Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Head of Finance	Council	4 April 2019

Treasury Management Policy and Annual Investment Strategy, Minimum Revenue Provision Policy Statement and Capital Strategy 2019/20

1. Purpose of report

1.1 Confirmation of the Treasury Management Policy and Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy Statement and Capital Strategy 2019/20.

2. Outcomes

2.1 A Treasury Management Policy and Annual Investment Strategy, Minimum Revenue Provision (MRP) Policy Statement and Capital Strategy 2019/20.

3. Recommendation

3.1 To approve the Treasury Management Policy and Annual Investment Strategy, MRP Policy Statement and Capital Strategy for 2019/20 as considered by Cabinet at their meeting 27 March 2019.

4. Background

4.1 A review of the Treasury Management Policy Statement, Treasury Management Practices, Strategy and MRP Policy Statement is undertaken each year and reported to Cabinet in March.

4.2 As part of the revised Prudential Code 2017, CIPFA introduced a new requirement for councils to publish a Capital Strategy (see Appendix 4) to be in place for 2019/20, this was also reported to Cabinet at their meeting 27 March 2019.

4.3 However in order to comply with the CIPFA Code of Practice for Treasury Management, the full Council is formally required to approve the Treasury Management Policy and Annual Investment Strategy, the MRP Policy Statement and the Capital Strategy for the forthcoming financial year.

5. Key issues and proposals

5.1 The Treasury Management Policy Statement and Annual Investment Strategy, MRP Policy Statement and Capital Strategy are attached in Appendices 1 to 4.

Financial and legal implications	
Finance	The financial implications arising from the adoption of the Treasury Management and Annual Investment Strategy, the MRP Policy Statement and the Capital Strategy have been reflected in the Revenue Estimates which were agreed by Cabinet at their meeting 13 February 2019.
Legal	The approval of the recommendation will ensure that the revised Prudential Code 2017 and the CIPFA Code of Practice for Treasury Management have been complied with.

<u>Other risks/implications: checklist</u>

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	**✓ / x**
community safety	**x**
equality and diversity	**x**
sustainability	**x**
health and safety	**x**

risks/implications	**✓ / x**
asset management	**x**
climate change	**x**
ICT	**x**
data protection	**x**

<u>Processing Personal Data</u>

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix 1 – Treasury Management Policy Statement 2019/20
Appendix 2 – Treasury Management and Annual Investment Strategy 2019/20
Appendix 3 – Minimum Revenue Provision Policy Statement
Appendix 4 – Capital Strategy 2019/20

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Appendix 1

TREASURY MANAGEMENT POLICY STATEMENT 2019/20

Wyre Council defines its treasury management activities as follows: -

1. The management of the authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Clauses to be formally adopted

4. The Council will create and maintain, as the cornerstones for effective treasury management:
   - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities, and;
   - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

   The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

5. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

6. The Council delegates responsibility for the implementation and regular monitoring of its treasury management practices to Cabinet, and for the execution and administration of treasury management decisions to the Head of Finance, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

7. The Council nominates the Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Appendix 2

TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY 2019/20

1. Introduction

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is 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.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer term cash flow planning to ensure that the council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet council risk or cost objectives.

The contribution of the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure the adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting is required for the 2019/20 reporting cycle owing to revisions of the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a Capital Strategy see Appendix 5, to provide a longer term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.

A report to Cabinet on 16 January 2019 established a new Property Investment Fund. This fund has been established to allow the council to explore the income generation potential from an expanded property portfolio and the economic regeneration this can create in line with the council's business plan.

1.2 Reporting requirements

Capital Strategy
The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare a capital strategy report which will provide the following:

- A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- An overview of how the associated risk is managed
- The implications for future financial sustainability

The aim of the capital strategy which is included within this report at Appendix 5 is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

Treasury Management Reporting
The council is currently required to receive and approves, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and Treasury Indicators and Treasury Strategy (this report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an Investment Strategy (the parameters on how investments are to be managed).

A Mid-Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

An Annual Treasury Report – This provides details of a selection of actual prudential indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The Overview and Scrutiny Committee are responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies and their annual work programme reflects this requirement.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the MHCLG MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. All members were invited to attend a Treasury Management training session delivered by our Treasury Management Consultants prior to the Council meeting 18 January 2018 and a further training session was held on 13 November 2018 for Overview and Scrutiny Committee. Training will be ongoing as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury Management Consultants

The council uses Link Asset Services, Treasury solutions as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. The Capital Prudential Indicators 2018/19 to 2023/24

The council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The Prudential Indicators, capital expenditure plans and how these plans are being financed by capital or revenue resources were approved by Cabinet at its meeting on 13 February 2019.

2.1 Capital Expenditure

This prudential indicator is a summary of the council's Capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital expenditure	2017/18 Actual £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Total	12.640	9.084	6.226	2.828	1.993	1.830	1.842

Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The following table below summarises how the previous table's capital expenditure plans are being financed by capital or revenue resources. Any shortfall of resources results in a need to borrow.

Financing of Capital Expenditure	2017/18 Actual £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £,000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital receipts	90	63	36	0	0	0	0
Capital Grants and Contributions	12,124	7,973	3,081	2,401	1,769	1,769	1,769
Revenue/Reserves	426	1,048	3,109	427	224	61	73
Net financing need for the year	0	0	0	0	0	0	0

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital sources. It is essentially a measure of the council's indebtedness and so it's underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset’s life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI Schemes, finance leases). Whilst these increase the CFR, and therefore the council’s borrowing requirement, these types of scheme include a borrowing facility by the PFI, PPP lease provider and so the council is not required to separately borrow for these schemes. The council does not currently have any such schemes within the CFR.

	2017/18 Actual £’000	2018/19 Estimate £’000	2019/20 Estimate £’000	2020/21 Estimate £’000	2021/22 Estimate £’000	2022/23 Estimate £’000	2023/24 Estimate £’000
Capital Financing Requirement							
Total CFR	11,452	11,356	11,260	11,164	11,068	10,972	10,876
Movement in CFR	-96	-96	-96	-96	-96	-96	-96

Movement in CFR represented by							
MRP and other financing movements	96	96	96	96	96	96	96

The council’s Capital Financing Requirement is shown gross of Adjustment A (the unreconciled difference between the previous credit ceiling and the new CFR per the Prudential Code). In essence, Adjustment A provides a debt liability of £9.5m which the council is not required to repay through MRP.

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2017/18 Actual £’000	2018/19 Estimate £’000	2019/20 Estimate £’000	2020/21 Estimate £’000	2021/22 Estimate £’000	2022/23 Estimate £’000	2023/24 Estimate £’000
Fund balances/ reserves	21,306	21,281	19,497	18,223	16,644	14,774	12,375
Capital receipts	147	698	662	662	662	662	662
Provisions	1,783	1,783	2,496	2,496	2,496	2,496	2,496
Other							
Total core funds	23,236	23,762	22,655	21,381	19,802	17,932	15,533
Working capital*	436	436	436	436	436	436	436
Expected Investments	23,672	24,198	23,091	21,817	20,238	18,368	15,969

*Working capital balances shown are estimated year-end; these may be higher mid-year.

