

CAPITAL STRATEGY

SEPTEMBER 2005

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

29TH SEPTEMBER, 2005

Wards Affected

County-wide.

Purpose

To approve the Council's revised Capital Strategy.

Key Decision

This is not a Key Decision.

Recommendation

THAT the Strategy be approved.

Reasons

Cabinet is required to approve the medium term strategy for capital investment. This will serve to influence capital programme considerations in future years. The strategy also provides a comprehensive view on all capital issues.

Considerations

1. The Capital Strategy has been updated and is included in an appendix to this report. The purpose of the document is to give the Council a detailed overview of the capital programme over the medium to long term and the resources available to fund it.
2. There are several key issues within the Strategy which are worth highlighting for consideration:
 - The Capital Strategy is intrinsically linked to the Herefordshire and Corporate Plan and their objectives and priorities. It is important, however, to ensure current investment pressures, which are not always prominent in such plans, are fully recognised. There needs to be a balance, therefore, between the investment in existing assets and in new initiatives.
 - The relaxation of borrowing powers through the Prudential Code has had a significant and positive impact on the Council's capital programme.
 - Prudential borrowing within the constraints of capped Council Tax increases.

- The policy of increasingly seeking to fund assets over their actual life will continue, thus minimising the build up of debt over the long term.
 - A realisation that there are several major strategic issues which will be affecting the capital programme in the future, not least the Edgar Street Grid, Local Area Agreement, office accommodation and associated projects.
3. The Strategy is reviewed annually following the setting of next year's capital programme. The national finance settlement will have a bearing on this, as will the revisions made to the Corporate Plan. Affordability and the investment 'gap' as always will be the key concerns and the Council will continue to search for new funding streams and innovative ways in procurement to address these. This will be particularly relevant for investment in schools and the public infrastructure required for the Edgar Street Grid project.

Alternative Options

There are no alternative options.

Consultees

Not applicable.

Risk Management

The Council needs to take a strategic view on investment issues to ensure there is proper alignment with the Herefordshire and Corporate Plans. It also needs to ensure that short-term investment decisions do not adversely impact on longer-term requirements and affordability concerns are properly taken account of.

Background Papers

Capital Programme Report to Cabinet February 2005