

SSDC Capital Strategy 2019/20

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Purpose of the Report

1. Full Council must approve the annual capital strategy before the start of the financial year in line with the revised CIPFA Prudential Code. District Executive considered the report on 5th February and agreed to recommend the 2019/20 capital strategy and the borrowing and investment limits to Council for approval.

Recommendation

2. That Full Council approves the 2019/20 capital strategy and the borrowing and investment limits contained within.

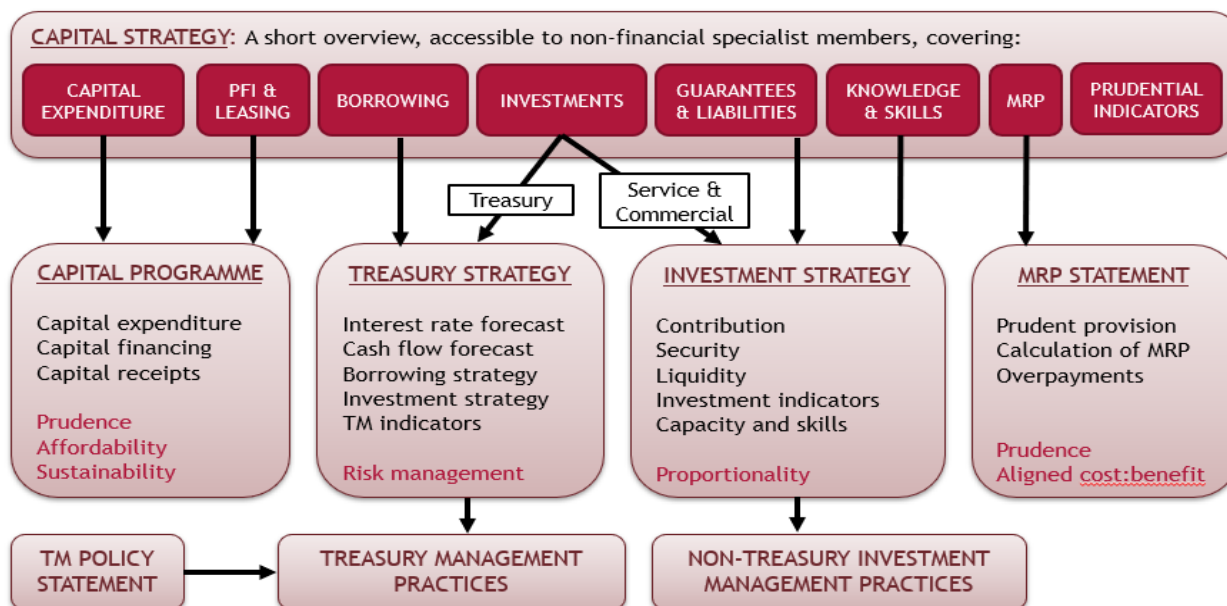
Introduction

3. The capital strategy is a new report for 2019/20, which is a mandatory requirement of the CIPFA Prudential Code (revised December 2017).
4. The revised code states that the council will ensure that *'all investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.'*

Background

5. The capital strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services.
6. It also includes an overview of how the associated risk is managed, the implications for future financial sustainability and information on how stewardship, value for money, prudence, sustainability and affordability will be secured.
7. The strategy sets out the long-term context in which both capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
8. The flowchart below provides a visual picture of the requirements and contents of the various strategies that are required on an annual basis, and how these are inter-related. This report may be read in conjunction with the Treasury Strategy and Investment Strategy reports, and relates to the Capital Programme included in the main Budget report on the agenda for this Full Council meeting.

Strategy Reports: England



9. The proposed Capital Strategy for 2019/20 is included in Appendix A to this covering report.

Financial Implications

10. The proposed capital strategy aligns with the 2019/20 Capital Programme and the updated Medium Term Financial Plan. Those reports seek to establish approval of spending and funding requirements to meet the Council's priorities. This report establishes the borrowing and investment limits that are considered prudent and affordable in meeting those plans.

Background Papers: *CIPFA Prudential Code (revised December 2018)*
Treasury Management Strategy Statement 2019/20
Statutory guidance on Local Government Investments (revised February 2018)