2.4 Minimum Revenue Provision Policy Statement

The council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP). MHCLG regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. The Council is recommended to approve the MRP Policy Statement at Appendix 4.

2.4 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the council's overall finances.

%	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Ratios	0.59	0.40	0.16	-0.29	0.13	-0.05	-0.05

This indicator identifies the trend in the cost of capital (borrowing costs net of investment income) against the net revenue stream.

2.5 Control of Interest Rate Exposure

Please see following paragraphs 3.3 and 3.4 and 4.4.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the council. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1. Current portfolio position

The overall treasury management portfolio as at 31 March 2018 and for the position as at 11 February 2019 are shown below for borrowing and investments.

Treasury Portfolio				
Treasury Investments	**Actual 31.03.18 £000**	**Actual % 31.03.18**	**Current 11.02.19 £000**	**Current % 11.02.19**
Banks	9,775	68%	18,670	76%
Money Market Funds	1,650	11%	6,000	24%
Local Authority	3,000	21%	0	0%
Total Treasury Investments	14,425	100%	24,670	100%

Total External Borrowing	1,552	100%	1,552	100%
Net Treasury Investments	12,697			

The council's forward projections for borrowing are summarised on the following table. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR) highlighting any over or under borrowing.

£000	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
External Debt							
Debt at 1 April	1,552	1,552	1,552	1,552	1,552	1,552	1,552
Expected change in Debt	0	0	0	0	0	0	0
Other Long Term Liabilities (OLTL)	7	7	7	7	7	7	7
Expected change in OLTL	0	0	0	0	0	0	0
Actual Gross Debt at 31 March	**1,560**	**1,560**	**1,560**	**1,560**	**1,560**	**1,560**	**1,560**
Capital Financing Requirement	**11,452**	**11,356**	**11,260**	**11,164**	**11,068**	**10,972**	**10,876**
Under/(over) borrowing	**9,892**	**9,796**	**9,700**	**9,604**	**9,508**	**9,412**	**9,316**

Within the range of prudential indicators there are a number of key indicators to ensure that the council operates its activities within well-defined limits. One of these is that the council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and the following two financial years. This allows some flexibility for limited, early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Head of Finance reports that the council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2. Treasury Indicators: Limits to Borrowing Activity

The Council is required to approve an 'authorised limit' and an 'operational boundary' for external debt. The Treasury Management indicators were approved by the Cabinet at its meeting on 13 February 2019 alongside the prudential indicators, capital expenditure plans and how these plans are being financed by capital or revenue resources.

The operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt	13,452	13,452	13,452	13,452	13,452	13,452

Other long term liabilities	7	7	7	7	7	7
Total	13,459	13,459	13,459	13,459	13,459	13,459

The authorised limit for external debt
A further key prudential indicator represents a control on the maximum level of borrowing. The 'authorised limit' is a prudent estimate of external debt, but allows sufficient headroom for unusual cash flow movements.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

The Council is asked to approve the following authorised limit:

Authorised limit	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Debt	20,000	20,000	20,000	20,000	20,000	20,000
Other long term liabilities	0	0	0	0	0	0
Total	20,000	20,000	20,000	20,000	20,000	20,000

3.3. Prospects for Interest Rates

The council has appointed Link Asset Services (formerly Capita Asset Services) as its treasury advisor and part of their service is to assist the council to formulate a view on interest rates and provide an economic commentary as follows:-

Annual Average % as at the quarter ending:	Bank Rate %	PWLB Rates %			
		5 year	10 year	25 year	50 year
March 2019	0.75	2.10	2.50	2.90	2.70
June 2019	1.00	2.20	2.60	3.00	2.80
Sept 2019	1.00	2.20	2.60	3.10	2.90
Dec 2019	1.00	2.30	2.70	3.10	2.90
March 2020	1.25	2.30	2.80	3.20	3.00
June 2020	1.25	2.40	2.90	3.30	3.10
Sept 2020	1.25	2.50	2.90	3.30	3.10
Dec 2020	1.50	2.50	3.00	3.40	3.20
March 2021	1.50	2.60	3.00	3.40	3.20
June 2021	1.75	2.60	3.10	3.50	3.30
Sept 2021	1.75	2.70	3.10	3.50	3.30
Dec 2021	1.75	2.80	3.20	3.60	3.40
March 2022	2.00	2.80	3.20	3.60	3.40

The flow of generally positive economic statistics after the quarter ended 30 June 2018 meant that it came as no surprise that the Monetary Policy Committee (MPC) came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left the Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase the Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, there has been a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. 2016 saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates
Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.

Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have backtracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, there is a need for this to be carefully reviewed to avoid incurring high borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of mature debt;
There will remain a 'cost of carry' (the difference between borrowing costs and investment returns) to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

3.4. Borrowing Strategy
The council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019/20 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- **if it were felt that there was a significant risk of a sharp FALL in long and short term rates,** (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- **if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast**, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to Council at the next available opportunity.

The council doesn't have any plans in the short to medium term to undertake any further borrowing.

3.5 Policy in Borrowing in Advance of Need

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the council can ensure the security of such funds. Risks associated with any borrowing in advance will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

a) The generation of cash savings and/or discounted cash flow savings;

b) Helping to fulfil the treasury strategy;

c) Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investment are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Council at the earliest meeting following its action.

4. Annual Investment Strategy

4.1 Investment policy

The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance"), the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the CIPFA TM Code") and the CIPFA Treasury Management Guidance Notes 2018. The council's investment priorities will be security first, liquidity second and then return.

The above guidance from MHCLG and CIPFA place a high priority on the management of risk. The authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.

2. Other information: ratings will not be the sole determinant of quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4. **Types of investment instruments** identified for use in the financial year are listed in Treasury Management Practices (TMP) Schedule 1 under the 'specified' and 'non-specified' investments categories.

5. **Lending limits** for each counterparty are set in the Creditworthiness policy (see 4.2).

6. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating** (see 4.4).

7. This authority has engaged **external consultants**,(see 1.5) to provide expert advise on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidioty throughout the year.

8. All investments will be denominated in **sterling**.

9. As a result of the change in accounting standards for 2018/19 under **IFRS9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing 1 April 2018.)

