

Updated Capital Strategy

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| Final Decision-Maker | Council |
| Lead Head of Service | Mark Green, Director of Finance and Business Improvement |
| Lead Officer and Report Author | Chris Hartgrove, Head of Finance |
| Classification | Public |
| Wards affected | All |

Executive Summary

The latest version of 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 Capital Strategy is intended to bring together all the Council's strategies and policies that relate to capital expenditure and how it is financed. This report proposes the adoption of an updated Capital Strategy which reflects developing best practice in the sector. The report also sets out an updated Capital Programme.

This report makes the following recommendations to this Committee:

That:

1. The Capital Strategy set out at Appendix A be recommended to Council.
2. The Capital Programme at Table 1 of the Capital Strategy be recommended to Council.

Timetable

| Meeting | Date |
|------------------------------|-------------|
| Policy & Resources Committee | 23/07/2019 |
| Council | 25/09/2019 |

Updated Capital Strategy

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

| Issue | Implications | Sign-off |
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| Impact on Corporate Priorities | The Medium Term Financial Strategy and the Capital Strategy express in financial terms the priorities set out in the strategic plan. Specifically, the Capital Strategy allows for investment in long term projects that support the strategic plan objectives. | Section 151 Officer & Finance Team |
| Cross Cutting Objectives | The report recommendations support the achievement(s) of the cross cutting objectives for the reasons set out above. | Section 151 Officer & Finance Team |
| Risk Management | Covered in the risk section. | Section 151 Officer & Finance Team |
| Financial | Set out in report. | Section 151 Officer & Finance Team |
| Staffing | No specific financial implications. Implementation of the Capital Strategy requires project management skills which, if not available from within the Council's own staff, will have to be sourced externally. | Section 151 Officer & Finance Team |
| Legal | <p>Under section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management, advising on the corporate financial position and providing financial information. The overarching Capital Strategy brings together the Strategic Plan, the Medium Term Financial and Treasury Management Strategies and the Asset Management Plan thereby demonstrating the Council's commitment to fulfilling it's duties under the Act.</p> <p>The Capital Strategy is in compliance with the</p> | Team Leader (Corporate Governance), MKLS |

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| | CIPFA 's Prudential Code governing capital investment and borrowing. | |
| Privacy and Data Protection | Privacy and data protection are considered when developing capital projects for inclusion in the capital programme. There are no specific implications arising from this report. | Section 151 Officer & Finance Team |
| Equalities | The Equalities impacts will be identified at project level via an equalities impact assessment and appropriate actions considered. | Equalities and Corporate Policy Officer. |
| Public Health | We recognise the recommendations may have varying impacts on the health of the population or individuals within Maidstone. | Public Health Officer |
| Crime and Disorder | None. | Section 151 Officer & Finance Team |
| Procurement | Procurement of capital schemes will be in accordance with the procurement provisions within the Council's constitution. | Section 151 Officer & Finance Team |

2. INTRODUCTION AND BACKGROUND

- 2.1 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.
- 2.2 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.
- 2.3 Council approved a Capital Strategy 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 now worth the Council taking this opportunity to adopt some of the good practice that has been seen elsewhere and to update its Capital Strategy. The draft Capital Strategy is included as Appendix A.

- 2.4 The Capital Programme has been updated to reflect slippage from 2018/19 and decisions made by Policy and Resources Committee to take advantage of new opportunities that have arisen. It is therefore recommended that Council endorse the updated Capital Programme, which is included within the Capital Strategy as Table 1.
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3. AVAILABLE OPTIONS

- 3.1 Agree the capital strategy and capital programme as set out in Appendices A.
- 3.2 Amend or delete some or all of the proposals, and agree alternative proposals.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is that the Committee agree the capital strategy and capital programme as set out in Appendices A.
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5. RISK

- 5.1 The capital programme is a vital part of the Council's strategy for delivering its overall priorities and it is therefore of fundamental importance that the associated risks are managed actively. The Capital Strategy describes how risk will be managed in Section 8.
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6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 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.
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7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 It is envisaged that the Capital Strategy will be submitted to Council for adoption at its meeting on 25 September 2019. If adopted, it will then serve to guide decisions about capital investment and financing.

7.2 The Capital Strategy will be subject to regular review as part of the annual budget setting process.

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Capital Strategy
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9. BACKGROUND PAPERS

None.