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## **CAPITAL INVESTMENT STRATEGY 2020/21**

**Report by the Executive Director Finance and Regulatory**

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### **SCOTTISH BORDERS COUNCIL**

**26 FEBRUARY 2020**

#### **1 PURPOSE AND SUMMARY**

- 1.1 This report presents Scottish Borders Council's updated Capital Investment Strategy (CIS) supporting the 2020/21 financial planning process.**
- 1.2 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils published a Capital Investment Strategy to support their Capital Plan. Scottish Borders Council first produced this document for 2019/20 and has updated and developed this second strategy to support the strategic investment priorities of the Council through the Capital Plan.
- 1.3 The Capital Investment Strategy is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council's Strategic Corporate Plan 2018 -2023. As such the CIS is structured to reflect the themes of this Corporate Plan. The document should be read in conjunction with the Council's 10 year capital investment plan 2020 – 2030 and the Treasury Strategy which provides detail of the Council's Prudential Indicators and sets out how the Capital Investment plans (CIP) of the Council will be financed.

## **2 RECOMMENDATIONS**

- 2.1 It is recommended that Council approves the Capital Investment Strategy as part of the suite of 2020/21 budget papers on the Council agenda.**

### 3 BACKGROUND

- 3.1 As part of the financial planning process for 2020/21, the Council has updated and developed its Capital Investment Strategy in line with the requirements of the Prudential Code.
- 3.2 The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils published a Capital Investment Strategy to support their Capital Plan. Scottish Borders Council first produced this document for 2019/20 and has updated and developed this second strategy to support the strategic investment priorities of the Council through the Capital Plan.

### 4 CAPITAL INVESTMENT STRATEGY

- 4.1 As per the CIPFA Prudential Code 2017 the purpose of a Capital Investment Strategy is:

*“In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the **long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.**”*

*“While indicators for sustainability are required to be set over a minimum three year rolling period, indicators should be set in line with a capital strategy and asset management plan that is **sustainable over the longer term.**”*

Prudential Code (CIPFA, 2017)

- 4.2 The Capital Investment Strategy is designed to highlight the capital investment priorities and explain how these priorities will assist with the delivery of the Council’s Strategic Corporate Plan 2018 -2023. As such the CIS is structured to reflect the themes of this Corporate Plan. The document should be read in conjunction with the Council’s 10 year capital investment plan 2020 – 2030 and the Treasury Strategy which provides detail of the Council’s Prudential Indicators and sets out how the Capital Investment plans (CIP) of the Council will be financed.
- 4.3 The Capital Investment Strategy has been compiled through input from all relevant Council services including service input, the property and asset team and Finance.

### 5 IMPLICATIONS

#### 5.1 Financial

There are no direct financial implications resulting from this report.

#### 5.2 Risk and Mitigations

There are wide ranging risks associated with the projects and programmes described in the Capital Investment Strategy. These are managed by the relevant department and/or project team in line with the Corporate Risk Management Policy and Framework.

As described in detail within the Strategy, oversight is provided by having appropriate governance in place, which includes regular reporting to ensure adequate scrutiny is provided throughout the lifetime of each project.

The Council's Treasury Management Strategy ensures that the Council operates within the prudent and affordable limits of the CIPFA Code (2017), whilst the CIPFA Prudential Code gives further assurance that the Council invests within the limitations of legislative controls. These controls reduce the risks associated with the Capital Investment Strategy and are audited as part of regular internal audit programmes of work, providing further assurance.

Contingency is provided by the Emergency and Unplanned Schemes budget. It should be noted that this contingency is sufficient to cover a limited proportion of risks should they arise.

**5.3 Equalities**

There are no equalities issues resulting from this report.

**5.4 Acting Sustainably**

There are no economic, social or environmental effects from this report.

**5.5 Carbon Management**

There are no effects on carbon emissions resulting from this report.

**5.6 Rural Proofing**

This report contains no implications that will compromise the Council's rural proofing policy.

**5.7 Changes to the Scheme of Administration or Scheme of Delegation**

This report does not result in any changes to the Scheme of Administration or the Scheme of Delegation.

**6 CONSULTATION**

6.1 The Chief Legal Officer (Monitoring Officer), the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council are being consulted and any comments will be reported at the meeting.

**Approved by**

**David Robertson**  
**Executive Director,**  
**Finance & Regulatory Services**

**Signature .....**

**Author(s)**

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**Background Papers:** N/A

**Previous Minute Reference:**

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