

CABINET

20 NOVEMBER 2018

CAPITAL STRATEGY

Portfolio Holder: Councillor Alan Jarrett, Leader

Report from/Author: Phil Watts, Chief Finance Officer

Summary

This report introduces the Capital Strategy, which sets out how the Council determines its priorities for capital investment and the process for formulating the capital programme.

1. Budget and Policy Framework

- 1.1 The Council's annual budget and council tax setting establishes the Council's budget framework and sets out the funding of services. The Capital Strategy is intended to provide a framework for the more detailed preparation of the 2019/20 capital budgets.
- 1.2 The Capital Strategy, set out at Appendix 1 of the report, needs to be viewed in conjunction with the Medium Term Financial Strategy (MTFS) and the Council Plan to integrate budget setting with service planning and ensure that priorities and funding are matched. Approval of the Capital Strategy is a matter for Cabinet.

2. Background

- 2.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a Capital Strategy to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

3. Advice and analysis

- 3.1 Appendix 1, the document accompanying this covering report has been prepared with regard to the updated CIPFA Prudential Code, and seeks to detail the framework in which decisions are made on capital expenditure and funding, and the principles to which the Council adheres, in the context of the current capital budget.
- 3.2 The Capital Strategy should be viewed in conjunction with the Medium Term Financial Strategy, and the Council Plan.

3.3 The table at the beginning of the Strategy summarises the Council's current capital programme to 2022, totalling £227.773million. The document presents the opportunities for future funding and the arrangements in place for preparing the capital programme for future years.

3.4 The Strategy articulates the process through which the Council's capital programme is formulated and amended each year. The Strategy seeks to formalise the detail of the arrangements that are being followed in practice, but that have not previously been documented beyond the constitutional rules.

4. Risk management

4.1 The risk of failing to produce a balanced and sustainable capital programme would adversely impact the Council's ability to deliver on its priorities as set out in the Council Plan.

5. Conclusion

5.1 The Capital Strategy sets out the current Capital Programme for 2018/19 and beyond, and sets out the approach for formulating the final capital programme for inclusion in the 2019/20 capital budget. The Strategy has been formulated with regard to CIPFA's Prudential Code and intends to meet its requirement, and recommended best practice.

6. Financial and legal implications

7.1 These are contained within the body of the report and accompanying Capital Strategy.

7. Diversity Impact Assessment

7.1 The Council has legal duties to give due regard to race, gender and disability equality in carrying out its functions. This includes the need to assess whether any proposed changes have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women, which as a result may be contrary to these statutory obligations. Diversity Impact Assessments will be undertaken and reported to Members as part of the budget and service planning process, as more detailed proposals unfold.

8. Recommendation

8.1 Cabinet is asked to agree the Capital Strategy as determining the Council's approach to setting capital investment priorities and formulating the capital programme for approval by Full Council.

9 Suggested Reason for Decision

9.1 The Capital Strategy sets out how the Council sets its priorities for capital investment and the process for formulating the capital programme, and is therefore an important part of the framework underpinning the budget setting process.

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Appendices

Appendix 1: Medway Council's Capital Strategy

Background Papers

Medium Term Financial Strategy 2018 – 2023

<https://democracy.medway.gov.uk/ielssueDetails.aspx?IId=23050&Opt=3>

Medway Council, Council Plan

https://www.medway.gov.uk/info/200138/your_council/342/the_council_plan