

<b>Name of Committee:</b>	Cabinet		
<b>Committee Date:</b>	08 November 2023		
<b>Report Title:</b>	Update of Capital Strategy		
<b>Responsible Officer:</b>	Steve Pink – Chief Finance Officer		
<b>Cabinet Lead:</b>	Councillor Neil Bowdell		
<b>Status:</b>	Non-Exempt		
<b>Urgent Decision:</b>	No	<b>Key Decision:</b>	No
<b>Appendices:</b>	Appendix A – Capital Strategy (taken from Public Reports Pack Council 22/02/2023 referred to in those papers as Appendix F) Appendix B – CIL Spending Protocol		
<b>Background Papers:</b>	CIL Spending Protocol 2022: <a href="https://www.havant.gov.uk/cil-spending-protocol-2022">CIL Spending Protocol 2022_0.pdf (havant.gov.uk)</a>		
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<b>Report Number:</b>	HBC/052/2023		

### Corporate Priorities:

When decisions on both Capital Spending and CIL spending are made, whilst the latter must be in accordance with the CIL Regulations 2010 (as amended), any capital expenditure should support the delivery of the Corporate Strategy.

The Corporate Strategy 2022-2026 concentrates on the following themes:

- Wellbeing – Health of our communities
- Pride in Place – Creating a great place to live, work and enjoy
- Growth – Building our future Corporate Strategy’.

### Executive Summary:

In March 2022 the Council adopted its Community Infrastructure Levy (CIL) Spending Protocol. In March 2023 the Council adopted the Capital Strategy amongst other finance and spending strategies. An unforeseen consequence of the adoption of the Capital Strategy in 2023 was that there now exists a divergence in the two spending regimes which could lead to confusion.

This paper confirms that whilst CIL is a capital resource and will be aligned to the Capital spending process CIL spending will operate under the 2022 protocol and not as part of the Capital Strategy as adopted in 2023.

**Recommendations:**

Cabinet is requested to recommend to Council:

The Capital Strategy be amended to confirm that CIL spending decisions are governed by the separate CIL Spending Protocol March 2022;

Authority be delegated to the Chief Finance Officer to amend the Capital Strategy.

## Introduction

- 1.1 Havant Borough Council is responsible for making the final decision on the allocation of funding raised through the Community Infrastructure Levy (CIL) in its area. The current mechanism for this is the CIL Spending Protocol March 2022, implemented 1 April 2022. The Council adopted a Capital Strategy in March 2023 outlining its Strategy for all capital spend. CIL is a capital resource and as such CIL expenditure falls within the remit of both documents.

## 2.0 Background

- 2.1 When the Capital Strategy was adopted in March 2023 it inadvertently created a divergence between from CIL Spending Protocol March 2022 and the Capital Strategy. As capital spend it is important to clarify, in the presence of ambiguity, which document shall govern the expenditure.
- 2.2 Whilst CIL is a capital resource and will be aligned to the Capital spending process CIL spending will operate under the 2022 protocol and not as part of the Capital Strategy as adopted in 2023.
- 2.3 CIL expenditure is governed by The CIL Regulations 2010 (as amended). Separating the CIL from the remainder of Capital Expenditure (using the CIL Spending Protocol) allows the Council to ensure this is the case and allows a more agile approach to be taken towards the allocation of Neighbourhood CIL funds. The CIL Spending Protocol 2022 is the culmination of the experience gained in spending CIL since the Charging Schedule was first implemented in 2013. It is therefore considered important to distinguish the spending of CIL from other Capital spends.

### **3.0 Options**

- 3.1 It is important for good governance and decision making to have clear and concise policy documents which support each other. Retaining the documents as drafted could lead to confusion and undermine the decision making process in the spending of CIL
- 3.2 Make a change in the Capital Strategy to recognise the separate, albeit linked, CIL Spending Protocol and the nuances in the way CIL is spent. Acknowledging that CIL is a capital resource and will be aligned to the Council's Capital spending process.

### **4.0 Proposed change to the Capital Spending Strategy**

- 4.1 To recognise that spending decisions on CIL are governed by the CIL Spending Protocol and that this will continue to operate alongside the Capital Strategy.
- 4.2 Notwithstanding the above spending decisions on CIL will be aligned with the capital spending programme (in accordance with the Capital Spending Strategy 2023/4 to 2027/8 agreed at Council on 22/2/2023) to ensure both regimes support the Council's Corporate Strategy, the Infrastructure Delivery Plan, the Havant Borough Local Plan and the Havant Regeneration Strategy.

### **5.0 Relationship to the Corporate Strategy**

- 5.1 When decisions on both Capital Spending and CIL spending are made, whilst the latter must be in accordance with the CIL Regulations 2010 (as amended), any capital expenditure should support the delivery of the Corporate Strategy. The Corporate Strategy 2022-2026 concentrates on the following themes:
- Wellbeing – Health of our communities
  - Pride in Place – Creating a great place to live, work and enjoy
  - Growth – Building our future Corporate Strategy.

### **6.0 Conclusion**

- 6.1 The confirmation of the Council's position and amendment of the Capital Strategy shall provide clarity and certainty of process. It shall

ensure that clear and robust decision-making processes are in place in respect of the Council's CIL expenditure.

## **7.0 Implications and Comments**

- 7.1 Financial Implications & S151 Comments –
- 7.2 Members should be aware that CIL is a capital resource and plays a vital part in funding and delivering any capital programme. The purpose of the 2022 protocol is not to restrict the use of CIL monies, but to allow the Council to be agile in delivering key projects on a local level. The delegation limits protect the Council's limited capital resources from being depleted significantly and all proposals will be reviewed with regard to the wider capital funding picture.
- 7.3 Monitoring Officer Comments –
- 7.4 It is important that the Council has clear and robust governance procedures in place; that Council policies and procedures support each other and that any inconsistencies are resolved through continuous review and refinement of policies and procedures.
- 7.5 Legal Implications - The collection and spend of CIL is governed by The Community Infrastructure Levy Regulations 2010 as amended. The Protocol is in line with these provisions and the Capital Spending Strategy CIPFA rules.
- 7.6 Equality and Diversity - This decision has no direct equality impact. Due regard to the Public Sector Equality Duty will need to be given in the development of infrastructure schemes.
- 7.7 Human Resources – N/A.
- 7.8 Information Governance – no direct affect.
- 7.9 Climate and Environment – This decision has no direct impact on climate change or the environment. These will need to be considered as infrastructure schemes are developed.

## **8 Risks**

- 8.1 Risks to the Council as a result of this report are minimal. It will ensure that two separate council documents will be aligned rather than remaining disparate.

## 9 Consultation

9.1 No public consultation is proposed.

<b>Agreed and signed off by:</b>		<b>Date:</b>
<b>Cabinet Lead:</b>	Cllr Neil Bowdell	31/10/23
<b>Monitoring Officer:</b>	Jo McIntosh	31/10/23
<b>Section 151 Officer and Executive Head of Finance:</b>	Steven Pink	31/10/23