4.2 Creditworthiness Policy

This council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the council to determine the suggested duration for investments. The council will therefore use counterparties within the following durational bands:

- Yellow 5 years (only Local Authorities)
- Dark Pink 5 years for Ultra-Short Dated Bond Funds with credit score of 1.25
- Light Pink 5 years for Ultra-Short Dated Bond Funds with credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used

Organisation	**Minimum credit criteria / colour band**	**Max Amount per institution**	**Max. maturity Period**
Term deposits with UK Clearing Banks and UK Building Societies	Purple Blue Orange Red Green	£6m £6m £6m £6m £6m	Up to 2 years Up to 1 year* Up to 1 year Up to 6 months Up to 100 days

Organisation	Minimum credit criteria / colour band	Max Amount per institution	Max. maturity Period
Term Deposits with Other Banks	Orange Red Green	£6m £6m £6m	Up to 1 year Up to 6 months Up to 100 days
Certificates of Deposit with UK Clearing Banks and UK Building Societies	Purple Blue Orange Red Green	£6m £6m £6m £6m £6m	Up to 2 years Up to 1 year* Up to 1 year Up to 6 months Up to 100 days
UK Local Authorities	Yellow	£6m £6m	Up to 5 years Up to 1 year
Ultra-Short Dated Bond with credit score of 1.25	Dark pink / AAA	£6m	liquid
Ultra- Short Dated Bond Funds with credit score of 1.5	Light pink / AAA	£6m	liquid
Money Market Funds - CNAV, LVNAV or VNAV	AAA	£6m	liquid

* Part nationalised banks

The Link Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just once agency's ratings.

Typically the minimum credit ratings criteria the council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly but the council is alerted to changes to ratings of all three agencies through the use of the Link Asset Services creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the council will be advised of information in movements in credit default swap spreads against the

iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in the downgrade of an institution or removal from the council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the council will also use market data and market information and information on any external support for banks to help support its decision making process.

4.3 UK Banks – ring fencing

The largest UK banks, (those with more than £25bn of retail/Small and Medium sized Enterprise(SME) deposits), are required by law, to separate core retail banking services from their investment and international banking activities by 1 January 2019. This is known as 'ring-fencing'. While smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its regulatory group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

4.4 Country Limits

The council has determined that it will only use approved counterparties from countries (excluding the UK) with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at 21 January 2019 are shown in Annex 1. This list will be added to, or deducted from, by officers should ratings change prior to any investments being made outside of the UK.

4.4 Investment Strategy

In-House Funds

Investments will be made with reference to the level of earmarked reserves and cash flow requirements and the outlook for short term interest rates (i.e. rates for Investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cashflow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.

- Conversely, if it is thought that the Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations

The Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are as follows: -

- 2018/2019 0.75%
- 2019/2020 1.25%
- 2020/2021 1.50%
- 2021/2022 2.00%

The suggested budgeted investment earnings rates for returns on investments placed for periods of up to about three months during each financial year are as follows:

- 2018/2019 0.75%
- 2019/2020 1.00%
- 2020/2021 1.50%
- 2021/2022 1.75%
- 2022/2023 1.75%
- 2023/2024 2.00%
- Later years 2.50%

The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rates and shorter term PWLB rates, are probably also even and are dependent on the strength of GDP growth, how slowly inflation pressures subside and how quickly the Brexit negotiations move forward positively. The council has determined the budget for investment returns at 0.90% on investments placed during the 2019/20 financial year. This was based on the current investment profile.

4.5 Investment treasury indicator

There are currently no plans for funds to be invested for a period greater than 364 days. These limits are set with regard to the council’s liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year end. For its cash flow generated balances, the council will seek to utilise its instant access and notice accounts, money market funds, short dated deposits (overnight to 100 days) and 6 month deposits in order to benefit from compounding of interest.

4.6 Investment risk benchmarking

This council will use an investment benchmark to assess the investment performance of its investment portfolio of 7 day LIBID (London Interbank Bid Rate).

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

4.8 Non-treasury investments

This council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios. This council will ensure that all of its investments are covered in the capital strategy, investment strategy or equivalent and will set out, where relevant, the council’s risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. The council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the council’s risk exposure where applicable.

The establishment of a £1m Property Investment Fund was approved by Cabinet on 16 January 2019. The Property Investment Board will oversee all decisions that have been delegated to the Service Director for Perfomance and Innovation in consultation with the Resources Portfolio Holder. The criteria detailed in the Commercialisation Strategy will be applied to all potential investment property opportunities.

Investigations into policy driven initiatives and investments are allowed under the Capital and Investment Strategies under the delegated authority of the s.151 Officer.

Annex 1

Approved Countries for Investment (as at 21/01/19)

This list is based on those countries which have sovereign ratings of AA- or higher (the lowest rating from Fitch, Moody's and Standards & Poor are shown) and also (except – at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- U.K.

AA-

- Belgium
- Qatar

Appendix 3

MINIMUM REVENUE PROVISION POLICY STATEMENT 2019/20 (England and Wales)

1. The Council's Adopted Approach

The council implemented the new Minimum Revenue Provision (MRP) guidance in 2008/09 and will assess their MRP for 2019/20 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003 and the revised guidance issued in 2018.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure and from 1 April 2008, for all unsupported borrowing (including PFI and finance leases) the policy will be Asset Life method. Capital expenditure will under delegated powers be charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of expenditure, using the equal annual instalment method (Asset Life Method). For example, capital expenditure on a new building, or on the refurbishment or enhancement of a building, will be related to the estimated life of that building.

Estimated life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives

A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision, voluntary revenue provision or overpayments, can, if needed be reclaimed in later years if deemed necessary or prudent. The council does not have any such overpayments.

APPENDIX 4

Together we make a difference....

WYRE BOROUGH COUNCIL

CAPITAL STRATEGY

2019/20

CONTENTS

1.0	**INTRODUCTION**
1.1	The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 requires local authorities to produce a capital strategy in order to demonstrate that the council does the following: • takes capital and investment decisions in line with service objectives; • properly takes account of stewardship, value for money, prudence, sustainability and affordability; • sets out the long-term context in which capital expenditure and investment decisions are made; • gives due consideration to both risk and reward, and; • gives due consideration to the impact on the achievement of priority outcomes.
1.2	The capital strategy forms part of the council's integrated revenue, capital and balance sheet planning.
1.3	The strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services. It also provides an overview of how associated risk is managed and the implications for future financial sustainability.
1.4	The purpose of this document is to ensure that Members have sufficient detail to allow them to fully understand the overall capital strategy, its governance procedures and risk appetite.
1.5	A long-term view is taken when outlining the capital strategy and its associated context, as many schemes will span a number of years and have implications beyond the Medium Term Financial Plan (MTFP). All planned capital expenditure and investment decisions are included in the strategy including those undertaken with external partners.
1.6	CIPFA guidance indicates that the Capital Strategy should have regard to the following areas, each of which will be covered in this document: • Capital expenditure • Debt and borrowing and treasury management • Commercial activity • Other long-term liabilities • Knowledge and skills
1.7	This document should be read in conjunction with the Council's annual Treasury Management Policy Statement and Practices, Treasury Management and Annual Investment Strategy and the Minimum Revenue Provision Policy Statement. Reference

