

CAPITAL INVESTMENT STRATEGY 2023 - 2038

1.0 EXECUTIVE SUMMARY

- 1.1. The Argyll and Bute Outcome Improvement Plan (ABOIP) is being refreshed in 2023 it is important to prioritise investment that meets the changing strategic ambitions of our organisation, region and wider community. Also, inflation across many sectors over recent years has been at a record high so labour, materials and goods are costing more than ever, requiring us to prioritise spend on our most important activities. This is at the same time as public sector budgets in real terms are being reduced to meet national fiscal challenges. We are committed to delivering high quality services to our communities and stimulating and growing the population and economy of Argyll and Bute. We aim to set out a clear and strong direction for the Council which sets the scene for our capital investment ambition in assets and infrastructure.
- 1.2. This report introduces and seeks approval for the Council's new Capital Investment Strategy and outlines the approach for sound management of our assets. Our Capital Investment Strategy considers how we can deal with short to medium term financial uncertainty by taking a longer term view of our capital investment and how this can be put to best effect to meet the needs of the area. This is demonstrated in our corporate strategies and plans including our £70m Rural Growth Deal (RGD) which is key to stimulating economic growth, connecting our communities, growing businesses that do well and increasing skills in our area. Beyond the RGD, the competitive nature and bid style for grant funding awards from both Scottish and UK Government has become normal practice and it is essential our Council sets a framework to prioritise capital investment that best supports our ambitions – in essence a pipeline of projects is required to align to the ABOIP or other corporate aims to ensure there is targeted deployment of resources to achieve most efficient use of resource and limited capital and revenue. Work is currently underway to build a framework and consistent approach to mandating, recording and monitoring projects as they move through the various stages of a project lifecycle (or the pipeline).
- 1.3. It is clear that we cannot achieve our investment ambition on our own, we need to work collaboratively with communities and other stakeholders to make sure that we understand local needs and that we can deliver what we promise. Planning for the longer term and having ambition will also support the alignment of public funding with other organisations for the benefit of our region. We have to be realistic about what we can achieve with our known available resources, which is why we are working with partners to deliver economic and infrastructure improvements. By working with partners, we are ensuring that our resources can sit alongside and where available leverage external funding opportunities to optimise the benefits for our area. We need to invest for longer term benefit and address ongoing challenges such as climate change and digital connectivity but always be mindful that any investment must be undertaken in a prudent, affordable and sustainable manner.
- 1.4. The Council's strategic and financial management processes are essential for achieving

financial resilience in uncertain times. We must use our property, land and available resources wisely and ensure that we attract appropriate external funding to our area. Our Capital Investment Strategy will continue to evolve and be updated as strategic influences change over time, as new challenges and opportunities present themselves and as the delivery of our investment ambition is realised.

1.5. RECOMMENDATIONS

The Policy & Resources Committee are invited to note and recommend to Council approval of:-

- 1) The Council's new Capital Investment Strategy contained at **Appendix A**.

2.0 IMPLICATIONS

- 2.1 Policy – The new Capital Investment Strategy sets out a long term strategic vision for management of Council assets for 15 year period based on sound financial planning and prioritisation
- 2.2 Financial - As set out in the Report and Capital Investment Strategy based on prudent and prioritised use of resources
- 2.3 Legal – Requirement to fulfil obligations in relation to responsible use of public resources
- 2.4 HR - No impacts.
- 2.5 Fairer Scotland Duty:
 - 2.5.1 Equalities – No impact
 - 2.5.2 Socio-economic Duty – Part of delivery of capital projects
 - 2.5.3 Islands – No specific impact
- 2.6 Climate Change – New Capital Investment Strategy specifically looks to strengthen investment in climate change activity over next 15 years and route to net zero
- 2.7 Risk – Confirming up to date and clear strategy will reduce risk
- 2.8 Customer Service – None.

Douglas Hendry - Executive Director with responsibility for Commercial Services

Councillor Gary Mulvaney - Policy Lead for Finance and Commercial Services

21st July 2023

For further information contact:

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APPENDICES

A - CAPITAL INVESTMENT STRATEGY 2023 - 2038

