

Title: **Capital Strategy 2008**

Lead Member: **Cllr While – Finance Portfolio Holder**

Reporting officer: **Steve Harding – Management Accountant**

Key Decision: **No**

Purpose

To consider the capital strategy for 2008 and recommend it to Council.

Background

The Capital Strategy guides the council's approach to capital spending and its funding. There is no longer a requirement to submit the strategy for approval by the Secretary of State, but the production of a formal strategy is considered good practice.

The Capital Strategy reflects the corporate plan and the process used to allocate resources for the capital programme. The strategy has been prepared against a background of Local government Reorganisation and takes into account the Service and Resource planning issues considered by Cabinet at its November meeting.

The forecast of capital resources recognises that these will run out over the next two years and that the Council will need to borrow under the Prudential Code in order to sustain a capital programme. Advice will be sought from our Treasury Management Advisers and a report will be presented to a future meeting of Cabinet.

The government are proposing to change the way that councils calculate the minimum revenue provision (MRP), which is the amount charged to revenue in order to repay any prudential borrowing used to finance capital expenditure. The policy agreed by the Council in last years' strategy is wholly consistent with the proposed 'Asset Life Method'. The draft regulations require that the method of calculating MRP can only be determined by the Council.

Effect on strategies and codes

These are contained in the strategy.

Risk management implications

These are contained in the strategy.

Finance and performance implications

These are contained in the strategy.

Legal and human rights implications

There are no direct legal or human rights implications.

Next steps

The strategy will be considered by Council at the council tax setting meeting in February 2008.

Recommendations

The Cabinet consider the Capital Strategy and;

- a) Recommend it for approval by Council**
- b) Subject to the actual regulations and guidance to be issued, Council is recommended to calculate the minimum revenue provision using the 'Asset Life Method'.**

