

Teignbridge District Council Capital Strategy

Background

Local authorities are required by regulation to have regard for the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code 2021 edition and Treasury Management Code 2021 edition. CIPFA published the revised codes on 20th December 2021 and has stated that formal adoption is required from the 2023/24 financial year. The Prudential Code requires that local authorities have in place a capital strategy. This is in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and overall organisational strategy and resources. The aim is to ensure decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Local authorities must also have regard to the Statutory Guidance on Local Government Investments, the updated 3rd edition of which applies from 1 April 2018. This requires the production of at least one investment strategy. Teignbridge District Council have:

- a Treasury Management Strategy Statement which is primarily concerned with treasury (financial) investments

- a Capital Strategy, which also covers non-financial investments (for example, service or commercial investments in property).

Purpose

The capital strategy is intended to give an overview of how the Council plans and delivers its capital expenditure, capital financing, treasury management and investment activities. It shows how these activities are carried out with the aim of fulfilling the priorities set out in key strategic documents such as the ten year council strategy and local plan. It is a key document for the Council and forms part of the annual budget papers.

As part of its budget papers, the Council produces a Financial Plan. This is divided into two parts – the Medium Term Financial Plan (MTFP) and the Financial Viability Process (FVP). The Medium Term Financial Plan provides a financial model and forecast of the cost of providing services over a rolling five year period. As well as considering the revenue implications and the General Fund balance, the MTFP also reviews the affordability of the Council's capital investment programme, matching forecast funding against planned capital spending over a five year horizon. Additional support provided during the Pandemic has been withdrawn and funding for local authorities is historically low. Significant financial pressures to consider are high inflation rates, interest rates, high energy and food costs and economic uncertainty with low growth. Higher interest rates can have an adverse impact on borrowing costs for capital schemes. Profiling debt can smooth out some of these short term change in rates. The MTFP seeks to address these financial challenges while facilitating the Council's strategic aspirations, such as affordable housing and carbon reduction.

The Financial Viability Process shows how the Council will attempt to balance its finances over the coming years to continue to provide service for its residents and customers. A key part of this is a process of reviewing service plans to achieve financial sustainability and viability.

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The Capital Strategy shows how the Council intends to focus its capital investment to further its strategic objectives, including investment in infrastructure, housing and reducing the impacts of climate change. It provides the framework which will allow the Council to achieve its vision of shaping Teignbridge as a place which is economically resilient, delivering good quality services while addressing the funding challenges outlined above.

The Treasury Management Strategy and performance indicators, along with the Capital Strategy provide information on Teignbridge's approach to managing the risks associated with capital investment and financing decisions taken.

1. Capital Expenditure

1.1 Strategic factors

The capital programme is included at Appendix 7 of the budget papers. The capital strategy which underpins it is driven by a number of factors:

The five year Council strategy. Covering the period 2025-2030 as approved at Full Council on 14 January 2025, this sets out the Council's key objectives:

- Community
- Economy
- Environment
- Homes
- Infrastructure

The capital programme is continually reviewed with a particular focus on these primary goals.

In the latest programme, a provision of £6.8 million has been made over the 3 years 2025/26 to 2027/28 for the construction of a social housing scheme in Sherborne House car park. The proposal is for a *Passivhaus* extremely energy-efficient design, enabling residents to benefit from lower energy bills. Planning consent was granted in August 2024, with a further £142,455 approved at Executive on 4 November 2024 to progress the project to tender stage. This scheme will be brought back to Full Council for approval in due course. Estimated construction costs are based on a desktop study carried out by an experienced local housing company, with assumptions being updated as more detailed work is carried out. Due to Homes England funding constraints, it is currently assumed to be funded from a combination of Homes England and One Public Estate grant, S106 contributions and borrowing. This uses the balance of the funding allocated for Phase1 of the Teignbridge 100 housing programme, in accordance with the priority Actions outlined in the Council Strategy for delivering affordable and social housing. To date, the programme has delivered:

- 7 units of housing allocated to local applicants in housing need at Drake Road and Well House, East Street, Newton Abbot
- 5 units of shared housing in Dawlish
- 5 units of rough sleeper accommodation in Dawlish, Teignmouth and Newton Abbot
- 4 homes for social rent in Chudleigh

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- 18 homes for social rent under the government's Local Authority Housing Fund scheme, which in the short term provides accommodation for families with housing needs who have arrived in the UK via Ukrainian and Afghan resettlement and relocation schemes. Funding has been secured to enable purchase of a further 4 units. Longer term, the homes will provide a supply of affordable housing for local communities.

