

**Meeting:** Council

**Date:** 21 February 2019

**Wards Affected:** All

**Report Title:** Capital Strategy 2019/20

**Is the decision a key decision?** Yes

**When does the decision need to be implemented?** Immediately

**Executive Lead Contact Details:** Gordon Oliver, Elected Mayor and Executive Lead for Finance, 01803 207001, [mayor@torbay.gov.uk](mailto:mayor@torbay.gov.uk)

**Supporting Officer Contact Details:** Martin Phillips, Head of Finance, 01803 207285, [martin.phillips@torbay.gov.uk](mailto:martin.phillips@torbay.gov.uk)

---

## 1. Proposal and Introduction

- 1.1 The Council has a statutory responsibility to comply with the CIPFA Prudential Code (revised December 2017) which is the “proper practice” document linked to the Local Government Act 2003. Part of this compliance is to approve a Capital Strategy.
- 1.2 The Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council’s services and informs decisions on capital spending priorities within the Council’s 4-year Capital Plan.
- 1.3 The revised Prudential Code places more emphasis on the risks associated with Council capital activities in particular the higher risks associated with more commercial activities and requires the Chief Finance Officer to “report explicitly on the affordability and risks associated with the capital strategy”.
- 1.4 In accordance with the Council’s Constitution, the Capital Strategy is required to be approved on an annual basis.
- 1.5 The proposed Capital Strategy was presented to Overview and Scrutiny Board on the 30 January 2019, where a minor change was recommended by the Board. This was subsequently accepted by the Elected Mayor.
- 1.6 At the meeting of the Council on 7 February 2019, the motion to adopt the Capital Strategy subject to the amendments agreed by the Elected Mayor was lost.

- 1.7 The proposed Capital Strategy is now be re-presented to Council for consideration as:
- (i) Under Part 1 of the Local Government Act 2003, Local Authorities are required to have regard to the Prudential Code (as proper practice) when carrying out their duties. The Prudential Code (December 2017) states that “authorities should have in place a capital strategy” and that the “setting and revising of a capital strategy...will be done by the same body that takes the decisions for the local authorities budget”; and
  - (ii) Article 4 of the Council’s Constitution states that the Capital Strategy is approved annually as part of the budget setting process.
- 1.8 Therefore, in order to comply with the Prudential Code and the Council’s Constitution, it is the recommendation of the Head of Finance (as the Council’s Chief Financial Officer), that the Capital Strategy (as set out at Appendix 1) should be approved.

## **2. Reason for Proposal**

- 2.1 The Council has a responsibility to approve a Capital Strategy each year.

## **3. Proposal**

- 3.1 That the Capital Strategy be approved

## **4. Supporting Information**

- 4.1 The Capital Strategy is an overarching document. There are clear links to other documents such as
- Treasury Management Strategy – the operational plan for management of treasury activities including borrowing.
  - Asset Management Plan – the operational plan for management of assets
  - Capital Plan and quarterly Budget Monitoring – the key documents for the financial reporting on the capital plan, both its expenditure and funding.

## Appendix 1 – Proposed Capital Strategy