

Allerdale Borough Council

Executive – 17 April 2019

Council – 17 July 2019

Capital Investment Strategy 2019-20

The Reason for the Decision	This capital investment strategy defines at the highest level how the capital programme is to be determined. It identifies the issues and options that influence capital spending and sets out how the resources and capital programme will be managed.
Summary of options considered	The document sets out the Council's ambitions and priorities over the medium to longer term and provides a framework for the review and management of existing assets. It indicates the opportunities for partnership working and has a direct relationship with the Treasury Management Strategy and the opportunities and limitations on activity through the treasury management prudential indicators.
Recommendations	<ol style="list-style-type: none">1. That the contents be noted and the strategy adopted2. That the strategy be reviewed on an annual basis
Financial / Resource Implications	There is a commitment to affordability of capital investment decision over the longer term and a recognition that the Council's own resources are limited and will only be used to fund those capital priorities that are unlikely to be able to access any other funding sources.
Legal Implications	Underpinned by the Prudential Code for Local Authority and prudential indicators
Community Safety Implications	None
Health and Safety and Risk Management Implications	As noted in the report
Equality Duty considered / Impact Assessment completed	Will be considered as part of the Full Business Cases for capital schemes
Wards Affected	All
The contribution this decision would make to the Council's priorities	The focus of this strategy is to ensure that the

Council is able to make capital investment decision in order to meet its corporate priorities and objectives.

Is this a Key Decision

No

Portfolio Holder

Councillor Alan Smith

Lead Officer

Catherine Nicholson, Head of Financial Services,
catherine.nicholson@allerdale.gov.uk
01900 702503

Report Implications (Please delete where applicable).

Community Safety	N	Employment (external to the Council)	Y
Financial	Y	Employment (internal)	N
Legal	Y	Partnership	N
Social Inclusion	N	Asset Management	Y
Equality Duty	Y	Health and Safety	N

1.0 Background

1.1 This Capital Investment Strategy included in Appendix 1 sets out, at a high level, how the capital programme will be formulated. It highlight the issues and options that influence capital spending and sets out how the resources and capital programme will be managed.

1.2 The document also sets out the Council's ambitions in the short, medium and longer terms and the strategy includes:

- A link to the Council Plan and priorities
- Current capital priorities and potential investment levels
- A framework for the review and management of existing and future assets
- Opportunities for partnership working
- Methods of resourcing the capital programme
- Appraisal process for investments and disposals
- Decision making cycle for investment
- A direct relationship with Treasury Management Strategy and the limitations on activity through the Prudential Indicators.
- Managing and measuring performance.

1.3 The document is intended for use by all stakeholders to how the Council makes decisions on capital investment.

1.4 Borrowing decisions for capital investment have long term financial consequences and whilst this strategy concentrates on the investments in assets (for example investment property) it is important that the Treasury Management

and Investment Strategy considers the long and short-term risks of borrowing decisions and that those decisions are carefully documented.

2.0 Strategic Ambition

2.1 The aim of the Council is to make a sustainable improvement to the long-term quality of life for our residents. The ambitions are clearly set out in the Council Plan and the priorities are:-

- Tackling Inequality
- Enhancing our Towns
- Creating a Sustainable Business
- Strengthening our Economy
- Improving Health and Wellbeing

2.2 The Chancellor's Spending Review has continued with significant cuts to local government funding and the phased removal of Revenue Support Grant (RSG) as we anticipated a move to 100% funding from Business rates. Reductions in the level of funding that we receive from central government will not relent any time soon. Protecting the services that are most important to our residents will mean challenging the current ways of working and embracing change where it will bring better services for the people of Allerdale.

2.3 Further reductions in government funding will impact on already limited financial resources, making this Capital Investment Strategy an essential tool for the Council to focus its capital resources on outcomes that deliver the maximum benefit to residents.

2.4 Allerdale is a great place to live, work and visit and this administration is committed to continuing to being forward-thinking and commercial in its approach to opportunities for economic growth. Inward investment and follow on investment will play a key role in driving through these benefits.

2.5 Underlying the capital strategy is the recognition that the financial resources available to meet these priorities and aspirations are constrained in the current economic and political climate. Therefore we must rely more on internal resources and seek ways in which investment decisions can generate positive returns – either in being cost neutral, deliver revenue or efficiency savings or produce additional income streams.

3.0 Legal Implications and Risks

3.1 The Council is faced with diminishing capital finance which means that it has to monitor capital investment decisions against available funds to ensure that it does not spend or commit in advance of receiving funding. The Capital Financing Requirement will need to be monitored carefully.

3.2 Project boards monitor and review progress of the projects against the agreed objectives and performance criteria. Programme boards drive the programmes forward to deliver the outcome and benefits by defining acceptable risk profiles, resolving strategic and directional issues between projects, providing

independent assurance and protecting the integrity of the programme blueprint through the programme delivery cycle.

- 3.3 If the Council considers capital investment in the form of loans then exposure to non-repayment will be carefully managed through contract management arrangements.

4.0 Recommendations

- 4.1 That the Capital Investment Strategy is recommended for approval by Council, and following best practice, it is renewed on an annual basis to ensure a strong link to the Council's priorities.

Catherine Nicholson
Head of Financial Services (S151)