

**To:** Cabinet - 12 February 2020  
Council - 13 February 2020

**Report of:** Head of Financial Services

**Title of Report:** Capital Strategy 2020/21 – 2024/25

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To present the Capital Strategy for approval.
<b>Key decision:</b>	No
<b>Cabinet Member:</b>	Councillor Ed Turner, Deputy Leader and Cabinet Member for Finance and Asset Management
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	The Capital Strategy is a Policy Framework document
<b>Recommendation:</b> That Cabinet resolves to:	
<b>Recommend that Council approves:</b>	
1. The Capital Strategy attached at Appendix A	

<b>Appendices</b>	
Appendix A	Capital Strategy 2020/21 – 2024/25

## Introduction and 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; and
  - c. The arrangements for the effective management of capital schemes.
2. The CIPFA 2017 Prudential Code introduces a requirement that Councils prepare and approve a Capital Strategy. This requirement includes consideration of non Treasury investments such as Investment Properties and loans to other organisations. Recent publication, on November 18<sup>th</sup> 2019, of the CIPFA publication Prudential Property Investment which provides guidance on the purchase of property for revenue or capital gain has led to the inclusion of a new section on property purchase in the revised Capital Strategy.

3. There is a link between the Capital Strategy and the Treasury Strategy through cashflow implications and borrowing strategies. To aid clarity the Treasury Strategy includes all Treasury implications including the Minimum Revenue Provision policy and the Capital Strategy is restricted to non-Treasury Management matters where possible, although will refer to the Treasury Management Strategy when appropriate.
4. The Council continues to have a significant capital investment programme and has adopted a reviewed methodology for identifying, selecting and monitoring capital projects. The current methodology is under review but pending the outcome of that review, this Capital Strategy includes the existing methodology, an outline of which can be found in the Strategy.
5. The Council believes that capital programme delivery is essential to support the services that the Council provides to its customers. The Council now has a Project Management Office and an associated Project Development Team and Development Board.
6. All capital schemes and major projects are assessed and filtered by the Project Management Office prior to being passed through to the Operational Delivery Group or the Development Board and then through to Corporate Management Team.
7. 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. The processes (as detailed in the Strategy) set out a clearer path for approving a scheme for inclusion in the capital programme. Its aim is to ensure greater clarity about schemes in the programme and stronger monitoring, in order to improve delivery and assist in prioritisation.
8. 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.
9. The strategy includes two new sections on New Property Investments (Section 13) and Transformation Funding (Section 15).

### **Financial implications**

10. The Capital Strategy provides a rationale for evaluating, managing and monitoring the Council's Capital Programme in order to secure delivery of the Programme and its objectives in the most cost effective manner.
11. The Head of Financial Service in his capacity as Chief Finance Officer believes that the Capital Strategy is deliverable and affordable within the parameters of the section 25 report on the robustness of the Council's budget and bears acceptable risks within that context.

### **Legal issues**

12. There are no legal implications directly arising from this report.

### **Level of risk**

13. There are not 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 works will be undertaken in line with the Council's policies to support the payment of a living wage and making apprenticeship and training opportunities available to local people. Many of the facilities funded out of the Capital Programme – such as community centres and social housing – will facilitate the narrowing of inequality in Oxford. There is no requirement to provide an Equalities Impact Assessment for this report.

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<b>Background Papers:</b>
The Treasury Management Strategy
The Property Investment Strategy

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