	may be made to specific sections of these documents as appropriate to avoid unnecessary duplication in the Capital Strategy.
2.0	**KEY DOCUMENTS**
2.1	Aside from the Treasury Management Policy Statement and Practices, Treasury Management and Annual Investment Strategy and the Minimum Revenue Provision Policy Statement, there are several key internal documents which influence the strategic direction of the council and these are listed below. • The Business Plan which gets refreshed annually and has three themes around People, Place and Economy. • The Council's Strategic Narrative which identifies three 'big goals' around financial discipline and commercialism, a flexible and change-ready workforce and providing an integrated and community-focused service offer. • The Commercial Strategy (see Appendix 1). • The Asset Management Strategy and Action Plan. • Also important are the main financial reports: the Statement of Accounts, the Medium Term Financial Plan (MTFP) and the Revenue Estimates and Capital Programme. All of the above documents are available on the council's website (for more details please see the latest versions at www.wyre.gov.uk).
3.0	**CAPITAL EXPENDITURE**
3.1	This section will cover the following areas identified by CIPFA guidance where their impact is material: • An overview of the governance process for approval and monitoring capital expenditure • A long-term view of capital expenditure plans, where long-term is defined by the financing strategy of and risks faced by the authority with reference to the life of the projects/assets (see Appendix 2). • An overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals. • Any restrictions around borrowing or funding of ongoing capital finance.
	The Definition of Capital Expenditure
3.2	The council has two types of expenditure as defined in the annual statement of accounts: • *Revenue expenditure*: the everyday costs incurred with running the council such as employee costs, premises related expenditure and various supplies and services.

	• *Capital expenditure*: the more sizeable costs, which usually relate to the acquisition of new assets or significant enhancement of existing assets to extend the economic benefit to the council.
3.3	In brief, there are three routes under which expenditure can qualify as capital and these are: • Spending which meets the recognition criteria specified under '**proper accounting practices**' e.g. expenditure on the acquisition of, construction of or the addition of subsequent costs to non-current assets (tangible e.g. buildings and intangible e.g. software) • Spending which meets one of the definitions specified in **regulations** made under the Local Government Act 2003 e.g. Revenue Expenditure Funded from Capital Under Statute (REFCUS). • The Secretary of State makes a **direction** that the spending can be treated as capital expenditure.
3.4	Examples of capital expenditure include expenditure on the acquisition, reclamation or enhancement of assets (e.g. buildings, land, plant and machinery). It can include computer costs (for use over a period exceeding one year e.g. software licences), grants to third parties, incidental costs involved in a capital project (e.g. officers' salaries and professional fees).
3.5	Excluded from the definition of capital are training, administrative and other general overhead costs. Costs will also be ineligible to the extent that they relate to activity that takes place prior to the intention to acquire or construct a fixed asset. Examples of this include the cost of option appraisals and feasibility studies that do not contribute to the scoping of the asset ultimately acquired or constructed.
3.6	The key principle to follow is that 'everything is revenue unless you can prove it is capital'.
	The Capital Programme, Governance and Approval Process
3.7	The Capital Programme is the council's schedule of capital works for future years and includes details of the funding of the schemes. Included in the schedule are projects such as sea defences, restoration of parks and open spaces, our rolling replacement of vehicles and the construction of new buildings and facilities. Also included could be service and commercial investments such as new IT systems to deliver digital transformation, the purchase of land or buildings for investment purposes and design, consultancy or in-house fees for staff time in support of major schemes.
3.8	The approval process for individual capital schemes and the Capital Programme itself can be found in the Council's Constitution which is available on the council's website. In summary, the majority of capital schemes are approved via a Portfolio Holder Report submitted to the relevant Portfolio Holder. Alternatively, where a key decision is involved, a Cabinet Report on a specific scheme or project is used to update the Capital Budget. Regular reports are also submitted to Cabinet throughout the year providing them with the

	latest current year Capital Budget position and its impact on the multi-year Capital Programme and requesting their approval for any changes. In February of each year the Cabinet formally approve the current revised and the future year's Capital Programme and this is subsequently ratified by full Council in March as part of the annual budget setting process.
3.9	From 2018/19 onwards, the council's MTFP will encompass the current year's budget plus four years and the Capital Programme will mirror this approach. Reference will also be made to years beyond the scope of the MTFP period where the expected lifespan of planned projects exceeds this timeframe.
	Asset Management
3.10	The Asset Management Strategy and Action Plan provides an overview of the council's current position with regard to investment properties, surplus assets, planned maintenance and investment projects, etc. The latest detailed Asset Management Strategy and Action Plan can be found on the council's website.
3.11	In order to achieve our corporate vision, key work areas have been established for Asset Management, these are: • Managing Investment Assets • Managing Property Assets • Property Maintenance • Property Disposals • Property Acquisitions
3.12	The Council's property portfolio largely falls under two main categories: Property Assets and Investment Property. The breakdown of property categories is as shown below:

Category	Number	Asset Value (31/03/2018)
Property Assets	69	£45.062m
Investment Assets	52	£7.192m
Community Assets	103	£3.764m
Heritage Assets	2	£0.294m
Assets Held for Sale	0	£0m
TOTAL	**226**	**£56.312m**

	Long-Term Borrowing
3.13	In an effort to reduce the council's reliance on borrowing and following concerns about the sustainability of continuing to borrow in the current economic climate, a Capital Investment Reserve was created as part of the 2009/10 closure of accounts. The council has the

following outstanding long term borrowing:

Date	Loan ref.	Value (£)	Period (Years)	Rate (%)	Maturing
05/03/2008	494404	552,000	30	4.48	September 2037
05/03/2008	494405	1,000,000	50	4.41	September 2057
Total		**1,552,000**			

4.0 DEBT AND BORROWING AND TREASURY MANAGEMENT

4.1 This section will cover the following areas identified by CIPFA guidance where their impact is material:

- A projection of external debt and use of internal borrowing to support capital expenditure (internal borrowing refers to the use of cash balances to finance capital expenditure in place of borrowing money from external sources).
- Provision for the repayment of debt over the life of the underlying debt.
- Authorised limit and operational boundary for the following year.
- The authority's approach to treasury management including processes, due diligence and defining the authority's risk appetite.

Capital Investments vs. Treasury Management Investments

4.2 'Treasury Management Activities' are defined by CIPFA as:

"The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

4.3 Unlike capital investments, for treasury management investments the security and liquidity of funds is placed ahead of any investment return.

4.4 The council recognizes that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes and investment property portfolios.

4.5 The council will ensure that all of its investments are covered in the capital strategy, investment strategy or equivalent, and will set out, where relevant, the council's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.

