

NORTHUMBRIA POLICE AND CRIME COMMISSIONER

Key Decisions

Title and Reference

Capital Strategy 2021/22 to 2024/25

(PCC/442/2021)

Summary

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities requires Police and Crime Commissioners (PCC's) to have in place a Capital Strategy.

The Capital Strategy provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.

The Strategy sets the framework for all aspects of the PCC's capital and investment expenditure.

Recommendation

It is recommended that the Commissioner:

- I. Adopts the Capital Strategy 2021/22 to 2024/25.
- II. Approve the Capital Programme as set out at Appendix 2 and authorise the Joint Chief Finance Officer to undertake the appropriate financing.
- II. Approve the Prudential Indicators as set out at Appendix 3.

Northumbria Police and Crime Commissioner

I hereby approve the recommendations above.

Signature



Date

9/3/2021

| | |
|---|----------------------|
| OPCC BUSINESS MEETING | 09 MARCH 2021 |
| CAPITAL STRATEGY 2021/22 TO 2024/25 | |
| REPORT OF: THE JOINT CHIEF FINANCE OFFICER | |

I PURPOSE

- 1.1 The Prudential Code for Capital Finance in Local Authorities requires Police and Crime Commissioners (PCC's) to have in place a Capital Strategy. The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2 The Capital Strategy forms a key part of the PCC's overall Corporate Planning and Governance Framework. It sets out the long-term context in which capital expenditure and investment decisions are made and it provides a mechanism by which the PCC's capital investment and financing decisions can be aligned over a medium term planning horizon.
- 1.3 The Prudential Code also requires that PCCs produce a range of Prudential Indicators each year which are designed to support and record local decision making and help inform whether capital investment plans are affordable, prudent and sustainable. The Code does not suggest indicative limits or ratios for these indicators, and they are not intended to be used for comparative purposes.

2 RECOMMENDATION

- 2.1 The Commissioner is recommended to:
- I. Adopt the attached four year 2021/22 to 2024/25 Capital Strategy.
 - II. Approve the Capital Programme as set out at Appendix 2 and authorise the Joint Chief Finance Officer to undertake the appropriate financing.
 - III. Approve the Prudential Indicators as set out at Appendix 3.

3 BACKGROUND

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities is a professional code of practice to support local authorities in taking decisions relating to capital investment in fixed assets. Local authorities, including Police and Crime Commissioners and Fire Authorities, are required to have regard to the Code under Part I of the Local Government Act 2003.
- 3.2 The Strategy sets the framework for all aspects of the PCC's capital and investment expenditure, including: Planning, outcomes, prioritisation, management, funding and repayment. The Strategy has direct links to the other key strategic plans of the Force, such as the Digital Strategy, People Strategy, Estates Strategy and Fleet Strategy. It forms a key part of the PCC's Medium Term Financial Strategy (MTFS).
- 3.3 The Capital Strategy is attached at Appendix A, and contains the following key areas:

- **Objectives of the Capital Strategy** – sets out the key aims of the strategy, including: Provides a framework within statutory legislation that gives due consideration to risk and reward; the long-term capital context; arrangements for the management of capital expenditure; identifies the resources available for capital investment over the MTFS planning period.
- **Governance of the Capital Programme** – sets out the governance arrangements for establishing and monitoring the Capital Programme, and allocation of resources.
- **Capital Expenditure** – the definition, accounting policies and internal strategies underpinning the establishment of the Capital Programme. Along with detail of the 2020/21 – 2023/24 Capital Programme.
- **Capital Financing** – the external regulatory framework within which the PCC outlines plans to invest in a Capital Programme and ensures that plans are ‘affordable, prudent and sustainable’. Financing arrangements are reflected within the PCC’s Treasury Management Strategy.
- **Treasury Management** – sets out the Treasury Management Arrangements in place.
- **Balanced Portfolio Approach** – resources are allocated to programmes based on asset values to manage the long-term yield and revenue implications. Capital receipts and capital grant income will be focused on shorter life assets (e.g. vehicles, IT schemes and equipment) and prudential borrowing used to support longer term assets (e.g. land and buildings).

4 KEY OUTCOMES

- 4.1 By adopting the attached four year 2021/22 to 2024/25 Capital Strategy, this fulfils the requirement of the Prudential Code for Capital Finance in Local Authorities for PCC’s to have in place a Capital Strategy. Thereby supports the delivery of the Police and Crime Plan and the Northumbria Police Strategy 2025.

5 CONSIDERATIONS

| | |
|--|------------|
| Freedom of Information | NON-EXEMPT |
| Consultation | Yes |
| Consultation has taken place with external treasury advisers Link Asset Services. | |
| Resource | Yes |
| There are no financial implications directly arising from the contents of this report. | |
| Equality | No |
| Legal | No |
| Risk | Yes |
| The Capital Strategy recommended for approval has been prepared with the aim of ensuring the Capital Programme is affordable, prudent and sustainable. | |

| | |
|----------------------|----|
| Communication | No |
| Evaluation | No |

| |
|--|
| |
|--|