

Capital Strategy

February 2019

Contents

1. Introduction

2. Context

3. Our Assets

4. Capital Expenditure

- Capital Programme

- Affordability & Financing

- Governance

- Capital Investment Priorities & Compilation of Capital Bids

- Future Plans

5. Treasury Management

- Governance & Scrutiny

- Investment

- Borrowing

6. Commercial Activity

- Current Position

- Future Plans

- Risk Management

- Governance & Scrutiny

- Decision-making Process

- Performance Monitoring

7. Knowledge & Skills

8. Review of the Capital Strategy

1. Introduction

- 1.1 The Capital Strategy gives a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services. It also outlines how associated risk is managed and the implications for future financial sustainability.
- 1.2 The Strategy is set within the framework of The Prudential Code for Capital Finance in Local Authorities and the Treasury Management Code, both of which were updated in 2017. Key objectives are to demonstrate that the Council's capital investment plans are affordable, prudent and sustainable; that local strategic planning, asset management planning and proper option appraisal are supported; and that treasury management decisions are taken in accordance with good professional practice.

The District

- 1.3 Lancaster City and District is unique in containing a diverse mix of City, Coast and Countryside locations, including Lancaster, Morecambe, Heysham and Carnforth and coastal and rural villages.

The Council

- 1.4 The Council has ambitious plans for enhancing the economy well-being and presence of the district to deliver its vision for the area to thrive as a vibrant regional centre in the North West of England.

2. Context

Strategic Aims & Objectives

- 2.1 The Council Plan sets out the authority's key priorities and its ambitions to optimise opportunities to ensure that the district is a great place to live, work and visit. Our ambitions are detailed in the diagram overleaf.
- 2.2 The Medium Term Financial Strategy supports and informs the Council's vision and key priorities as set out in the Council Plan over the next four years. It also incorporates the key principles of the "Funding the Future" strategy which takes a proactive approach to building the future financial resilience of the Council by:
 - Increasing income from investment
 - Developing and implementing a commercial strategy
 - Focusing efforts around efficiency
 - Adopting a zero based outcomes approach to budgeting
- 2.3 The Capital Strategy is a key component of the Medium Term Financial Strategy. It sets out how the Council determines its priorities for capital investment alongside a long term financing plan which includes calculations which confirm that any borrowing is affordable, sustainable and prudent

2.4 The Capital Strategy covers the following:

- The Council's asset holdings and **Asset Management Plan** which sets out a long term strategic plan to ensure that the Council effectively utilises and maintains its property holdings – this is covered in more detail in section 3.
- The rolling five year **Capital Programme** which covers the Council's medium term capital expenditure plans. Section 4 covers the capital programme from the inception of projects, the compilation and scoring of bids to the monitoring of the programme and the review and assessment of completed schemes.
- The **Treasury Management Strategy** which considers the affordability, sustainability and prudence of the capital programme – this is covered in section 5.
- The **Property Investment Strategy** (to be considered by Budget Council on 27 February 2019) which will focus on delivering a financial yield from property investments in the Lancaster district – this is covered in section 6.

Corporate Priorities



3. Our Assets

3.1 The Council's asset base at 31 March 2018 comprised:

	£m
Council Housing	126.86
Property Plant & Equipment	114.18
Investment Property	33.16
Heritage Assets	8.68
Intangible Assets	0.35
Total	283.23

Council Housing

3.2 The Council has 3,717 dwellings in total. These include 1, 2, 3 & 4 bedroomed, houses, bungalows, flats maisonettes and bedsits.

Property Plant & Equipment

Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction
64.09m	7.68m	24.15m	8.59m	0.77m	8.90m

Investment Properties

3.3 These are properties held primarily to generate income and comprise a mix of office and retail lets together with agricultural and commercial land and commercial buildings. Further detail in respect of the Council's investment properties is given in section 6.

Heritage Assets

3.4 The Council's heritage assets include 82 pieces of civic regalia, its museums' collection at the Maritime, Cottage and City museums in Lancaster, pieces of artwork, items of Gillow furniture and public artwork including the statue of Eric Morecambe on Morecambe promenade.

