

STROUD DISTRICT COUNCIL

COUNCIL

16 FEBRUARY 2023

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| Report Title | Stroud District Council Capital Strategy | | | |
| Purpose of Report | To approve the Council's Capital Strategy | | | |
| Decision(s) | Council RESOLVES to approve the Capital Strategy at Appendix A. | | | |
| Consultation and Feedback | None | | | |
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| Options | The Council's Capital Strategy was introduced in April 2019 and should be subject to annual approval. | | | |
| Background Papers | CIPFA Prudential Code 2021 | | | |
| Appendices | Appendix A – Stroud District Council Capital Strategy | | | |
| Implications (further details at the end of the report) | Financial | Legal | Equality | Environmental |
| | No | Yes | No | No |

1. INTRODUCTION / BACKGROUND

- 1.1 Under the Local Government Act 2003 the Council should have regard to the CIPFA Prudential Code. In 2018 this code was revised to include a requirement for every local authority to produce a "Capital Strategy". The CIPFA Prudential Code was further revised and re-issued in December 2021.
- 1.2 The CIPFA Prudential Code 2021 states that "In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure, borrowing and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. Authorities should report on and clearly distinguish investments for treasury management, service and commercial purposes".
- 1.3 The Capital Strategy was last approved by Council 17 February 2022 and the document should be reviewed at least annually and must be considered a "live" document to be used throughout the financial year.
- 1.4 At its meeting of December 2022 Council approved a number of changes in the Financial Regulations including recognising the Capital Strategy as the document by which the Capital Programme is set and monitored.

2. THE CAPITAL STRATEGY

- 2.1 The proposed Capital Strategy is attached at Appendix A. It sets out the Council's principles on how the Capital Programme is put together, how Capital expenditure can be financed and how the Council approaches and manages the risks related to the Capital Programme.
- 2.2 The Capital Strategy is split into four main sections to enable the reader of the strategy to clearly see the main issues as they are presented.
- 2.3 Section one sets out the basics of Capital Expenditure and the general principles which the Council will follow in its capital programme. The principles are as follows;
- Capital Investment is a vital tool in delivering strategic priorities
 - The capital programme will include only these schemes which assist in delivering a Council priority
 - The evaluation of capital schemes for inclusion on the programme will follow an agreed process which allows scrutiny whilst not limiting innovation and adaptability
 - The funding of the capital programme must be considered alongside the revenue budget and balance sheet position as part of the Council's integrated financial planning
 - Capital projects will be monitored and evaluated, both during and after completion, to ensure their efficient progress and that any lessons learnt can be transferred to other Council schemes
- 2.4 Section two shows how the Council will select, approve and monitor capital schemes.
- 2.5 Section three covers the different sources of funding for Capital Projects and the principles that will be followed in applying them. This includes the Council's policy on new borrowing setting out that the Council must consider the interest and minimum revenue provision implications of any new borrowing.
- 2.6 Section Four links to existing Council policies on risk and treasury management. It also includes an analysis of the skills and knowledge within the organisation.

3. CONCLUSION

- 3.1 This capital strategy is compliant with the requirements of the revised CIPFA Prudential Code 2021. Relevant text and tables in the Strategy have been updated to reflect the current capital schemes and related financial data.

4. IMPLICATIONS

4.1 Financial Implications

The whole report is of a financial nature. An effective Capital Strategy is a key part of an effective financial management system.

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4.2 Legal Implications

The Local Authorities (Capital Finance and Accounting) Regulations 2003 states that Authorities must have regard to CIPFA's Prudential Code. Local Authorities must also have regard to the Investment Guidance issued by Secretary of State under section 15(1)(a) of the Local Government Act 2003. Publication of the Authorities strategies is a statutory requirement and conforms to best practice as required by the CIPFA Code of Practice.

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4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision.

4.4 Environmental Implications

There are no significant implications within this category.