

## **CABINET**

**24 SEPTEMBER 2019**

### **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 the Council's priorities for capital investment to deliver its strategic aims 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 and sets out the funding of services. The Capital Strategy provides a framework for the more detailed preparation of the capital programme.
- 1.2 The Capital Strategy, at Appendix 1 of this report, needs to be viewed in conjunction with the Medium Term Financial Strategy (MTFS) and the Council Strategy 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 within which decisions are made in respect of capital expenditure and funding, and the principles to which the Council adheres, in the context of the current capital budget.
- 3.2 Table 5 of the Capital Strategy summarises the Council's current capital programme to 2023, totalling £295.9 million. The document identifies the sources of funding for capital expenditure and the opportunities for future funding. It then

goes on to discuss the capital investment required in order to deliver the Council's aims as laid out in the Council Strategy.

#### **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. A high level risk analysis is included within the Capital Strategy.

#### **5. Conclusion**

- 5.1 The Capital Strategy sets the framework for formulating the capital programme. It has been written to meet the requirements of CIPFA's Prudential Code and recommended best practice.

#### **6. Financial and legal implications**

- 6.1 These are contained within the 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 are asked to agree the Capital Strategy, setting out the Council's priorities for capital investment and providing a framework for formulating the capital programme for approval by Full Council in February.

#### **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.

#### **Lead officer contact**

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#### **Appendices**

Appendix 1: Medway Council's Capital Strategy

#### **Background Papers**

N/A