The pipeline covers a range of urban and rural sites, including the Dartmoor National Park, with work ongoing to identify further means of delivery, whether this is direct or by partnership with developers and housing associations. The aim is to deliver the full programme over time, with pipeline projects being brought forward for approval in due course as details are firmed up. Schemes can move up and down the priorities pipeline depending on a number of factors, including planning constraints and affordability.

Work also continues to deliver the previously approved custom-build housing scheme at Houghton Barton, for which £0.6 million of ring-fenced central government grant funding has been received.

A provisional budget line of £0.03 million per annum is in relation to periodic capital expense in relation to Teignbridge's social housing portfolio, for example replacement roofs, fabric improvements and replacement fixtures and fittings. Projects will be brought forward for approval as they occur. Funding is from revenue contributions to capital. Any surplus income from the properties will be earmarked for this purpose.

Following successful bids for grant funding under the Public Sector Decarbonisation Fund (PSDF) for Forde House offices, Newton Abbot Leisure Centre, Broadmeadow Sports Centre and Teignmouth Lido, a third phase application was made in relation to further measures at Broadmeadow Sports Centre. This second phase comprises fabric improvements, insulation and installation of an air source heat pump. A £3.7 million scheme to include refurbishment was approved at Full Council on 23 July 2023. Funding is a combination of PSDF grant, S106 contributions, revenue contributions and borrowing. In addition, a further £0.97 million of energy efficiency measures are being implemented at Dawlish Leisure Centre (funded partly from Sport England Swimming Pool Support Fund), Newton Abbot Leisure Centre and Teignmouth Lido, as approved by Full Council on 30 July 2024. The measures include replacement air handling units to increase heat recovery and control, improved pool water circulation pump controls to reduce energy wastage, hot water efficiency measures, heat and electricity sub-metering to aid monitoring and at Dawlish, solar photovoltaics to generate low-cost electricity on-site. At Teignmouth Lido, measures include the installation of a pool cover to reduce overnight heat loss.

In September 2023, Full Council approved the replacement of the vehicle fleet, with all suitable small, medium and large vans switching to Battery Electric Vehicles. £0.8 million was included in 2024/25 for the associated infrastructure improvements. The proposed project will reduce the Authority's Scope 1 Carbon Footprint by 58 tonnes CO₂ per annum and provide the infrastructure necessary to support the long term future needs of a battery electric fleet.

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For projects not covered by grant funding, a further £0.5 million provision over 2025/26 and 2026/27 has been made for investment in carbon reduction measures covering the Authority's Scope 1 & 2 carbon footprint as part of the ongoing Carbon Action Plan, which is being developed by the Climate Change Officer. Likely provisions will target emissions arising from the Authority's top 15 sites by carbon emissions; provisions are likely to include: onsite renewable energy generation, renewable energy power purchase agreements, thermal fabric improvements and energy efficiency improvements.

A provision of £6 million between 2025/26 and 2027/28 is also made towards strategic energy infrastructure and low carbon, funded from CIL.

£9.4 million is budgeted over 2024/25 and 2025/26 towards the Market Hall refurbishment and associated Future High Streets Funded works to help stimulate growth in the local economy and ensure it is an attractive and well-connected environment for local businesses. This is funded from a combination government grant and prudential borrowing.

There is a £2 million provision for employment sites, funded from borrowing and developer contributions where applicable. This will encourage new and existing businesses to set up, move in and stay in the area. The aim is to create better paid jobs and business expansion for a more resilient local economy. Where people can both work and spend leisure time locally, carbon emissions are also reduced. Individual projects will come back to committee as appropriate as business cases are developed.

