

<b>SIGNED OFF BY</b>	Interim Head of Finance
<b>AUTHOR</b>	Pat Main, Interim Head of Finance and Assets
<b>TELEPHONE</b>	Tel: 01737 276063
<b>EMAIL</b>	pat.main@reigate-banstead.gov.uk
<b>TO</b>	Executive Overview & Scrutiny
<b>DATE</b>	Tuesday 28 July 2020 Thursday 22 October 2020
<b>EXECUTIVE MEMBER</b>	Councillor Tony Schofield, Portfolio Holder for Finance

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

<b>SUBJECT:</b>	<b>CAPITAL INVESTMENT STRATEGY 2021/22</b>
<b>RECOMMENDATIONS:</b>	
(i) That the Capital Investment Strategy be adopted as the framework for the capital programme elements of service and financial planning for 2021/22 onwards.	
<b>REASONS FOR RECOMMENDATIONS:</b>	
The Council is required to set a budget by 11 March each year. This report and the associated documents will support this obligation for 2021/22.	
<b>EXECUTIVE SUMMARY:</b>	
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.	

Executive has 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 Capital Investment Strategy for 2020/21 was approved by Executive in January and Council in February 2020. 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 2021/22.

## **KEY INFORMATION**

5. The purpose of the Strategy 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
  - Set out the approach to evaluating and monitoring asset utilisation

It is intended to be read in combination with the Treasury Management Strategy 2020/21 that was approved in April 2020 under delegated authority by the Chief Executive in consultation with the Leader, Portfolio Holder for Finance and Chair of Overview & Scrutiny (under COVID-19 emergency decision making powers).

6. The Strategy covers:
  - How the Council's capital investment plans will support delivery of corporate priorities and key strategies – including the Corporate Plan 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 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 2021/22 budgets.

### **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 2021/22 Budget proposals. There are no additional direct financial implications that arise from this report.

12. The Chief Finance Officer confirmed in the 2020/21 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 2021/22 will follow established 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 2020/21 & Capital Programme 2020 to 2025, *report to Executive, 24 January 2020*
- Treasury Management Strategy 2020/21, approved under delegated authority (COVID-19 emergency decision-making arrangements), April 2020
- Medium Term Financial Plan 2021/22 to 2025/26, *report to Executive 28 July 2020*