Intangible Assets

3.5 These comprise software and software licenses held for the Council's key systems.

Asset Management Plan

3.6 The key objectives of the Council's Asset Management Plan are to:

- Provide the right buildings in the right place and at the right time and cost to meet the current and future aims, objectives, policies and plans of the Council.
- Optimise and prioritise the level of investment in property assets to minimise maintenance backlog, improve fitness for purpose and optimise occupancy levels.
- Maximise the value received from our non-operational commercial portfolio.
- Continue to improve the environmental sustainability of the Council's property portfolio.
- Promote the innovative use of property by enabling urban regeneration and facilitating joint working with our partners and stakeholders.
- Challenge the use of land and buildings held by the Council to minimise revenue expenditure and maximise the generation of capital receipts.

3.7 Projects which come forward from the Asset Management Plan will be assessed by the Capital Strategy Group alongside other capital bids based upon the criteria set out in the next section. The affordability, sustainability and prudence of any projects put forward will be considered by having regard to prudential indicators which are set out in section 5 of this strategy.

4. Capital Expenditure

Capital Programme

- 4.1 The Council plans to spend £27.59m on General Fund and £21.49m on HRA capital schemes between 2018/19 – 2022/23. Expenditure falls into the following areas:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Council Housing	4.16	4.77	4.15	4.25	4.16	21.49
Disabled Facilities Grants	2.65	2.36	1.61	1.61	1.61	9.84
Vehicles & Plant	0.81	1.46	2.30	0.51	0.79	5.87
Sea & River Defence Works	2.43	0.45	0.42	-	-	3.30
Council Properties	0.48	2.72	-	-	-	3.20
Economic Development & Regeneration	0.33	1.29	-	-	-	1.62
Parks, Sport & Recreation	0.21	0.12	1.00			1.33
ICT Infrastructure & Equipment	0.29	0.23	0.33	0.10	0.34	1.29
Solar Energy	-	0.36	0.32	-	-	0.68
S106 Funded Schemes	0.15	0.14	-	-	-	0.29
Car Parks & CCTV	0.1	0.07	-	-	-	0.17
Total	11.61	13.97	10.13	6.47	6.90	49.08

Affordability & Financing

- 4.2 The Capital Programme is financed by a mixture of external grants, capital receipts generated from property and right to buy disposals, contributions from reserves and unsupported borrowing. The planned application of resources to capital projects is set out below:

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Capital Receipts	(0.69)	(0.49)	(0.49)	(0.49)	(0.49)	(2.65)
Capital Grants & Contributions	(5.23)	(2.44)	(1.61)	(1.61)	(1.61)	(12.50)
Capital Reserves	(3.67)	(5.13)	(3.77)	(3.81)	(3.68)	(20.06)
Revenue	(0.86)	-	-	-	-	(0.86)
*Unsupported Borrowing	(1.16)	(5.91)	(4.26)	(0.56)	(1.12)	(13.01)
Total	(11.61)	(13.97)	(10.13)	(6.47)	(6.90)	(49.08)

**unsupported borrowing is used only to finance capital expenditure in respect of General Fund*

- 4.3 The City Council sets its level of capital investment in line with the statutory requirements of prudence, affordability and sustainability as set out in the Prudential Code for Capital Finance issued by CIPFA.
- 4.4 The Council assesses the affordability of the General Fund programme by looking at the financing costs of borrowing (interest and loan repayments) as a proportion of its net revenue stream. For general fund these remain at a constant level of circa 17% over the life of the capital programme.
- 4.5 The Housing Revenue Account capital programme has its prudence, affordability and sustainability set out in a thirty year business plan.
- 4.6 The Treasury Management Strategy, covered in section 5, covers the calculation, monitoring and review of prudential indicators which provide an assessment of the affordability, sustainability and prudence of the Council's capital expenditure plans.

