



<u>Committee and Date</u>	<u>Item</u>
Cabinet	
13 February 2019	<u>Public</u>

CAPITAL STRATEGY 2019/20 – 2023/24

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1. Summary

- 1.1 The Council is required to prepare a Capital Strategy which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. This is the first year that the Council has had to prepare a Capital Strategy and ensure that the Council is complying with the revised Prudential Code for Capital Finance in Local Authorities that CIPFA published in 2017.
- 1.2 The strategy gives an overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of services, but importantly considers the associated risks for the future financial sustainability. The strategy also considers the governance surrounding capital investments that has been implemented within the Council.
- 1.3 The capital programme for 2019/20 to 2021/22 is also considered within the Capital Strategy and schemes are only included within the Capital Programme once they have been approved by the Capital Investment Board following a stringent gateway approval mechanism and the appropriate approval has been sought from Cabinet or Council.

2. Recommendations

- 2.1 It is recommended that members:
 - A. Agree and recommend to Council the adoption of the Capital Strategy 2019/20 - 2023/24 attached as Appendix 1.
 - B. Agree and recommend to Council the revised Capital Programme as set out in the report and detailed at Section 7 and Appendix B to the Capital Strategy

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1. The development of the Council's Capital Strategy is a fundamental process in evaluating the financial risks arising from investment projects, both in terms of the risks arising from the individual projects and the impact that they have on the Council's financial position and sustainability.
- 3.2. The Strategy outlines the process for evaluating business cases for investment, which always considers the financial and non-financial risks arising from the project.
- 3.3. The Strategy also focusses on the overall financing capability of the Council to take forward prospective projects and categorises potential projects into investment categories and types. Each investment category and type is evaluated to consider the level of investment risk associated with them. Each investment type is then given a risk score which gives a basis for the level of exposure the Council should expose itself to when considering which capital projects to pursue. Further details of the risk analysis are provided in Section 5 of the Capital Strategy attached.

4. Development of the Capital Strategy

- 4.1 Since the introduction of the revised Prudential Code for Capital Finance in Local Authorities by CIPFA in 2017, the Council has been considering and evaluating the necessary processes and procedures that we need to have embedded in order to comply with the requirements of the Code.
- 4.2 Over the last twelve months the "Hopper" process has been developed which provides a clear framework and governance regarding how capital projects will be considered and evaluated within the Council.
- 4.3 Alongside this, the Council has also been considering the potential investment fund that could be available to take forward prospective projects and has held workshops with officers and members to consider the investment categories and risks that need to be considered when evaluating where the Council invests money into large scale projects.
- 4.4 The outcome of these activities has enabled the Capital Strategy to be drawn up over the last year and whilst the Strategy detailed in Appendix 1 is the current position of projects and funding available, it is recognised that this will be constantly changing as new projects come forward and business cases are developed to confirm projected figures. It is also recognised that this Strategy and the projects identified within this Strategy need to be consistent with other Corporate Strategies including the Financial Strategy, the Treasury Strategy, the Corporate Plan, the Economic Development Strategy, the Commercial Strategy, the Housing Strategy and the Digital Transformation Strategy. It is anticipated

that further work will continue around this over the spring and summer as the longer-term Financial Strategy is developed and other Strategies are reviewed.

5. Capital Programme 2019/20 - 2021/22

5.1 The capital programme for 2019/20 to 2021/22 is shown in the table below and reported in more detail in the Capital Strategy.

Scheme Description	2019/20 Revised Budget £	2020/21 Revised Budget £	2021/22 Revised Budget £
<u>General Fund</u>			
Place & Enterprise	37,252,752	18,817,000	15,001,000
Adult Services	3,600,000	-	-
Public Health	230,000	-	-
Children's Services	14,652,743	3,364,358	1,000,000
Resources & Support	5,000,000	-	-
Total General Fund	60,735,495	22,181,358	16,001,000
Housing Revenue Account	7,600,950	-	-
Total Approved Budget	68,336,445	22,181,358	16,001,000

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Financial Strategy 2018/19 – 2022/23 – Council, 22nd February 2018
 Financial Monitoring Report Quarter 3 – 2018/19 – Cabinet, 13th February 2019
 Treasury Strategy 2019/20 – Cabinet, 13th February 2019

Cabinet Member (Portfolio Holder)

David Minnery

Local Member

All

Appendices

Appendix 1 - Capital Strategy 2019/20 To 2023/24