

Cabinet

12th February 2020

Report of:	Portfolio Holder Corporate Finance and Resources
-------------------	---

CAPITAL PROGRAMME AND CAPITAL STRATEGY 2020/21

1.0 Corporate Priority:	Decision Type:
1.1 OG3 Becoming a more agile and commercial Council; securing our financial future	Key Decision

2.0 Summary:
2.1 The purpose of this report is to recommend to Council the approval of the Capital Programme for 2020/21 for the General Fund and the sources from which that funding will be taken.
2.2 The revised CIPFA Prudential Code for Capital Finance in Local Authorities published in 2017 introduced the requirement to produce a capital strategy and for the Chief Finance Officer to report explicitly on the affordability and risk associated with it. This report contains the updated version of the Capital Strategy for 2020/21.

3.0 Recommendations

4.0 Reason for Recommendation:
4.1 As part of the budget framework Cabinet are required to review the capital programme and seek the approval of Council to provide the required funding.

5.0 Alternate Options Considered
5.1 None

6.0 Report Detail

6.1 CAPITAL PROGRAMME 2020/21

It is good financial practice to incorporate the financial effects of capital spending plans into revenue budgets prior to the consideration and approval of the revenue budgets. As such Cabinet are asked at this meeting to consider and make recommendations to Council on the projects for General Expenses to be funded in the capital programme for 2020/21 in addition to those which have already had funding approved. The impact of these recommendations has been incorporated into the revenue budget and the prudential indicators that will be presented to Council in February as part of the Treasury Management Strategy.

6.2 The projects recommended for funding in addition to those which have already had funding approved are set out in Appendix A along with the sources that funding is recommended to be taken from. Members will note that within the proposed capital programme for 2020/21 that there are a limited number of capital schemes at present with no proposals in respect of Special Expenses Melton Mowbray. However, the Council will be undertaking further prioritisation work following the injection of resources as part of the recent corporate restructure. Where required officers will be preparing business cases which will come forward during the forthcoming financial year which is also linked to the refreshed Capital Strategy.

6.3 In respect of disabled facilities grants (DFGs) the Lightbulb project went live in October 2017 and the service is now being hosted through Blaby DC. The current amount included in the capital programme for 2020/21 is £237k, but final funding figures have yet to be confirmed. Should there be any minor changes to the capital programme Council will be requested to give delegated authority to the Director for Corporate Services to amend the amount in the capital programme once funding confirmation has been received

6.4 A full list of the capital programme for 2020/21 and later years including those schemes previously funded, those proposed for funding and those where funding will be determined following further consideration by members is set out in Appendices B and C. With regard to the HRA capital programme this has been considered separately alongside the interim HRA business plan.

6.5 CAPITAL STRATEGY 2020/21 – Appendix C

Alongside this as part of the updated Prudential Code for Capital Finance in Local Authorities which was published in late December 2017 there is a requirement to produce a Capital Strategy which links into the Treasury Management Strategy. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It need not duplicate other documents but should include cross references where relevant. It should provide enough detail to ensure that all members understand how the authority is delivering stewardship of the authority's resources, prudence and sustainability and meeting the authority's reporting requirements. The strategy links to the priorities as set out in the draft Corporate Strategy which will be presented alongside the budget proposals to the council at its meeting on 26th February 2020.

6.6 The strategy sets out the links to external influences and partners as well as the linkages to the Council's own priorities and planned activities. In terms of the financial implications and links to affordability as set out in the strategy there is work that still needs to be undertaken on stock condition surveys, the Council's investment strategy which will then feed into Asset Management Plans for both the General Fund and the Housing Revenue Account (HRA). These were actions identified in the last Capital Strategy and were due to be completed in time to inform the 2020/21 budget and capital strategy refresh. However, these actions have not progressed as envisaged due to resourcing issues which are now being addressed through the Housing Improvement Plan (HRA). Some interim work has progressed on the HRA but this limited to the next few years up to 2023/24 and is based on a desktop review only without the information provided by a stock condition survey. Until this work is completed the need in terms of capital funding cannot be fully assessed. As such the forward projections for capital expenditure set out in the strategy are low and do not represent fully the Council's needs in capital in terms of both maintaining the condition of existing assets as well as investment in further asset acquisition and improvement. With the limited capital resources at the Council's disposal it is highly likely that future funding needs will have to be met from borrowing which will impact on the council's revenue budget unless investment is met by savings in expenditure or additional income being generated

7.0 Consultation and Feedback (including Scrutiny Committee)

7.1 The draft Capital Programme was reviewed by the Scrutiny Committee on 21st January 2020 and any comments provided to Cabinet at this meeting for consideration elsewhere on the agenda.

7.2 The Council's strategic priorities as set out in the draft Corporate Strategy 2020 - 2024 have been subject to public consultation and where appropriate have informed the Council revenue and capital expenditure plans. The outcome of this consultation was previously reported to Cabinet at the meeting held on 22nd January 2020.

8.0 Next Steps

8.1 Council provide formal approval of Capital Programme for 2020-21 alongside the Capital Strategy at the meeting on the 26th February 2020

9.0 Financial Implications

9.1 The main financial implications have been outlined in section 6. The impact of the capital programme proposals on the Council's reserves and balances can be seen further in Appendix E to the Revenue Budget report shown elsewhere on this agenda

10.0 Legal and Governance Implications:

10.1 Any legal implications arising from new schemes will have been addressed at the business case stage.

The Capital Strategy forms part of the Budget and Policy Framework and therefore must be approved by Council.

11.0 Equality and Safeguarding Implications:

11.1 The equality issues of each individual scheme are considered as they progress through the approval process.

12.0 Community Safety Implications:

12.1 Individual schemes could have links to community safety issues. These are covered in any associated reports and forms linked to these schemes as they progress through the decision making process. As community safety is a corporate priority this is considered as part of the priority assessment and budget setting process when considering individual schemes.

13.0 Other Implications

13.1 None

14.0 Risk & Mitigation:

14.1 There will be risks associated with each of the individual projects and these are considered as part of the consideration of these individual schemes through the decision making process.

Background Papers:

Corporate Strategy presented to Cabinet on 22nd January 2020.

Appendices

Appendix A – Recommended funded programme 2020/21 General Fund

Appendix B – Capital Programme 2020/2024 General Fund

Appendix C – Capital Strategy 2020/21

Report Timeline:

Equalities Check & Challenge	N/A
SLT Sign off	N/A
Previously Considered by Cabinet	N/A
Director Approval	20.12.19
Legal Approval	09.01.20
Chief Finance Officer Sign Off	20.12.19
Monitoring Officer Sign Off	10.01.20
Chief Executive Sign Off	10.01.20

Exempt Reports

N/A

Date of Review to make public

N.A

Report Author

David Scott – Corporate Services Manager

: 01664 502448