



Capital Strategy

To: Audit and Governance Committee

Meeting Date: 05 March 2021

From: Robert Emery
Deputy Chief Finance Officer

Recommendations: The Audit and Governance Committee is recommended to:

- a) Review the Capital Strategy for 2021-22

1. Purpose

- 1.1 The purpose of the report is for the Audit and Governance Committee to review the proposed Capital Strategy for 2021/22.

2. Background

- 2.1 According to its Terms of Reference, the Audit and Governance Committee shall “ensure there is effective scrutiny of the treasury management strategy and policies in accordance with CIPFA’s Code of Practice”.
- 2.2 The Audit and Governance Committee were originally scheduled to review this strategy at their January meeting alongside the Treasury Management Strategy and Investment Strategy. Due to an IT error the Capital Strategy was not circulated to the Committee ahead of the meeting and thus Members of the Committee did not have time to review the draft ahead of the meeting.

3. 2020-21 Capital Strategy Update

- 3.1. The Capital Strategy has been updated for 2021/22 and is attached with tracked changes compared to the 2020/21 Strategy as Appendix 1.

The Capital Strategy provides a high-level overview for elected members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured across the Combined Authority’s Capital programme.

- 3.2. The Committee is asked to review the strategy ahead of being taken to the Board for approval.
- 3.3. There are two changes to the Strategy that are outside of the standard roll forward of figures and minor wording adjustments that should be highlighted to the Committee:
 1. Table 2, ‘Capital financing’, has been updated to group multiple instances of the same type of finance together (in this case grants) for simplicity.
 2. Wording has been updated to reflect both the potential for a debt-funded housing top-up fund in addition to the £40m housing investment fund, which was already recognised in the current 2020-21 investment strategy, and to specify that borrowing may make up a key part in the CAM funding and financing strategy when it is completed.
- 3.4. Establishing the funding and financing requirements of the CAM is one of the key workstreams within the overall programme. It is likely, given the transformational scale of the programme, that the CPCA’s financial strategies will need to be revisited to align with the CAM programme once the implications are clear.

Significant Implications

4. Financial Implications

- 4.1. None other than those highlighted in the main body of the report.

5. Legal Implications

- 5.1. Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

6. Other Significant Implications

- 6.1. None

7. Appendices

- 7.1. Appendix 1 – Draft Capital Strategy 2021-22

8. Background Papers

- 8.1. [Cambridgeshire and Peterborough Combined Authority Capital Strategy 2020-21](#)