

To: City Executive Board
Date: 20 February 2016
Report of: Head of Financial Services
Title of Report: Capital Strategy

Summary and Recommendations

Purpose of report: To present a Capital Strategy for approval.

Key decision: No

Executive lead member: Councillor Ed Turner, Board Member for Finance, Asset Management and Public Health

Policy Framework: Improving value for money and service performance (Corporate Plan 2015-2019)

Recommendation(s): That the City Executive Board resolves to:

1. approve the Capital Strategy attached at Appendix A

Appendices

Appendix A – Capital Strategy 2016/17 – 2019/20

Appendix B – Project Brief

Appendix C – Project Initiation Document (PID)

Appendix D – Monthly Monitoring Form

Appendix E – Project Closure Statement

Appendix F – Capital Gateway Process

Background

1. Paragraph 18.11 of the Council's Constitution requires that a Capital Strategy is prepared which includes:
 - a. the principles the Council will follow in its capital planning and management
 - b. the methodology for inclusion of schemes within the Capital Programme

- c. the arrangements for the effective management of capital schemes
2. The Council continues to have a significant capital investment programme and has introduced a new methodology for identifying, selecting and monitoring capital projects. The Council's updated Capital Strategy, which is attached at Appendix A, sets out the approval process for schemes getting into the Programme as well as the governance arrangements in place to manage delivery.
3. The Strategy also sets out the various funding sources available for capital projects and how these might change over time. It also aims to set out the issues the Council needs to consider over the medium to long term.

Changes Incorporated within the Strategy

4. There are a number of changes incorporated into the Strategy at Appendix A. The key changes are outlined below and are cross-referenced to the Strategy.
5. The explanation of what constitutes capital investment has been amended to include loans and grants to other organisations for capital purposes and the payment to the Government for the sale of High Value Council Housing. (Appendix A paragraphs 2.1 and 2.2)
6. Membership of the Capital Asset Management and Capital Board has been amended to reflect changes in organisational structure. (Appendix A paragraph 6.6)
7. New freedoms around the use of capital receipts have been incorporated. (Appendix A paragraph 8.4)
8. Given the financial pressures on the General Fund there is limited use of prudential borrowing to finance the General Fund Capital Programme. The prudential borrowing that is planned is for specific projects which adhere to prudent financial criteria and hence do not result in increased ongoing revenue financial pressures. (Appendix A paragraph 8.11)
9. The announcement of changes to the Housing Revenue Account, including the sale of High Value Council Housing, means that borrowing will be taken out to fund capital works on the HRA. (Appendix A paragraph 8.15)

Legal Implications

10. There are no legal implications directly relevant to this report.

Financial Implications

11. There are no financial implications directly arising from this report.

Environmental Impact

12. The Capital Strategy does identify the growing and relevant environmental issues that need to be considered when selecting capital projects.

Level of Risk

13. There are no risks directly arising from this report. Risks to delivery of individual projects are identified and monitored as part of the capital scheme approval and monitoring process.

Equalities Impact

14. The procurement of capital expenditure will be undertaken in line with the Council's policies to support the payment of a living wage and making apprenticeship opportunities available to local people. Many of the facilities funded out of the Capital Programme – such as community centres and social housing – will promote the narrowing of inequality in Oxford. There is no requirement to provide an Equalities Impact Assessment for this report.

Name and contact details of author:-

Name: Bill Lewis

Job title: Financial Accounting Manager

Service Area / Department: Financial Services

Tel: 01865 252607 e-mail: blewis@oxford.gov.uk,

List of background papers: None

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