress as the figures contained within will be updated in parallel to the budget process.
- 4.5 The Capital Strategy is a new requirement introduced under the revisions made to the Prudential Code in 2018. It replaces the requirement to report on a detailed Treasury Management Strategy as part of the budget setting process.
- 4.6 The Committee are asked to provide any comments on the draft strategy appended to this report in order that these can be taken to consideration in the finalisation of the strategy for agreement by council as part of the budget setting process.

5.0 **Implications**

5.1 **Financial**

- 5.1.1 The Shared Director of Finance comments that that this report indicates that the report is within current budget and policies.

5.2 **Legal Issues (Monitoring Officer)**

- 5.2.1 The Head of Democracy and Governance comments that there are no legal implications in this report

5.3 **Equalities/Human Rights**

5.3.1 No implications

5.4 **Staffing Issues**

5.4.1 No implications.

Appendices

- Draft Capital Strategy

Background Papers

CIPFA's Prudential Code and Treasury Management Code.

File Reference

None