The Local Plan, which guides development in the district, setting out policies, proposals and actions to meet the environmental, social and economic challenges facing the area. This includes supporting infrastructure for proposed developments. The capital programme shows contributions towards enabling a new bridge and link road in Dawlish, with work now in its later stages. There are provisions for further contributions to transport infrastructure, including transport hubs and public transport. There are provisions towards education facilities in the wider Teignbridge area and projects to create and improve green spaces and cycle routes.

The council's asset management policy, which sets out the council's approach to the strategic management of its land and building assets. As part of the Modern 25 programme, this aims to identify how the council's property portfolio supports wider objectives, such as benefitting the community, shaping the built landscape, supporting the Council in its service delivery and proactively supporting our commitment to tackling climate change. It aims to ensure the Council maximises use and efficiency of its real estate. The capital programme includes items which invest in council buildings, such as extensive carbon reduction projects. The capital programme is supported by any capital receipts arising from the disposal of assets. Conversely, the needs of the capital programme and medium-term financial plan should inform the council's asset management plan to focus on the generation of capital receipts or service income dependent on strategic priorities.

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The council's Medium Term Financial Plan – the programme must be affordable within the council's overall budget plans. This means that business cases for projects funded by borrowing must demonstrate that they will cover the revenue costs associated with borrowing over the life of the asset.

Strategic Service Planning – The Modern 25 (M25) process, led by a team of key staff from the Business Transformation Team and Finance focuses on delivering a new operating model. The workstreams include review of service design and delivery, a strategic portfolio focused on business cases to deliver efficiencies and increase income and an asset management thread to promote awareness of how assets support the delivery of Council priorities. All these workstreams will contribute towards defining the future shape of the capital programme, particularly investment in digital infrastructure and systems to enable people to carry out the council's work and the definition of strategic priorities.

- **Environmental Sustainability** - The Council's commitment to environmental sustainability is laid out in the Council Strategy, including ambitions, amongst others, to support better integrated public transport, walking and cycling routes and achieving net zero by 2050. In July 2022, the Council's Part 1 Carbon Action Plan was published, three years after the Council declared a climate emergency. Since that declaration, the organisational baseline carbon footprint has been measured and work has taken place on a package of decarbonisation capital works covering four of its top five carbon emitting buildings. The revenue budget supports the ongoing funding of the specialist Climate Change Officer and temporary resources to assist with the implementation of various works to meet climate change aspirations. Continuing investment for climate change projects, with further provisions under the Carbon Action Plan, (the district's Part 2 Carbon Action Plan is currently being written, following Teignbridge's endorsement of the Devon Carbon Action Plan) and capital projects are included and highlighted within the budget papers. The capital programme highlights the priority of projects which support environmental sustainability with a green leaf. In addition to decarbonisation projects, this includes energy efficient housing, cycle projects and provisions for contributions to infrastructure encouraging sustainable transport choices and low carbon energy. The Corporate Projects Board process promotes broad consideration of projects through the lens of corporate strategic priorities, with environmental sustainability being a key consideration. The climate change officer's role includes comment and input into new projects.

Commercial Strategy – The commercial strategy is intended to support the Council's financial sustainability. It takes a broad view of the concept of commercialisation, to include service and charging reviews and process redesigns; financial management, investment and procurement initiatives; housing and regeneration projects, asset management and income generation. While it does not relate exclusively to the capital programme, it has links to the capital strategy in terms of the larger projects within the Key Priorities of Regeneration and Commercial Property, Asset Management and Housing. Delivery of these projects is integral to the Council strategy aims and service provision, providing affordable

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housing and delivering jobs and wages growth. They are supported by the Council's approach to investments and the borrowing which is critical to funding them. This is relevant to the Key Priority of Financial Management and must be taken into account within the Council's treasury management strategy.

CIPFA and Government guidance – the council must have regard to both CIPFA's Prudential Code (capital expenditure and financing) and its Treasury Management Code (the management of borrowing, investments and cash flow). Both of these Codes were recently updated in December 2021, with updated provisions to be implemented in 2023-24. They include formal adoption of the debt liability benchmark in relation to financing risk around borrowing and clarification of what CIPFA expects a local authority to borrow for and what they do not view as appropriate. Environmental sustainability is to be addressed within the Capital Strategy, with amendments to the treasury management practices (TMPs) to address environmental, social and governance (ESG) policy within the treasury management risk framework.

