

**Executive**

**7 February 2022**

Report of the Chief Finance Officer  
Portfolio of the Executive Member for Finance & Performance

## **Capital Financing & Investment Strategy**

### **Summary**

1. This is a statutory report which is required following a Government 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.

### **Recommendation**

2. 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 and analysis**

3. 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.
4. On 20th December 2021 CIPFA published a revised Prudential Code with changes which may impact on future reports and the risk management framework. Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023/24 suite of budget reports.
5. 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. The strategy will be developed and expanded as appropriate in future years, to meet the changing requirements of the council.

6. The strategy sets out the councils 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 One Planet Council principles and consider energy efficiency implications in the assessment of schemes
- The Housing Revenue Account

7. The strategy remains unchanged from the previous year.

### **Consultation**

8. 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**

9. 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.

### **Council Plan**

10. The strategy provides a framework by which major investment decisions will be made and sets a framework for all aspects of the council's capital and investment expenditure including prioritisation, planning, funding and monitoring. This will ensure resources are appropriately invested in the council's priorities, values and imperatives as set out in the Council Plan.

### **Implications**

#### **Financial**

11. 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.

## Legal Implications

12. 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.

## Other Implications

13. There are no HR, Equalities, crime and disorder, information technology or other implications as a result of this report

## Risk Management

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.

<b>Contact Details</b>	
<b>Author</b>	<b>Chief Officer responsible for the report</b>
Debbie Mitchell Chief Finance Officer Ext 4161	Debbie Mitchell Chief Finance Officer
	Report approved 25 January 2022
<b>Wards affected</b>	All

## Annexes

Annex A – Capital Financing & Investment Strategy