



Report to: Audit & Governance Committee Meeting 1 February 2023

Director or Business Manager Lead: Sanjiv Kohli Deputy Chief Executive / Director – Resources - Section 151 Officer

Lead Officer: Andrew Snape, Assistant Business Manager Financial Services on ext 5523

Report Summary	
<b>Report Title</b>	Capital Strategy 2023/24
<b>Purpose of Report</b>	To seek Committee approval to the Capital Strategy 2023/24, this incorporates the Minimum Revenue Provision Policy and Capital Prudential Indicators, updated in accordance with latest guidance.
<b>Recommendations</b>	That Committee approves each of the following key elements and recommends these to Full Council on 9 March 2023 while noting that as the budgets are still being finalised some of the figures within the Strategy may alter: <ul style="list-style-type: none"> <li>• The Capital Strategy 2023/24 <b>Appendix A</b>.</li> <li>• The Capital Prudential Indicators and Limits for 2023/24, contained within <b>Appendix A</b>.</li> <li>• The Minimum Revenue Provision (MRP) Policy Statement as contained within <b>Appendix C</b>, which sets out the Council’s policy on MRP.</li> <li>• The Flexible Use of Capital Receipts Strategy, contained with <b>Appendix D</b>.</li> </ul>
<b>Reason for Recommendation</b>	Not to approve these policies would contravene the requirements of both legislation and good practice. In addition, the Mazars External Auditors may pass comment in their Report to those charged with governance (ISA260).

## 1.0 Background

1.1 The Capital Strategy outlines the principles and framework that shape the Council’s capital decisions. The principal 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.

1.2 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.

1.3 Statutory Requirements:

- 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.

1.4 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.

## 2.0 Summary of Capital Expenditure and Financing

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

	<b>2023/24 budget</b>	<b>2024/25 budget</b>	<b>2025/26 budget</b>
<b>Total Capital Expenditure</b>	<b>81,675</b>	<b>17,841</b>	<b>9,468</b>
Capital Grants	24,193	1,000	860
Other Contributions	8,548	225	0
Capital Receipts	3,062	1,781	1,712
Revenue/ Major Repairs Reserve	15,634	8,361	6,896
Borrowing	30,238	6,474	0
<b>Total Capital Financing</b>	<b>81,675</b>	<b>17,841</b>	<b>9,468</b>

### **Background Papers and Published Documents**

CIPFA Prudential Code Local Government Act 2003

CIPFA Treasury Management Code of Practice