Cumbria Fire & Rescue Service

Capital Investment Strategy

2024/25 – 2028/29

Mid-year review

Executive Board: **4 September 2024**
Report of: **Chief Finance Officer**

1.0 Introduction

1.1 The Capital Investment Strategy (CIS) is a key policy document for the Service and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Service plans and is based on the guidance in the Medium-Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2021) and reflects the new CIPFA Capital Strategy Guidance 2021 'A whole organisation approach'.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of external and internal borrowing to support capital expenditure;
- Define the authority's approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Service's policy on capitalisation is included in the Financial Regulations and in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £10,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits can deemed to be a revenue cost if so decided by the Chief Finance Officer.

1.3 Evaluation and Monitoring of Capital Projects

The evaluation and monitoring of capital projects is important to enable the Service to determine:

- If projects have met their individual objectives for service provision,
- If projects have been delivered on time and to budget, or whether lessons need to be learned to improve processes in the future,
- If projects have contributed to the overall aims and objectives of the Service.

1.4 To assist with these processes, the Service has a series of procedures in place as a capital project develops. These consist of: -

- Consideration of all aspects of a capital project by the Executive Board - Fire, comprising senior officers of the Service and the OPFCC, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted for consideration as part of the normal budget process.

- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.

- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to the Commissioner through Executive Board – Fire..

- The Chief Officer team and Commissioner receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process should also include the evaluation of completed capital projects to assess if their individual aims and objectives have been met and makes recommendations where necessary to improve the delivery of similar projects in the future.

1.6 Current Asset Portfolio

The Service holds a modest asset portfolio that supports its operational activities. The balance sheet valuations are shown below:

Asset Category	Draft Valuation 31/03/2024 £000
Land & Buildings	44,155
Vehicles	6,818
Plant & Equipment	1,567
TOTAL	**52,540**

N.B. The closing balances for 2023/24 are still being finalised.

Land & Buildings (Operational)

These are operational properties that are used to deliver services and for the Service primarily relate to Fire Stations.

Vehicles, Plant and Equipment (Operational)

These assets are used in the delivery of Services and include owned vehicles, IT equipment, and other equipment.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2023, this totalled £20.967million (which included £13.467million of long term PFI liabilities).

2.0 Financial Principles supporting the Capital Investment Strategy.

2.1 Capital expenditure is to be incurred in line with Financial Regulations as follows:

- The Chief Finance Officer (s.151) is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Commissioner and covers at least the current and forthcoming three financial years' (B3);

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held centrally and are allocated according to the priorities set out in the Fire Plan (i.e. there is no automatic ring-fencing of resources for specific purposes);
- Capital receipts will be allocated in accordance with Service priorities and overall capital financing requirements to ensure borrowing requirements are minimised;
- Income generated from the sale of assets will be reinvested in the programme and be used initially to fund future replacements;
- The Service will seek to maximise the use of grants and external funding wherever possible;
- The Service is committed to deliver capital investment with partners to maximise benefits where this fits with Service priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- The impact of capital investment decisions on Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance (e.g., borrowing costs) to ensure affordability is maintained;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring additional borrowing and borrowing costs;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g., through re-profiling of capital receipts and borrowing);
- In order to reduce the exposure of the service to a borrowing requirement the following steps should continue to be examined:
    - Review of existing capital programme to ensure that schemes are still required and are allocations are accurate;
    - Maximisation of the use of grants and contributions from external sources;

- o Providing a recurring revenue contribution to the capital programme (where possible);
- o Invest to save schemes that can repay the capital investment over a period of time.

2.3 Links to other Strategies

The Medium-Term Financial Plan takes account of other Strategies, which have a potential impact on the use of resources by the Service. Particularly consideration is given to the following key strategies: -

- Police, Fire and Crime Plan
- The Community Risk Management Plan
- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Estates Strategy, which provides forecasts of necessary investment in the estate's portfolio.
- The Fleet Strategy, which provides information on the investment, maintenance, and aspirations of the Service's fleet.
- The Asset Disposal Strategy.
- The Productivity and Efficiency Plan
- The Procurement and Commissioning Strategy.
- The ICT Strategy.
- The People Strategy and workforce plan
- Executive Boards – Fire and Working Together

3.0 Strategic Vision / Long Term ambitions

3.1 The Service recognises the vital contribution its Capital Investment Strategy and its asset portfolio play in the delivery of an effective and efficient fire service for Cumbria.

