

COUNCIL MEETING – 9 MARCH 2021

CAPITAL STRATEGY 2021/22

1.0 Purpose of Report

- 1.1 To seek approval for the Capital Strategy 2021/22. This incorporates the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance. A copy of the Capital Strategy is attached as **Appendices** to this report.

2.0 Background Information

- 2.1 The Capital Strategy outlines the principles and framework that shape the Council's capital decisions. The principle aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.
- 2.2 The Strategy defines at the highest level how the capital programme is to be formulated; it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

2.3 Statutory Requirements:

- It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level that is affordable for the foreseeable future, after taking into account the following issues:
 - Increases in interest payments caused by increased borrowing to finance additional capital expenditure.
 - Any increases in running costs from new capital projects.
- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Capital Prudential Indicators each financial year to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

2.4 CIPFA Requirements:

- The Prudential Indicators set out the expected capital activities during the financial year (as required by the CIPFA Prudential Code for Capital Finance in Local Authorities).
- Delegation by the Council of the role of scrutiny of Capital Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Accounts Committee.

2.5 The report also seeks approval for the Council’s Minimum Revenue Provision (MRP) Policy (**Appendix C**), which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007).

3.0 Summary of Capital Expenditure and Financing

3.1 The table below summaries the total forecasted capital expenditure and financing over the next three years, further breakdown is contained within the Strategy;

	2021/22 budget	2022/23 budget	2023/24 budget
Total Capital Expenditure	57,362	39,814	12,873
Capital Grants	5,594	7,115	860
Other Contributions	5,396	3,954	0
Capital Receipts	2,389	3,510	1,026
Revenue/ Major Repairs Reserve	16,718	6,436	4,928
Borrowing	27,265	18,799	6,059
Total Capital Financing	57,362	39,814	12,873

4.0 RECOMMENDATIONS that the Council approves:

- (a) the Capital Strategy 2021/22;**
- (b) the Capital Prudential Indicators and Limits for 2021/22, contained within Appendix A to the report;**
- (c) the Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix C to the report, which sets out the Council’s policy on MRP; and**
- (d) the Flexible Use of Capital Receipts Strategy as contained with Appendix D to the report.**

Background Papers

CIPFA Prudential Code Local Government Act 2003
CIPFA Treasury Management Code of Practice

For further information please contact Andrew Snape on Ext 5523.

Sanjiv Kohli
Deputy Chief Executive / Director – Resources and Section 151 Officer