

Cabinet

20 February 2019



Title	Capital Strategy		
Purpose of the report	To make a recommendation to Council		
Report Author	Terry Collier, Deputy Chief Executive Heather Morgan, Group Head Growth and Regeneration Michael Graham, Head of Corporate Governance		
Cabinet Member	Councillor Ian Harvey	Confidential	No
Corporate Priority	Financial Sustainability		
Recommendations	Cabinet is asked to recommend to Council: (1) Adoption of the Capital Strategy shown at Appendix B of this report		
Reason for Recommendation	The Council is under a new obligation to develop a Capital Strategy which identifies its need for capital financing in future years. This proposed policy has been considered by Overview and Scrutiny Committee in its development.		

Key issues

Background

1. In relation to its investment activity, the Council operates under Statutory Guidance from the Secretary of State for Housing, Communities and Local Government. This is supplemented by guidance from the Chartered Institute of Public Finance and Accounting (CIPFA). Following a reissue of statutory guidance in early 2018, which took effect from 1 April 2018, the Council is obliged to have a "Capital Strategy" in place from end of March 2019. This report is about the development of that strategy.

Considerations

2. Since many Councils have now started to undertake commercial activities, including like Spelthorne, greater investment in "non-treasury assets" (essentially, property investments), the government has tightened up the governance requirements for councils to report and explain the approach they are taking.
3. There is a new requirement on the Council to have a document which is called a Capital Strategy. The essence of this document is to provide stakeholders with a plain English explanation of what need the Council has for capital financing, why it has this need and what the money will be spent on. In addition to that, there are other more technical aspects which have to be included and

the document should also outline our approach to risk management and how we are resourcing this side of our business.

4. Over the course of the last year, officers have attended conferences and training. Guidance documents have been provided by CIPFA. Work has been ongoing in order to produce a document which meets the requirements of the guidance.
5. A presentation was made by the Chief Finance Officer and the Finance Portfolio Holder to the Overview and Scrutiny Committee in January 2018 to outline the approach the Council takes to property investment generally
6. A further presentation was made to the Overview and Scrutiny Committee on 20 November 2018 to highlight officers thinking on the development of the Capital Strategy. In January 2019 a report was presented to the Overview and Scrutiny Committee to outline the draft Capital Strategy and its supporting documents.
7. This report is the conclusion to that process of strategy development and shows the final proposed Strategy.
8. Members should note that officers have approached this document by aiming to have the “story” of Spelthorne’s investment activity and its need for finance as the main content in the Strategy itself. Supporting and technical detail is provided in the Appendices or otherwise signposted by reference to our website etc. Officers have aimed for a short, readable, informative yet persuasive document.
9. Members should note that this final document is presented to Cabinet and Council in the same committee cycle as the adoption of the Budget. This will allow publication within the relevant statutory timescales.
10. In addition to publication through the Committee process and publication of Committee papers etc, the Council is producing a short readable Executive Summary which will be sent to residents associations and other interested stakeholders. We will also be highlighting the development of this Strategy in a forthcoming edition of the bulletin. All the relevant documents will be made available via our website.

Background papers: There are none

Appendices:

- (A) Executive Summary
- (B) Capital Strategy
 - (1) Historical background
 - (2) Housing information
 - (3) Investment parameters
 - (4) Risk and decision making
 - (5) Treasury Management