



AGENDA NO: **5B**

**INDEPENDENT AUDIT COMMITTEE**

**DATE OF MEETING: 26 JANUARY 2021**

**FOIA OPEN**

**TITLE OF REPORT: CAPITAL STRATEGY COVERING REPORT**

**REPORT BY: NICOLA ALLEN, CHIEF FINANCE OFFICER, DEVON AND CORNWALL OPCC**

**PURPOSE OF THE REPORT:**

To present an update and provide assurance on one or more of the following areas:

<b>Governance, Risk and Control</b>	<b>YES</b>
<b>Internal Audit</b>	-
<b>External Audit</b>	-
<b>Financial reporting</b>	-
<b>Other matter (please specify here)</b>	-

**RECOMMENDATIONS:**

The Independent Audit Committee is asked to:

<b>Review the Report</b>	<b>YES</b>
<b>Consider the Report</b>	-
<b>Note the report</b>	-
<b>Other (please specify here)</b>	-

**1. BACKGROUND INFORMATION**

- 1.1 The Prudential Code for Capital Finance in Local Authorities (*2017 Edition*) requires Police and Crime Commissioners to produce a capital strategy in order to help demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

- 1.2 The Independent Audit Committee (IAC) is responsible for scrutinising the Capital Strategy and making recommendations to the PCC, before it is approved.
- 1.3 Any comments made will be considered by the Devon and Cornwall Joint Leadership Board, prior to approval by the PCC who is ultimately responsible for approving the Strategy.
- 1.4 The Capital Strategy is intrinsic to the annual Budget and Medium Term Financial Strategy which is considered by the Police and Crime Panel each year as part of the PCC's annual precept setting process. This is further supported by the Reserves Strategy, and the Treasury Management Strategy (both being considered on the agenda).

## **2. THE CAPITAL STRATEGY**

- 2.1 There are some presentational changes in the Capital Strategy. The key substantive content changes are noted below:

### **2.1.1 Business Cases**

The requirement for a business case to be submitted for all new capital proposals still stands and has been extended to include replacement projects where the request is significant, novel or contentious.

### **2.1.2 Allocated Spend**

The Strategy now explicitly states that budget allocations can not be spent until a business case has been completed and full approval has been obtained.

### **2.1.3 Sources of funding**

A full listing of funding sources has been disclosed with explanations.

- 2.2 The Draft 2021/22 Capital Strategy is shown in Appendix A.

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Head of Technical Accounting**

**Sponsor: Julie Strange  
Chief Finance Officer to the OPCC**

**Date: 8 January 2021**