4.6 Capital investments should be proportional to the level of resource available to the council and the council should ensure that the same robust procedures for the consideration of risk and return are applied to these decisions.

	Capital Resources and Financing Strategy
4.7	Wyre's Capital Programme has always relied heavily on external funding owing to limited internal resources and a desire not to add to existing levels of external borrowing. In recent years the council has typically achieved external funding levels in excess of 90% of the total capital programme. Much of this has been provided by the Environment Agency for large scale sea defences but other externally funded works include Disabled Facilities Grants (Better Care Fund), Coastal Revival and Coastal Communities Funding for the Marine Hall Dome, Splash Pad and Skate Bowl and works to restore our parks (Heritage Lottery Funding).
4.8	As a result of central government funding cuts and a significant gap to bridge in our ongoing revenue estimates, there is limited scope for the council to contribute monies from general balances without additional compensating savings being identified. Likewise, the shortfall in ongoing funding means that it is not prudent to add to our external borrowing unless a compelling 'invest to save' case exists.
4.9	Several earmaked reserves exist to support capital investment and these include the Capital Investment, Leisure Management, IT, Value For Money and the Vehicle Replacement/Street Cleansing Maintenance Reserves. Added to these, on 16 January 2019, Cabinet approved the creation of a Property Investment Board and associated Fund. This report has given the Service Director for Performance and Innovation delegated authority to make investment decisions up to £1,000,000 in consultation with the Resources Portfolio Holder. The Board consists of the Service Director for Performance and Innovation, Head of Finance (S.151 Officer) and Senior Solicitor (Deputy Monitoring Officer). The Board will meet as and when a commercial opportunity arises that requires a timely decision. A report to the Board from the Head of Built Environment will set out the proposal, its associated risks and the financial and legal implications. Any business case for a commercial opportunity would therefore require the approval of the S.151 Officer and the Senior Solicitor. The remainder of Corporate Management Team, not represented on the Board, would also be consulted on any investment opportunities and all could deputise for the Service Director for Performance and Innovation in their absence. The Investment Board will take into account the Medium Term Financial Plan, the Capital Programme, the emerging Capital Strategy and any relevant Treasury Management Policies and Procedures. All decisions must be in line with the aforementioned documents.
4.10	Currently, the primary contribution to the Capital Investment Reserve comes from asset disposals with a commitment that the reserve will benefit from any sale of land or property. Surplus assets have been identified but there are a limited number available and owing to resource pressures, as and when approved, these must be phased over a number of years. In December 2018 a capital receipt of £615,001 from the sale of the former

	Garstang Business Centre was achieved. Some smaller disposals are expected in the medium term as per the current Schedule of Executive Decisions and the Asset Management Strategy and Action Plan 2018 – 2023.
4.11	The Capital Programme assumes available funding from the following sources: • Capital grants and contributions • Capital receipts from the sale of assets • Earmarked reserves • Revenue contributions • Internal borrowing • External borrowing
4.12	Ordinarily, capital receipts can only be used to fund capital expenditure or be set aside to repay debt. However, as part of the multi-year 2016/17 local government finance settlement, greater flexibility to allow council's to use these receipts to generate ongoing revenue efficiencies was announced although conditions apply including the requirement for a Strategy approved by full Council.
4.13	"The Guidance recommends that the Strategy setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year. Failure to meet this requirement does not mean that an authority cannot access the flexibility in that year. However, in this instance, the Strategy should be presented to full Council or the equivalent at the earliest possible opportunity."
4.14	At the present time, there is no intention to make use of this flexibility owing to the significant schedule of works required to maintain and invest in our assets and as such no Strategy has yet been approved by Council.
5.0	**COMMERCIAL ACTIVITY**
5.1	This section will cover the following areas identified by CIPFA guidance where their impact is material: • The authority's approach to commercial activities including processes ensuring effective due diligence and defining the authority's risk appetite in respect of these, including proportionality in respect of overall resources. • Requirements for independent and expert advice and scrutiny arrangements.
5.2	The council's Commercialisation Strategy 2018 – 2023 was first reported to Cabinet as part of the decision to create a Property Investment Board in January 2019 and this forms an opportunity to incorporate that document into the Capital Strategy for approval by full Council.
5.3	As local authorities become increasingly complex and diverse it is vital that those charged with governance understand the long-term context in which investment decisions are made and all the financial risks to which the authority is exposed. The impact of

	commercialisation has widened the scope of local authority powers and with the introduction of arrangements such as combined authorities it is no longer sufficient to consider only the individual local authority but also the residual risks and liabilities to which it is subject.
5.4	Investigations into policy driven initiatives and investments are allowed under the Capital and Investment Strategies under the delegated authority of the s.151 Officer.
5.5	The Commercialisation Strategy can be found at Appendix 1.
6.0	**OTHER LONG-TERM LIABILITIES**
6.1	This section will cover the following areas identified by CIPFA guidance where their impact is material: • An overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities.
6.2	Liabilities related to the Defined Benefit Pension Scheme are excluded from this definition related to treasury management.
6.3	The Authority does not have any finance leases or operating leases.
7.0	**KNOWLEDGE AND SKILLS**
7.1	This section will cover the following areas identified by CIPFA guidance where their impact is material: • A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite.
	Officer Training
7.2	The training needs of treasury management officers are reviewed throughout the year and additionally when the responsibilities of staff members change or there is staff turnover. Training records are held centrally for audit purposes.
7.3	Staff are encouraged to view webinars and/or attend training courses, seminars and conferences held by Link Asset Services, CIPFA and other appropriate bodies. Relevant staff are encouraged to study professional qualifications from CIPFA and other appropriate organisations.
7.4	Day-to-day treasury management staff and the Head of Finance attend an annual strategy meeting with Link Asset Services. Their expertise is available throughout the year and utilized by relevant staff as and when required.
	Member Training

7.5	The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny.
7.6	An annual training session is held for members of the Overview and Scrutiny Committee (O&S) in particular. This is either delivered in-house by the responsible officer at a suitable O&S meeting or provided by the council's external treasury management consultants, usually by way of a pre-council briefing available to all Members. Refer to the Treasury Management Policy Statement and Practices, Treasury Management and Annual Investment Strategy for more details.
	Treasury Management Consultants
7.7	The council uses Link Asset Services, Treasury Solutions as its external treasury management advisors. The council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
8.0	**NEXT STEPS**
8.1	The Capital Strategy is a new document and as such it is currently a high level overview which over time will be developed to reflect the Council's emerging risk appetite, strategic influences and overall capital ambitions.
8.2	A key part of the evolution of the Capital Strategy will be the determination of the Council's capital ambition and an important element of this will relate to the adopted Local Plan (Council, 28 February 2019). This document contains the following Vision Statement (further detail is available on our website at www.wyre.gov.uk): "By 2031 Wyre will be recognised as an aspirational place with a clear focus on delivering **sustainable growth –** balancing environmental, social and economic considerations**.** It will be an attractive and successful place focused on creating opportunities for people to live, work, visit and do business. Development will have achieved **high quality urban and rural environments**, whilst respecting the diverse distinctiveness of local character across the Borough."

