

Capital Strategy

Submitted by: Head of Finance

Portfolio: Finance and Resources

Wards Affected: All

Purpose

To consider the Capital Strategy 2014 to 2017.

Recommendations

- a) **That the Capital Strategy be agreed and forwarded to Council with a recommendation for approval.**

Reason

The Capital Strategy sets out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives.

1. Background

- 1.1 The previous Capital Strategy was approved by the Cabinet on 16 January 2013 and Full Council on 27 February 2013. It covered the period 2013 to 2016. When Full Council considered revised Financial Regulations on 25 February 2009 it resolved that following discussion by the Cabinet the Capital Strategy be approved by Full Council.
- 1.2 The purpose of the Capital Strategy is to set out how the Council proposes to deploy its capital resources in order to assist it to achieve its corporate and service objectives. It takes into account other relevant Council strategies, policies and plans and the views of partners and stakeholders with whom the Council is involved. It also takes account of the resources which are likely to be available to the Council to fund capital investment and the effect of that investment on the Council's revenue budget. It covers the period 2014 to 2017. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

2. Issues

- 2.1 The 2014 to 2017 Capital Strategy is appended to this report at Appendix 1. It has already been considered by the Transformation and Resources Overview and Scrutiny Committee at their meeting on 6 November 2013.
- 2.2 Following consideration by Cabinet the Strategy will be submitted to Council on 26 February 2014 for approval, incorporating any amendments which you may wish to make.
- 2.3 The principles set out in the Capital Strategy 2014 to 2017 are largely unchanged from the previous Strategy. However, some changes have been made to Section 5 (resources available to finance capital investment) and Section 11 (future capital programme). These are to reflect the current financial situation at the Council, which has seen a decline in resources available for capital investment since the previous Strategy was produced, although it should be noted that the previous Strategy

predicted that this would occur. There are also changes to Section 1 (Introduction) and Section 4 (external influences, partners and consultation with stakeholders).

2.4 The main changes are summarised below, referenced to the paragraph number concerned:

1.2. The current Capital Programme amounts have been included. The approved Capital Programme over two years is £7,963,400 with £2,458,200 programmed for 2013/14. The revised 2013/14 Programme is £5,352,500. The corresponding amounts in the previous Strategy were: £18,480,800, £4,457,200 (2012/13) and £5,418,300 (revised 2012/13).

6.2. The amount of usable capital receipts in hand at 1 April 2013 is £2.7m compared to £2.4m at 1 April 2012

6.5. The balance on the ICT Development Fund at 1 April 2013 is £0.5m compared to £0.7m at 1 April 2012. The inclusion of £0.05m in the Medium Term Financial Strategy 2014/15 to allow annual contributions to top-up the Fund is also referred to. The balance on the New Initiatives Fund at 1 April 2013 is unchanged compared to 1 April 2012.

A number of additional items have been included, as follows:

- A new Section 3 setting out the drivers for the capital programme.
- Two charts are now included at 6.3 and 6.4 to show the pattern of Right to Buy and Capital Receipts over the past seven years.
- 10.6. An additional paragraph, which refers to government proposals to permit capital receipts to be used to finance revenue expenditure.
- Two charts are now included at 12.2 to show the fleet replacement profile over the next four years and possible building maintenance costs over the next three years.

The following have been deleted:

- Paragraph 6.5. Reference to the Large Scale Voluntary Transfer Capital Fund (LSVT Capital Fund) as this is now exhausted.

3. Financial and Resource Implications

3.1 There are none deriving directly from the Strategy.

4. Appendices

Appendix 1: Capital Strategy 2014 to 2017.