Investment Management Practices (IMPs) were introduced to manage risks associated with non-financial investments, with further reporting requirements for service and commercial investment.

In relation to treasury management, there are now enhanced requirements around the effective management of liquidity and longer term cash flow requirements, with long term treasury investments to be supported by a business model. The knowledge and skills register for individuals involved in the treasury management function is to be proportionate to the size and complexity of the treasury management conducted by each council.

In addition, all investments and investment income must be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a

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council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

In addition to the CIPFA Codes of Practice, the Ministry for Housing, Communities and Local Government (MHCLG) issued updated statutory guidance on investments in February 2018. The MHCLG 2018 guidance on minimum revenue provision (MRP) (applicable from 1 April 2019) included a number of clarifications on determining a prudent level of provision. Following sector feedback to a consultation launched in 2021 on changes to MRP provision, a revised consultation took place in 2022. This covered further elements of regulation, including the need for providing MRP on loans to third parties and not using capital receipts in place of MRP. This has now been revised to allow in the case of loans where capital receipts from payments under the arrangement are available. Clarification has also been issued to make clear that capital receipts can be used to reduce the underlying capital financing requirement, but not to replace MRP in any one year, as MRP is a revenue charge. The fully revised guidance takes effect in April 2025.

1.2 Governance

Responsibility for decision-making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators remains with Full Council. Each year, the budget process reports to Full Council across a range of strategies and information which is relevant to capital expenditure, investment plans and financing implications, to ensure that decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

The capital programme is considered annually by Full Council. Updates are reported to SMT and Executive throughout the year, with any budgetary changes approved by reference to the virement rules in the financial instructions. Separate reports are brought back to Full Council for approval for any larger projects (over £500,000).

The Treasury Management strategy, which sets out policies relating to the management of investments, balancing security, liquidity and yield. This is approved annually by Full Council and includes the approved lending list and the council's approach to borrowing. Updates are brought to Executive throughout the year as necessary.

The Minimum Revenue Provision Statement sets out the council's method of making prudent provision from revenue in respect of capital expenditure financed by borrowing or credit arrangements. Any changes are required to be approved by Full Council.

The Prudential Indicators aim to demonstrate whether the Council has fulfilled the objectives of an affordable, prudent and sustainable approach to capital expenditure, investment and debt. Any revisions are required to be approved by Full Council.

The Commercial Strategy, as approved by Full Council in February 2020. It includes an explanation of the role of the **Commercial Property Investment Board**.

Role of the Corporate Projects Board

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Teignbridge District Council operates a Corporate Projects Board (CPB), with members including senior officers across a range of services. This allows a corporate approach to capital planning and expenditure, along with the use of property assets throughout the organisation. Its role is to consider and prioritise capital proposals, ensuring that proper option appraisals are carried out and that they have considered in sufficient detail those matters which are required to be taken into account by the Prudential Code:

- Strategic service objectives
- Stewardship of assets
- Value for money (option appraisals)
- Prudence and sustainability (including external debt implications and impact on revenue budgets)
- Affordability
- Practicality (including staff resource requirements)

A review into project and change management is underway. In the meantime, proposals must follow the Capital project reporting flow chart as per the Financial Instructions, adhering to the existing corporate project management methodology. An initial mandate is followed up by a financial appraisal and Project Initiation Document (PID) plus any associated project management documentation as required. The CPB ensures early wide consideration from a wide range of relevant expertise. The corporate mandate checklist ensures that prospective projects are consistently assessed against corporate and legislative requirements. Stage 2 of the flow chart ensures the correct level of approval as per the Council's constitution. The details of this process are currently under review as mapping work continues to streamline and digitise the process.