The capital investment strategy and capital programme will link and address the strategic priorities and directions as set out in the following strategies.

- Estates Strategy / Asset Management Plan
- Fleet Strategy
- DDaT Strategy

Consideration to these strategies will be undertaken as part of the review of the Medium-Term Financial Plan and budget process for 2025/26.

3.2 External and Partner Influences

Capital investment decisions will be influenced by both internal and external factors.

Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these are summarised as follows:

Internal Factors

- Service Priorities
- Investment identified in strategies, policies and plans
- Work needed to maintain Property assets
- Vehicles, Plant and Equipment replacement needs
- ICT Investment and replacement
- Invest to save projects

External Factors

- Government sponsored programmes
- Unforeseen emergency works, e.g. RAAC
- Works required to comply with legislation e.g. disabled access, health & safety
- Projects resulting from partnership activity
- Availability of external funding
- Public expectation that works should be carried out

The Service works with a wide range of partners from the public, private, voluntary and community sectors, all of which may have an influence over its spending priorities. These include, but are not limited to:

- Central Government
- Other Local Authorities

- Health sector
- Further and Higher education sector
- Charity, social and not for profit sector
- Private sector
- Community Projects

4.0 Capital Expenditure

4.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Fire Plan. The Service is at a point where it has limited capital resources and as such any investment in assets will have implications on the revenue budget (either through direct revenue contributions or borrowing costs).

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Service priorities, and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in replacement fleet vehicles and includes allowances for work to estates and ICT and equipment.

Other capital investment opportunities may present themselves over the lifetime of the MTFP; each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

All business cases are subject to due diligence to ensure that they afford the best value for money for the Service, align with its core priorities and do not expose the Service to unnecessary risk that could put future delivery of services in jeopardy.

The table below shows the current capital resources before any new decisions around capital investment are made. The 2024/25 budget reflects the agreed budget from February 2024. This will be updated with any carry forward/slippage from 2023/24 once the 2023/24 outturn is finalised.

The 2025/26 forecasts onwards reflect the agreed capital expenditure from February 2024 when the original MTFP was agreed. These forecasts have been updated for the 2023/24 outturn position and will be further updated with a detailed programme of capital expenditure as part of the 2025/26 MTFP and budget setting process.

	Budget	Forecasts				
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Opening Borrowing Requirement (Excl PFI)	10,252					
Estimated resources available in year (Table 3)	(1,964)	0	0	0	0	0
Agreed Programme (Table 2)	4,673	2,683	3,146	2,928	2,065	2,051
In-Year Borrowing Requirement (Excl PFI)	**2,709**	**2,683**	**3,146**	**2,928**	**2,065**	**2,051**
MRP And Repayment of Debt	**(630)**	**(638)**	**(932)**	**(1,294)**	**(1,502)**	**(1,634)**
Cumulative Borrowing Requirement (Excl PFI)	**12,331**	**14,376**	**16,590**	**18,224**	**18,787**	**19,204**

The Service also has a borrowing liability arising from the PFI contracts in place. The Borrowing position including PFI is as follows:

	Budget	Forecasts				
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Opening Borrowing Requirement (Incl PFI)	23,266					
Estimated resources available in year (Table 3)	(1,964)	0	0	0	0	0
Proposed Programme (Table 2)	4,673	2,683	3,146	2,928	2,065	2,051
In-Year Borrowing Requirement (Incl PFI)	**2,709**	**2,683**	**3,146**	**2,928**	**2,065**	**2,051**
MRP And Repayment of Debt	**(1,162)**	**(1,172)**	**(1,510)**	**(1,920)**	**(2,181)**	**(2,371)**
Cumulative Borrowing Requirement (Incl PFI)	**24,813**	**26,324**	**27,960**	**28,968**	**28,852**	**28,532**

The MRP figures in the above two tables have been adjusted to reflect the outcome of the 2023/24 outturn and the fact that there was no increase in the Capital Financing Requirement (Underlying need to borrow) and also the expected application of resources in 2024/25 reducing the borrowing requirement.

4.2 Current Expenditure Forecast

The Commissioner approved the current forecast for the period 2024/25 to 2028/29 in February 2024 and details are shown below, along with the proposed adjustments as a result of the 2023/24 outturn position.