Governance – The Capital Strategy Group

- 4.6 Bids for capital resources are brought to Capital Strategy Group which has been constituted with representation from Regeneration, Property, Finance and Legal.
- 4.7 The group initially made up of officers has been expanded to include both the Cabinet Portfolio for Finance and the Chairs of Budget and Performance Panel and Overview Scrutiny Committee to ensure early member engagement and involvement with the assessment and capital monitoring processes.
- 4.8 Full terms of reference for the group are included at appendix one. The group will ensure that potential capital schemes are appropriate, viable and robust, that progress against the capital programme is measured and that final scheme outcomes are properly reviewed with lessons learned being fed back into the assessment process. The Group will also consider proposals which arise from the Asset Management Plan and Property Investment Strategy.
- 4.9 The group makes recommendations to Cabinet regarding inclusion of the proposal within the capital programme. It may also support the proposal in principle subject to it being further developed, request more information or reject the proposal.

Capital Investment Priorities and compilation of Capital Bids

- 4.10 The Council's capital investment priorities are to:
- deliver Council Priorities as set out in 'Ambitions' Council Plan
 - ensure that council services can be effectively and efficiently delivered
 - support the Asset Management Plan by ensuring that assets are effectively utilised and maintained
 - identify opportunities for using capital investment to provide more effective arrangements as set out in Funding the Future
 - ensure that the Council meets statutory, legal and health and safety requirements
- 4.11 All bids for capital resources are put forward on a standard capital bid template, based upon the HM Treasury Business Case Guidance covering strategic, economic, commercial, financial and management dimensions. The bid template has been designed to draw out the proposal's strategic fit against the capital investment priorities in 4.10 and facilitate the scoring of schemes against each other using a scoring matrix. The template also considers:
- whether staff and project resources are available to start the project,
 - alternative options for delivery,
 - scheme phasing,
 - cost (including estimated revenue consequences)
 - procurement.
- 4.12 Given the diverse nature of potential capital schemes four separate scores are developed separately assessing:

Fit against statutory, legal and health and safety requirements

Determining whether the scheme is required to fulfil a statutory obligation, prevent a failure to meet a legislative or health and safety requirement. The main focus being on what would be the impact of not progressing the proposal.

Fit against Corporate Priorities

Determining which priority or priorities in the 'Ambitions' corporate plan the proposal contributes to and to what extent ascertaining measurable outcomes and impacts.

Contribution to Funding the Future strategy

Identifying whether the proposal will achieve financial efficiencies, contribute to the Council's commercial strategy by generating income, lever in funding from other organisations or create an "invest to save" opportunity.

Project Risk & Risk Mitigation

Establishes to what extent risks have been realistically identified and what steps have been taken to mitigate these. It focuses on factors which may cause the project to fail or be delayed, any internal or external factors which may impact the project and considers how sensitive the forecast costs are to both internal and external risk.

Future Plans

- 4.13 The Council recognises that it will play a pivotal role in key projects which will enable the district to thrive and grow. Further development of the Capital Programme is needed particularly in years 3 – 5 in order to properly encapsulate these major local development projects. An Economic Growth Plan is currently being developed by the Director of Economic Growth and Regeneration setting out an overarching coherent medium term plan for the district. As the plan develops individual capital schemes contributing to its delivery will be identified and brought forward to Capital Strategy Group for assessment. Similarly other strategies under development in the coming months which have capital expenditure implications will also be considered by the group.
- 4.14 The Property Investment Strategy is being considered by Budget Council on 27 February 2019. If approved, proposals will come forward for consideration and subjected to assessment by the Capital Strategy Group against criteria which are set out in section 6. In most cases, it is anticipated that proposals will require capital expenditure funded from prudential borrowing.
- 4.15 The Council's current capital programme has been assessed as affordable, sustainable and prudent and this is covered by the prudential indicators in section 5. Any future plans as set out in 4.13 and 4.14 will require those prudential indicators to be recalculated to ensure that additional plans can be accommodated within the programme in terms of affordability.

5. Treasury Management

- 5.1 Treasury management deals with the management of cash flows resulting from the Council's day to day operations. It ensures that the cash flows are adequately planned with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 5.2 The Treasury management service also covers the funding of the Council's capital plans which provide a guide to the borrowing need of the Authority.

Governance & Scrutiny

- 5.3 The Council's Treasury Management Strategy including its Prudential and treasury indicators is approved annually by full Council. Council also receives and approves a mid-year treasury management report which sets out in year progress of the treasury position and an annual treasury report which sets out how actual treasury operation compared to the estimates within the strategy.
- 5.4 Budget and Performance Panel scrutinise the above reports before they are presented to and approved by Council.

- 5.5 The Section 151 officer and his staff have delegated authority to make decisions in respect of detailed investment and borrowing acting in line with the framework set out in the treasury management strategy.

Investment

- 5.6 The Council's investment strategy prioritises firstly security, secondly liquidity and then return. This maintains a firm focus on minimising risk rather than on maximising returns.
- 5.7 The Treasury Management Strategy sets out the authority's approach to managing investment risk in line with the following principles:
- Using minimum acceptable credit criteria to generate a list of highly creditworthy counterparties, facilitate diversification and avoid concentration of risk
 - Defining the list of types of investment instruments that the treasury management team are authorised to use
 - Setting lending limits for each counterparty and transaction limits for each type of investment
 - Setting the limit for the amount of its investments which are invested for longer than 365 days at nil
 - Specifying that investments will only be placed with counterparties with a minimum sovereign rating of AAA (Fitch)
- 5.8 Investments held at 31.3.18 were:

31.3.18	£m	Liquidity
Money Market Funds	8.1	Instant Access
Other Local Authorities	17.0	Fixed Term
Total Investments	25.1	

- 5.9 Estimated Balances Available for Investments are set out in the table below:

	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
Investments £m	33.29	27.46	25.59	27.88	29.67

Borrowing

- 5.10 As part of its treasury management activities the Council considers forward projections for borrowing to fund its capital expenditure plans working within the self-regulating framework of the Prudential Code for Capital Finance.
- 5.11 The framework requires authorities to determine that capital expenditure and investment decisions are affordable, prudent and sustainable and to set limits on the amount they can afford to borrow in the context of wider capital planning.
- 5.12 The Council's underlying need to borrow is represented by its capital financing requirement (CFR). The CFR is the total amount of capital expenditure (including that from prior years) that has not yet been paid for from either revenue or capital resources.

Capital Financing Requirement £m	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund	43.65	43.15	47.49	49.87	48.25	47.24
Housing Revenue Account	40.40	39.35	38.31	37.27	36.23	35.19
Total	84.05	82.50	85.80	87.15	84.48	82.43

5.13 The authority currently maintains an under-borrowed position meaning that it uses cash backed reserves to defer the need to externally borrow for capital investment. Forecasting of cash backed reserves facilitates a long term view of the level of risk associated with borrowing internally.

5.14 The table below shows the projection of external debt and internal borrowing using cash backed reserves:

£m	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
External Debt	64.21	63.17	62.13	61.08	60.04	59.00
Capital Financing Requirement	84.05	82.50	85.80	87.15	84.48	82.43
(Under)/Over borrowing	(19.84)	(19.34)	(23.68)	(26.06)	(24.43)	(23.43)

5.15 The council is required to “pay off” an element of its General Fund CFR each year through a revenue charge, the minimum revenue provision (MRP). The Treasury Management Strategy sets out the MRP policy adopted by the authority. The Council also makes physical cash repayments on a loan taken out to purchase the authority’s housing stock in 2012 which are counted as MRP.

5.16 The following table sets out how MRP will be used to repay the underlying debt:

£m	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund MRP	(1.37)	(1.67)	(1.57)	(1.88)	(2.19)	(2.13)
HRA MRP	(1.06)	(1.04)	(1.04)	(1.04)	(1.04)	(1.04)
Total	(2.43)	(2.71)	(2.61)	(2.92)	(3.23)	(3.17)

5.17 The Council sets an authorised limit for external debt. This represents a limit beyond which a local authority must not borrow unless prudential indicators have been renewed or amended. It also sets an operational boundary for external debt. This represents a limit that is based on the maximum external debt of the authority based on expectations. The expectation is that there would be no sustained breach of the operational boundary.

