

Capital and Investment Strategy

Thursday 21 February 2019

Report from Cabinet Member for Resources

Purpose of this Report

1. The Council's Capital Strategy has been updated in line with the revised CIPFA Prudential Code for Capital Finance in Local Authorities (Prudential Code) issued December 2017, which was also supported by guidance from the Ministry of Housing, Communities and Local Government (MHCLG) February 2018. There is a new requirement for an Investment Strategy and this has been incorporated into the Capital Strategy to create a Capital and Investment Strategy. The Strategy has been recommended for approval by Cabinet at its meeting on 10th December 2018 and is included at Appendix 1.

Background

2. The Council's Capital Strategy has been updated to reflect the December 2017 revised Prudential Code and the guidance issued by MHCLG in February 2018. This includes incorporating the new requirement for an Investment Strategy to form a Capital and Investment Strategy for the Council.
3. The Capital and Investment Strategy is required to be approved by Full Council, but the Treasury Management Strategy will no longer need to go onto Council after this financial year as it can be delegated to another Committee.
4. The strategy covers all capital investments, including the acquisition of investment properties, and focuses on the delivery of local policy objectives and the locally determined risk appetite.
5. The Capital and Investment Strategy is a key document given the current environment that all local authorities are operating within. There is little funding certainty from Government which puts pressure on existing assets in good order and it is important to strike an appropriate balance between revenue and capital and the short and long term requirements of the Council.

6. This is at a time when there is also the potential of a huge growth agenda and leveraging our assets in order to maximise an income stream is critically important to ensure that we have the resources to support growth and protect front line services. There is an important balance between public accountability and commercial confidentiality in this climate and this strategy goes a long way to set out the Council's priorities and aspirations.
7. There is a major new section on commercial investments in the strategy in order to meet the new Investment Strategy requirements. The service/portfolio specific priorities and requirements are included in a separate appendix to the strategy and is necessarily draft as it reflects the current draft capital programme, which is currently going through the formal Medium Term Financial Plan (MTFP) approval process.
8. The Minimum Revenue Provision (MRP) section and capital prudential indicators has been brought in from the Treasury Management Strategy so that all capital related elements are contained within the Capital and Investment Strategy.
9. Some draft performance indicators have been included as required by the MHCLG guidance.

Recommendation

Council is asked to:

- | 1. **APPROVE the Capital and Investment Strategy.**

CABINET MEMBER FOR RESOURCES

Appendix 1 – Capital and Investment Strategy