	Budget	Forecasts				
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000	£000
Vehicles	1,436	1,348	1,856	1,411	938	1,080
Property Enhancements	1,065	450	501	872	482	421
Equipment & ICT	644	885	789	645	645	550
Total Original Programme	**3,145**	**2,683**	**3,146**	**2,928**	**2,065**	**2,051**
Carried Forward from 2023/24						
Vehicles	1,471	0	0	0	0	0
Property Enhancements	(56)	0	0	0	0	0
Equipment and ICT	113	0	0	0	0	0
Total Revised Programme	**4,673**	**2,683**	**3,146**	**2,928**	**2,065**	**2,051**

4.3 Current Resource Forecasts

The Service's capital programme can be financed, (or paid for), through a variety of sources and the Chief Finance Officer (s.151) will make recommendations on the most effective and efficient way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. The table below shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£000	£000	£000	£000	£000	£000
Revenue Contributions (HO Grants)	(1,793)	0	0	0	0	0
Capital Receipts	(171)	0	0	0	0	0
Total Resources Receivable in Year	**(1,964)**	**0**	**0**	**0**	**0**	**0**

4.3.1 <u>Capital Grants</u>

The Service does not receive any specific capital grants, however, one-off grants linked to applications for particular projects could provide external funding.

4.3.2 <u>Revenue Contributions and Reserves</u>

The capital programme can also be financed using reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget. Revenue contributions will have to be found from existing revenue budgets but may be more cost effective than incurring borrowing costs. The Service received £3m from Home Office to support transformation and investment in the Service. This funding was provided as a revenue grant therefore, it is accounted for as a revenue contribution to finance the capital programme.

4.3.3 Capital Receipts

Capital Receipts arise principally from the sale of capital assets.

The sale of assets, particularly from fleet replacement can be utilised to support the Capital Programme in the Capital Strategy. There are currently no anticipated sales included in the Capital programme. The fleet replacement programme should highlight realistic potential receipts from vehicles and equipment no longer required so that these can be utilised to finance future capital spend. The Asset Disposal Strategy outlines how disposals are to be undertaken.

4.3.4 Borrowing Requirement

The cumulative in-year borrowing requirement identifies a potential need to borrow an additional £13.531million to fund the capital programme over the next five years. The brought forward borrowing requirement (excluding PFI liabilities) of £10.252million compares to actual brought forward external debt of £7.5million.

The Medium-Term Financial Plan approved in February 2024 includes an expectation of incurring new borrowing in 2024/25 and beyond due to the lack of other capital resources.

The revenue cost of any borrowing has to be paid for from the revenue budget and although allowance is included in the MTFP (approved in February 2024), this will be subject to market factors when actual borrowing is required (e.g., prevailing interest rates).

5.0 Debt, Borrowing and Treasury Management

5.1 Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004 with authorities now able to borrow as much as it wishes provided that it can afford the repayments from its revenue budget.

The Service has identified that it will need to undertake additional borrowing to fund the current and forecast capital programme. The cost of this borrowing is included in the Medium-Term Financial Plan however, the cost of borrowing will be subject to the underlying interest rates at the time of need.

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLB), or can be undertaken by utilising internal resources, i.e. cash backed reserves and investment balances. This is known as internal borrowing. Using internal borrowing still requires provision for Minimum Revenue Provision (MRP), which is provision to repay the underlying debt, to be made and will result in the loss of investment income interest.

The Chief Finance Officer (s.151) is delegated with responsibility for the financing of the capital programme and as such may make borrowing decisions based upon interest rates, the Service's cash flow projections and other economic factors, in order to optimise the overall use of resources. External advice will be sought from the Service's Treasury advisors, Link, if necessary.

To reduce the exposure of the Service to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

- Review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme where possible;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Service will attempt to avoid using any debt financing for capital projects, however, it is recognised that this is not possible with no other forms of capital resource available.

In cases where debt financing is unavoidable, the Service will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Service has at the point in time it is taken out.

5.2 The Capital Financing Requirement

The Capital Financing Requirement (CFR) represents the Service's underlying need to borrow. This is different to actual borrowing. If the Service generates the same amount of capital resources (e.g. capital receipts, capital grants or revenue contributions) in a year to meet its capital expenditure requirements, then there is no change to the CFR.

However, if the Service spends more than the resources it generates in year, the CFR will increase as the Service has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

The CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e., internal borrowing.

