

Committee: **Corporate Overview and Performance Scrutiny Committee**

Date of meeting: **14 March 2024**

Report Subject: **Capital Strategy 2023/2024**

Portfolio Holder: **Cllr Stephen Thomas, Leader, Cabinet Member - Corporate Overview & Performance**

Report Submitted by: **Rhian Hayden, Chief Officer Resources**

| Reporting Pathway | | | | | | | | |
|-----------------------------|---------------------------|--------------------------|----------------------------|-------------------------------|--------------------|---------|------------|----------------------|
| Directorate Management Team | Corporate Leadership Team | Portfolio Holder / Chair | Governance Audit Committee | Democratic Services Committee | Scrutiny Committee | Cabinet | Council | Other (please state) |
| | 07/03/2024 | | | | 14/03/2024 | | 21/03/2024 | |

1. Purpose of the Report

- 1.1 The purpose of this report is to give members the opportunity to consider the Capital Strategy (attached at Appendix 1) following the annual review, to be adopted for the financial year 2024/2025.

2. Scope and Background

- 2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities, revised in 2017, introduced the concept of a Capital Strategy with effect from April 2019. Appendix 1 to this report is the proposed Capital Strategy for this Council.
- 2.2 The capital strategy is intended to give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability. The development of a capital strategy allows flexibility to engage with full council to ensure that the overall strategy, governance procedures and risk appetite are fully understood by all elected members.
- 2.3 The Capital Strategy is reviewed and updated annually to ensure that the Council's Corporate Plan priorities continue to be delivered.

3. **Options for Recommendation**

3.1 **Option 1 (Preferred Option)**

Members consider the Capital Strategy for the 2024/25 financial year (attached as appendix 1) and do not consider any amendments, prior to submission to Council for formal approval.

Option 2

3.2 Members consider the Capital Strategy for the 2024/25 financial year (attached as appendix 1) and consider any amendments, prior to submission to Council for formal approval.

4. **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The Capital Strategy is aligned to the Corporate Plan and Well-being Plan and will inform the way in which long term service objectives are delivered.

4.2 The Capital Strategy is intended to take a long-term view which reflects the requirements of the Wellbeing of Future Generations Act.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

5.1.1 The detailed financial implications of the Capital Strategy are contained within the Capital Programme, Treasury Management Strategy and Medium-Term Financial Strategy.

5.2 **Risk including Mitigating Actions**

5.2.1 The identification and mitigation of risk is contained within the Capital Strategy document.

5.3 **Legal**

5.3.1 There are a number of statutory requirements relating to capital expenditure, capital financing and treasury management activity that the Council must adhere to.

5.4 **Human Resources**

N/A

6. Supporting Evidence

6.1 Performance Information and Data

6.1.1 The Performance information is contained within Appendix 1 – Capital Strategy

6.2 Expected outcome for the public

6.2.1 The Capital Strategy will detail the financial implications for the Council in providing capital investment for the communities of Blaenau Gwent.

6.3 Involvement (consultation, engagement, participation)

6.3.1 The Corporate Leadership Team will consider the long-term implications of capital investment and how the governance arrangements in place through full Council, enable decisions to be made by elected members.

6.4 Thinking for the Long term (forward planning)

6.4.1 The Capital Strategy summarises the capital expenditure, capital financing and treasury management arrangements of the Authority, for the long term.

6.5 Preventative focus

6.5.1 The Capital Strategy will assist in the prevention of projects outside of the Council's service objectives and priorities proceeding.

6.6 Collaboration / partnership working

6.6.1 The future development of the Capital Strategy, particularly in relation to commercial investments, will require a collaborative / partnership approach.

6.7 Integration (across service areas)

6.7.1 The future development of the Capital Strategy will require an integrated approach across all services.

6.8 Decarbonisation and Reducing Carbon Emissions

6.8.1 The Council is committed to the Decarbonisation Plan to achieve a carbon neutral public sector by 2030. The Capital Programme currently contains schemes which promote the reduction of carbon emissions such as ReFIT, Electric Vehicle Charge Points and Carbon reduction schemes. New Council buildings should be designed to the latest energy efficiency standards.

6.8.2 The Authority also considers Environmental, Social and Corporate Governance (ESG) factors when setting up any investment arrangements. For example, we would avoid investing in companies linked with fossil fuels.

6.9 **Integrated Impact Assessment**

See above

7. **Monitoring Arrangements**

7.1 The Capital Strategy will be reviewed and updated on an annual basis and be reported to full Council.

However, monitoring reports are submitted to Corporate Overview and Performance Scrutiny Committee during the financial year as follows:

- Capital Programme – Quarterly
- Treasury Management Report – 6 monthly
- Update on performance against prudential indicators - quarterly

Background Documents / Electronic Links

- Corporate Plan
- Medium Term Financial Strategy
- Treasury Management Strategy Statement
- Capital Programme
- Statement of Accounts
- Strategic Asset Management Plan
- Constitution
- Local Wellbeing Plan