STAFFORDSHIRE moorlands DISTRICT COUNCIL
ACHIEVING · EXCELLENCE

APPENDIX B CAPITAL STRATEGY 2025/26

1. Introduction & Background

1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities requires local authorities to produce a 'Capital Strategy'. The purpose of the Capital Strategy is to demonstrate that the Council's capital expenditure and investment decisions are taken in line with corporate priorities and properly take account of Stewardship, Value for money, Prudence, Sustainability, and Affordability

1.2. 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 sustainability. It allows authorities to give greater weight to local circumstances and explain their approach to borrowing and investment.

1.3. The Capital Strategy forms part of the Council's integrated revenue, capital financial planning and sets out the long-term context in which capital expenditure and investment decisions are made. It is an integral component of the Medium Term Financial Plan (MTFP) and is aligned with the Council's Corporate Plan, Asset Management Strategy, and Treasury Management Strategy.

1.4. The strategy will provide for a balanced, sustainable capital programme over the medium term planning period ensuring that limited resources are applied in the most effective, efficient and economical way to contribute to the achievement of the Council's Corporate Plan.

1.5. The strategy sets out how the Council will prioritise its capital spending plans within the resources available and indicates the action to be taken to maximise resources for capital spending. The strategy is strategic in nature and will focus upon the process for determining capital investment priorities.

1.6. The strategy sets out the strategic approach to the management of debt and borrowing. The detailed implications of this are contained within the Treasury Management Strategy (TMS) which is updated annually.

1.7. The Capital Strategy will be updated annually alongside the Council's MTFP. There will also be a fundamental review of the strategy alongside a revision of the Corporate Plan.

2. Corporate Priorities

2.1. The Capital Strategy is driven by local priorities. The Council's spending strategy is set out in the Corporate Plan formally adopted by the Council. Following the elections in May 2023, there was a fundamental review of the Corporate Plan focussing on the period 2023-2027 (up to the end of the current political administration). The Corporate Plan was agreed by Council on 18th October 2023.

2.2. The Council's 4-year Corporate Plan (2023-2027)[1] establishes the Council's vision, corporate objectives and key priorities for the medium term. It establishes the Council's commitment in the delivery of service and community leadership to the residents and businesses of the Staffordshire Moorlands. The Council's vision is expressed as *"**Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities**"* This vision is articulated further by four aims, which are supported by several objectives to provide the framework for the delivery of service plans. The Council's objectives are summarised below:

Aim		Objectives
1	Help create a safer and healthier environment for our communities to live and work	Increased supply of good quality affordable homes
		Develop a positive relationship with communities
		Effective relationship with strategic partners
		Effective support of community safety arrangements including CCTV
		Provision of sports facilities and leisure opportunities focused upon improving health
		Enhance the distinctive culture, creativity and heritage of the district
		Improve residents access to benefits and financial support
2	Use resources effectively and provide value for money	Effective use of financial and other resources to ensure value for money
		Ensure services are easily available to all our residents in the appropriate channels and provided "right first time"
		A high performing and well- motivated workforce
		Effective procurement with a focus on local business
		Effective use of ICT
		More effective use of Council assets
		Strong and effective democratic processes
3	Help create a strong economy by supporting further regeneration of towns and villages	Encourage business growth including start-ups and enterprises
		Flourishing town centres that support the local economy
		Encourage and develop tourism
		High quality development and building control with an "open for business" approach
		Maintain and deliver an effective Local Plan
4	Protect and improve the environment	Effective recycling and waste management
		Meeting the challenges of climate change
		Provision of high-quality public amenities, clean streets and environmental health
		Provision of quality parks and open spaces
		Car parking arrangements that meet the needs of residents, businesses and visitors

[1] https://www.staffsmoorlands.gov.uk/article/7754/Corporate-plan-and-strategies

2.3. The Council is committed to playing the lead role in championing the local area. In so doing the Council recognises its community leadership role. Fulfilling this role effectively means influencing partners in a number of key areas such as reducing crime, the fear of crime and anti-social behaviour, ensuring effective health provision, being a champion and lobbying government for the devolution of powers and funding to local authorities, improving provision of public transport that connects our market towns and villages, improving access and traffic flows to our town centres and ensuring there is collective action on climate change.

