

Report to: Audit & Governance Committee Meeting 19 February 2025

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

Lead Officer: Nick Wilson, Business Manager Financial Services on ext 5317

Report Summary	
<b>Report Title</b>	Capital Strategy 2025/26
<b>Purpose of Report</b>	To seek Committee approval to the Capital Strategy 2025/26, 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 7 March 2024 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 2025/26 <b>Appendix A</b>.</li> <li>• The Capital Prudential Indicators and Limits for 2025/26, 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>	To ensure that the Committee discharges its responsibilities as per its delegated authority within the Councils constitution.

## 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;

	2025/26 Budget	2026/27 Budget	2027/28 Budget
<b>Total Capital Expenditure</b>	<b>57,734</b>	<b>31,804</b>	<b>23,108</b>
Capital Grants	7,787	1,378	1,675
Other Contributions	2,451	0	0
CIL	2,500	3,000	0
Capital Receipts	3,404	1,916	2,444
Revenue/ Major Repairs Reserve	9,730	7,204	4,413
Borrowing	31,862	18,306	14,576
<b>Total Capital Financing</b>	<b>57,734</b>	<b>31,804</b>	<b>23,108</b>

## 3.0 Changes to Previous Year Capital Strategy

3.1 The primary change in the proposed Capital Strategy 2025/26 involves revising the MRP policy wording to align with the newly updated regulations.

## 4.0 Implications

In writing this report and in putting forward recommendations officers have considered the following implications; Data Protection, Digital and Cyber Security, Equality and Diversity, Financial, Human Resources, Human Rights, Legal, Safeguarding and Sustainability and where appropriate they have made reference to these implications and added suitable expert comment where appropriate.

#### 4.1 Legal Implications (LEG2425/1719)

Audit & Governance Committee is the appropriate body to consider the content of this report by virtue of its terms of reference.

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

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

CIPFA Prudential Code Local Government Act 2003

CIPFA Treasury Management Code of Practice