



## AUDIT & GOVERNANCE COMMITTEE

Monday, 6<sup>th</sup> January 2020

### CAPITAL STRATEGY 2020/21 TO 2023/24

#### EXECUTIVE SUMMARY

1. The Capital Strategy (**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.
2. Section 2 of the Strategy outlines the planned Capital Programme 2020/21 to 2023/24 and the way in which it is to be financed. Including the Revised 2019/20 Capital Programme, overall planned expenditure is £211.69 million (General Fund £152.61 million and HRA £59.08 million) over 2019/20 to 2023/24. In 2020/21, there is planned capital expenditure of £57.065 million.
3. Section 3 of the Strategy refers to the Asset Management Strategy approved earlier this year and highlights the treatment of asset disposals and the continuation of the prudent policy of not anticipating capital receipts before they are received.
4. Section 4 covers Treasury Management, including both borrowing and investment. Treasury Management is a well-established Council activity that operates within a tightly controlled framework. Borrowing levels are expected to remain comfortably within the Council's pre-set limits throughout the duration of the Strategy.
5. Section 5 presents the Council's approach to Service Investments and its ongoing joint venture commitments with the Norse Group for a package of services including Refuse Collection, Cleansing and Maintenance.
6. Section 6 sets out the position on Commercial Investment and the way in which an increase in commercial investment and trading by the Council is set to build on current levels of activity. This represents a 'mixed delivery approach' – combining in-house/direct and arm's length delivery (through a local authority trading company) –for a range of commercial activities.
7. Section 7 explores the Council's other financial liabilities, both in terms of existing commitments (e.g. the Pension Fund deficit) and guarantees.
8. Section 8 explores the in-built revenue implications within the Capital Programme, its financing costs and also evaluates its overall "prudence, affordability and sustainability".
9. Section 9 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.

10. The Strategy concludes in Sections 10 and 11. This includes an explicit statement by the CFO 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.

**Is the report Open or Exempt?**

Open

**Wards Affected:**

All

**Cabinet Member:**

Councillor Steve Gallant

Leader of the Council and Cabinet Member with responsibility for Resources

Councillor Maurice Cook

Assistant Cabinet Member with responsibility for Resources

**Supporting Officer:**

Simon Taylor

Chief Finance Officer and Section 151 Officer

01394 444570

[simon.taylor@eastsoffolk.gov.uk](mailto:simon.taylor@eastsoffolk.gov.uk)

## **1 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?**

- 1.1 The Capital Strategy is a critical component in the delivery of many ambitions included within the Business Plan. It is not only essential to achieving one of the three overarching strategic priorities of the Plan (“Financial Self-Sufficiency”) but is also vital in the delivery of a vast range of service development and delivery initiatives.

## **2 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 2.1 All Financial and Governance implications are covered in the Capital Strategy (**Appendix A**).

## **3 OTHER KEY ISSUES**

- 3.1 There are no other key issues arising from this report. Equality, (environmental) Sustainability and Partnership issues are considered as part of individual Capital Programme bids.

## **4 CONSULTATION**

- 4.1 Professional guidance has been received (and followed) from the Council’s Treasury Management advisors (Arlingclose).

## **5 OTHER OPTIONS CONSIDERED**

- 5.1 There are no alternative options.

## **6 REASON FOR RECOMMENDATION**

- 6.1 To enable Scrutiny Committee to review the Capital Strategy, including obtaining a recommendation for approval to Cabinet and Full Council.

### **RECOMMENDATIONS**

1. That the Audit & Governance Committee reviews, comments upon, and recommends the Capital Strategy 2020/21 to 2023/24 to Cabinet and Full Council for approval.

### **APPENDICES**

<b>Appendix A</b>	<b>Capital Strategy 2020/21 to 2023/24</b>
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### **BACKGROUND PAPERS - none**