

Report To: Cabinet

Date of Meeting: 18th July 2017

Lead Member / Officer: Julian Thompson-Hill

Report Author: Richard Weigh, Head of Finance

Title: **Strategic Investment Group – Terms of Reference**

1. What is the report about?

- 1.1 The Strategic Investment Group (SIG) is an elected member/officer group that appraises proposals for capital expenditure. Its terms of reference include delegated powers and therefore should be reaffirmed by the current Cabinet. The terms of reference also need to be updated more generally to reflect current practices.

2. What is the reason for making this report?

- 2.1 The delegations previously granted by Cabinet should be reaffirmed by the new administration so that SIGs role and functions are clear.

3. What are the Recommendations?

- 3.1 That Cabinet approve the amended Terms of Reference for the Strategic Investment Group (Appendix 1).

4. Report details

- 4.1 The Strategic Investment Group (previously called the Capital Strategy Group) was formed in 2007 with the primary purpose of assessing and prioritising bids for capital expenditure projects.
- 4.2 As shown in proposed Terms of Reference (Appendix 1), it is made up of three cabinet members (including the Leader and the lead member responsible for Finance) as well as representatives of each of the three scrutiny committees. SIG performs an important role assessing and challenging business cases for all capital expenditure proposals. It assesses the strategic fit, cost implications (capital and revenue), funding requirements and long term impact of all capital bids. It also provides a gate-keeping function as the appropriate procurement and finance system codes for capital expenditure are not released until approval for a proposal has been granted. This prevents any unauthorised or unfinanced capital expenditure being incurred.
- 4.3 Cabinet has previously granted delegations to SIG (or its predecessors) and to CET to approve various levels of capital expenditure. These approvals are now clarified in the enclosed Terms of Reference.

4.4 Approval of Housing Revenue Account capital expenditure is expanded upon within the updated Terms of Reference. This is to reflect the additional activity being undertaken within the Housing Stock Business Plan following the ending of the housing subsidy system and introduction of 'self-financing' in 2015.

5. How does the decision contribute to the Corporate Priorities?

5.1 The council needs to have an effective capital prioritisation process in place to help ensure capital investment decisions support agreed priorities.

6. What will it cost and how will it affect other services?

6.1 There is no additional cost resulting from the updating of the Terms of Reference. Each bid to SIG is in a standard business case template which includes consideration of costs and funding, as well as the impact on other areas, such as ICT, Legal, Biodiversity, effects on the environment, corporate property,

7. What are the main conclusions of the Well-being Impact Assessment? The completed Well-being Impact Assessment report can be downloaded from the [website](#) and should be attached as an appendix to the report

7.1 It is a requirement (as reflected in the Terms of Reference attached) that each proposal submitted to SIG includes a Well-being Impact Assessment.

8. What consultations have been carried out with Scrutiny and others?

8.1 The amended Terms of Reference maintain the existing representation of cabinet and scrutiny members.

9. Chief Finance Officer Statement

9.1 It is important that the council has an effective means of assessing and prioritising capital investment proposals and this has been achieved by the Strategic Investment Group. It is also important to ensure delegation profiles are clear and confirmed by the current cabinet. The updated terms of reference will ensure that SIG continues to provide an effective assessment and internal control function.

10. What risks are there and is there anything we can do to reduce them?

10.1 Without robust assessment and approval processes, the council risks its capital investment decisions being imprudent or unsustainable and may not be in line with agreed priorities.

11. Powers to make the Decision

Section 13 of the Local Government Act 2000.

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs