

## 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 on the Council's Capital Investment Strategy.
2. The Capital Investment Strategy has clear priority areas of work which although distinct from one another should be considered in an integrated manner when forming and delivering the Council's capital programme and related areas:
3. The types of Capital Investments which may be considered when forming the capital programme.
  - a) **Economic Regeneration** - Investments for the benefit, improvement, or development of the area, through balanced acquisition, retention, and management of good quality investments, whilst delivering regeneration outcomes.
  - b) **Investments Delivering a Social Return** - This classification is broad to enable support for a wider range of investments, but it may include areas such as provision of private sector housing, retrofitting properties acquired to an agreed defined standard both in terms of quality and thermal efficiency, investment loans to third parties and use of public land and buildings to achieve long-term socio-economic development within the Lancaster District
  - c) **Income Generation including Property Investments** – Investment in the six recognised types of property investment retail, industrial, hotel, office, food & beverage and other. Investment in these areas let on secure long leases to good covenants to deliver a financial return to the Council both in terms of support to the revenue budget as well as capital appreciation.
  - d) **Carbon Zero initiatives and schemes to address the Climate Emergency** – These types of investments may include installation of solar panels, or investment in larger scale solar energy facilities' as well as supporting agile working to reduce our carbon footprint, and the increased electrification of our vehicle fleet.
  - e) **Operational Investments** - Investments that sustain the day to day operational delivery of the Council's services which underpin a broad range of Council priorities.

### Composition of CSG

4. 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.

#### Standing Membership

- Cabinet Finance Portfolio Lead
- Chief Executive
- Overview and Scrutiny Chair
- Budget and Performance Panel Chair
- Relevant Cabinet Portfolio Holder
- Relevant Director
- Section 151 Officer
- Governance Lead
- Capital Investment Appraisal Group

#### Additional representation as and when required may include

- Capital Strategy Officer Lead
- Asset Management Officer Lead
- Property Services Lead
- Regeneration/ Economic Growth Lead
- ICT Representation
- Programme Manager

## Frequency of Meetings

5. The CSG will meet monthly by routine but may 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 monitoring processes to Cabinet and Budget and Performance Panel.

## Remit

6. CSG's remit is to contribute to the development and oversight of the Council's capital programme. This will include assessing initial proposals and business cases through to delivering the programme and assessing its effectiveness in respect of corporate priorities.
7. *With respect to Capital Investment Strategy*
  - a) To keep the Capital Investment Strategy document under review ensuring that it reflects the Council's capital investment priorities and review the Strategy as part of the MTFS update.
  - b) 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*

- c) To consider and score all bids to the capital programme and make accept/ develop/ reject recommendations to Cabinet.
- d) Consider all proposals in accordance with the matrices set out in the Capital Investment Strategy and make recommendations to Cabinet with respect to any agreed proposals having regard to the scrutiny process
- e) To monitor the progress of each scheme within the capital programme in terms of progress to date, expenditure, and delivery of outcomes including those classified within the development pool.
- f) To review all completed schemes with respect to outcomes and impact as well as lessons learned
- g) To monitor the resources available to support the Capital Programme and ensure that, at all times, it remains affordable, sustainable and prudent.
- h) To maintain the capital bid and scoring assessment framework

### *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 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

Each of the above areas of work are covered by the Capital Strategy and Capital Investment Strategy, which are the Council's overarching documents which aim to ensure that Council's capital investments priorities reflect Council priorities and are supported by a long term financing plan.

## Decision Making

8. The CSG is a Member and Officer working group and as such is only advisory and does not have any formal decision-making authority. Following consideration of each business case it may make recommendations to budget holders in relation to due diligence costs and other matters. It may also make final recommendations to Cabinet regarding each proposal. 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 to Cabinet or Council in accordance with the Constitution.

## The role of Scrutiny Committee Members

9. The Chairs of both Budget & Performance Panel and Overview & Scrutiny form part of CSG. The early involvement of scrutiny at the pre-decision stage will allow them to add value by informing a decision rather than an after-the-event critique under the traditional process. This intention and their active involvement do not remove or negate the right to call in any decision made by Cabinet in this area.

**Key Outcomes**

10. The key outcomes from the CSG are:

- a) An effective Capital Programme optimising the capital investment resources within the Council Plan.
- 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) Enhanced long term planning of capital investment, better use and management of property assets, and accountability.
- d) The integration of the Capital Investment Strategy in line with Council priorities as set out in the Council Plan.