

Somerset County Council

Audit Committee

– 2nd February 2023

Capital Strategy 2023/24 to 2025/26

Lead Officer: Jason Vaughan, Director of Finance and Governance

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Executive Lead: Cllr Liz Leyshon, Deputy Leader and Lead Member Finance and HR Division and Local Member: All

1. Summary

- 1.1. The Government requires all local authorities to produce a Capital Strategy each year. This is the overarching document which sets the policy framework for the development, management, and monitoring of capital investment. Lending to other organisations and commercial investments are now covered under the Non-Treasury Investment Strategy.
- 1.2. The Capital Strategy focuses on core principles that underpin the council's capital programmes both General Fund and Housing Revenue Account, the financing and the risks that will impact on the delivery of the programme; and the governance framework required for decision making and delivery.

2. Issues for consideration / recommendations

- 2.1. The Committee is asked to review the Capital Strategy for 2023/24 to 2025/26, whether there are any suggestions for amendments that they would like to recommend to the Executive.

3. Background

- 3.1. The statutory guidance requires the Authority to approve a Capital Strategy each year and the associated Prudential Indicators.
- 3.2. The appendix attached sets out the capital strategy for the new Somerset Council and includes the financing of both the General Fund Capital Programme and the programme for the Housing Revenue Account. It assumes that the position of each capital programme as at quarter 2 is accurate. The capital programme for Somerset Council will need to be amended once the outturn position of the five Somerset authorities is known to enable projects that may actually finish later than the 31st March 2023 to be completed. The Prudential Indicators may need revising once this has been assessed.

4. Consultations undertaken

- 4.1. This strategy has been compiled through consultation with each authority and their estimates for debt, investments and capital spending.

5. Implications

- 5.1. The strategy is designed to fully comply with the Prudential Code of Practice for Local Authority Capital Investment by the Chartered Institute of Public Finance and Accountancy (CIPFA) in parallel with guidance to local authorities

from the Department of Levelling Up, Housing and Communities (DULHC) The main purpose of the Code is to ensure that capital investment proposals are affordable, prudent and sustainable.

- 5.2.** The financial implications of the Strategy are included within the 2023/24 budget.
- 5.3.** There are no specific HR implications arising from this report.

6. Background papers

- 6.1.** None

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