



AGENDA ITEM 7

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2021 / 2022

FINANCE AND PERFORMANCE SCRUTINY COMMITTEE

22nd March 2022

REPORT OF THE SERVICE DIRECTOR OF DEMOCRATIC SERVICES AND COMMUNICATION

1.0 PURPOSE OF REPORT

- 1.1 This report constitutes the requirement to provide Members with the opportunity to scrutinise the 2022/23 Capital Strategy Report and 2022/23 Treasury Management Strategy Report both of which were approved by Council on 9th March 2022. The Council reports are attached as follows:

Appendix 1:

2022/23 Capital Strategy Report incorporating Prudential Indicators.

Appendix 2:

Treasury Management Strategy incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision (MRP) Statement for 2022/23.

2.0 BACKGROUND

Capital Strategy

- 2.1 The Capital Strategy provides contextual information on future Council plans that impact upon Treasury Management activity in line with the updated Prudential Code for Capital Finance in Local Authorities 2021.

Treasury Management Strategy

- 2.2 The Treasury Management Strategy Report details the expected activities of the Treasury Management function in the forthcoming financial year

(2022/23) in line with the Local Government Act 2003 and the CIPFA¹ Treasury Management Code of Practice and the CIPFA Prudential Code.

- 2.3 CIPFA has issued a revised Treasury Management in the Public Services Code of Practice and cross-sectoral guidance notes and Prudential Code for Capital Finance in Local Authorities. The 2021 editions replace the 2017 editions and include the requirement that local authorities must not borrow to invest primarily for financial return. The Treasury Management Code 2021 has also amended the Treasury Management Clauses for Investment Management Practices (IMP's) and, for Members information, is included as a separate Appendix within Appendix 2.

3.0 RECOMMENDATIONS

It is recommended that Members:

- 3.1 Scrutinise and comment on the information provided within Appendix 1 and Appendix 2.
- 3.2 Consider whether any matters contained in Appendix 1 and Appendix 2 require scrutiny in greater depth.

4.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 4.1 The reports in Appendix 1 and 2 provide a high-level overview of how the Council's capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risks are managed.
- 4.2 Equality Impact Assessments have been completed in respect of the 2022/23 Revenue Budget and new three-year Capital Programme (2022/23 to 2024/25), that inform both the Treasury Management Strategy and Capital Strategy, and concluded that the recommendations set out in the reports are in line with the Equality Act 2010.

5.0 WELSH LANGUAGE IMPLICATIONS

- 5.1 There are no Welsh language implications as a result of the recommendations in this report.

6.0 CONSULTATION

- 6.1 Following consideration by Council on 9th March 2022, these reports are now being presented to the Finance and Performance Scrutiny Committee in line with the laid down Codes of Practice and also the Terms of Reference for this Committee.

¹ CIPFA – Chartered Institute of Public Finance and Accountancy

7.0 FINANCIAL IMPLICATIONS

- 7.1 The financial results / implications of the Council's Treasury Management arrangements will be incorporated into quarterly Performance Reports during the year.

8.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The reports ensure the Council complies with its legal duty under the Local Government Act 2003 and in doing so is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

9.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

- 9.1 The reports support the delivery of the Council's Corporate Plan 2020-24 "Making a Difference" through the 'Living Within Our Means' theme by pursuing optimum treasury management, capital and revenue performance or return at the same time as managing associated risk.
- 9.2 The reports also support the Well-being of Future Generations Act in particular 'a globally responsible Wales' through responsible management and investment of the Council's resources.

10.0 CONCLUSION

- 10.1 This report, together with Appendix 1 and Appendix 2, provides Members with the opportunity to scrutinise the 2022/23 Capital Strategy Report and Treasury Management Strategy Report 2022/23.
