



REPORT OF:	EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE, ON BEHALF OF THE LABOUR GROUP
TO:	FINANCE COUNCIL
ON:	26 th February 2024

PORTFOLIOS AFFECTED: ALL

WARDS AFFECTED: ALL

SUBJECT : CAPITAL PROGRAMME AND CAPITAL STRATEGY REPORT 2024/27

1. PURPOSE

- 1.1 This report seeks approval for the 2024/25 – 2026/27 Capital Strategy, set out in **Appendix 1** and Capital Programme, set out in **Appendix 6**.
- 1.2 The Capital Strategy gives a high-level overview of how the Council's capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risks are managed and the implications for future financial sustainability.
- 1.3 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

2. RECOMMENDATIONS

Members are recommended to:

- 2.1. approve the Capital Strategy for 2024/27 (**Appendix 1**), including:
 - a) agree to the Asset Review (Phase 1) interventions as set out in the Strategy;
 - b) delegate authority to the Growth Programme Director, in consultation with the Deputy Director Legal and Governance, to implement the interventions referred to in 2.1(a) above;
 - c) the Council's Capitalisation Policy, as outlined in **Appendix 2**;
 - d) the Minimum Revenue Provision (MRP) Statement, which determines the Council's policy for repayment of debt, noting that the policy is subject to the outcome of a current Government consultation. A further report will be presented if required following the consultation outcome. (**Appendix 3**);
 - e) the proposed Prudential Indicators for the forthcoming year (**Appendix 4**);
 - f) the proposed Investment Strategy for 2024/25, as outlined in **Appendix 5**; and

- 2.2. Approve the proposed Capital Programme for 2024/25, as outlined in **Appendix 6** and **Appendix 6A**.
- 2.3. Note the indicative programmes for 2025/26 to 2026/27 as shown in **Appendix 6** and acknowledge that these will be subject to further review as part of the development of future years' capital programmes.
- 2.4. Delegate authority to the Strategic Director Finance and Resources to determine the most appropriate method of financing the capital programme.

3. BACKGROUND

- 3.1 The *Prudential Code for Capital Finance in Local Authorities* was updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021. The framework provided by the Prudential Code supports local strategic planning, local asset management and proper option appraisal.
- 3.2 The objectives of the Prudential Code are to provide a framework that will ensure for individual local authorities that:
 - capital expenditure and investment plans are prudent, affordable and sustainable;
 - all external borrowing and other long-term liabilities are within prudent and sustainable levels; and
 - treasury management and other investment decisions are taken in accordance with good professional practice.
- 3.3 To demonstrate that these objectives have been fulfilled, the Council must have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made and which gives due consideration to service objectives, long term financing implications and potential risks to the authority.

4. KEY ISSUES

Capital Strategy

- 4.1 The updated Capital Strategy for the period 2024/25 to 2026/27 is provided at **Appendix 1**. Amongst other matters, the Strategy outlines the Council's main capital investment priorities, asset management strategy, capital financing, treasury management strategy, and the revenue budget implications of the Capital Strategy.
- 4.2 Further details on the Council's borrowing and treasury investments can be found in the Treasury Management Strategy which will be presented to the Executive Board in March 2024 for approval.
- 4.3 The Strategy is supported by the details contained within **Appendices 2 to 6** including: the Council's Capitalisation Policy, details of the Council's proposed Minimum Revenue Provision policy for 2024/25, proposed Prudential Indicators and the Council's Non-Treasury Investments Strategy.

Capital Programme

- 4.4 To deliver the Capital Strategy, it is recommended that Finance Council approve the proposed Capital Programme for 2024 through to 2027 of £156.733 million, as detailed at **Appendix 6A**. The programme recognises the importance of investment in the Borough and the impact that the schemes themselves will have on the regeneration and economic growth of the area in the future.
- 4.5 The programme comprises existing commitments and new schemes brought forward as a result of the Council's capital bidding process. The main items of expenditure forming the proposed Capital Programme for 2024/25 are:
- a) aids and adaptations through provision of Disabled Facilities Grants;
 - b) existing schemes within the Schools Capital programme and creation of additional school places required within the Borough;
 - c) regeneration of the Borough, including:-
 - i. Darwen Towns Fund – Darwen was successful in securing £25million of Government funding for projects that will improve the lives of the town's residents;
 - ii. the Growth Axis Transport Package and Town Centre Regeneration schemes following successful Levelling Up Fund (LUF) bids;
 - iii. continuing work on improvement of highways within the Borough, as part of the Local Transport Plan;
 - d) support of continued investment in IT services to underpin our 'digital first' approach to delivering efficiencies and to ensure the Council's network, infrastructure and devices are resilient;
 - e) support for the accommodation review which again will drive efficiencies and savings through rationalisation and a more cost effective use of space.
- 4.6 Allocations are also included to enable the Council to invest in the vehicle fleet, land and property, should the opportunity arise, and for potential investment in existing assets. However, before projects are allocated funding they are subject to a rigorous business case approval process and detailed reports are produced in line with the Council's Financial Procedures Rules.
- 4.7 The programme will contribute towards the achievement of the Council's priorities and those set out in the Financial Strategy (*Grow, Charge, Save, Stop*) by facilitating the creation of jobs and supporting business growth in the Borough through construction, improving transport networks and enhancing the town centre, by improving housing quality and building more homes and also in assisting to deliver efficiencies and savings through the rationalisation of accommodation and maximising the use of technology to streamline services and processes.
- 4.8 Current commitments will continue to be reviewed to bring forward any additional schemes, subject to approval of robust business cases, and capital allocations for the schools and highways in the borough will be added to the programme when there is clarity of funding provided by the Department of Education and Department for Transport respectively.

5. POLICY IMPLICATIONS

- 5.1 The budget process is the mechanism by which the Council allocates resources so that it can achieve its policy objectives agreed at Policy Council.

6. FINANCIAL IMPLICATIONS

- 6.1 The financial implications are as given in the report.

7. LEGAL IMPLICATIONS

- 7.1 There are no legal implications arising directly from the contents of this report. In accordance with s32 of the Local Government Finance Act 1992 (LGFA 1992), annually the Council must calculate and approve its budget requirement for the forthcoming financial year. A report elsewhere on the Agenda for this meeting deals with the Council's General Fund Revenue Budget, whereas this report deals with the Capital Programme.
- 7.2 Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Code requires local authorities to establish a range of 'Prudential Indicators and Limits' and to monitor these on an ongoing basis. Those Prudential Indicators and limits that are applicable to this Council are shown at **Appendix 4** to this report.
- 7.3 Local authorities are required each year to set aside resources as provision for debt repayment, on the basis of making a prudent provision. The Minimum Revenue Provision (MRP) proposals set out in **Appendix 3** comply with existing regulatory requirements.

8. RESOURCE IMPLICATIONS

- 8.1 None as a direct consequence of this report.

9. EQUALITY IMPLICATIONS

- 9.1 The decisions to be taken do not change policy and do not require any further consideration in respect of equality issues

10. CONSULTATIONS

- 10.1 None required as a direct consequence of this report.

Appendices

- Appendix 1 - Capital Strategy 2024/25 to 2026/27
- Appendix 2 - Council's Capitalisation Policy
- Appendix 3 - Minimum Revenue Provision Policy Statement for 2024/25
- Appendix 4 - Prudential Indicators for 2024/25
- Appendix 5 - Investment Strategy for 2024/25
- Appendix 6 - Capital Programme for 2024/25

VERSION:	2
CONTACT MEMBER	Councillor Vicky McGurk Executive Member – Finance and Governance
DATE:	February 2024