Basis of cost estimates – Council project managers are experienced in providing cost estimates in line with best practice, to include surveys, preliminaries, project and design team fees, risk allowances, contingency and other development and project costs. Previous similar schemes are available for review and the financial appraisal template includes a checklist of typical capital costs for reference. For certain projects, external quantity surveyors may be appointed either on a one-off basis or as part of a multi-disciplinary project management team. Financial appraisals look at the whole life cost of projects including both capital and long-term revenue costs, with inflation factored in.

The delivery phases of capital projects are managed under the corporate project management methodology. This includes regular project team meetings for large projects and the use of standard templates to record Risks, Actions, Issues and Decisions (RAID logs), ensuring that risks to delivery are actively managed and giving projects the best opportunities to be completed according to plan.

The CPB also monitors the existing capital programme using Power BI reporting to ensure its continued relevance, consider the progress of schemes including variations and re-phasing and to identify or reallocate unused resources.

The role of the CPB is crucial to ensuring that the risks associated with capital investments are mitigated. It ensures that projects demonstrate affordability, that there is wide

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consultation to ensure proper procedures are followed, for example tender processes, legal and financial matters. It also considers whether there are sufficient resources for effective project management and delivery.

1.3 Commercial Activity

The Council's approach to commercial activity is dealt with in its Commercial Strategy. This takes a broad view of commercialisation, so as well as capital investments such as housing and regeneration projects, it also deals with service and charging reviews and process redesigns, financial investments, asset management and income generation. These areas are being addressed by the M25 programme.

The goal of the commercial strategy and M25 programme is to enable the Council to become financially self-sufficient against the backdrop of reduced central government funding for local authorities. This is essential to providing the stability which will allow it to focus on the provision of good quality services and achieving the key objectives of the Council strategy. The Medium Term Financial Plan identifies the pressures and influences on the Council's revenue budgets and highlights a shortfall between the Council's spending requirements and the amount of finance available.

Due diligence and risk

Investment Management Practices (IMPs)

CIPFA's Treasury Management in the Public Services Code of Practice and cross-sectoral guidance notes 2021 edition require that any investments that are not taken or held for treasury management purposes should be clearly identified and reported in appropriate categories reflecting their **service** or **commercial** purposes in the authority's **Investment Management Practices**. For each category, the various purposes, objectives and management arrangements of the investments should be described. The level of risk and the arrangements for managing it should be set out.

Teignbridge District Council does not currently hold any commercial investments purely for financial gain. However, the council has invested in property for regeneration and local economic benefit purposes which also benefit the Council financially.

Summary of key service investments with outstanding underlying need to borrow:

| Investment | Value (£'000) |
|---|---------------|
| Market Walk, Newton Abbot | 12,318 |
| Minerva Building, Brunel Road | 1,450 |
| Sherborne House, Newton Abbot | 2,651 |
| Forde House decarbonisation | 1,701 |
| Houghton Barton Link Road* | 1,250 |
| Chudleigh Social Housing | 165 |
| Sherborne Affordable Housing | 72 |
| Local Authority Housing Fund refugee accommodation | 1,320 |
| * temporary, pending developer contribution | |

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A projection of the authority's future investments can be seen in the capital programme, summarised in paragraph 1.5 below. This comprises **service investment** projects which are for a combination of service delivery, regeneration and local economic benefits and analysed by strategic priority. The authority does not make investments primarily for financial return.

Teignbridge District Council therefore has one portfolio category:

Service Investments

Teignbridge's Investment Management Practices outline the requirements as laid out by CIPFA, including risk management arrangements. Measures include:

- Reference to the risk appendix (appendix 2 of the IMPs).
- Broad early consideration of capital projects by the CPB.
- Use of business cases, checklists and financial appraisal.
- Project management risk registers and monitoring of projects' risk status as they progress (RAG or red, amber, green ratings) – this is carried out routinely by project management boards. The Corporate Projects Board also monitors on an exceptions basis.
- Annual assessments of fair value are carried out and monitored against the original capital investment.
- Minimum revenue provision is set aside in relation to these investments, mitigating against the possibility of adverse valuation changes. A detailed schedule is maintained.
- Revenue budgets are monitored as part of the budget monitoring which feeds into the regular reports provided by the Chief Finance Officer.
- Tracking of rent receipts and market conditions for early indications of potential problems.