Where the Service has a positive CFR, i.e., an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Service's current policy, as set out in the MRP Strategy is to charge MRP on an **asset life basis**. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Service that will then allow debt to be repaid.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Total Capital Expenditure	4,673	2,683	3,146	2,928	2,065	2,051
Capital Resources applied in year	(1,964)	0	0	0	0	0
MRP & Other Repayment of Debt	(1,162)	(1,172)	(1,510)	(1,920)	(2,181)	(2,371)
Change in Underlying need to borrow	**1,547**	**1,511**	**1,636**	**1,008**	**(116)**	**(320)**
CFR Brought Forward	**23,266**	**24,813**	**26,324**	**27,960**	**28,968**	**28,852**
CFR Carried Forward	**24,813**	**26,324**	**27,960**	**28,968**	**28,852**	**28,532**
CFR for PFI	12,522	11,988	11,410	10,784	10,105	9,368
CFR For Prudential Borrowing Purposes	**12,291**	**14,336**	**16,550**	**18,184**	**18,747**	**19,164**

5.3 Investment and Reserve Balances

An important consideration to understand when making capital investment decisions, especially when a borrowing requirement exists is the relationship between the Service's available cash investment balances and its reserves.

At 1 April 2024, the Service had cash and investments of £6.611million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2025, investment balances would be £7.493million.

As the borrowing requirement (CFR) is greater than the actual level of external borrowing £7.5million, this means that there is internal borrowing being undertaken from internal resources (reserves). If interest rates were extremely low at present, there is little value added by holding cash in investments whilst undertaking external borrowing at higher rates. However, this position also must be balanced by the Service having enough cash to pay for day-to-day expenditure. The need to borrow externally at the most appropriate time is constantly reviewed and updated to ensure that the Service borrows at the best available rates and at the most appropriate time.

This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Forecasts					
	2024/25 £000	**2025/26** £000	**2026/27** £000	**2027/28** £000	**2028/29** £000	**2029/30** £000
CFR (Underlying Need to borrow)	24,813	26,324	27,960	28,968	28,852	28,532
Total External Borrowing	7,500	14,336	16,550	18,184	18,747	19,164
Other Long Term Liabilities (PFI)	12,522	11,988	11,410	10,784	10,105	9,368
(Over)/Under Borrowing Position	**4,791**	**0**	**0**	**0**	**0**	**0**
Less Capital Receipts Applied	(171)	0	0	0	0	0
(Over)/Under Borrowing Position	**4,962**	**0**	**0**	**0**	**0**	**0**

The forecasts for external borrowing above have been adjusted so ensure no under or over borrowing position occurs and that actual borrowing matches the CFR.

Before undertaking no further external debt, consideration will be given to whether the Service has sufficient cash resources to minimise the externalisation of debt. This consideration will look at the investment return potential of retaining cash balances against the potential cost of borrowing.

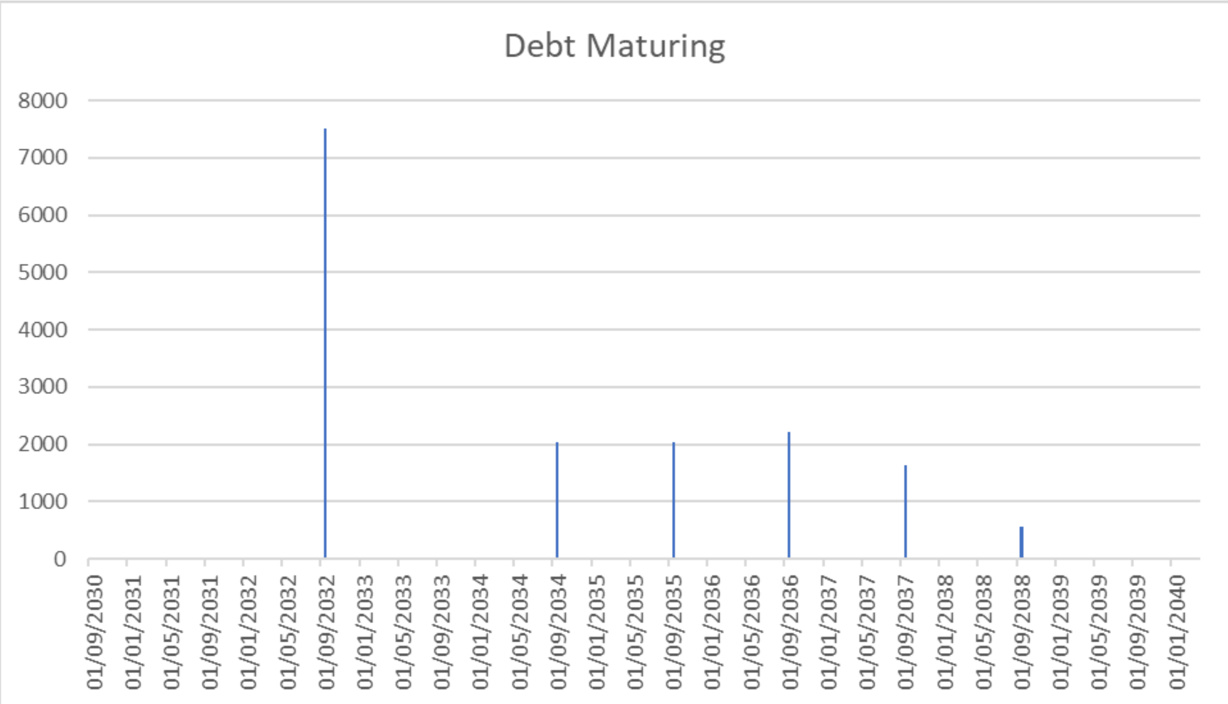
As the figures shown above are based on forecast levels of expenditure linked to current budgets and anticipated receipts, actual figures will vary in each year depending upon actual expenditure and income levels.

