

CORPORATE COMMITTEE

30 JANUARY 2019

REPORT OF DIRECTOR FOR CORPORATE SERVICES

CAPITAL STRATEGY 2019/20

1.0 PURPOSE OF REPORT

- 1.1 The updated Prudential Code for Capital Finance in Local Authorities was published in late December 2017 and now includes a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. This report provides the Capital Strategy for 2019/20 for consideration by Members prior to its submission to Full Council.

2.0 RECOMMENDATION

- 2.1 **That the Corporate Committee recommend to Council that the Capital Strategy for 2019/20 outlined in appendix A is approved.**

3.0 KEY ISSUES

3.1 Background

- 3.1.1 This Capital Strategy is an overarching document which sets the policy framework for the development, management and monitoring of capital investment. The strategy focuses on core principles that underpin the council's capital programme; its short, medium and long-term objectives; the key issues and risks that will impact on the delivery of the programme; and the governance framework required to ensure the capital programme is delivered and provides value for money for residents of Melton. The capital strategy aligns with the priorities set out in the Council Corporate Delivery Plan and other key council strategies. The strategy is integrated with the medium term financial strategy and treasury management strategy.

- 3.1.2 Some of the key principles for the capital strategy is to focus on:

- Capital investment decisions that reflect the aspirations and priorities included within the Corporate Plan and supporting strategies;
- that the outputs and outcomes of all capital schemes are clearly articulated
- Investment ambition is being clearly understood;
- Ensure other core influences are considered such as partners, external influences and other internal key strategies e.g. Asset Management Plan.

- 3.1.3 This Strategy aims to drive the authority's capital investment ambition whilst ensuring capital expenditure, capital financing and treasury management are appropriately aligned and managed to support sustainable, long term delivery of services. This strategy has been developed to incorporate the revised Ministry for Communities, Housing and Local Government (MCHLG) statutory guidance on Local Government Investments, included in the updated Chartered Institute of

The key changes arising from the new guidance are:

- The definition of an investment which now covers financial and non-financial investments
- The extension of the role of the S151 Officer.

This Capital Strategy sets out the Council's approach to commercial activity and its policies and investment management practices for those non-financial investments.

- 3.1.4 Since the updated guidance has been published officers have been working with our treasury advisors to help develop an updated capital strategy to meet the new requirements of the code which will help shape the future capital programme and ensure its linkages to the Treasury Management Strategy are clearly articulated which are both being presented to members elsewhere on this agenda.

3.2 Commercial Strategy

- 3.2.1 The council has in place a commercial strategy which includes linkages to commercial investment specifically. There is a desire to invest in commercial property but at this stage these plans are more aspirational and not firmed up enough to include in to the Treasury Management strategy. The Corporate Delivery Plan outlines the priority projects that the council wants to deliver which would require a business case to justify any investment. As part of the decisions around any future commercial property investments decisions officers will be undertaking a review on the long term cashflow forecasts for future balances taking into consideration the impact of BREXIT and IFRS 9 implications to ascertain any further investment opportunities to increase our Property Fund holdings.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 As part of the Council's Mission of Helping People, Shaping Places and supporting our Vision, the Corporate Delivery Plan 2018-2020 sets out a number of key projects we will be focussing upon. This Capital Strategy will support the effective delivery of these ambitions. Through this plan we intend to ensure appropriate levels of capital expenditure and investment to meet these priorities and objectives whilst ensuring that our plans are affordable, prudent and sustainable.

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The Capital Strategy outlines an indicative 5 year capital programme for both the General Fund and HRA including anticipated funding sources. The General Fund schemes for 2019/20 will be formally considered by the Council at its meeting in February. As regards the HRA this has been reviewed in-line with the updated Housing Asset Management Plan and was presented to the Place Committee at its meeting on 31st October 2018 for the period 2018-2023.

6.0 LEGAL IMPLICATIONS/POWERS

6.1 There are no direct legal implications of this report.

7.0 COMMUNITY SAFETY

7.1 Individual capital schemes could have links to community safety issues which would be covered through the decision making process. There is one potential capital scheme at present relating to CCTV provision which the Council are currently reviewing with the Community Safety Partnership to understand future requirements.

8.0 EQUALITIES

8.1 Should it be considered that elements of the capital schemes proposals may have equalities issues then these have been considered by the service area and assessed accordingly when business cases are prepared and formally submitted to members for approval.

9.0 RISKS

9.1 A detailed risk assessment has been undertaken in line with the Council's Risk Management Framework and is outlined in section 7 of the Capital Strategy in Appendix A.

10.0 CLIMATE CHANGE

10.1 Individual capital schemes could have climate change issues but these are considered individually as they progress through the approval process.

11.0 CONSULTATION

11.1 The Council's treasury management consultants have been consulted on this report and Senior Leadership Team have been involved in the preparation of this strategy.

12.0 WARDS AFFECTED

12.1 All wards will be affected

Contact Officer: David Scott, Corporate Services Manager

Date: 16th January 2019

Appendices: Appendix A – 2019/20 Capital Strategy
Appendix A – Annex A – General Fund Capital Summary
Appendix A – Annex B – HRA General Fund Capital Summary

Background Papers: Budget Working Papers
Member Development Budget 'Away Day' notes

Reference: X: C'tees, Council & Sub-C'tees/Corporate/2018-19/30-01-9/DG – Capital Strategy 2019-20