Teignbridge's appetite for risk seeks to be proportional to its role as a district council.

Governance and decision-making

Commercial activity is subject to the Council's governance arrangements, with legal advice to be sought on a case-by-case basis. There are provisions for urgent decisions to be taken by the Chief Finance Officer in consultation with the Commercial Property Investment Board, if it would be contrary to the financial interests of the Council to delay. The intention is to allow a quick response to opportunities where appropriate, while adhering to a strict due diligence process.

1.4 Policies on Capitalisation

The Council's accounts are required to be prepared in accordance with proper accounting practices. For capital, these practices are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended)

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supported by International Financial Reporting Standards (IFRS). Local authorities must also have regard to CIPFA's Prudential Code.

The Council's Statement of Accounts includes detailed policies on the treatment of different asset classes. Capital documentation such as the outline proposal form is considered by the Capital Review Group to ensure that projects meet the requirements for capital expenditure. There are three routes by which expenditure might qualify as capital:

The expenditure results in the acquisition of, or the addition of subsequent costs to non-current assets in accordance with proper practices.

REFCUS expenditure (Revenue Expenditure Funded from Capital Under Statute): These are arrangements which recognise that some expenditure incurred by local authorities has a wider, lasting public benefit than is reflected in the accounting rules for non-current assets, for example grants and loans and expenditure on non-Council assets.

The Secretary of State makes a direction that the expenditure can be treated as capital expenditure.

The Council's current de minimis for capital is £20,000, subject to review.

The Council has not used the capitalisation flexibilities issued by the Secretary of State for the Ministry of Housing, Communities and Local Government. These give authorities the continued freedom to use capital receipts to help fund the revenue costs of transformation projects and release savings. There are currently no plans to use these flexibilities in future years.

1.5 Capital Expenditure Plans and Financing Strategies

The Capital Programme – the capital programme sets out planned capital expenditure over the medium term financial plan period of 5 years. It shows how each project is linked to a Council Strategy priority and summarises planned expenditure and funding. It is approved annually along with the budget papers, with quarterly updates to Executive Committee.

The Council's capital expenditure plans for the current 5 years of the Medium Term Financial Plan amount to £106.0 million, summarised in the table below:

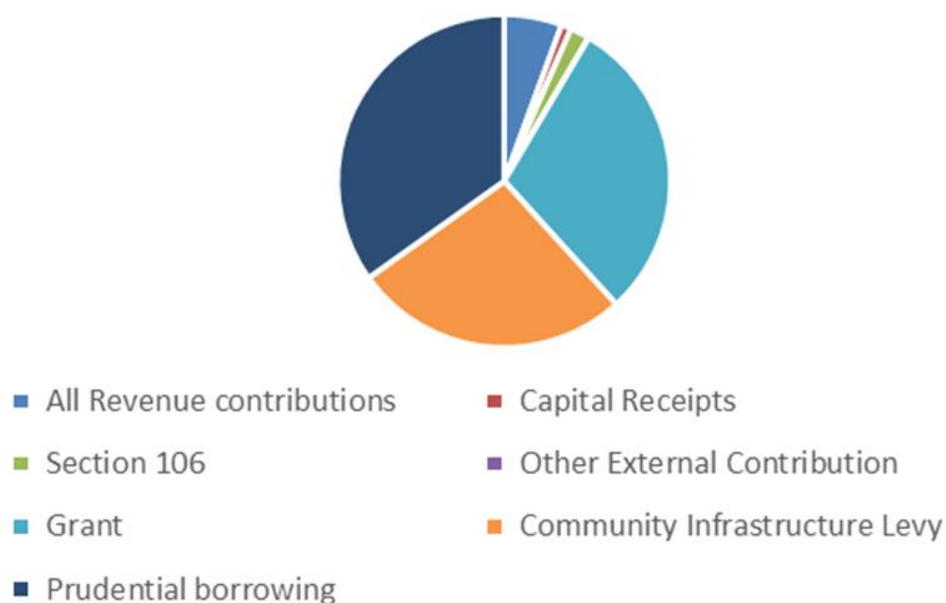
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| Strategic Priority | 2024/25 £000 | 2025/26 £000 | 2026/27 £000 | 2027/28 £000 | 2028/29 £000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Community | 2,135 | 2,234 | 2,312 | - | - |
| Economy | 5,821 | 5,660 | 2,000 | - | - |
| Environment | 14,881 | 8,528 | 6,219 | 5,173 | 7,228 |
| Homes | 4,978 | 4,125 | 5,160 | 2,072 | 1,454 |
| Infrastructure | 8,681 | 8,347 | 3,701 | 1,690 | 1,592 |
| Responsible management | 268 | 550 | 609 | 41 | 41 |
| Total Capital Expenditure | 36,764 | 29,444 | 20,001 | 8,976 | 10,315 |
| Borrowing | (15,931) | (7,824) | (7,454) | (1,983) | (5,071) |
| Capital Receipts | (388) | (486) | (24) | (24) | (364) |
| Revenue contributions (includes specific sums) | (1,807) | (1,449) | (1,795) | (291) | (300) |
| Grants / external contributions | (12,941) | (10,321) | (3,712) | (1,400) | (1,400) |
| CIL | (5,300) | (8,451) | (6,588) | (5,238) | (3,140) |
| S.106 | (397) | (913) | (428) | (40) | (40) |
| Total Funding | (36,764) | (29,444) | (20,001) | (8,976) | (10,315) |

