## Capital Strategy as part of Council's Budget Strategy

# TREASURY MANAGEMENT STRATEGY

How we manage the borrowing requirement arising from the Capital Strategy; temporary cash balances and risk

Economy and interest rates Internal and external borrowing Security, Liquidity, Yield Approach to non treasury investments Scrutiny / Training / Skills / Risk / Reporting

Strategy approved by Council



# REVENUE BUDGET - SHORT / MEDIUM AND LONG TERM FINANCIAL PLANNING

Revenue budget impact of capital strategy

Affordability Revenue budget pressures Resource forecast Financial Risks and Resilience

**Budget approved by Council** 



## PRUDENT PROVISION FOR REPAYMENT OF BORROWING

How we spread the repayment of historic and future capital expenditure to be paid for by borrowing

WG Supported borrowing Unsupported borrowing Useful life Wellbeing and future generations (Wales) Act WG Guidance

Policy approved by Council





### **CAPITAL STRATEGY**

#### Risk

- Effective due diligence
- · Defining risk appetite
- Approach to commercial investment
- Proportionality of income from commercial investment
- Financial Guarantees & other long term liabilities
- Approach to invest to save Exposure / Restrictions / Limits

#### Governance

- Programme approval, monitoring, reporting and revision
- Outcomes and measurement
- Capitalisation policies
- Capital Finance and accounting regulations compliance
- Finance & Contract Procedure rules compliance
- Wellbeing and future generations (Wales) Act
- · Restrictions or limits on expenditure
- Accountability

#### **Prudential Code**

- Affordability Indicators
- Prudence Indicators
- Sustainability Indicators
- Exploring alternative sources of capital funding; timing and certainty
- Asset life of expenditure
- Revenue implications of new schemes (Operating and financing)
- Prioritisation for use of borrowing
- Approach to invest to save -Restrictions / Limits

#### Strategy

- Council strategic and citywide objectives
- External influences WG, Economic, Regional working
- Asset Management Plans Stewardship of assets
- Effective asset utilisation / disposal strategy
- Approach to earmarking of capital receipts
- Approach to working with external partners for benefit of residents
- Longer term approach

#### **Process**

- Option appraisal
- Prioritisation of limited resources
- Challenge / Review
- Procurement and value for money
- Delivery mechanism
- Capacity / skills to deliver investment
- Avoiding optimism bias to reduce slippage: avoid cost increase
- Assessment of business cases

Specific approval of Capital Strategy by Council as part of the Budget

S151 Officer to report explicitly on affordability and risk associated with the Capital Strategy. Where appropriate have access to specialised advice to enable them to reach their conclusions