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| <b>AUDIT COMMITTEE</b>  | <b>AGENDA ITEM No. 7</b> |
| <b>11 FEBRUARY 2019</b> | <b>PUBLIC REPORT</b>     |

|                                |                                                                                                   |                            |
|--------------------------------|---------------------------------------------------------------------------------------------------|----------------------------|
| Report of:                     | Peter Carpenter, Acting Corporate Director: Resources                                             |                            |
| Cabinet Member(s) responsible: | Cllr Seaton, Resources portfolio holder                                                           |                            |
| Contact Officer(s):            | Peter Carpenter, Acting Corporate Director: Resources<br>Kirsty Nutton, Head of Corporate Finance | Tel. 452520<br>Tel. 384590 |

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| <b>2019/20 CAPITAL STRATEGY</b> |
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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| <b>RECOMMENDATIONS</b>                                                                                                                                                                                                                            |                                                      |
| <b>FROM:</b> Peter Carpenter, Acting Corporate Director: Resources                                                                                                                                                                                | <b>Deadline date:</b><br>Cabinet 25<br>February 2019 |
| <p>Audit Committee is asked to</p> <ol style="list-style-type: none"> <li>To review and approve the 2019/20 Capital Strategy before it is approved as part of the Medium Term Financial Strategy (MTFS) at Full Council in March 2019.</li> </ol> |                                                      |

**1. ORIGIN OF REPORT**

- 1.1 The Capital Strategy is required by the Local Government Act 2003 and the CIPFA Prudential Code 2017. The Capital Strategy supports the strategic priorities of the Council. The Capital Strategy is reviewed annually and ensures the Council has a comprehensive approach to investment decisions.
- 1.2 The Capital Strategy is approved by Council as part of the MTFS. Members are required to review and approve the strategy to ensure compliance with best practice.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 To provide the Capital Strategy 2019/20 - 2023/24 to Audit Committee for approval before it is included in the MTFS.
- 2.2 This is in accordance with the Committees' Terms of Reference – 2.2.1.15. To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

**3. TIMESCALES**

|                                             |              |                                                                                           |                  |
|---------------------------------------------|--------------|-------------------------------------------------------------------------------------------|------------------|
| Is this a Major Policy Item/Statutory Plan? | <b>YES</b>   | If yes, date for Cabinet meeting                                                          | 25 February 2019 |
| Date for relevant Council meeting           | 6 March 2019 | Date for submission to Government Dept.<br><i>(Please specify which Government Dept.)</i> |                  |

## **4. BACKGROUND AND KEY ISSUES**

- 4.1 The principles of the Capital Strategy as detailed in Section 1 of the strategy are to:
- Manage the revenue impact of decisions;
  - Optimise the availability of Asset Investment funding where that funding supports the priorities for Peterborough;
  - Ensure effective pre and post project appraisal;
  - Performance manage the Capital programme.
- 4.2 The following provides an overview of the key sections of the strategy and its contents:
- Section 2 - sets out the aims of the Strategy.
  - Section 3 - emphasises adopting a deliverable and sustainable capital programme.
  - Section 4 - explains how the Capital Programme is managed and particularly the role of the Capital Review Group and the VERTO system.
  - Section 5 - provides the key areas of asset investment in each Directorate are set out. The Capital Programme is attached to the Strategy as an Appendix 2 to this report.
  - Sections 6 - summarise how the capital programme is funded and the application of the Community Infrastructure Levy (CIL), considers innovative funding opportunities, and stresses the role of capital receipts in funding the Capital Programme.
  - Section 7 - emphasises the role of proactive and effective procurement in delivering the Capital Strategy.
- 4.3 The Disabled Facility Grant section of the Capital Strategy has been updated since the submission of this report to Cabinet for 4 February 2019 but is considered to be a minor change.

## **5. CONSULTATION**

- 5.1 This Strategy will undergo a full consultation and go through the scrutiny process as it forms part of the Annual MTFS.

## **6. ANTICIPATED OUTCOMES OR IMPACT**

- 6.1 As set out in the report.

## **7. REASON FOR THE RECOMMENDATION**

- 7.1 This report and Strategy are presented to the Committee to provide the opportunity to review and approve the approach being applied in the capital strategy in advance of it being presented to Full Council in March 2019. It is in line with best practice for Audit Committee to consider this strategy prior to full approval by Council.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 The Strategy is required under the Local Government Act 2003.

## **9. IMPLICATIONS**

### **Financial Implications**

- 9.1 The assumptions as contained in this strategy have been used to inform the Capital Financing budget as contained and detailed in the MTFS.

### **Legal Implications**

- 9.2 The Strategy is required under the Local Government Act 2003.

### **Equalities Implications**

- 9.3 *None*

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1
  - Local Government Act 2003
  - MHCLG Statutory Guidance on Capital Strategies 2018
  - CIPFA Prudential Code 2017

## **11. APPENDICES**

- 11.1
  - Appendix 1 - Capital Strategy - 2019 – 2024
  - Appendix 2 - Capital Strategy - Capital Programme

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