8.3	This vision will inform the starting point for further investigations and research into the current economic position in Wyre, including a focus on our high streets and how we can use council assets and further investment using the Property Investment Fund to promote regeneration.
8.4	Wyre has a strong track record of attracting external investment through successful funding bids and benefactor donations. In the recent Coastal Communities Funding (Five) round the focus has been on joining up our coastline and beginning the journey to establish Fleetwood Market as a key anchor point in Fleetwood's town centre. Regardless of the outcome of this bid, this asset remains capable of being a utility for strategic change in the town's fortunes and will be a consideration in the Future High Streets Fund bid and further initiatives to come.
8.5	During 2019/20 further work will be undertaken, initially by Corporate Management Team, to explore the scope of a longer term vision for the borough and how the Council can help to shape and support this through capital investment.
9.0	**USEFUL LINKS**
9.1	The following documents can all be found on the Wyre Council website: www.wyre.gov.uk.
9.2	• Asset Management Strategy and Action Plan • Business Plan • Treasury Management Policy Statement and Practices and Treasury Management and Annual Investment Strategy and Minimum Revenue Provision Policy Statement • Medium Term Financial Plan • Revenue Estimates and Capital Programme • Local Plan
10.0	**APPENDICES**
10.1	The following appendices are included for information: • Appendix 1 – Commercialisation Strategy • Appendix 2a and 2b – Capital Strategy - Long Term Forecast

dem/cou/cr/19/0404jw1 Appendix 4

Wyre Council - Commercialisation Strategy 2018/19 to 2022/23

Background and Commercial Vision

In December 2016, the Council adopted a new Strategic Narrative, which sets out a clear vision and goals for evolving the way that Wyre council works.

The Strategic Narrative contains three big goals and these are:

- An integrated and community-focused service offer.
- A flexible and change-ready workforce.
- Financial discipline and commercial awareness.

Focusing on the third big goal around financial discipline and commercial awareness, the narrative commits that:

- By 2020 we will have implemented new ways to replenish dwindling government funding for local authorities.
- Our employees will be commercially minded with the ability to spot and maximize commercial opportunities.
- We will be financially astute delivering quality services, in conjunction with partners, on time and on budget.

Our approach will include:

- **Maintaining financial discipline.** Our Medium Term Financial Plan and Efficiency Programme will be aligned with our Business Plan to ensure our objectives and priorities are properly resourced and funded appropriately.

- **Bringing commerciality into everyday thinking.** We will bring commerciality into everyday working across the organisation through improved procurement practices, better contract management and a focus on delivering established financial goals.

At Wyre, commercialisation is a broad term used to capture all aspects of service reviews and redesign, the commissioning cycle, shared and multi-partner organisation joined-up services, income generation and general efficiencies.

Key Drivers

The council has a forecast budget gap of £2.7m in 2022/23 (as at October 2018) largely owing to central government cuts and this financial position necessitates our becoming more commercial in our approaches to procurement, contract management and the delivery and marketing of our services.

There is renewed interest in inter-Council arrangements with other local authorities as financial pressures increase. The same applies to other public sector partners who are similarly looking at the advantages, both financial and operational, of delivering services together on a shared footprint to make efficiencies.

Wyre's ultimate goal is achieving sustainability without the need for central government grant support and successes reported by other councils are building confidence in the sector that this is possible.

The introduction of our new appraisal 1-2-1s and 1-2-1+ are embedding the strategic vision and driving forward the 'One Team One Council, 'Working Collaboratively' and 'Work Smart' values throughout the workforce.

Annual benchmarking of services has highlighted areas for further investigation where our unit costs appear high compared to both our 'nearest neighbour' group and the national average. This analysis will prompt more detailed reviews of high unit cost areas to identify potential savings.

Core principles of Commercialisation at Wyre Council

Commercialisation at Wyre Council encompasses the following approaches:

- Selling and Marketing our Services
- Fees and Charges
- Smart Procurement
- Improved and Continuous Contract Management
- Multi-partner Collaboration and Shared Services
- Maximising our Assets
- Investments
- Generating Efficiencies
- Digital Transformation
- Civic Crowdfunding

This strategy allows for all services to participate (or elements of services) and encourages a diverse range of approaches.

The principles of commercialisation include:

- Be open to all options for service delivery
- Be willing to take risks – allow for failure as well as success
- Be open and honest about current performance
- Follow financial regulations
- Be prepared to invest now for a return in the future

Links to other Wyre Council Strategies and key documents include the following:

- Wyre Council Business Plan
- Medium Term Financial Strategy
- Procurement Guide for Staff
- Commercial Advice for Staff
- Digital Transformation Strategy
- Annual Fees and Charges review
- Annual Benchmarking Report

Aims and Objectives

Essentially, the strategy aims to deliver a financial return, which contributes to closing the growing funding gap currently forecast to be £2.7m in 2022/23 (as at October 2018).

This will entail developing a programme of work based on:

- business cases put forward throughout the year;
- business plan programmes and projects;
- external funding bids;
- fees and charges reviews;
- marketing our services and assets
- training and development of staff to grow our in-house commercialism skills;
- the creation of cross-directorate working groups to take shortlisted projects forward; and,
- harnessing Wyre's unique selling points including our capital assets, a brand that people trust and detailed local knowledge.

Creating the right culture and environment

Careful consideration will be given to nurturing the positive, 'can do' culture within Wyre in order to encourage innovative ideas and develop them into robust project proposals. This will involve the following activities:

- Undertaking a staff development programme to support our vision and goals;
- Holding regular staff briefings (at least once a year) and cascading updates to teams during the year via Core Brief
- Adopting a project management approach for the implementation of the programme and promoting the new online resources for generating project proposals;
- Ensuring new proposals have the right support from the Senior Leadership Team and necessary stakeholders.

Outcomes

The approach taken in this strategy will ensure that positive outcomes are delivered including:

- A real, tangible opportunity to make a contribution to the Medium Term Financial Plan;
- Staff development – new skills will be acquired and can be transferred to other opportunities internally;
- Enhancing Wyre Council's reputation as a leading-edge authority in this sphere;
- Developing the organisation into a more innovative workplace, building on successes so far;
- Bringing benefits to the local economy;
- Ensuring the sustainability of non-statutory services that would otherwise be stopped due to lack of funding.

Criteria for Selecting Investment Assets

An initial Pass/Fail test will apply to all investment property acquisitions:

1. Owing to the council's requirement to generate income through a satisfactory level of return, the net initial yield (NIY) range that we could expect to achieve on the investment is likely to be between 5% and 7%. The NIY allows for the cost of purchase including agent's fees, surveys and stamp duty and should exceed a minimum level of 5% to qualify. (To **calculate net initial yield**, you need to deduct all the expenses (ongoing costs + cost of vacancy) from the annual rental income (weekly rent x 52). You then divide that number by the property's purchase price (including associated cost of purchase expenses) and times it by 100. This will give you the percentage yield.)
2. Whilst borrowing is not currently planned to finance the purchase of investment property, if it is undertaken then all investments must initially provide income equal to or above the council's required rate of return (ROR) defined by the cost of capital borrowing for purchase.

Any asset meeting the above criteria will be eligible to pass to the next stage for consideration. Any assets which do not meet the above criteria will not be considered further.

Following the initial Pass/Fail test, for eligible assets, a more detailed evaluation criteria will then apply accompanied by a business case co-ordinated by the Head of Built Environment.

Appendix 2a: Capital Strategy - Long Term Forecast (Yr 1 to Yr 10)

	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £
LEISURE, HEALTH AND COMMUNITY ENGAGEMENT PORTFOLIO										
Health and Wellbeing Directorate										
Thornton Leisure Centre	-5,195	0	0	0	0	0	0	0	0	0
Poulton Leisure Centre	-3,241	0	0	0	0	0	0	0	0	0
Performance and Innovation Directorate										
Poulton LC Pool Roof Works	42,635	0	0	0	0	0	0	0	0	0
Roofing Works Fleetwood LC	144,974	0	0	0	0	0	0	0	0	0
Fleetwood Leisure Centre Works	0	372,500	25,000	0	40,000	0	105,000	0	0	0
Garstang Pool Works	35,000	0	0	0	0	0	120,000	0	0	0
Garstang Leisure Centre Works	0	0	0	0	0	0	244,000	0	0	0
Marine Hall Works	12,000	150,000	0	0	0	0	0	0	0	0
Thornton Little Theatre Works	0	0	0	0	0	0	20,000	0	0	0
Portfolio Total	**226,173**	**522,500**	**25,000**	**0**	**40,000**	**0**	**489,000**	**0**	**0**	**0**
NEIGHBOURHOOD SERVICES AND COMMUNITY SAFETY PORTFOLIO										
Health and Wellbeing Directorate										
Housing (subject to external funding confirmation)										
Disabled Facilities Mandatory Grants	2,192,628	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819
Additional Disabled Facilities Grants and Social Capital Projects	201,271	0	0	0	0	0	0	0	0	0
Empty Homes Delivery	0	17,049	0	0	0	0	0	0	0	0
People and Places Directorate										
Coastal Protection										
Cell 11 Monitoring (Yr 3 of 5 year programme approved annually):External Costs	12,997	3,000	3,000	0	0	0	0	0	0	0
Cell 11 Monitoring (Yr 3 of 5 year programme approved annually):In House Costs	21,220	17,000	17,000	0	0	0	0	0	0	0
Rossall Seawall Improvement Works	4,827,852	0	0	0	0	0	0	0	0	0
Rossall Seawall Improvement Works In House Fees	44,420	0	0	0	0	0	0	0	0	0
Wyre Beach Management- In house	45,840	58,630	0	0	0	0	0	0	0	0
Wyre Beach Management- External costs	275,156	15,370	0	0	0	0	0	0	0	0
Kirkland Flood Defence Embankment	69,000	0	0	0	0	0	0	0	0	0
Portfolio Total	**7,690,384**	**1,879,868**	**1,788,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**
PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO										
Performance and Innovation Directorate										
Fleetwood Market Lighting	47,520	0	0	0	0	0	0	0	0	0
Fleetwood Market Works	0	260,000	185,000	50,000	0	0	247,000	0	0	0
Portfolio Total	**47,520**	**260,000**	**185,000**	**50,000**	**0**	**0**	**247,000**	**0**	**0**	**0**
RESOURCES PORTFOLIO										
People and Places Directorate										
Vehicle Fleet Replacement Programme	430,686	2,259,500	426,700	224,495	61,000	73,500	484,485	70,241	425,500	2,142,700
Copse Road Depot MOT Test Centre	2,200	0	0	0	0	0	0	0	0	0

	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £	2021/22 Budget £	2022/23 Budget £	2023/24 Budget £	2024/25 Budget £	2025/26 Budget £	2026/27 Budget £	2027/28 Budget £
Performance and Innovation Directorate										
Civic Centre Roof	15,000	70,000	0	0	0	0	0	0	0	0
Civic Centre Works	0	50,000	0	0	0	0	40,000	0	0	0
IT Service Management Software	26,483	0	0	0	0	0	0	0	0	0
Relocation of ICT and Digital Team	30,000	0	0	0	0	0	0	0	0	0
Citizen Access Portal	258,050	25,000	0	0	0	0	0	0	0	0
Cash Receipting System Upgrade	103,432	0	0	0	0	0	0	0	0	0
Chatsworth Depot Works	25,000	0	0	0	0	0	0	0	0	0
Copse Road Depot Works	0	20,000	0	0	0	0	0	0	0	0
Portfolio Total	**890,851**	**2,424,500**	**426,700**	**224,495**	**61,000**	**73,500**	**524,485**	**70,241**	**425,500**	**2,142,700**
STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO										
People and Places Directorate										
Tebay Playground Refurbishment	0	7,000	0	0	0	0	0	0	0	0
King George's Playing Field, Thornton	49,000	14,000	0	0	0	0	0	0	0	0
Refurbishment of Playgrounds - Unallocated	0	28,662	0	0	0	0	0	0	0	0
Memorial Park Fleetwood Heritage scheme Phase 2	0	5,848	0	0	0	0	0	0	0	0
Mount Grounds Restoration Phase 2	2,616	0	0	0	0	0	0	0	0	0
Mariners Close Playground Removal/Relandscaping	6,863	0	0	0	0	0	0	0	0	0
Refurbishment of Children's Playground Jean Stansfield Park	63,800	0	0	0	0	0	0	0	0	0
Bob Williamson Park - Hambleton	15,920	0	0	0	0	0	0	0	0	0
Restoration of the Mount	162,529	1,181,545	612,867	0	0	0	0	0	0	0
Wheeled Bins	0	825,000	0	0	0	0	0	0	0	0
Other Parks and Open Spaces Works	30,000	0	0	0	0	0	0	0	0	0
Portfolio Total	**330,728**	**2,062,055**	**612,867**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GRAND TOTAL	**9,185,656**	**7,148,923**	**3,038,386**	**2,043,314**	**1,869,819**	**1,842,319**	**3,029,304**	**1,839,060**	**2,194,319**	**3,911,519**
Funded by Grants and Contributions TOTAL	7,973,266	3,080,590	2,401,686	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819
Funded by Revenue TOTAL	1,149,981	3,416,999	636,700	274,495	101,000	73,500	1,260,485	70,241	425,500	2,142,700
Funded by Capital Receipts TOTAL	62,409	651,334	0	0	0	0	0	0	0	0
Funded by Loans	0	0	0	0	0	0	0	0	0	0
	9,185,656	**7,148,923**	**3,038,386**	**2,043,314**	**1,869,819**	**1,842,319**	**3,029,304**	**1,839,060**	**2,194,319**	**3,911,519**

NOTE: The above combines the Q3 Capital Programme approved by Cabinet with the provisional planned asset maintenance and vehicle replacement schedules as at January 2019.
As such not all works or funding have been approved and both are subject to change.