Sources of funding

The programme is funded from a combination of capital receipts, revenue contributions, grants and external contributions, Community Infrastructure Levy (CIL) and borrowing. These are explained in further detail below.

Funding breakdown



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Community Infrastructure Levy (CIL) is a charge on new development which aims to ensure that it contributes to the provision of essential local facilities. It must be spent on infrastructure. Under the current system, local authorities are not permitted to borrow against the receipt of future CIL. Teignbridge's priorities for CIL expenditure are available on the Council's website and reflect the needs identified in the Infrastructure Delivery Plan which supports the Teignbridge Local Plan. Projects include provision of Suitable Alternative Natural Green Spaces, habitat mitigation, leisure provision such as playing pitches and parks, education infrastructure and improvements to local roads and rail, infrastructure for cycling, walking and public transport. CIL projects often involve working together with other organisations, such as the Habitat Mitigation Executive and Devon County Council to achieve improvements across a wide range of infrastructure.

Section 106 contributions are received from developers in relation to specific needs such as leisure and open space improvements, affordable housing, air quality and drainage improvements.

Grants and external contributions are received from a range of government and agency sources towards expenditure such as disabled facilities grants, affordable housing, flood alleviation and prevention and open space and leisure improvements.

Capital schemes funded by CIL, Section 106 contributions, grants or external contributions are required to follow the capital approval process to ensure that the matters which the Prudential Code requires to be taken into account are considered. For example, strategic service objectives, revenue budget implications and the practicalities of delivery.

Teignbridge Capital Funding. There are two ways in which the council can directly contribute to capital projects. **Capital Receipts** are funds which result from events such as the disposal of assets or the repayment of loans which were made for a capital purpose. The council had £4.2 million capital receipts at the start of 2024-25. Taking account of forecast expenditure and receipts, it is currently forecast that General Fund capital receipts will be £0.1 million by the end of the current Medium Term Financial Plan. In order for Teignbridge to continue to benefit from capital investment in the future, the Medium Term Financial Plan has reinstated **Revenue Contributions** to capital, following their suspension during the pandemic period. £0.7m is budgeted in 2024-25 and £1.5m per annum in the following two years. This increase is funded from anticipated EPR (extended producer responsibility for packaging) receipts and is provisionally allocated to waste service improvements such as replacing the bulking station sortline, replacement vehicles and recycling banks. Note that overall revenue contributions figures also include use of the revenue contributions reserve and additional sums set aside by departments to support capital investment. Projects funded by capital receipts and revenue contributions include contributions to superfast Broadband provision, improvements to Council buildings and equipment including IT projects and waste management.

