

# TONBRIDGE & MALLING BOROUGH COUNCIL

## POLICY OVERVIEW COMMITTEE

29 September 2009

### Report of the Director of Finance

#### Part 1- Public

#### Matters for Recommendation to Cabinet

#### **1 CAPITAL STRATEGY 2009/10**

**This report brings forward an updated Capital Strategy and recommends that it be commended to Cabinet and Council for adoption and publication on the Council's Website.**

#### **1.1 Background**

1.1.1 The Capital Strategy document was first prepared in July 2000 and has been subsequently updated annually. The 2000/01, 2001/02, and 2002/03 Capital Strategy documents were forwarded to the Government Office for the South East (GOSE) for assessment. Since then there has been no requirement to forward the Capital Strategy to GOSE, but it has been taken into account in the Comprehensive Area Assessment inspection regime.

1.1.2 The Chartered Institute of Public Finance and Accountancy has supplied the following background notes: "The Capital Strategy should describe how the investment of capital resources will contribute to the achievement of the authority's key objectives and priorities that are detailed in their Performance Plans and Community Plans/Strategies etc. An authority's Capital Strategy should be one of the key, overarching strategies that support service plans. The strategy will also determine priorities between the various services and look for opportunities for cross-cutting and joined-up investment. The authority's capital strategy should describe how the deployment of capital resources contributes to the achievement of the described goals. It will also help to ensure that issues around property and other assets are fully reflected in the Council's planning."

#### **1.2 The 2009/10 Capital Strategy**

1.2.1 The draft updated Capital Strategy, attached at **[Annex 1]**, has been designed to be published on the Council's website. The strategy has no annexes, but at the end are links to a number of other documents or web pages which are referred to in the text and are available on the Council's website or the internet.

- 1.2.2 The update has followed the policy of evolution, rather than revolution. The aim has been to reflect changing circumstances without losing the qualities which gained a “good” result from GOSE in 2002 when the capital strategy was last assessed.
- 1.2.3 The Key Financial Statistics in paragraph 2.1 of the annex have been updated to reflect the 2009/10 estimates and the balance sheet as at 31 March 2009. Elsewhere, examples of our current practice have been updated where appropriate. Throughout the annex the type face of any new and or amended text and figures has been presented in bold italics.
- 1.2.4 The Revenue Reserve for Capital Schemes (RRCS) provides the main source of funding for new and existing capital schemes. Contributions to the reserve are determined as part of each years budget setting process. In setting the revenue budget for 2009/10, Members will recall that as a consequence of the significant financial pressures facing the Council, contributions to the RRCS were temporarily suspended and an annual limit placed on new additions to the Capital Plan. Paragraphs 2.12 to 2.16 of the strategy make provision for the review of the level and timing of future contributions to the reserve and for the review of the annual limit on new expenditure.

### **1.3 Legal Implications**

- 1.3.1 None

### **1.4 Financial and Value for Money Considerations**

- 1.4.1 The Capital Strategy outlines a capital process which follows the CIPFA Prudential Code and, in addition to meeting the Council’s Corporate Aims and Priorities, focuses on value for money.

### **1.5 Risk Assessment**

- 1.5.1 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council’s Corporate Aims and Priorities. Failure to keep the Capital Strategy up to date may be penalised in the Use of Resources Assessment process.

### **1.6 Recommendations**

- 1.6.1 It is recommended that Cabinet be invited to endorse the draft Capital Strategy for 2009/10 as attached at **[Annex 1]** for adoption by Council and publication on the Council’s website.

Background papers:

Nil

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