

Updated Capital Strategy

Final Decision-Maker	Council
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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.

This report makes the following recommendations to this Committee:

That:

1. The Capital Strategy set out at Appendix A be recommended to Council.

Timetable

Meeting	Date
Policy & Resources Committee	23/07/2019
Audit Governance & Standards Committee	30/07/2019
Council	25/09/2019

Updated Capital Strategy

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
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 its duties under the Act.</p> <p>The Capital Strategy is in compliance with the</p>	Team Leader (Corporate Governance), MKLS

	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

- 1.1 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.
- 1.2 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.
- 1.3 Audit Governance & Standards Committee resolved at its meeting on 14 January 2019 to recommend a Capital Strategy to Council. The Capital Strategy was subsequently adopted by Council 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 updated Capital Strategy is included as Appendix A.

- 1.4 The Capital Strategy also incorporates an updated Capital Programme, shown at Table 1, which reflects (a) capital expenditure that has slipped from 2018/19 and (b) decisions made by Policy and Resources Committee to take advantage of new opportunities that have arisen.
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3. AVAILABLE OPTIONS

- 3.1 Agree the capital strategy as set out in Appendix A.
 - 3.2 Amend the capital strategy, and agree any alternative wording.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is that the Committee agree the capital strategy as set out in Appendix 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

9. BACKGROUND PAPERS

None.