5.18 The Treasury Management Strategy sets out the following operational boundary and authorised limit for borrowing:

£m	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Operational Boundary	82.50	85.80	87.15	84.48	82.43
Authorised Limit	99.00	102.00	103.00	100.00	98.00

6. Commercial Activity

Current Position

- 6.1 The Council's existing investment property portfolio generates approximately £954k per annum to support the General Fund revenue budget. It is comprised of a mix of office and retail lets together with agricultural and commercial land and commercial buildings as set out below:

	£m
Office	3.95
Retail	2.77
Agriculture & Allotments	5.96
Commercial Land	10.08
Commercial Buildings	2.07
Mixed Commercial	8.33
Total	33.16

- 6.2 To date the majority of this portfolio has been accumulated by the Council rather than actively acquired. Tenancy agreements are produced by the Estates Management Team in consultation with Legal Services and range from leases, licences and other agreements such as easements, wayleaves and rights of way
- 6.3 The Council is obliged to obtain the best price it reasonably can for its commercial lets. Most properties have rents which are set based upon market conditions and comparable evidence to support the decision making process includes that from local agents, rents associated with other Council properties, recent transactions, inflation etc.

Future Plans

- 6.4 The Council is currently proposing to consider opportunities for investing in commercial property primarily for financial return; this being one of the four key objectives of the "Funding the Future" strategy.
- 6.5 The principles of the Property Investment Strategy were considered and approved by Cabinet on 18 December 2018. A draft Strategy was presented to Cabinet on 15 January 2019 and was referred on to Budget Council for approval together with proposed governance arrangements to underpin the strategy.
- 6.6 The key objectives of the Strategy are to:
- Acquire properties that provide long term investment in accordance with the Councils corporate and financial objectives,
 - Maximise return whilst minimising risk through management processes
 - Prioritise properties that yield optimal rental growth and stable income, protect capital invested in acquired properties,
 - Build a balanced property investment portfolio
- 6.7 A number of local authorities have invested outside of their boundaries as this provides increased opportunities for acquiring good yields. However at this early stage, it is intended that the authority focusses its efforts on properties inside the Lancaster City Council boundaries.
- 6.8 As investment opportunities are identified and assessed the Council will ensure that the amount invested is proportional to the level of resources available to the authority and will

determine the extent to which a balanced budget and council tax calculation is dependent on commercial activity.

Risk Management

- 6.9 There is a recognition that, in undertaking investments primarily for financial return the Council needs to ensure that these decisions are subject to an enhanced decision making process as a result of the additional risk being taken on and the potential impact on the sustainability of the authority.
- 6.10 The principal risk exposures in commercial property investment are:
- A downturn in the property market. This could lead to falling rents or higher vacancies, potentially meaning that the Council will need to find other sources of revenue, or reduce costs to balance its budgets. This scenario could also lead to falling property values with a risk that the asset would be worth less than the purchase price.
 - Lack of expertise in specialist areas leading to poor acquisition decisions
 - Government intervention to set limits on commercial activities
- 6.11 In order to ensure that the authority is not over exposed to any one of the following sectors: retail, industrial, office, hotel, food & beverage, other, a limit of 30% exposure, both in terms of property value and rental income, will be set. No future investments will be considered where they take the portfolio exposure over these limits.

Governance & Scrutiny

- 6.12 The governance arrangements proposed for commercial property investment reflect the fact that the timing of opportunities is often competitive and fast moving. They seek to provide sufficient flexibility to enable proper evidence led scrutinised decisions to be made in a timely manner without diminishing the mitigation of risk.

The proposals are as follows:

- Full council will set a policy framework for the delegation of decision making within that framework to approve decisions up to £5 million
- The decision must be evidence-led and members must approve the investment strategy and the assessment tools, yield calculator, assessment matrix, social outcome matrix.
- Scrutiny will engage in pre-cabinet/scrutiny briefing sessions where they can test the proposal against the background of the information they have already seen
- Scrutiny will also reviewing performance over time

Decision-Making Process

- 6.13 The Capital Strategy Group will review proposals and make recommendations using an evidence made decision making framework with a scoring matrix which assesses the viability of any proposal.

