

STROUD DISTRICT COUNCIL
STRATEGY AND RESOURCES COMMITTEE

**AGENDA
ITEM NO**

30 JANUARY 2020

6

Report Title	STROUD DISTRICT COUNCIL CAPITAL STRATEGY			
Purpose of Report	To approve the Council's Capital Strategy.			
Decision(s)	The Committee RECOMMENDS to Council to approve the Capital Strategy at Appendix A.			
Consultation and Feedback	None.			
Report Author	Graham Bailey, Principal Accountant Tel: 01453 754133 Email: graham.bailey@stroud.gov.uk			
Options	The Council's Capital Strategy was introduced in April 2019 and should be subject to annual approval.			
Background Papers	CIPFA Prudential Code 2018			
Appendices	Appendix A – Stroud District Council Capital Strategy			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	Yes	No	No	No

1. INTRODUCTION / BACKGROUND

- 1.1 Under the Local Government Act 2003 the Council should have regard to the CIPFA Prudential Code. In 2018 this code was revised to include a requirement for every local authority to produce a “Capital Strategy”
- 1.2 The Guidance notes to the Prudential Code state that “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”.
- 1.3 The Capital Strategy was approved by Council 24 January 2019 document should be reviewed at least annually and must be considered a “live” document to be used throughout the financial year.

2. THE CAPITAL STRATEGY

- 2.1 The proposed Capital Strategy is attached at Appendix A. It sets out the Council's principles on how the Capital Programme is put together, how Capital expenditure can be financed and how the Council approaches and manages the risks related to the Capital Programme.
- 2.2 The Capital Strategy is split into four main sections to enable the reader of the strategy to clearly see the main issues as they are presented.

2.3 Section one sets out the basics of Capital Expenditure and the general principles which the Council will follow in its capital programme. The principles are as follows;

- Capital Investment is a vital tool in delivering strategic priorities
- The capital programme will include only those schemes which assist in delivering a Council priority or commercial returns
- The Council will consider schemes purely to generate a commercial return, as part of the budget strategy to close the gap between expenditure and resources
- The evaluation of capital schemes for inclusion on the programme will follow an agreed process which allows scrutiny whilst not limiting innovation and adaptability
- The funding of the capital programme must be considered alongside the revenue budget and balance sheet position as part of the Council's integrated financial planning
- Capital projects will be monitored and evaluated, both during and after their completion, to ensure their efficient progress and that any lessons learnt can be transferred to other Council schemes

2.4 It is a requirement of the Capital Strategy that it must state whether the Council undertakes capital investment for a commercial return and how dependant the current revenue budget is on such investment. Within Section One it is set out that the Council will consider such investments should the opportunity arise. To not make that statement would limit the Council's ability to respond to such opportunities. The current MTFP has no reliance on income from previous capital expenditure where income generation was the only objective so the current risk exposure is nil.

2.5 Section two shows how the Council will select, approve and monitor capital schemes. There is currently no formalised agreed process for this in the Council so this section sets out the process by which future capital programmes will be established.

2.6 Section three covers the different source of funding for Capital Projects and the principles that will be followed in applying them. This includes the Council's policy on new borrowing setting out that the Council must consider the interest and MRP implications of any new borrowing.

2.7 Section four links to existing Council policies on risk and treasury management. It also includes an analysis of the skills and knowledge within the organisation.

3. CONCLUSION

3.1 No amendments have been made to the Strategy approved by Council in January 2019, although any references have been updated to the current financial data and capital schemes.

4. IMPLICATIONS

4.1 Financial Implications

There are no significant financial implications from the report. The Capital Strategy sets out the Council's approach to setting and monitoring the capital programme.

Andrew Cummings, Strategic Director of Resources
Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

There are no specific legal implications arising from the recommendations made in this report.

Patrick Arran, Interim Head of Legal Services & Monitoring Officer
Tel: 01453 754369 Email: patrick.arran@stroud.gov.uk

4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.