5.4 Debt Financing Costs

The table below shows the actual and forecast debt financing costs (Interest) for actual and forecast debt and compares to the Service's budget requirement. Interest and MRP are charges against the Service's revenue budget and any changes to the profiling of external borrowing or changes to interest rate assumptions are included in the Treasury Management forecasts when the budget is set.

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Total External Borrowing	9,539	11,584	13,798	15,432	15,995	16,411
Interest	242	329	409	478	516	546
Capital Financing Cost (MRP)	1,162	1,172	1,510	1,920	2,181	2,371
Total Capital Financing Cost	**1,404**	**1,501**	**1,920**	**2,398**	**2,697**	**2,917**
Revenue Budget Requirement	26,993	28,711	29,564	30,510	31,329	31,848
% Financing Costs to Budget Requirement	5%	5%	6%	8%	9%	9%

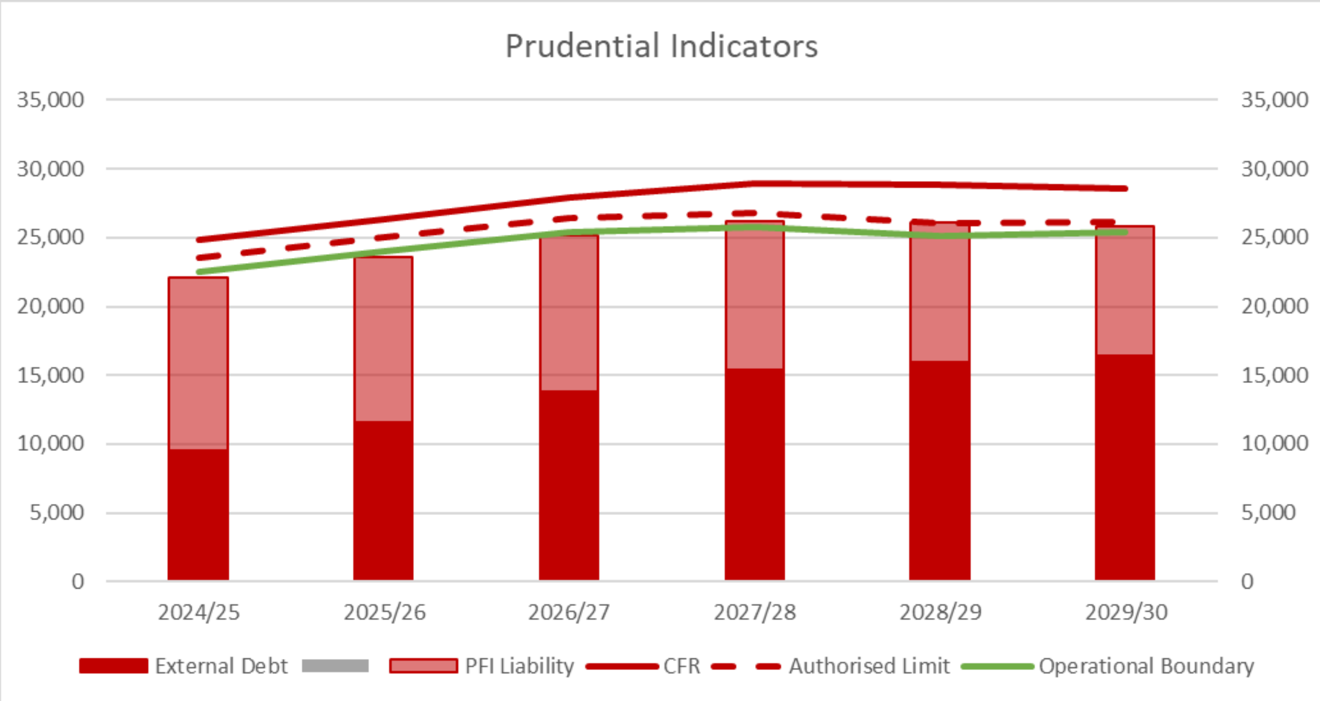
The repayment profile of the Service's actual and forecast external debt is as follows:



