

**RECORD OF DECISION**

**TITLE: Capital Strategy 2019/20**

Ref: PCC/D/2019/15

**EXECUTIVE SUMMARY**

The Capital Strategy provides information on the planned capital expenditure for 2019/20 and the Medium Term Capital Programme. It considers the governance arrangements for capital projects and the capital programme, the financing of capital expenditure, the plans to repay and replace debt finance and plans for asset disposals and capital receipts. It outlines the estates management strategy and treasury management, borrowing and investment strategies. It sets out investments held for service purposes and the commercial activities undertaken by the PCC. It states, the long term liabilities and their governance, most notably the Pension Funds and the implications for the revenue budget.

**PROPOSAL**

That the Commissioner approves the Capital Strategy 2019/20.

**APPROVAL OF  
West Mercia Police and Crime Commissioner**

I hereby approve the above proposal.

Signed



## **PART 1 – NON-CONFIDENTIAL REPORT OR EXEMPTION FACTS AND ADVICE**

### **BACKGROUND**

- 1.1 CIPFA in its revised Prudential Code 2017 set out the requirement for a capital strategy to be formally reported. The Chief Finance Officer needs to report explicitly on the risks associated with the capital strategy. This is to begin in 2019/20. This capital strategy sets out the long term context for the capital and investment decisions the PCC makes, focussing on the process and ensures that the PCC can demonstrate that he has considered:
- Capital expenditure
  - Debt and Borrowing and treasury management
  - Commercial activity
  - Long term liability
  - Knowledge and skills
- 1.2 The CIPFA Prudential Code has at its centre the belief that all decisions should be affordable, prudent and sustainable. The development of the Capital strategy reinforces these principles and strengthens the Code. It reflects the different financial landscape in which local authorities and PCCs now operate and the commercial pressures this brings on investment decisions.
- 1.3 This, the first Capital Strategy reflects the 2019/20 Revenue Budget, Capital Programme and Medium Term Financial Plan agreed by the PCC in February 2019 and the Treasury Management Strategy approved by the PCC in March 2019.

### **FINANCIAL COMMENTS**

- 2.1 The Capital Strategy sets out the planned capital programme of £72.9m from 2019/20 to 2021/22 and its financing. It identifies the impact on the revenue budget, showing an increase in financing costs of £3.0m, from £2.9m in 2019/20 to £5.9m in 2021/22
- 2.2 The Capital Strategy sets out the long term context in which capital and investment decisions are made and identifies the associated risks. In it the Treasurer states that the proposed capital programme is prudent, affordable and sustainable because of the historically and comparatively low levels of investment, the need for replacement and refurbishment given the age and condition of the estate and ICT infrastructure, the planned programme for the disposal of assets and the opportunities the programme presents to secure better value for money.

## LEGAL CONSIDERATIONS

The recommendation and the supporting information comply with the CIPFA Prudential Code.

By virtue of schedule 11, paragraph 14 of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of commissioner. That includes: entering into contracts and other agreements (whether legally binding or not) and acquiring and disposing of property (including land).

## PUBLIC ACCESS TO INFORMATION

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the West Mercia Commissioner's website. Any facts and advice that should not be made automatically available on request are not included in Part 1 but instead in a separate Part 2 report. There is no Part 2 report.

## OFFICER APPROVAL

### Chief Executive Officer

I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the West Mercia Commissioner

Signature .....  ..... Date 30<sup>th</sup> April 2019

