



Committee	Full Council
Date	21/02/2024
Subject	Capital Strategy 2024/25 to 2027/28
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Julian Sturman Specialist Accountant – Capital & Treasury Management julian.sturman@eastsoffolk.gov.uk
Head of Service	Lorraine Rogers Chief Finance Officer and Section 151 Officer lorraine.rogers@eastsoffolk.gov.uk
Director	Chris Bally Chief Executive chris.bally@eastsoffolk.gov.uk

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
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Purpose/Summary

The Capital Strategy in Appendix A gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability.

Recommendation(s)

That Full Council:

1. Approves the Capital Strategy for 2024/25 to 2027/28

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. Through the capital programme which links to the capital strategy, all projects are intended to contribute to this commitment, ensuring where possible environment and energy efficient processes, materials and equipment are used.
Sustainable Housing	Through the capital programme which links to the capital strategy the Housing Revenue Account commits to support safe, suitable, and sustainable homes directly through the projects within the capital programme
Tackling Inequalities	Through the capital programme which links to the capital strategy the regeneration programme enabling business and charities providing direct services to residents of East Suffolk residents to locate in Council owned assets.
Thriving Economy	Through the capital programme which links to the capital strategy the economic development and regeneration activity enables residents of East Suffolk to benefit from and contribute to a thriving economy. Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafront.
Our Foundations / governance of the organisation	<p>At the heart of the capital strategy is good financial management and governance which underpins the Councils spending commitments on projects funded by the Council.</p> <p>The financing of the capital programme and the Management of the Councils Treasury Management function feeds directly into the Councils Medium Term Financial Strategy (MTFS) which supports the delivery of the strategic direction of East Suffolk Council.</p> <p>The report forms an important element of good governance, ensuring financial sustainability and putting the Council's financial and physical assets to good use.</p>

	<p>The Capital Strategy for 2024/25 through to 2027/28 is considered at the following meetings.</p>
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- Audit & Governance Committee 8 January 2024
- Full Council 21 February 2024

Justification for recommendations

1. Background

1.1. The CIPFA Prudential code requires a Capital Strategy report to be produced and presented to the Audit & Governance Committee and Full Council in advance of the coming financial year.

2. Introduction

2.1. The Capital Strategy at Appendix A gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability.

3. Proposal

3.1. Section 2 of the Strategy outlines the draft Capital Programme 2024/25 to 2027/28 and the way in which it is to be financed. The overall planned expenditure is £410.97m (General Fund £329.03m and HRA £81.94m) over 2023/24 to 2027/28. The 2024/25 planned capital expenditure is £105.66m (General Fund £76.59m and HRA £29.07m).

3.2. Section 3 of the Strategy refers to the Asset Management Strategy, this highlights the treatment of asset disposals and the continuation of the prudent policy of not anticipating capital receipts before they are received.

3.3. Section 4 covers Treasury Management, including both borrowing and investments. Treasury Management is a well-established Council activity that operates within a tightly controlled framework.

3.4. Section 5 presents the Council's approach to Service Investments.

3.5. Section 6 explores the Council's other financial liabilities, both in terms of existing commitments (e.g., the Pension Fund deficit) and guarantees.

3.6. Section 7 explores the in-built revenue implications within the Capital Programme, its financing costs and evaluates its overall "prudence, affordability and sustainability".

3.7. Section 8 explains how the Strategy is underpinned by a systematic approach to obtaining and maintaining the necessary knowledge and skills required, to operate effectively, whilst (simultaneously) adequately protecting the Council's financial risk exposure and wider interests.

3.8. The Strategy concludes in Section 9 which includes an explicit statement by the Chief Finance Officer in accordance with the Prudential Code, providing assurance to Members that the Capital Strategy as a whole is affordable, and that risk has been identified and is being adequately managed.

4. Financial Implications

4.1. The Strategy compiles the management of the Council's capital budget plans and the impact on the council's cash flow transactions which in turn feeds directly into the Councils Medium Term Financial Strategy (MTFS).

5. **Legal Implications**
5.1. There are no legal implications for this report.
6. **Risk Implications**
6.1. Non-compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA's) Prudential Code.
7. **Options**
7.1. To comply with the CIPFA Prudential Code the report is required to be produced and presented to members, and consequently, no other options have been considered.
8. **Recommendations**
8.1. That Full Council approves the Capital Strategy 2023/24 to 2026/27.
9. **Reasons for Recommendations**
9.1. Approval of the Capital Strategy by Full Council is a requirement under the CIPFA Prudential Code.
10. **Conclusions/Next Steps**
10.1 Full Council approves the Capital Strategy.

Areas of consideration comments

Section 151 Officer comments:

The Capital Strategy report complies with the CIPFA Prudential Code, which requires the Council to produce a report which combines the Treasury Management Activity, the Capital Programme and the Asset Management aspirations of the Council in one report and present to Full Council annually.

Monitoring Officer comments:

The high level report combining the Capital Budget report and Treasury Management information contained within the separate reports complies with Section 2 of the Budget and Policy Framework Procedure Rules in the Council's Constitution. The setting of the Budget (Capital Programme, Housing Revenue Account, General Fund and Council Tax) is a matter reserved to Full Council, having considered recommendations made by the Cabinet. Overview and Scrutiny Committee was given the opportunity to scrutinise the Budget, and make recommendations on the Budget to Cabinet, at its meeting on 18 January 2024. The Treasury Management element complies with the Council's Constitution which requires the review and monitoring of the Council's Treasury Management policies and practices by the Council's Audit and Governance Committee with any recommendations being presented to Full Council. The report was reviewed by the Audit and Governance Committee on 8 January 2024.

Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

Safeguarding:

There are no direct implications arising from this report.

Crime and Disorder:

There are no direct implications arising from this report.

Corporate Services implications:

(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)

There are no direct implications arising from this report.

Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

Appendices:

Appendix A | Capital Strategy 2024/25 to 2027/28

Background reference papers:

Date	Type	Available From
08/02/2024	Capital Programme 2023/24 to 2027/25 report to Cabinet	Democratic Services
08/01/2024	Treasury Management Strategy Statement & Treasury Management Investment Strategy Statement 2024/25 Report to the Audit & Governance Committee	Democratic Services