2.4. The Plan identifies key priority outcomes, which will be the highest priority in the development of performance targets and key actions. A significant proportion of the Council's resources will be directed towards achieving them:

Aim	Key Priority Outcomes
Help create a safer and healthier environment for our communities to live and work	An increased supply of quality affordable homes
	Improved health
	Improved community safety
Use resources effectively and provide value for money	Providing value for money council services
	High levels of resident and customer satisfaction
Help create a strong economy by supporting further regeneration of towns and villages	Sustainable towns and rural communities
	Increased economic growth
	Increased tourism
Protect and improve the environment	High recycling rates
	Reduced carbon emissions

3. Capital Spending Priorities

3.1. The Council's capital investment priorities are determined by the corporate priorities set out above. The key capital investment priorities for the Council are therefore as follows:

Corporate Property: the Council will invest in maintaining the properties that support the delivery of services direct to residents.

Other Corporate Assets: the Council will invest in other assets that support the delivery of services e.g. transport fleet.

Affordable Housing & Private Sector Housing Renewal: the Council will support the development of affordable housing and investment in the improvement in housing conditions throughout the district.

Enabling Growth: the Council will support the growth of business and employment opportunities within the district in addition to housing development in line with the commitments set out in the Local Plan.

Service Transformation: the Council will invest in projects that improve service performance or reduce service expenditure on an "invest to save" basis the will include investment in ICT

4. Asset Management Planning

4.1. The overriding objective of asset management is to ensure that the Council maintains a portfolio of property assets that is appropriate, fit for purpose and affordable.

4.2. The Council's property portfolio consists of:

- **Operational property** i.e. assets that support core business and service delivery
- **Investment properties** held to support economic growth and/ or to provide a financial return to the Council e.g. industrial units
- **Community assets** e.g. parks, playgrounds and open spaces.

4.3. Asset management is an important part of the council's management arrangements and is crucial to the delivery of value for money services. The Council through production of its Asset Management Plan (AMP) is committed to:

- Optimise the Council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal;
- A regular review of the condition of retained properties including a long-term (30-year) assessment of the necessary investment to maintain the assets fit for purpose; and
- Realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the market conditions.

5. Service delivery & commercial activities and investments

5.1. The CIPFA Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:

Treasury management Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

5.2. Treasury management investments are considered in the Treasury Management Strategy Statement, whereas Service delivery and Commercial return are considered to be Non-Treasury investments and, as such, are considered here in the Capital Strategy.

5.3. Service delivery investments could include projects contributing to the achievement of the Council's Corporate Plan ambitions for example on housing and regeneration; or investments in a company in which the Council has a stake and is established for the delivery of Council services.

5.4. Commercial investments may include investments explicitly taken with the aim of making a financial surplus for the Council or be fixed assets which are held primarily for financial benefit or to support economic growth. Reasons for commercial investments include: financial returns to fund services to residents, reductions in service spending; pursuing the Council's Growth Strategy; or economic development and regeneration activity in the district.

5.5. The Council will consider options to invest prudently on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process.

5.6. Such investments do not always give priority to security and liquidity over yield. In these cases, such a decision will be explicit, with the additional risks set out and the impact on financial sustainability identified and reported. Before considering any such investments the Council will ensure that it has the appropriate legal powers to undertake such investments, that there is no wider detrimental impact to the Council in progressing a commercial investment (e.g. around overall borrowing powers), and that any investment is proportionate of all investments in order to avoid an excessive level of risk.

5.7. The commercial investments may involve the acquisition of property. The Chartered Institute of Public Finance and Accountancy (CIPFA) define investment property as property held solely to earn rentals or for capital appreciation or both. Historically, property has provided strong investment returns in terms of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant. These risks will continue to be identified and managed through the Council's Risk Management Framework.

