



AUDIT & GOVERNANCE COMMITTEE

Monday, 13 December 2021

Subject	Capital Strategy 2022/23 to 2025/26
Report by	Councillor Maurice Cook, Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsoffolk.gov.uk 01394 444571

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

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

Options:

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.

Recommendation/s:

That Capital Strategy 2022/23 to 2025/26 be reviewed, commented upon, and recommended to Full Council for approval.

Corporate Impact Assessment

Governance:

The report complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code to provide information and scrutiny on the Council's Capital Strategy.

ESC policies and strategies that directly apply to the proposal:

East Suffolk Council Strategic Plan

Environmental:

No impacts.

Equalities and Diversity:

No impacts.

Financial:

Management of the Council's capital budget plans and the impact on the council's cash flows transactions.

Human Resources:

No impacts.

ICT:

No impacts.

Legal:

No impacts.

Risk:

Noncompliance with CIPFA's Prudential Code

External Consultees:	None
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected? Production of the Capital Strategy is a requirement under the CIPFA Prudential Code demonstrating the Council's governance of its capital plans.			

Background and Justification for Recommendation

1 Background facts	
1.1	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 Current position	
2.1	Section 2 of the Strategy outlines the planned Capital Programme 2022/23 to 2025/26 and the way in which it is to be financed, including the revised 2021/22 Capital Programme. The overall planned expenditure is £334.65 million (General Fund £256.86 million and HRA £77.79million) over 2021/22 to 2025/26. The 2022/23 planned capital expenditure is £69.78 million.
2.2	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.
2.3	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.
2.4	Section 5 presents the Council's approach to Service Investments and the joint venture commitments with the Norse Group for a package of services including Refuse Collection, Cleansing and Maintenance.
2.5	Section 6 explores the Council's other financial liabilities, both in terms of existing commitments (e.g., the Pension Fund deficit) and guarantees.
2.6	Section 7 explores the in-built revenue implications within the Capital Programme, its financing costs and evaluates its overall "prudence, affordability and sustainability".
2.7	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.
2.8	The Strategy concludes in Section 9 which 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. It also provides an update on the proposed implementation in the revision to the Prudential Code which is currently completing the consultation stage.

3 How to address current situation

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| 3.1 | The Capital Strategy is a critical component in the delivery of many ambitions included within the Strategic Plan. It is not only essential to achieving one of the three overarching strategic priorities of the Plan ("Financial Sustainability") but is also vital in the delivery of a vast range of service development and delivery initiatives. |
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4 Reason/s for recommendation

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| 4.1 | To enable the Audit & Governance Committee to review the Capital Strategy, including obtaining a recommendation for approval to Full Council. |
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Appendices

Appendices:

Appendix A	Capital Strategy 2022/23 to 2025/26
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Background reference papers:

None.