

CAPITAL STRATEGY

Submitted by: **Head of Finance**

Portfolio: **Finance and Budget Management**

Wards Affected: **All**

Purpose

To consider the Capital Strategy 2013 to 2016.

Recommendation

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 18 January 2012 and Full Council on 22 February 2012. It covered the period 2012 to 2015. 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 2013 to 2016. It will serve as a useful point of reference when determining or reviewing the Council's Capital Programme.

2. Issues

- 2.1 The 2013 to 2016 Capital Strategy is appended to this report at Appendix A. It has already been considered by the Transformation and Resources Overview and Scrutiny Committee at their meeting on 10 December 2012.
- 2.2 Following consideration by Cabinet the Strategy will be submitted to Council on 27 February 2013 for approval, incorporating any amendments which you may wish to make.
- 2.3 The principles set out in the Capital Strategy 2013 to 2016 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 £18,480,800 with £4,457,200 programmed for 2012/13. The revised 2012/13 Programme is £5,418,300. The corresponding amounts in the previous Strategy were: £21,638,800, £10,374,500 (2011/12) and £16,783,300 (revised 2011/12).
 - 5.3. The amount of usable capital receipts in hand at 1 April 2012 is £2.4m compared to £6.0m at 1 April 2011
 - 5.5. The balance on the ICT Development Fund at 1 April 2012 is £0.7m compared to £0.8m at 1 April 2011. The balance on the New Initiatives Fund at 1 April 2012 is £0.1m compared to £0.2m at 1 April 2011. The LSVT Capital Fund is exhausted with a nil balance at 1 April 2012 compared to a balance of £2.3m at 1 April 2011.

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

- 4.7 Reference to the establishment of a Town Centre Partnership.
- 5.7 A 50/50 split between capital and revenue in respect of New Homes Bonus grant, as approved by Council.
- 5.10 The establishment of a business rates pool and a consequent capital investment fund, which is a new development
- 5.11 Proposals to pool income arising from the implementation of council tax reforms and a consequent capital investment fund, which is a new development.
- 11.2 The appendices setting out assets available or potentially available for disposal contained in the Asset Management Strategy 2013 – 2016.
- 11.6 An additional paragraph, which refers to an indicated shortfall in resources to finance projects to ensure continued service delivery and the possible need to borrow to finance such projects pending asset sales receipts being received.

3. **Financial and Resource Implications**

- 3.1 There are none deriving directly from the Strategy.

4. **List of Appendices**

Appendix A - Capital Strategy 2013 to 2016.