6. Loans to Third Parties

6.1. The council has discretion to grant loans to third parties for several reasons. These loans are treated as capital expenditure. In making loans the Council is exposing itself to the risk that the borrower defaults on repayments. The Council, in making these loans, will therefore ensure they are prudent and that the risks have been identified and fully considered.

6.2. The Council will periodically review its loan portfolio to ensure that the cumulative exposure of the Council is proportionate and prudent.

6.3. The Council will ensure that a full due diligence exercise is undertaken for each individual loan and will ensure that adequate security is in place. The business case for each loan will consider all the benefits and the risks.

6.4. It will be necessary to assess the level of risk attached to the provision of each individual loan and consequently build in a 'risk premium' into the interest rate charges to account for this. The factors considered in determining this premium include: the level of security, financial position and credit rating, the overall term of the loan, and the value of the loan. The step-by-step process undertaken is outlined below:

- **Step 1 Assessing available market rates** In liaison with the Council's Advisors, the interest rate the third party would be expected to pay if accessing funding from the market (based on amount/loan term etc) is estimated. This is to ensure the rate the Council is offering is competitive and not undercutting the market. Reference is also made in this consideration to subsidy (formerly known as state aid) implications.
- **Step 2 Assessing credit quality** The next consideration is credit quality, which may then consequently reduce/ increase the rate. Factors that are considered include: credit ratings (if applicable), the financial position of the borrower, availability and offer of security against the loan.
- **Step 3 Assessment of the Borough Plan objectives** Finally, there is an overall assessment of the purpose of the third-party loan and linking this to the Council's Borough Plan objectives. Local factors based on the outcomes of the loan may have an influence on the rate charged.

6.5. All loans are agreed by full Council in line with the Council's constitution. All loans will also be subject to regular monitoring.

7. Capital Expenditure

7.1. Capital spending decisions will appropriately reflect the aspirations and priorities included within the Corporate Plan and its supporting strategies.

7.2. Any scheme/ project to be added to the Capital Programme will be subject to a 'gateway' process and prioritised according to availability of resources and the longer-term impact on the Council's financial position. The 'gateway' process will be undertaken in line with the Council's agreed project management methodology with a robust business case being developed at the critical stages of project approval and initiation. This process will be overseen by the Council's Transformation Board.

7.3. The business case will include the following considerations:

- A clear assessment of the cost of financing the capital scheme, net of revenue benefits, profiled over the lifetime of each scheme; and
- Commissioning and procuring for capital schemes will comply with the requirements set out in the Council's Procurement Procedure Rules.

7.4. The Capital Strategy and the Capital Programme will be agreed by the Council in February each year as part of the budget setting process. The Medium Term Financial Plan, Asset Management Plan and Treasury Management Strategy will be considered at the same time. In year variations of spend (subject to budget tolerance levels) and the re-profiling of schemes will be considered and approved by Cabinet.

7.5. Cabinet considers and approves new bids for inclusion in the capital programme Inclusion of capital schemes within the MTFP is part of forward planning. Full Governance must be completed to obtain approval to spend.

7.6. The Cabinet and the Finance and Performance Committee receive capital monitoring reports as part of the quarterly performance and financial monitoring reports.

7.7. Each approved scheme will be included in the Council's Transformation Programme and one of the Council's Alliance Management Team (AMT) will be assigned as Project Executive and will be responsible / accountable for the delivery of the scheme.

7.8. Wherever possible the Council will take a long-term view of plans to assess affordability and the demand on future capital resources. It is essential for example to consider the lifespan and fitness for purpose of assets. This will be considered through asset management planning (condition surveys) and wider service based exercises e.g. leisure centre provision evaluation.

7.9. There is a clear demand for long term planning for capital and treasury management purposes. The council's current debt portfolio contains loans that mature up to 2032. The debt repayment profile needs to be managed alongside the longer term expectations for capital expenditure and funding forecasts.