The following table shows the overall movement on external debt:

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
External Debt B/Fwd	7,500	9,539	11,584	13,798	15,432	15,995
New External Debt	2,039	2,045	2,214	1,634	563	416
External Debt C/Fwd	**9,539**	**11,584**	**13,798**	**15,432**	**15,995**	**16,411**

The graph below shows the forecast overall level of external debt compared to the Capital Financing Requirement (Borrowing requirement).



5.5 Authorised Limit and Operational Boundary

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by the PFCC in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and it's financing. **However, the overall authorised limit should not be exceeded without prior approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the PFCC is asked to delegate authority to the Chief Finance Officer (s.151) to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior approval providing that it remains within the authorised limit.

The limits shown below will be reviewed during the budget process and recommendations will be made in the final versions to be considered in February 2025 on adjusting the limits in line with the projections for the CFR.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2024/25 estimate £000	2025/26 estimate £000	2026/27 estimate £000	2027/28 estimate £000	2028/29 estimate £000
Authorised Limit for External Debt:					
- Borrowing	11,000	13,000	15,000	16,000	17,000
- Other Long Term Liabilities	12,522	11,988	11,410	10,784	10,105
TOTAL	**23,522**	**24,988**	**26,410**	**26,784**	**27,105**
Operational Boundary for external debt:					
- Borrowing	10,000	12,000	14,000	15,000	16,000
- Other Long Term Liabilities	12,522	11,988	11,410	10,784	10,105
TOTAL	**22,522**	**23,988**	**25,410**	**25,784**	**26,105**

6.0 Commercial Activity

The Service does not use its asset portfolio to operate in a commercial manner. It does not hold any investment property portfolio. Any commercial activity would require the Service to be compliant with the Prudential Code.

6.1 Prudential Code Considerations

6.1.1 The Prudential Code states, “Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the Prudential Code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes and must not use internal borrowing to temporarily support investments purely for yield.”

6.2.2 Having any “commercial activity” could hinder wider PWLB borrowing to support the capital programme.

6.2.3 Local authorities are to be required to submit their high-level capital and financing plans to MHCLG and will be required to split these into the following categories to ensure that capital projects are not being used to buy investments for yield:

- Service Spending
- Housing
- Regeneration

    - Addressing economic or social market failure
    - Making a significant investment in the asset beyond its purchase price
    - Projects that generate significant additional activity that would not happen without the local authorities intervention
    - Rental income generated are recycled within the project or applied and related to regeneration projects rather than applied to wider services
- Preventative Action
    - Prevents a negative outcome
    - No realistic prospect of support from a source other than the local authority
    - The local authority has an exit strategy
    - The intervention generates a balance sheet asset
- Treasury Management

6.2.4 The guidance issued by HM Treasury states that assets bought primarily for yield would usually have one of the following characteristics:

- Buying land or existing buildings to let out at market rate
- Buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
- Buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly.

7.0 Knowledge and Skills

7.1 The Service utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Service employs professionally qualified finance officers who are able to offer advice and guidance when considering any capital investment decisions and obtains specialist legal and property advice from external partners.

7.3 **Finance**

Finance staff are professionally qualified to advise the Service on all financial aspects of capital decisions. Finance staff also undertake Continuous Professional Development. The Service could look into becoming accredited for CPD with CIPFA. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.4 **External Advice**

The Service uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Service uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing