

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	7 December 2021
Report	Investing in the Future: Capital Investment Strategy		
Report of	Director of Corporate Services		
Purpose of Report			
To set out the Council's proposed Capital Investment Strategy, for consideration by Budget & Performance Panel and ultimately the Council.			
Key Decision (Y/N)	N	Date of Notice	Exempt (Y/N) N

Report Summary

Capital investment, via the Council's reserves or borrowing, plays a key role in strategic projects and initiatives for the success of the Lancaster district, as well as transforming and optimising the Council's services to its residents.

The proposed Capital Investment Strategy, entitled '*Investing in the Future*' and contained at Appendix A, sets out the relevant context and a proposed framework to support the Council's approach to capital investment over the medium term.

The strategy aligns capital investment to the Council's four overall priorities, and proposes a consistent 'lifecycle' for the development and delivery of capital investment activities, including the transparent, accountable democratic decision process. The strategy also sets out the proposed approach to risk management as well as the monitoring and evaluation of capital projects.

Recommendations of Councillor Anne Whitehead

- 1) That Cabinet recommends that this draft of the Capital Investment Strategy (Appendix A) and the Terms of Reference for the Capital Assurance Group (Appendix B) be sent to Budget & Performance Panel for review. An updated version taking account of comments received should be considered by Cabinet, prior to being recommended for adoption by Full Council into the Budget & Policy Framework.

Relationship to Policy Framework

The proposed Capital Investment Strategy supports the Council's Medium-Term Financial Strategy (MTFS).

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

No direct impact arising from this report.

Details of Consultation

The Council's Constitution (Part 3 Section 5 – Budget & Policy Framework) requires that when a new or existing strategy is being considered, the Overview and Scrutiny

Committee or Budget and Performance Panel have an opportunity to comment. If it considers it appropriate, Cabinet may then amend its proposals before submitting them to Council for consideration.

Legal Implications

The Council has the legal power to acquire, use and dispose of land principally under the Local Government Act 1972 and other Acts which give the Council powers to acquire land for a particular purpose. In accordance with section 120(1), Local Government Act 1972, the Council has the power to acquire any land where it is for the purposes of (a) any of its statutory functions or (b) for the benefit, improvement or development of its area.

If the Council decides to dispose of land, there is a legal requirement to obtain best value (with very limited exceptions).

Depending on the nature of the particular type of property concerned, there may be other statutory requirements or procedures to be undertaken before any acquisition, appropriation or disposal of land.

Financial Implications

There are no financial implications arising directly from this report. However, the proposed levels and areas of capital investments will require borrowing and other associated costs. Financial due diligence and assessment will ensure that all the appropriate costs are considered for each proposal.

Other Resource or Risk Implications

None directly arising from this report.

Section 151 Officer's Comments

The s151 Officer has contributed to the writing of this report and appendices but would make the following observations:

Capital Strategy

The Prudential Code 2017 requires all Council's to adopt an annual Capital Strategy. The strategy should be an over-arching corporate document which deals with the key areas of strategic context, corporate priorities, capital investment ambition, capacity to deliver, risk appetite, risk management and determining an appropriate split between non-financial and treasury management investments in the context of ensuring the long-term financial sustainability of the authority.

It is envisaged that this Strategy will be supplemented with all the information mandated under the Prudential Code following finalisation of the capital programme, and subject to the required governance processes be presented to Full Council 23rd February 2022 for formal adoption.

Local Authority Trading Company (LATCo)

The Council has recently established a LATCo, which as a separate legal entity, is afforded a number of strategic freedoms and options not currently available to the Council. The activities of the LATCo will not form part of the Council's Capital Programme but should clearly support its priorities.

Dependent on the nature of its activities, the LATCo may need to explore alternative financing arrangements to enable delivery. Decisions regarding the activities of the LATCo, including financing arrangements, would require consideration by its Directors, the Shareholder Committee. Financing arrangements would require appropriate business cases and supporting due diligence by any proposed lender.

Monitoring Officer's Comments

Capital and Investment Strategies form part of the Budget Framework and their adoption is a function of Full Council.

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Links to Background Papers

Appendix A: Investing in the Future Capital Investment Strategy

Appendix B: Capital Assurance Group (CAG) Terms of Reference