7.10. Long-term forecasts are not easily predicted, and the accuracy of all financial estimates will be limited. However, long-term forecasting is valuable in informing strategic plans taking account of the cumulative sustainability and affordability of existing and planned investments which will need to be repaid over future periods. For major projects and investment, the funding and financial implications need to be planned well in advance.

8. Resourcing Capital Expenditure

8.1. To fund its capital investment, the Council will have access to limited sources of funding. The main sources of funding are:

Capital Receipts These will be yielded from the disposal of land and property. A programme of disposal will be agreed by the Cabinet. This will be informed by the asset management planning process. In considering disposals the Council will take account of: potential loss of income from investment properties, projected saving in running costs, and capital costs of major investment required, assessment against fitness of premises for purpose and current patterns of need

The Secretary of State has allowed the flexible use of capital receipts. It is considered that individual local authorities will be best placed to decide which projects will be most effective for their area. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings. If the Council plans to use this funding option a proposal will be prepared setting out the planned use, listing the projects and the expected savings and/ or improvements in service outcomes for each project, and the impact on the Council's prudential indicators.

Borrowing Capital projects that cannot be funded from any other source can be funded from borrowing. Local Authorities can borrow to fund schemes where it is prudent to so. They need to consider their ability to pay for the borrowing. The levels of borrowing are determined by using the indicators set out in the Prudential Code. The borrowing repayment and interest charges on the loan need to be met from existing revenue budgets or identify them as new growth in the annual budget setting process and factor them into the MTFP.

The Chief Finance Officer will make an assessment of the overall prudence, affordability and sustainability of the total borrowing requested and the impact of the Council's borrowing will be reported in the Treasury Management Strategy alongside the Prudential Indicators required by CIPFA's Prudential Code for Capital Finance The Chief Finance Officer will also determine whether the borrowing should be from internal resources or whether to enter into external borrowing. This decision making will be undertaken in line with the Council's Treasury Strategy and will be reported to the Audit & Accounts Committee as part of the monitoring of treasury management activity.

Revenue Funding The Council may use revenue budgets to fund capital expenditure. This may be via a capital reserve which has been established to finance capital expenditure as an alternative to external borrowing. The Council will formally review such reserves and their application both as part of the budget setting process and at finalisation of the annual accounts.

S106 contributions The principal purpose of S106 agreements is to support individual planning applications in line with the Council's planning policies. Wider contributions are constrained by legislation and must be negotiated and justified. The Council will ensure these are where possible focussed towards corporate priorities subject to the legislative constraints.

External Grant Funding The Council has a history of success in bidding for grants from a number of sources. There is a risk of reacting to funding opportunities informed by external priorities rather than chasing those that match the Council's priorities/ needs. The Council will seek to ensure that bids are submitted to support investment that is directed to the commitments made in the Corporate Plan.

Partnership Funding There are several examples where the Council has attracted third party funding from partners e.g. leisure centre investment from long-term contractor. The Council is aware of the need to be innovative and to work closely with the private, public and voluntary Sectors to deliver outcomes in line with the Corporate Plan priorities at a time when there will be reduced levels of capital resources. Any such investments will be considered only if they are more cost effective than the Council investing directly.

9. Forecast Expenditure and Resources

9.1. Paragraph 3 and Annex A of the MTFP Appendix A presents the capital programme including detail about the major elements of the programme and shows how they are funded or where they give rise to a borrowing requirement:

