

28 January 2022

REPORT SUMMARY SHEET

CAPITAL STRATEGY INCLUDING TREASURY MANAGEMENT AND INVESTMENT STRATEGIES

Purpose

This report presents the Capital Strategy for the West of England Combined Authority including the:

- Capital budget for 2022/23, and indicative budget up to 2024/25.
- Treasury Management Strategy for 2022/23.
- Combined Authority Investment Strategy 2021 to 2026.

Summary

The capital strategy is a report which is instigated through the 2017 edition of the Prudential Code. The Code states that: *“the capital strategy 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.”*

The areas covered by the capital strategy are as follows;

- Medium term capital expenditure and financing (Appendix 1).
- Investment strategy for non-treasury investments (Appendix 2).
- Treasury management including prudential indicators (Appendix 3).
- Liabilities, revenue implications of the capital programme, and knowledge and skills employed in delivering the strategy.

Impact of Covid-19 pandemic

The Combined Authority continues to actively review its key activities and work programme to reflect changing priorities as a result of the Covid-19 pandemic.

Further capital funding will be made available through central government over the next twelve months and the West of England will need to be proactive to ensure that a proportionate share is attracted to the region.

Income returns from Treasury Management investment will remain challenging over the short to medium term due to the unprecedentedly low interest rates and market uncertainty throughout the Covid period.

Recommendations

The Combined Authority Committee is asked to:

- a) Approve the 2022/23 Capital Budget as detailed in Appendix 1;
- b) Note the CA Investment Strategy as detailed in Appendix 2;
- c) Approve the Treasury Management Strategy for 2022/23 detailed in Appendix 3.
- d) Agree the specific Highways and Transport Capital Grant allocations totalling £25M to the constituent councils for 2022/23 as set out in Figure 3.

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