The scoring matrix includes:

- A Gross and Net Yield calculation to ensure that all financial implications from any property investment including cost of borrowing and MRP are captured
- An 11 point Risk Assessment Matrix including but not restricted to location, tenant quality, building quality, lease-term, repairing obligations, rent review mechanisms, liquidity etc.
- An Outcomes Matrix giving clarity over links to ambitions in the corporate plan, measurable short and medium-term outcomes and social and economic impact.

Performance Monitoring

- 6.14 Performance monitoring will be developed to ensure that investments are monitored on a routine and exception basis and will determine what performance measures will trigger an exception report so that full council is aware at the earliest opportunity of any material increase in risk or threat to ongoing yield. The Capital Strategy will be updated with this information in due course.

7. Knowledge & Skills

- 7.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions.
- 7.2 The key decision making officers within the Executive Team include Kieran Keane, Assistant Chief Executive and Daniel Bates, Section 151 Officer both of whom are qualified accountants with many years' experience. The Director for Economic Growth & Regeneration, Jason Syers is a qualified Chartered Surveyor and Town Planner with over 20 years public and private sector experience of delivering complex development and regeneration projects in the UK and internationally.
- 7.3 Underpinning the Executive Team are teams of experienced finance, property and legal professionals.
- 7.4 Where the appropriate level of knowledge and skills required is not available in-house use will be made of external advisers and consultants that are specialists in their field. The Council currently uses Link Asset Services, Treasury solutions as treasury management advisors.
- 7.5 In respect of commercial property investment sector specialist consultants will be used to supplement the experience of internal staff.

8. Review of the Capital Strategy

- 8.1 As set out in 2.4, the Capital Strategy is an overarching document which covers the provisions set out in the separate Capital Programme, Asset Management Plan, Property Investment Strategy and Treasury Management Strategy. As such it covers all aspects of capital expenditure and financing. It follows that management and monitoring of these strategies should be brought together within a single governance process.
- 8.2 The Capital Strategy Group (set out in 4.6 to 4.9 and appendix one) will be the working group which will oversee the Capital Strategy and its associated strategies. Membership of this group includes the Finance Portfolio Holder, the Chairs of the Budget and Performance Panel and Overview and Scrutiny Committee alongside key officers. Although advisory in nature, the group will ensure that necessary consultation is carried out with Cabinet, relevant Portfolio Holders, Management Board and relevant Directors as part of decision making processes.
- 8.3 The remit of the group covers all capital expenditure assessment, monitoring and review processes. As such it will receive all progress and monitoring reports with respect to capital expenditure for review and scrutiny prior to submission to Cabinet, Budget and Performance Panel and Overview and Scrutiny Committee.

Capital Strategy Group: Terms of Reference

Role

1. The Capital Strategy Group (CSG) is a Member and officer working group with a clear remit to be the Council's advisory body in respect to the Council's Capital Strategy.
2. The Capital Strategy has three clear priority areas of work which although distinct from one another should be considered in an integrated manner. These are:
 - a) **Capital Programme** – overseeing the Council's capital programme which includes assessing initial bids all the way through to delivering the programme and assessing its effectiveness in respect of corporate priorities.
 - b) **Asset Management** – overseeing the implementation of the Asset Management Plan (AMP) to ensure that the Council gets the most from its asset inventory having regard to effective utilisation and ongoing maintenance and investment needs.
 - c) **Property Investment Strategy** - will look to use capital investment in properties in the Lancaster district in order to make a financial return in support of the revenue budget. The group will consider property investment proposals and monitor the effectiveness of the Strategy.

Each of the above areas of work are covered by the Capital Strategy, which is the Council's overarching document which aims to ensure that Council's capital investment priorities reflect Council priorities and are supported by a long term financing plan.