Service Area	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
Asset Management Plan	1,094,680	1,416,710	4,215,030	2,754,790	3,030,280	12,511,490
Housing Grants	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	11,000,000
ICT Strategy	19,490	425,200	574,200	132,500	-	1,151,390
Fleet Management	438,280	187,500	1,793,000	944,000	2,081,000	5,443,780
Leisure	1,022,730	160,000	190,000	65,240	50,000	1,487,970
Regeneration	661,730	423,000	50,000	50,000	152,080	1,336,810
Levelling Up Fund	8,519,920	14,557,840	1,563,940	-	600,000	25,241,700
Waste Collection	-	932,960	-	-	-	932,960
Total Revised Programme	**13,956,830**	**20,303,210**	**10,586,170**	**6,146,530**	**8,113,360**	**59,106,100**
Financed by:						
External Contributions	10,064,100	15,029,360	2,200,000	2,200,000	2,200,000	31,693,460
Planning Obligations	25,000	-	-	-	-	25,000
Revenue Reserves	17,500	17,500	13,000	36,000	20,000	104,000
Capital Reserves	130,000	-	-	-	600,000	730,000
Borrowing	3,720,230	5,256,350	8,373,170	3,910,530	5,293,360	26,553,640
Total Revised Financing	**13,956,830**	**20,303,210**	**10,586,170**	**6,146,530**	**8,113,360**	**59,106,100**

10. Long-term Considerations

10.1. There are a number of functions where long term capital spending liabilities have been identified.

10.2. **Asset Management Plan** The Council continually revises the Asset Management Strategy to ensure the future delivery of efficient asset management. This incorporates condition surveys which provide indicative 30-year costs of maintaining the asset stock. The MTFP includes the impacts up to 2028/29:

Asset Management Plan	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
Public Buildings	383,300	332,290	747,910	1,580,570	1,738,630	4,782,700
Car Parks	260,000	99,500	-	-	-	359,500
Public Conveniences	54,590	-	-	78,790	86,670	220,050
Infrastructure/Waterways	353,120	170,000	-	-	-	523,120
Leisure Centres	-	814,920	2,993,590	932,460	1,025,710	5,766,680
Depots & Park Buildings	27,290	-	113,270	154,780	170,260	465,600
Industrial Units	16,380	-	360,260	8,190	9,010	393,840
	1,094,680	**1,416,710**	**4,215,030**	**2,754,790**	**3,030,280**	**12,511,490**

10.3. The overall outcomes of the surveys can be summarised as follows:

- Many of the Council's operational assets are dated in appearance and require investment;

- There are structural issues associated with several of the Council's buildings, which require correction;
- There are several health and safety requirements related works that need to be carried out; and
- Investment is required to the electrical and mechanical infrastructure of a number of buildings.

10.4. In order to address the uncertainty of affordability for the longer term plan, the Council agreed to a number of actions to reduce the impact of the necessary capital spending, which should be considered before investment in each of the assets is made: asset rationalisation, shared use of assets, reduction in specification and functionality, generate additional capital receipts, identify grants to support investment, generate additional revenue from asset holdings.

10.5. **Review of Strategic Land Holdings** In order to address the considerations above the Council agreed to review its strategic land holdings with a view to developing options to either generate additional capital receipts or opportunities to generate ongoing financial returns. The outcome of this review is reflected in the revised programme funding.

10.6. **Leisure Centres:** The Future Leisure Provision review concluded that major investment was needed to upgrade the provision of leisure facilities across the District and provide a sustainable solution to meet customer needs, affordability, and partner aspirations, whilst supporting the overall vision of the Council's Move More Strategy.

10.7. The major projects that emerged from the review included works at Brough Park Leisure Centre to replace the pool and reconfigure the sports hall for which LUF funding has been secured and is now underway.

10.8. The Future Leisure Provision review continues to consider options for the following significant refurbishment works:

- Replacement of South Moorlands Leisure Centre with smaller community pool and fitness offer
- Refurbishment and essential works at Biddulph Valley Leisure Centre in addition to the works being undertaken as part of the carbon reduction programme partly funded by the Public Sector Decarbonisation Scheme.

10.9. The indicative capital cost for these investments is significantly in excess of revenue savings. Consequently, it will be necessary for the Council to identify additional sources of capital investment or reductions in the capital costs, to deliver these improvements.

