



WEST OXFORDSHIRE  
DISTRICT COUNCIL

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Name and date of Committee	<b>FINANCE AND MANAGEMENT OVERVIEW AND SCRUTINY COMMITTEE</b>
Report Number	<b>Agenda Item No. 8</b>
Subject	<b>CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2020/2021 – 2022/2023</b>
Wards affected	ALL
Accountable member	Cllr Morris Cabinet Member for Resources Email: <a href="mailto:toby.morris@westoxon.gov.uk">toby.morris@westoxon.gov.uk</a>
Accountable officer	Chief Finance Officer, Jenny Poole Tel: 01285 623313 Email: <a href="mailto:jenny.poole@cotswold.gov.uk">jenny.poole@cotswold.gov.uk</a>
Summary/Purpose	To consider the Council's Capital Strategy, Investment Strategy and Treasury Management Strategy for the period 2020/21 to 2022/23.
Annexes	Capital Strategy; Investment Strategy; and Treasury Management Strategy.
Recommendation/s	<i>That the Committee considers the draft strategies and make appropriate recommendations to Cabinet.</i>
Corporate priorities	<b>Modern Council Services and Sustainable Finance</b> - Delivering excellent modern services whilst ensuring the financial sustainability of the Council.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Publica Directors, Finance and Management Overview and Scrutiny Committee.

## **I. BACKGROUND**

- I.1 Local authorities in England are legally obliged to “have regard” to the CIPFA Treasury Management Code and the Prudential Code by relevant Capital Finance Regulations.
- I.2 Local authority investment decisions have made headlines recently, with some elements of the national press calling into question the role of local authorities investing in property and assets as a means to generate income. However as funding has decreased councils have increasingly relied upon new sources of income to plug the funding gaps. Councils investing in property, and other assets, is nothing new; many local authorities have historically held major assets including retail sites, farms and residential property. In recent years however the emphasis on using these assets to generate a commercial yield has become much greater and this has involved out of area investment. The scaling up of investments by local councils has peaked the interests of the Ministry of Housing, Communities and Local Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) resulting in changes to the Treasury Management Code and the Prudential Code.
- I.3 Following consultations in February and August 2017, CIPFA published its new 2017 editions of *Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes and the Prudential Code for Capital Finance in Local Authorities* just before Christmas 2017. The Council is now required to prepare and approve three strategies:
  - Capital Strategy;
  - Investment Strategy; and a
  - Treasury Management Strategy.

Drafts of each Strategy are attached at Annexes ‘A’ to ‘C’. The draft strategies have been based on a template provided by the Council’s treasury advisors, Arlingclose, which has been modified to this Council’s circumstances.

## **2. MAIN POINTS**

- 2.1 The Treasury Management Strategy investment options have been selected to minimise the risk to the Council’s investments whilst providing the scope and flexibility of investment options to enable the Council to maximise its investment returns.
- 2.2 The authority has invested substantial sums of money in both commercial property and a variety of investments and is therefore exposed to financial risks including: the loss of invested funds, the revenue effect of changing interest rates and economic factors which could impact upon commercial property yields and the fair value of those assets. The successful identification, monitoring and control of risk are therefore central to the Authority’s Treasury Management, Capital and Investment strategies.

## **3. FINANCIAL IMPLICATIONS**

There are no direct financial implications

**4. LEGAL IMPLICATIONS**

To incorporate the requirements of the Local Government Act 2003 and the guidance on Local Government Investments whilst complying with the principles of the CIPFA Code of Practice for Treasury Management and the Prudential Code for Capital Finance in Local Authorities.

**5. ALTERNATIVE OPTIONS**

Members may suggest amendments to the proposed Strategies.

**6. BACKGROUND PAPERS**

ODPM Guidance under Section 15(1) (a) Local Government Act 2003.  
CIPFA Treasury Management in the Public Service Code of Practice and Cross-Sectoral Guidance Notes.  
CIPFA Prudential Code for Capital Finance in Local Authorities