Composition of CSG

3. The group will consist of the following Members and officers. Where representatives are not able to attend, a suitable alternative will attend in their place.
 - Cabinet Finance Portfolio Lead – Cllr Anne Whitehead
 - Overview and Scrutiny Chair – Cllr Nigel Goodrich
 - Budget and Performance Panel Chair – Cllr Dave Brooks
 - Relevant Cabinet Portfolio Holder – as required by nature of bids / investment proposals
 - Capital Strategy Officer Lead – Elaine Dowling
 - Section 151 Officer – Paul Thompson
 - Asset Management Plan Officer Lead – Gary Watson
 - Property Investment Strategy Officer Lead – Kieran Keane
 - Governance Lead – David Brown
 - Property Section Rep – Sarah Price
 - Regeneration/Economic Growth Lead – Jason Syers
 - ICT Rep – Ben Wainwright
 - Community and Environment Rep – Will Griffiths
 - Programme Manager – Claire Doublebois
 - MTFS Officer Lead – Dan Bates

Frequency of Meetings

4. The CSG will meet every quarter by routine but will also meet on an ad-hoc basis as required as and when key proposals come forward. Routine meetings will be co-ordinated so that they inform quarterly monitoring processes to Cabinet and Budget and Performance Panel.

Remit

5. *With respect to Capital Strategy*

- a) To keep the Capital Strategy document under review ensuring that it reflects the Council's capital investment priorities and review the Strategy as part of the MTFS update (around late summer each year).
- b) To maintain the capital bid and scoring assessment framework.
- c) To ensure that the Capital Strategy is informed by and consistent with the Corporate Plan and associated strategies, the Asset Management Plan and Property Investment Strategy.

With respect to the Capital Programme

- d) To ensure that the Capital Programme broadly reflects the Council Plan/MTFS Objectives.
- e) To consider and score all bids to the capital programme and make accept/develop/reject recommendations to Cabinet.
- f) To monitor the progress of each scheme within the capital programme in terms of progress to date, expenditure and delivery of outcomes.
- g) To review all completed schemes with respect to outcomes and impact as well as lessons learned.
- h) To monitor the resources available to support the Capital Programme and ensure that, at all times, it remains affordable, sustainable and prudent.

With respect to the Asset Management Plan

- i) Own and ensure the development of the Asset Management Plan and long term property strategy, ensuring that it is line with Council Plan / MTFS objectives.
- j) To undertake annual review of property holding in order to ensure that all property is utilised appropriately and consider any capital expenditure / receipt proposals associated with maintaining, updating, transferring or disposing of property assets.

With respect to the Property Investment Strategy

- k) Own and ensure the development of the Property Investment Strategy ensuring that it is line with Council Plan /MTFS/Funding the Future objectives.
- l) Consider all property investment proposals in accordance with the three matrices set out in the Property Investment Strategy and make recommendations to Cabinet with respect to any agreed proposals having regard to the scrutiny process.
- m) Monitor performance with respect to the Property Investment Strategy in terms of individual proposals and in aggregate to ensure that it is meeting its stated outcomes.

Decision Making

- 6. The CSG is a Member and Officer working group and as such is advisory and takes any decision-making power from the delegated authority of officers attending as set out in the Council's Constitution. It makes decisions only where priorities are already agreed by the Cabinet as part of the Council's budgetary framework. It also ensures that necessary consultation is carried out with Cabinet, relevant Portfolio Holders, Management Board and relevant Directors as part of the decision making process. Any proposal that is outside the approved budget and policy framework will be referred back to Cabinet or Council in accordance with the Constitution.

Key Outcomes

7. The key outcomes from the CSG are:

- a) An effective Capital Programme optimising the capital investment resources to meet Council Plan objectives.
- b) Strategic property management ensuring full optimisation of Council property assets, maximising income and return and reducing expenditure where possible but ensuring assets are well maintained.
- c) Effective property investment contributing to the Council savings whilst managing risk and, where possible, delivering Council Plan outcomes.
- d) Enhanced long term planning of capital investment, better use and management of property assets, and accountability.
- e) The integration of the Capital Strategy in line with Council priorities as set out in the Council Plan.