10.10. **Operational Depot Provision** Major investments in the operational depot facilities which have been leased/ licensed to Alliance Environmental Services Ltd (AES) has been deferred until a clearer idea is formed of the requirements of AES considering the scope of services provided and the emerging requirements of the national review of waste collection and recycling provision.

11. Debt, Borrowing & Treasury Management

11.1. Effective treasury management is critical to the safeguarding and management of the financial resources at the Council's disposal. Investment and borrowing decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Treasury Management Strategy is presented annually and approved by Full Council.

11.2. There are key prudential indicators set in respect of the impact of capital expenditure. The report details the forecast borrowing requirement over a four year period, the consequential borrowing costs and the impact of the Council's capital financing requirement (CFR). The CFR is total outstanding capital expenditure which has not yet been paid for either from revenue or capital resources, essentially the Council's underlying borrowing need.

11.3. The table below summarises the impact of the Council's capital expenditure plans on the CFR:

	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Financing Requirement	**14,011**	**18,968**	**26,937**	**30,276**	**34,920**
Movement in CFR	3,496	4,957	7,969	3,339	4,644
Represented by:					
Net financing need for the year	3,720	5,256	8,373	3,911	5,293
Less Minimum Revenue Provision	(224)	(299)	(404)	(572)	(649)
Movement in CFR	**3,496**	**4,957**	**7,969**	**3,339**	**4,644**

11.4. Where a borrowing requirement is identified, an assessment takes place on the most cost-effective way to fund this. This could result in 'external borrowing' from the Public Works Loan Board (PWLB), other Local Authorities, direct from the market or by utilising lease arrangements.

11.5. Alternatively, 'internal borrowing' (the use of cash balances) could be used temporarily, particularly in the current interest rate climate where borrowing rates are currently high and predicted to fall towards the end of the MTFP. This is kept under careful review balancing temporary availability of cash reserves with interest rate forecasts.

11.6. The Council's forward debt projections are shown in the table below in relation to the CFR:

	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
External Borrowing	4,604	12,604	17,604	20,104	23,104
Other long-term liabilities*	0	0	0	0	0
Gross Debt at 31 March	**4,604**	**12,604**	**17,604**	**20,104**	**23,104**
Change in Debt position	(3,000)	8,000	5,000	2,500	3,000
Capital Financing Requirement	14,011	18,968	26,937	30,276	34,920
(Under) / over borrowing**	**(9,407)**	**(6,364)**	**(9,333)**	**(10,172)**	**(11,816)**

**Other long-term liabilities will include Right-of-Use assets under accounting standard IFRS16 to be adopted from 2024/25. These are assets formerly known as operating leases which will be included on the balance sheet and therefore increase the CFR, similar to the former treatment of Finance Leases. The impact is expected to be immaterial therefore is not included at this stage. Should any changes be significant, the CFR limit and forecast will be revised during the year.*
*** Subject to considerations around whether to externally / internally borrow*

12. Risk Management

12.1. There are several key risks that will impact upon the successful implementation of the Council's Capital Strategy.

12.2. The Council operates effective risk management through its Risk Management Framework. Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the Council caused by undesired events and of ensuring that the element of risk in all activities is properly understood.

12.3. To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored. It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns.

12.4. An assessment of risk should therefore be built into each individual capital project and the major risks that identified should be recorded in the Projects Risk Register which is reported to the Council's Audit & Accounts Committee.

12.5. The risks associated with the Capital Strategy are detailed below with the mitigating actions:

Risk	Mitigating Actions
Diminishing Resources	The Capital Financing Requirement (CFR) carefully monitored and managed
	New grant/ funding opportunities explored
	Partnership opportunities explored to share investment
Project Delivery	Spending / Funding closely monitored
	Projects managed through the Council's project management methodology
	Major projects reported through the council's performance framework
Commercial Investments	Exposure to non-repayment carefully managed through the contract management arrangements
	Disinvestment potential will be regularly considered
VAT Partial Exemption	Each capital investment will be closely reviewed to assess its VAT implications.