

Meeting:	Executive
Meeting date:	25 January 2024
Report of:	Debbie Mitchell, Chief Finance Officer
Portfolio of:	Cllr Katie Lomas, Executive Member for Finance, Performance, Major Projects, Human Rights, Equality & Inclusion

Decision Report: Capital Financing & Investment Strategy

Subject of Report

1. This is a statutory report which is required following a review of the Prudential Code. It is intended to give a high level overview of how capital expenditure and capital financing contribute to the provision of services, along with an overview of how associated risk is managed.

Benefits and Challenges

2. The Capital & Investment Strategy forms a key part of the overall financial framework and benefits are that it ensures capital expenditure is financed in a cost effective way and that we adhere to the Prudential Code.
3. The challenges include the overall financial position of the Council that will put pressure on all budgets, including the capital programme.

Policy Basis for Decision

4. The revised Prudential Code 2017 introduced a new requirement for all councils to approve an annual strategy, partly in response to the increasing commercialisation within local government. The guidance requires that annual capital and investment strategies are approved by Full Council.

5. The Strategy outlines how the Council will use its resources to deliver the Council Plan.

Financial Strategy Implications

6. This report is part of the suite of budget reports considered by Executive each year. It is linked to, and should be read in conjunction with, the annual revenue and capital budget reports and the treasury management strategy.

Recommendation and Reasons

7. Executive are asked to recommend to Full Council approval of the capital and investment strategy at annex A.

Reason: To meet our statutory obligation to comply with the Prudential Code 2017.

Background

8. The revised Prudential Code 2017 introduced a new requirement for all councils to approve an annual strategy, partly in response to the increasing commercialisation within local government. The guidance requires that annual capital and investment strategies are approved by Full Council.
9. The strategy provides an overarching policy framework for the Councils capital programme and will be part of the suite of budget reports considered each year by Executive and Full Council. This report should therefore be considered alongside the Treasury Management Strategy Statement and the revenue and capital budget reports elsewhere on this agenda.
10. The strategy sets out the Council's approach to business case development and risk appetite. Much of this is already well established and has featured in previous financial strategy reports, reports on property investment and asset related reports. Members should note that it includes specific sections on:
 - The need to seek to attract external funding wherever possible and to adopt partnership approaches.

- The importance of schemes that deliver long term economic growth, with the impact on business rates being a relevant factor in the assessment of schemes.
- Arrangements for asset management and property investments.
- The need to incorporate the Council Plan priorities in the assessment of schemes.
- The Housing Revenue Account.

11. The broad strategy remains unchanged from the previous year and has been updated to reflect the new Council Plan.

Consultation

12. The capital financing and investment strategy is influenced by the capital and revenue spending decisions made by the Council. Both the revenue and capital budgets have been through a process of consultation, details of which are outlined in the budget reports elsewhere on this agenda.

Options

13. It is a statutory requirement that the council has regard to the Prudential Code and therefore that this strategy is approved by Executive and Full Council.

Organisational Impact and Implications

- **Financial**, the revenue implications of the capital strategy are set out in the capital and revenue budget reports to be considered by Executive elsewhere on this agenda.
- **Human Resources (HR)**, this report has no financial implications.
- **Legal**, The Local Government Act 2003 and statutory guidance issued under that Act, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), specifies that the Council is required to have regard to the Prudential Code.
- **Procurement**, there are no direct implications related to the recommendations.
- **Health and Wellbeing**, there are no direct implications related to the recommendations.

- **Environment and Climate action**, there are no direct implications related to the recommendations.
- **Affordability**, there are no direct implications related to the recommendations.
- **Equalities and Human Rights**, there are no direct implications related to the recommendations.
- **Data Protection and Privacy**, there are no direct implications related to the recommendations.
- **Communications**, there are no direct implications related to the recommendations.
- **Economy**, there are no direct implications related to the recommendations.

Risks and Mitigations

14. Capital expenditure and financing is a high-risk area because of the volume and level of large money transactions. As a result of this the Local Government Act 2003, supporting regulations and the Prudential Code 2017 are all adhered to as required.

Contact details

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Report approved:	Yes
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Background papers

None

Annexes

Annex A – Capital Financing and Investment Strategy