

## COUNCIL – 24TH FEBRUARY 2020

### Supplementary Report of the Strategic Director of Corporate Services

#### ITEM 6.2 CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY STATEMENT, ANNUAL INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION POLICY 2020/21

##### Purpose of Supplementary Report

To set out revised recommendations in respect of this item.

##### Recommendations

1. that the Capital Strategy (including Treasury Management Strategy) 2019/20, approved by Council on 25th February 2019, and the current Investment Strategy, approved by Council on 4th November 2019, be extended until superseded by a new strategy;
2. that the proposed changes to the Constitution, set out in the appendix to this report and recommended by Cabinet on 13th February 2020, be approved, with immediate effect.

##### Reasons

1. To allow scrutiny of the Capital Strategy (including the Treasury Management Strategy) 2020/21 by the Audit Committee prior to its approval by Council.
2. To enable the efficient and timely execution of the Investment Strategy incorporated within the overall Capital Strategy.

##### Policy Justification and Previous Decisions

Detailed in the report to which this report is supplementary (agenda pages 37–102).

##### Implementation Timetable including Future Decisions and Scrutiny

The recommendations in this supplementary report, if agreed by Council, will have immediate effect.

The Capital Strategy (including the Treasury Management Strategy) 2020/21 will also be considered by the Audit Committee at its meeting on 11th March 2020, and then submitted to Council for approval.

##### Report Implications

Detailed in the report to which this report is supplementary (agenda pages 37-102).

Key Decision:

Yes

Background Papers:

[Capital Strategy \(including Treasury Management Strategy\) 2019/20, approved by Council 25th February 2019](#)

[Current Investment Strategy, approved by Council 4th November 2019](#)

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## APPENDIX

### Proposed amendments to the Financial Regulations and other areas of the Constitution

#### Proposed amendments to the Financial Regulations

Amendments are proposed to Section 16.5, 'Specific Financial Responsibilities' as set out below.

1. The heading, '**(b) Capital Expenditure**', is modified to read, '**(b) Capital Expenditure, excluding Capital Expenditure in respect of commercial property acquired for investment purposes**'

2. A new heading (c) is inserted into the Financial Regulations entitled, '**(c) Capital Expenditure in respect of commercial property acquired for investment purposes**.'

3. Text will be inserted under new heading (c) as follows:

Periodically the Council will invest in commercial property for the purposes of making a financial return. Such investments (or divestments) may require actions in a time frame that is not naturally enabled by usual Council decision making processes. The standard processes in respect of Capital Expenditure are therefore modified in respect of commercial properties that are acquired for investment purposes.

The Council approves the three-year Capital Plan. Funding for commercial property for investment purposes will be explicitly identifiable within the Capital Plan. Cabinet is able to make changes to the Capital Plan in respect of Capital Expenditure in respect of commercial property investment under the same conditions that apply to other capital expenditure.

Executive decisions relating to the investment and release of funding for the purchase of individual commercial properties, providing available funding exists within the extant Capital Plan, will be delegated to the Leader, or another Cabinet Member to whom the Leader may delegate authority.

Opportunity may allow the financially advantageous disposal of commercial properties. Approval of commercial property disposals will be delegated to the Leader or Cabinet Lead Member covering the finance portfolio, or other Cabinet Members to whom the Leader may delegate authority.

4. Subsequent headings under 16.5 will be re-referenced to reflect the insertion of new heading (c); hence, '**(c) Virement**' will become '**(d) Virement**', etc. References within the body of the text will also be amended to reflect the insertion of the new heading.

5. **'(f) Disposal of Assets'** will be re-referenced in line with the above and amended to read **'(g) Disposal of Assets excluding commercial property assets that were acquired for investment purposes.**

The above changes require formal approval by Council.

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### ***Governance processes – for information***

#### Financial Regulations

To enable the above changes to the Financial Regulations it will be necessary to update the Financial Procedure rules (a matter delegated to the Section 151 officer). It is intended that a summary of the updates will be presented to Cabinet at a forthcoming Cabinet report which will provide more detail covering the evaluation of opportunities and (potential) acquisition and disposal of commercial properties.

#### Delegation of Executive Functions

The nature of commercial property acquisitions is such that delegated authority will be required to complete transactions in a timely manner. Therefore arrangements for delegated executive authority will need to be put in place to enable the Strategic Director of Corporate Services to complete acquisition and disposal transactions in respect of commercial properties for investment purposes where approved funding exists within the Capital Plan (for acquisitions), and subject to pre-agreed procedures being undertaken.

Section 9E of the Local Government Act 2000 (as amended) gives authority to the Leader of the Council to arrange for Executive functions to be discharged by:

- himself/herself;
- the Cabinet;
- another Member of the Cabinet;
- a committee of the Cabinet, or
- an officer of the Council

The Leader of the Council can amend the scheme of delegation relating to Executive functions at any time. These decisions can take immediate effect, and the Constitution requires that they are reported to the next meeting of the Council.

#### Key Decisions and Exemption from Call-in

A key decision is an executive decision which is likely:

- To result in the council incurring expenditure which is, or the making of savings which are, significant having regard to our budget for the service or function to which the decision relates.
- To be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough

It is highly probable that any commercial property acquisition will exceed £150,000 in value, and therefore each purchase will be a key decision. However, due to the nature of the purchases being made (i.e. on the open market), it is unlikely that the required advance notice (28 days) for a key decision will be able to be given for each transaction, and therefore a General Exception notice will be published at least five days in advance of the proposed decision date.

In addition it would not be practical for the usual call-in arrangements for key decisions to be applied as any delay caused could result in a potential purchase falling through, and therefore it is proposed that the Chair of the Scrutiny Commission confer a blanket approval for decisions taken under this delegated authority to be exempted from Call-in under scrutiny procedure rule 11.9 within the Constitution. These arrangements will be put into place following approval of full Council and it is anticipated that the blanket approval from the Chair of the Scrutiny Commission be reviewed on an annual basis.

All cases of exemption from Call-in must be reported to the next relevant Council meeting, and this will ensure that Members are kept informed about each relevant acquisition that is made.