

<b>SIGNED OFF BY</b>	Interim Head of Finance
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<b>TO</b>	Overview & Scrutiny Executive
<b>DATE</b>	Thursday, 15 July 2021 Thursday, 22 July 2021
<b>EXECUTIVE MEMBER</b>	Councillor Tony Schofield, Portfolio Holder for Finance & Governance

<b>KEY DECISION REQUIRED</b>	Y
<b>WARDS AFFECTED</b>	(All Wards);

<b>SUBJECT:</b>	<b>CAPITAL INVESTMENT STRATEGY 2022/23</b>
<p><b>RECOMMENDATIONS:</b></p> <p><b>Overview &amp; Scrutiny</b></p> <p>(i) To note the report and raise any comments for consideration by Executive.</p> <p><b>Executive</b></p> <p>(i) That the Capital Investment Strategy be adopted as the framework for the Capital Programme elements of service and financial planning for 2022/23 onwards.</p>	
<p><b>REASONS FOR RECOMMENDATIONS:</b></p> <p>The Council is required to set a budget by 11 March each year. This report and the associated documents will support this obligation for 2022/23.</p>	
<p><b>EXECUTIVE SUMMARY:</b></p> <p>This Strategy sets out the approach to capital investment. It forms a key part of the Council's governance arrangements and provides a mechanism by which investment and financing plans can be prioritised, ensuring that capital decisions take account of stewardship, value for money, prudence, sustainability, affordability and risks.</p>	
<p>Executive has authority to approve the above recommendation.</p>	

## **STATUTORY POWERS**

1. The Council operates its capital investment activity as an integral part of its statutory obligation to effectively manage the Council's finances under the *Local Government Act 2003* and associated regulations.
2. Investments are undertaken in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, and the Government's Investment Regulations.

## **BACKGROUND**

3. The Capital Investment Strategy for 2021/22 was approved by Executive in January and Council in July 2021. This was a new report in line with updated guidance, providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services.
4. This latest Capital Investment Strategy (the 'Strategy') reflects the outcome of further work to develop our approach in this area over recent months in anticipation of service and financial planning for 2022/23.

## **KEY INFORMATION**

5. The purpose of the Strategy at Annex 1 is to:
  - Demonstrate how the Council's capital expenditure plans contribute to the achievement of corporate priorities;
  - Confirm how the Council will ensure that the Capital Programme is affordable and sustainable;
  - Describe the framework for decision-making and prioritisation relating to capital expenditure; and
  - Set out the approach to evaluating and monitoring asset utilisation.

It is intended to be read in combination with the Treasury Management Strategy 2021/22 that was approved by Council in April 2021.

6. The Strategy covers:
  - How the Council's capital investment plans will support delivery of corporate priorities and key strategies – including the Corporate Plan 2020-2025. Commercial Strategy and Housing Delivery Strategy;
  - How capital investment options are evaluated – to demonstrate effective governance, robust decision-making and compliance with new regulations and guidance;
  - How the Council plans to achieve a balance between capital investment to support service delivery and investments that deliver a financial return to support the budget;
  - How the Capital Programme will be funded and how the Council will ensure it is affordable over the medium term; and

- How capital investment risks are managed.
7. The Strategy is reviewed on an annual basis as part of service and financial planning.

#### Guidance

8. The requirement to prepare a Capital Investment Strategy was introduced as a consequence of revisions of the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

### **OPTIONS**

9. The Executive can accept, amend or reject any or all of the Capital Strategy and request that other factors are taken into account when preparing the 2022/23 Budget.

### **LEGAL IMPLICATIONS**

10. There are no direct legal implications arising from this report.

### **FINANCIAL IMPLICATIONS**

11. The financial impacts of the Capital Investment Strategy will be reflected in the Council's 2022/23 Budget proposals. There are no additional direct financial implications that arise from this report.
12. The Chief Finance Officer confirmed in the 2021/22 budget report that they were satisfied that the proposed Capital Programme is prudent, affordable and sustainable.

### **EQUALITIES IMPLICATIONS**

13. There are no equality implications arising directly from this report. An equalities impact assessment will be prepared as part of the Service and Financial Planning report to Executive in November when the full implications of all budget proposals, including any arising from the Capital Investment Strategy and Capital Programme, can be assessed.

### **COMMUNICATION IMPLICATIONS**

14. There are no communication implications arising from this report. A copy of the Strategy will be published on the Council's website.

### **RISK MANAGEMENT CONSIDERATIONS**

15. These are detailed in Annex 1

### **OTHER IMPLICATIONS**

16. There are no other implications arising from this report

### **CONSULTATION**

17. There are no communication implications arising from this report. Budget proposals

arising from service & financial planning for 2022/23 will follow established scrutiny and consultation procedures.

## **POLICY FRAMEWORK**

18. The recommendations in this report are a key decision because they form part of the annual service and financial planning process that lead to recommendation of the annual budget and council tax to full Council.

### **Background Papers:**

- Budget 2021/22 & Capital Programme 2021 to 2026, *report to Executive, 28 January 2021*
- Treasury Management Strategy 2021/22, *report to Council, 8 April 2021*
- Medium Term Financial Plan 2022/23 to 2026/27, *report to Executive 27 July 2021*