

MAIDSTONE BOROUGH COUNCIL

COUNCIL

25 SEPTEMBER 2019

**JOINT REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON
23 JULY 2019 AND THE AUDIT, GOVERNANCE AND STANDARDS
COMMITTEE HELD ON 30 JULY 2019**

UPDATED CAPITAL STRATEGY

Issue for Decision

To agree the updated Capital Strategy including the updated Capital Programme set out as Table 1 within the Strategy.

Recommendation Made

That the updated Capital Strategy, attached as Appendix A, including the updated Capital Programme set out as Table 1 within the Strategy, be agreed.

Reasons for Recommendation

CIPFA's Prudential Code, which governs the Council's capital investment and borrowing, introduced a new requirement in 2019/20 for a Capital Strategy. The intention was to ensure that Councils provide a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with a description of how associated risk is managed and the implications for future financial sustainability.

Accordingly, the Capital Strategy articulates in a single place a number of strategies and policies that the Council already addresses elsewhere: it is an overarching document linking the Strategic Plan, the Medium Term Financial Strategy, the Treasury Management Strategy and the Asset Management Plan.

The Audit, Governance and Standards Committee, at its meeting on 14 January 2019, agreed to recommend a Capital Strategy to the Council. The Capital Strategy was subsequently adopted by the Council when setting the budget for 2019/20 at its meeting on 27 February 2019. Since then, practice amongst Councils in meeting the requirements of the Prudential Code for a Capital Strategy has evolved. Maidstone Borough Council has also started working with new treasury advisers, Link Asset Services. It is considered that the Council should be taking the opportunity to adopt some of the good practice that has been seen elsewhere and to update its Capital Strategy. The draft updated Capital Strategy is attached as Appendix A.

The Capital Strategy includes at Table 1 an updated Capital Programme which reflects (a) capital expenditure that has slipped from 2018/19 and (b) decisions made by the Policy and Resources Committee to take advantage of new opportunities that have arisen.

The Policy and Resources Committee, at its meeting on 23 July 2019, agreed that the updated Capital Strategy including the updated Capital Programme be recommended to the Council for approval. The Audit, Governance and Standards Committee, at its meeting on 30 July 2019, endorsed this recommendation.

If adopted the Capital Strategy will serve to guide decisions about capital investment and financing and will be subject to regular review as part of the annual budget setting process.

Alternatives Considered and Why Not Recommended

The alternatives would be to amend the Capital Strategy and agree any alternative wording and/or to amend the Capital Programme. This is not recommended as the Capital Strategy draws on a number of other strategies and policies, including the Strategic Plan and the Medium Term Financial Strategy, which have been subject to extensive consultation. The Capital Programme has been updated to reflect slippage from 2018/19 and decisions made by the Policy and Resources Committee to take advantage of new opportunities that have arisen.

Background Documents

None

Appendices

Appendix A – Updated Capital Strategy