

AUDIT AND RESOURCES COMMITTEE

Tuesday, 8 February 2022

CABINET

Thursday, 17 February 2022

COUNCIL

Thursday, 24 February 2022

**CAPITAL, INVESTMENT AND TREASURY MANAGEMENT
STRATEGY**

Report of the Chief Financial Officer

Recommendation(s)

For Audit and Resources:

- (1) It is recommended that the Audit and Resources Committee note the Capital, Investment and Treasury Management Strategies making any recommendations to Cabinet as appropriate**

For Cabinet:

- (2) recommend to Council to approve the Capital Strategy at Appendix 1**
- (3) recommend to Council to approve the Treasury Management Strategy at Appendix 2**
- (4) recommend to Council to approve the Investment Strategy at Appendix 3**
- (5) recommend to Council to approve the Minimum Revenue Provision (MRP) Statement at Appendix 2A**
- (6) recommend to Council to approve the Prudential Indicators at Appendix 2B**

For Council:

- (7) approve the Capital Strategy at Appendix 1**
- (8) approve the Treasury Management Strategy at Appendix 2**
- (9) approve the Investment Strategy at Appendix 3**

(10) approve the Minimum Revenue Provision (MRP) Statement at Appendix 2A

(11) approve the Prudential Indicators at appendix 2B

Summary

The Capital, Investment and Treasury Management Strategies set out the long-term context in which capital expenditure decisions are made and gives due consideration to both the risk and reward of these decisions and the impact on the achievement of priority objectives.

Statutory Powers

Section 15 of the Local Government Act 2003.

Section 151 of the Local Government Act 1972.

Strategic Implications

2. This report relates to all the objectives in the Council's Corporate Plan 2015-2025 as it supports the Council's ability to fund capital and revenue projects and services. The approach recommended continues to build on the Council's previous success in this respect, by achieving a high level of rewards for residents in terms of service objectives supported by a strong financial position, whilst still managing the appropriate level of risk carefully as detailed in the report and appendices.

Introduction

3. These strategies give a high-level overview of how capital expenditure, financing and treasury management activity contribute to the provision of local services along with an overview of how associated risk is managed and the implications for future financial sustainability. The Strategies can be found at Appendices 1, 2 & 3.

Financial Implications

4. The Financial Implications of each strategy are laid out in each Strategic Document.

Risk Assessment

5. The Council seeks to minimise risk whilst maximising the financial return from its investments/borrowing portfolio. Risk is pro-actively managed with advice from Arlingclose (the Council's treasury advisors) and all major decisions being made by the Treasury Management Group. The Finance team carry out their duties in a controlled manner to ensure that all of the Council's

investment and borrowing decisions are made in accordance with these strategies.

Equality and Diversity Implications

6. The Equality Act is not relevant to the decision in this report because It is a report dealing with internal or procedural matters only. Therefore it is considered that for this decision the Equality Duty does not need to be addressed and an Equality Impact Assessment (EqIA) has not been carried out.

Climate Change and Environmental Implications

7. In May 2019 a Consultation Response was submitted to Cabinet regarding HCC Pension Fund's Responsible Investment Policy. Where relevant, the same principles outlined in that response will be applied to Capital, Investment and Treasury decisions carried out by Eastleigh Borough Council.

Conclusion

8. The Council is required to approve a Capital, Investment and Treasury Management Strategy each financial year which includes an overview of Capital Financing, Treasury Management and Investments. The report also includes the approval of the Prudential Indicators (Appendix 2B) and MRP statement (Appendix 2A).

SARAH KING

CHIEF FINANCIAL OFFICER

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Appendices Attached: 8

LOCAL GOVERNMENT ACT 1972 - SECTION 100D

The following is a list of documents which disclose facts or matters on which this report or an important part of it is based and have been relied upon to a material extent in the preparation of this report. This list does not include any published works or documents which would disclose exempt or confidential information.

* List Background Papers or state None.