Appendix 2b: Capital Strategy - Long Term Forecast (Yr 11 to Yr 20)

	2028/29 Budget £	2029/30 Budget £	2030/31 Budget £	2031/32 Budget £	2032/33 Budget £	2033/34 Budget £	2034/35 Budget £	2035/36 Budget £	2036/37 Budget £	2037/38 Budget £
LEISURE, HEALTH AND COMMUNITY ENGAGEMENT PORTFOLIO										
Health and Wellbeing Directorate										
Thornton Leisure Centre	0	0	0	0	0	0	0	0	0	0
Poulton Leisure Centre	0	0	0	0	0	0	0	0	0	0
Performance and Innovation Directorate										
Poulton LC Pool Roof Works	0	0	0	0	0	0	0	0	0	0
Roofing Works Fleetwood LC	0	0	0	0	0	0	0	0	0	0
Fleetwood Leisure Centre Works	0	0	0	0	0	0	0	0	0	0
Garstang Pool Works	0	0	0	0	0	0	0	0	0	0
Garstang Leisure Centre Works	0	0	0	0	0	0	0	0	0	0
Marine Hall Works	0	0	0	0	0	0	0	0	0	0
Thornton Little Theatre Works	0	0	0	0	0	0	0	0	0	0
Portfolio Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
NEIGHBOURHOOD SERVICES AND COMMUNITY SAFETY PORTFOLIO										
Health and Wellbeing Directorate										
Housing (subject to external funding confirmation)										
Disabled Facilities Mandatory Grants	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819
Additional Disabled Facilities Grants and Social Capital Projects	0	0	0	0	0	0	0	0	0	0
Empty Homes Delivery	0	0	0	0	0	0	0	0	0	0
People and Places Directorate										
Coastal Protection										
Cell 11 Monitoring (Yr 3 of 5 year programme approved annually):External Costs	0	0	0	0	0	0	0	0	0	0
Cell 11 Monitoring (Yr 3 of 5 year programme approved annually):In House Costs	0	0	0	0	0	0	0	0	0	0
Rossall Seawall Improvement Works	0	0	0	0	0	0	0	0	0	0
Rossall Seawall Improvement Works In House Fees	0	0	0	0	0	0	0	0	0	0
Wyre Beach Management- In house	0	0	0	0	0	0	0	0	0	0
Wyre Beach Management- External costs	0	0	0	0	0	0	0	0	0	0
Kirkland Flood Defence Embankment	0	0	0	0	0	0	0	0	0	0
Portfolio Total	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**	**1,768,819**
PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO										
Performance and Innovation Directorate										
Fleetwood Market Lighting	0	0	0	0	0	0	0	0	0	0
Fleetwood Market Works	0	0	0	0	0	0	0	0	0	0
Portfolio Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
RESOURCES PORTFOLIO										
People and Places Directorate										
Vehicle Fleet Replacement Programme	223,200	223,200	223,200	223,200	223,200	223,200	223,200	2,138,200	223,200	223,200
Copse Road Depot MOT Test Centre	0	0	0	0	0	0	0	0	0	0

	2028/29 Budget £	2029/30 Budget £	2030/31 Budget £	2031/32 Budget £	2032/33 Budget £	2033/34 Budget £	2034/35 Budget £	2035/36 Budget £	2036/37 Budget £	2037/38 Budget £
Performance and Innovation Directorate										
Civic Centre Roof	0	0	0	0	0	0	0	0	0	0
Civic Centre Works	0	0	0	0	0	0	0	0	0	0
IT Service Management Software	0	0	0	0	0	0	0	0	0	0
Relocation of ICT and Digital Team	0	0	0	0	0	0	0	0	0	0
Citizen Access Portal	0	0	0	0	0	0	0	0	0	0
Cash Receipting System Upgrade	0	0	0	0	0	0	0	0	0	0
Chatsworth Depot Works	0	0	0	0	0	0	0	0	0	0
Copse Road Depot Works	0	0	0	0	0	0	0	0	0	0
Portfolio Total	**223,200**	**223,200**	**223,200**	**223,200**	**223,200**	**223,200**	**223,200**	**2,138,200**	**223,200**	**223,200**
STREET SCENE, PARKS AND OPEN SPACES PORTFOLIO										
People and Places Directorate										
Tebay Playground Refurbishment	0	0	0	0	0	0	0	0	0	0
King George's Playing Field, Thornton	0	0	0	0	0	0	0	0	0	0
Refurbishment of Playgrounds - Unallocated	0	0	0	0	0	0	0	0	0	0
Memorial Park Fleetwood Heritage scheme Phase 2	0	0	0	0	0	0	0	0	0	0
Mount Grounds Restoration Phase 2	0	0	0	0	0	0	0	0	0	0
Mariners Close Playground Removal/Relandscaping	0	0	0	0	0	0	0	0	0	0
Refurbishment of Children's Playground Jean Stansfield Park	0	0	0	0	0	0	0	0	0	0
Bob Williamson Park - Hambleton	0	0	0	0	0	0	0	0	0	0
Restoration of the Mount	0	0	0	0	0	0	0	0	0	0
Wheeled Bins	0	0	0	0	0	0	0	0	0	0
Other Parks and Open Spaces Works	0	0	0	0	0	0	0	0	0	0
Portfolio Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GRAND TOTAL	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**3,907,019**	**1,992,019**	**1,992,019**
Funded by Grants and Contributions TOTAL	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819	1,768,819
Funded by Revenue TOTAL	223,200	223,200	223,200	223,200	223,200	223,200	223,200	2,138,200	223,200	223,200
Funded by Capital Receipts TOTAL	0	0	0	0	0	0	0	0	0	0
Funded by Loans	0	0	0	0	0	0	0	0	0	0
	1,992,019	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**1,992,019**	**3,907,019**	**1,992,019**	**1,992,019**

NOTE: The above assumes Disabled Facilities Grants will continue to be funded at the same level. An average of the rolling programme of vehicle replacements has been used to provide a forecast.
As such not all works or funding have been approved and both are subject to change.