

<b>SIGNED OFF BY</b>	Chief Finance Officer
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<b>TO</b>	Overview & Scrutiny Executive Council
<b>DATE</b>	Thursday, 6 July 2023 Thursday, 13 July 2023 Thursday, 20 July 2023
<b>EXECUTIVE MEMBER</b>	Portfolio Holder for Finance, Governance & Organisation

<b>KEY DECISION REQUIRED</b>	Y
<b>WARDS AFFECTED</b>	All

<b>SUBJECT:</b>	<b>CAPITAL INVESTMENT STRATEGY 2024/25</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 recommended to Council for adoption as the framework for the Capital Programme elements of service and financial planning for 2024/25 onwards.</p> <p><b>Council</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 2024/25 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 2024/25.</p>	

## **EXECUTIVE SUMMARY:**

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.

The report will be considered at the meeting of the Overview & Scrutiny Committee on 6 July 2023 and their feedback and questions will be taken into consideration when preparing the Capital Programme.

Executive and Council have authority to approve the above recommendation.

## **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 requirement for local authorities to prepare a Capital Investment Strategy was introduced as a consequence of revisions of the Department for Levelling Up, Housing & Communities (DLUHC) Investment Guidance, DLUHC Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code
4. This latest Capital Investment Strategy (the 'Strategy') reflects the outcome of work to continue to develop the Council's approach in this area over the past year in anticipation of service and financial planning for 2024/25.

## **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 2023/24 that is scheduled for approval by Council in July 2022.

6. It 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, IT 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;
- How capital investment plans and the effective use of assets will support delivery of the Financial Sustainability Plan; and
- How capital investment risks are managed.

7. The Strategy is reviewed on an annual basis as part of the Council's established service and financial planning processes.

## **OPTIONS**

8. The Executive can accept, amend or reject any or all of the Capital Investment Strategy information and request that other factors are taken into account when preparing 2024/25 Capital Programme proposals.

## **LEGAL IMPLICATIONS**

9. It is a legal requirement that the Council sets a balanced budget which it can deliver.

## **FINANCIAL IMPLICATIONS**

10. The financial impacts of the Capital Investment Strategy will be reflected in the Council's 2024/25 Budget proposals. There are no additional direct financial implications that arise from this report.

11. The Chief Finance Officer confirmed in the 2023/24 budget report that they were satisfied that the current Capital Programme is prudent, affordable and sustainable.

## **EQUALITIES IMPLICATIONS**

12. This report provides background and context for the capital elements of service and financial planning activities of the Council. 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**

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

## **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

14. There are no environmental sustainability implications arising directly from this report. Opportunities for investment in capital assets that support delivery of the Council's environmental sustainability objectives will be considered when business cases are developed.

## **RISK MANAGEMENT CONSIDERATIONS**

15. These are addressed throughout the report and in Annex 1.

## **CONSULTATION**

16. As part of the budget setting process, public consultation will be undertaken and budget proposals will also be circulated to the business community via the monthly Business e-bulletin.
17. Comments received will be reported to the Executive and taken into account in agreeing the final budget for 2024/25
18. Capital Programme proposals will be considered by the Budget Scrutiny Panel of the Overview & Scrutiny Committee in November 2023. The conclusions and recommendations of the Panel and the Committee are reported to the Executive.

## **POLICY FRAMEWORK**

19. Approval of the annual Revenue Budget, determination of the Council Tax and approval of the Capital Programme are functions of the full Council under the Council's constitution (Article 4.12).
20. The Capital Programme reflects the priorities in the Council's Corporate Plan and puts in place resources to deliver these priorities.
21. 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 revenue budget, capital programme and council tax to full Council.

## **ANNEXES**

1. Capital Investment Strategy 2024/25

## **BACKGROUND PAPERS**

- *Corporate Plan and subsidiary strategies*, available at [www.reigate-banstead.gov.uk/rbbc2025](http://www.reigate-banstead.gov.uk/rbbc2025)
- *Budget 2023/24 & Capital Programme 2023/24 to 2027/28*, report to Executive, 26 January 2023
- *Treasury Management Strategy 2023/24*, report to Executive, 22 June 2023

- *Medium Term Financial Plan 2024/25 to 2028/29, report to Executive, 13 July 2023*