

Capital Strategy 2019/20 - 2021/22

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Cabinet Member: Cllr Mandy Chilcott, Cabinet Member for Resources

Division and Local Member: All

1. Summary

- 1.1. The Capital Strategy provides an overview of Capital Expenditure, Capital Financing and Treasury Management, all of which contribute of the delivery of the County Vision. Furthermore, the non-Treasury investment proposal is aimed to produce a positive net revenue income stream for the Council which would contribute towards the delivery of all objectives.
- 1.2. This strategy brings together the statutory requirements of the Chartered Institute of Public Finance Accountants (CIPFA) and the CIPFA Prudential Code for Capital Finance in Local Authorities: Revised 2017 Edition (CIPFA Prudential Code).

2. Issues for consideration / recommendations

- 2.1. The Committee is asked to review the Capital Strategy 2019/20-2021/22 and the prudential indicators contained within, whether there are any suggestions for additional management actions or alternative options that they would like to recommend to the Cabinet.

3. Background

- 3.1. As is set out in the Capital Strategy attached to this report, it is a new requirement for 2019/20. The Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 3.2. The Strategy addresses the capital components of the wider financial strategies adopted by the Authority. It identifies the links and relationships that need to be made in considering and implementing the Capital Programme to support the Corporate Asset Management Plan objectives. This is done through the Medium Term Financial Plan (MTFP) and alerts services to the governance and control framework within which the investment planning and delivery takes place.
- 3.3. Perhaps of significant interest in this Strategy is the introduction of the proposal to consider non-treasury investments (Treasury Investments are dealt with in the Treasury Management Strategy Statement elsewhere on the agenda for the Cabinet meeting on 11 February). With central government financial support for local public services declining, the Council intends to explore investing in non-treasury investment options purely or mainly for financial gain. With this in mind a sum of £100m has been noted in the Capital

Programme as being identified for this purpose pending the appropriate strategy and governance being put in place.

- 3.4. The attached document sets out a range of considerations that should be taken into account in developing the Council's approach to non-treasury investments. This report then seeks delegated authority to the Section 151 Officer to engage with a small working group as part of the development and preparation of detailed proposals for the governance of non-treasury investments for consideration and agreement by the Council.

4. Consultations undertaken

- 4.1. The Capital Programme has been subject to Scrutiny (in December 2018), but this strategy has not been the subject of wider consultation at this time. It is proposed that, should it be necessary, there will be further consultation on non-treasury investments as the proposals are developed.

5. Implications

- 5.1. The Local Government Act 2003, section 15(1), requires a local authority "...to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify...".

The Secretary of State issued statutory guidance in 2018 regarding 'Local Government Investments' which came into effect from 1 April 2018.

For each financial year, a local authority should prepare at least one Investment Strategy. The Investment Strategy needs to be approved by the Full Council prior to the start of the financial year.

Where a local authority prepares a Capital Strategy in line with the requirements of the Prudential Code, a Treasury Management Strategy in line with the requirements of the Treasury Management Code, or any other publicly available document, the disclosures required to be included in the Investment Strategy can be published in those documents.

- 5.2. There are no specific financial or HR implications arising from this report.

6. Background papers

- 6.1. Treasury Management Strategy 2019/20 – presented at this Committee
- 6.2. Minimum Revenue Provision Statement – presented at this Committee

Note For sight of individual background papers please contact the report author