

Report of the Leader and Executive – Capital Strategy

Executive Member: Councillor Bill Revans – Leader of the Council and Lead Member for Governance and Communications

Division and Local Member: All

Lead Officers: Duncan Sharkey – Chief Executive and Alyn Jones – Executive Director for Strategy, Workforce and Localities

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1. Summary

- 1.1** This report sets out the Leader’s and Executive’s recommendations to Council arising from their consideration of reports at the Executive meeting on 7 February 2024 (the Executive also met on 15 January 2024, but no decisions requiring Full Council approval were considered at this meeting).

The references in this report to Paper A relate to the relevant report considered by the Executive containing specific recommendations for Full Council to consider and are appended to this report for reference.

Note – the Executive also considered the following reports at its Executive Meeting on 7 February 2024 – these are being considered by Full Council as separate agenda items:

- **2024-25 Treasury Management Strategy**
- **General Fund Capital Budget**
- **Housing Revenue Account**
- **2024-25 General Fund Budget and Medium Term Financial Plan**

1.2 Paper A (2024-25 Capital Strategy) was considered at the Executive meeting on 7 February 2024. The Executive endorsed Paper C and agreed for this to be reported to Full Council to consider and approve.

This document sets out the proposed Capital Strategy for Somerset Council for the three-year period between 1 April 2024 and 31 March 2027.

CIPFA's Prudential Code for Capital Finance (2021) includes the requirement for local authorities to put in place a Capital Strategy which:

- explains how proposed capital expenditure contributes to Council objectives and supports delivery of essential services,
- sets out the funding strategies for new items of capital investment identified, and
- provides an overview of how the risks associated with capital investment are being identified and addressed.

This report is designed to meet those requirements and summarises the Council's capital investment priorities and funding plans over the next three years, taking account of financial stewardship, value for money, prudence, sustainability and affordability.

Incorporated into this strategy is the Council's Minimum Revenue Provision (MRP) Policy for 2024/25 to be approved. The MRP Policy is an annual amount set aside from the General Fund to meet the cost of capital expenditure that has not been financed from available resources. The Policy outlines an approach for 2024/25 and is subject to work being undertaken to establish more accurate records from the abolished authorities over the next 12 months. Once undertaken, the MRP policy for 2024/25 will be reviewed where necessary in order to move to a consistent MRP policy across the whole Council and one which fully complies with the Statutory MRP Guidance.

2. Recommendations

2.1 Paper A (Capital Strategy) – see Paper A and its appendices that the Executive considered and endorsed at its meeting on 7 February 2024.

That Full Council approves:

- a. The Capital Strategy including the key prudential indicators for 2024/25
- b. The Flexible Use of Capital Receipts Policy for 2024/25
- c. The Minimum Revenue Provision (MRP) Policy for 2024/25

3. Options considered and consultation undertaken

3.1 Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the report and appendices within Paper A.

4. Implications

4.1 Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Paper A.

It is essential that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

5. Background Papers

5.1 These are set out within Paper A and its appendices.