Borrowing

Projects which are not funded by one of the sources above are initially funded by borrowing and must first demonstrate a sound business case during the capital approval process. This is because there are revenue budget implications associated with borrowing. Both the

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principal borrowed and interest costs will have to be repaid and it is essential that the capital programme remains affordable, prudent and sustainable with regard to:

- Capital financing costs, e.g. interest
- Loss of investment income
- Other income and costs e.g. rent, fees & charges, salaries, rates, energy and maintenance arising from the investment
- MRP – this is the statutory requirement to charge the revenue account with the principal cost of capital expenditure which has not been met from grants, contributions or capital receipts. It is explained in the Council's Minimum Revenue Provision statement.

Business cases must demonstrate a scheme's ability to cover all the relevant costs above for the whole life of the asset.

Projects funded from borrowing aim to bring a broad range of economic benefits such as continued growth in local jobs, business expansion and wealth creation as well as improving the Council's income resilience against the challenge of lower government funding. Projects include town centre improvements, industrial sites, affordable housing and carbon reduction measures.

The council's approach to borrowing is laid out in Appendix 12 of the budget papers – the Treasury Management Strategy. See also Section 2 below for a projection of the Council's borrowing requirements.

1.6 Asset Management Planning

The Executive member for Corporate Resources has responsibility for assets. The Director Corporate is the current designated Corporate Property Officer (CPO). The CPO is authorised to take the lead on asset management planning across all services thus ensuring that property assets are regarded throughout the Council as corporate assets.

This strategic approach ensures that the Council's business and property plans support its key objectives and inform its spending decisions. The alignment of the corporate vision with service business plans, the Medium Term Financial Plan and Capital Strategy provides a stable context in which to make informed decisions and deliver the right outcomes. Property assets represent the Council's largest physical resource in financial terms and they underpin all service activities.

The Asset Management Policy available in full on the Council's website. Its vision is to manage assets to support the strategic delivery of district services and priorities improving the sustainable economic, social and environmental wellbeing of our communities now and for the future. Its strategic objectives fall in to three main categories:

1. To develop a more efficient property portfolio, increasingly more fit for purpose and aligned with the council's strategic and operational objectives;

To produce revenue savings and reduce property ownership cost and liabilities through a programme of asset rationalisation;

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To optimise the realisation of asset values through planned capital receipts and the maximisation of rental income.

2. To effectively contribute to the district's economic growth and to its social and environmental wellbeing.
3. To improve service delivery by providing fit for purpose assets which support corporate and service strategies.

The Council's corporate property function sits as part of the Assets Service and is overseen and supported by the Corporate Projects Board.

The ongoing costs associated with existing assets are reflected in the Medium Term Financial Plan and mainly comprise repairs and maintenance, utilities, non-domestic rates, property insurance, furniture and fittings and contracts such as cleaning and grounds maintenance. When considering new capital projects, these long-term costs are considered as part of the proposal and appraisal process.

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2. Debt, Borrowing and Treasury Management

2.1 Projection of borrowing requirements

Previous capital projects such as the purchase of Market Walk mean that Teignbridge District Council has an underlying need to borrow. In addition, the capital programme contains projects which would not immediately be funded by grants, contributions, capital receipts or revenue contributions. When taken together, the current underlying need to borrow and projected borrowing from the capital programme give an estimate of the council's future borrowing requirements. The table below divides this between the amount it is estimated we could fund internally from our other cash balances and the amount we would seek to borrow externally.

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|--|---------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Estimated Approved Capital Financing Requirement (underlying need to borrow). | 36,309 | 37,878 | 35,693 | 33,443 | 31,128 |
| Including provisional schemes (total cumulative underlying need to borrow). | 36,309 | 40,938 | 45,900 | 45,101 | 47,130 |
| Estimated internal borrowing based on forecast usable reserves/leases funded from revenue budgets. | -36,309 | -40,938 | -40,097 | -34,800 | -19,876 |
| Estimated operating cash-flow | -12,000 | -12,000 | -12,000 | -12,000 | -12,000 |
| Liquidity buffer to maintain cash-flow | 0 | 0 | 0 | 5,000 | 5,000 |
| Estimated external borrowing (excluding provisional schemes). | n/a | n/a | 0 | 3,301 | 20,254 |

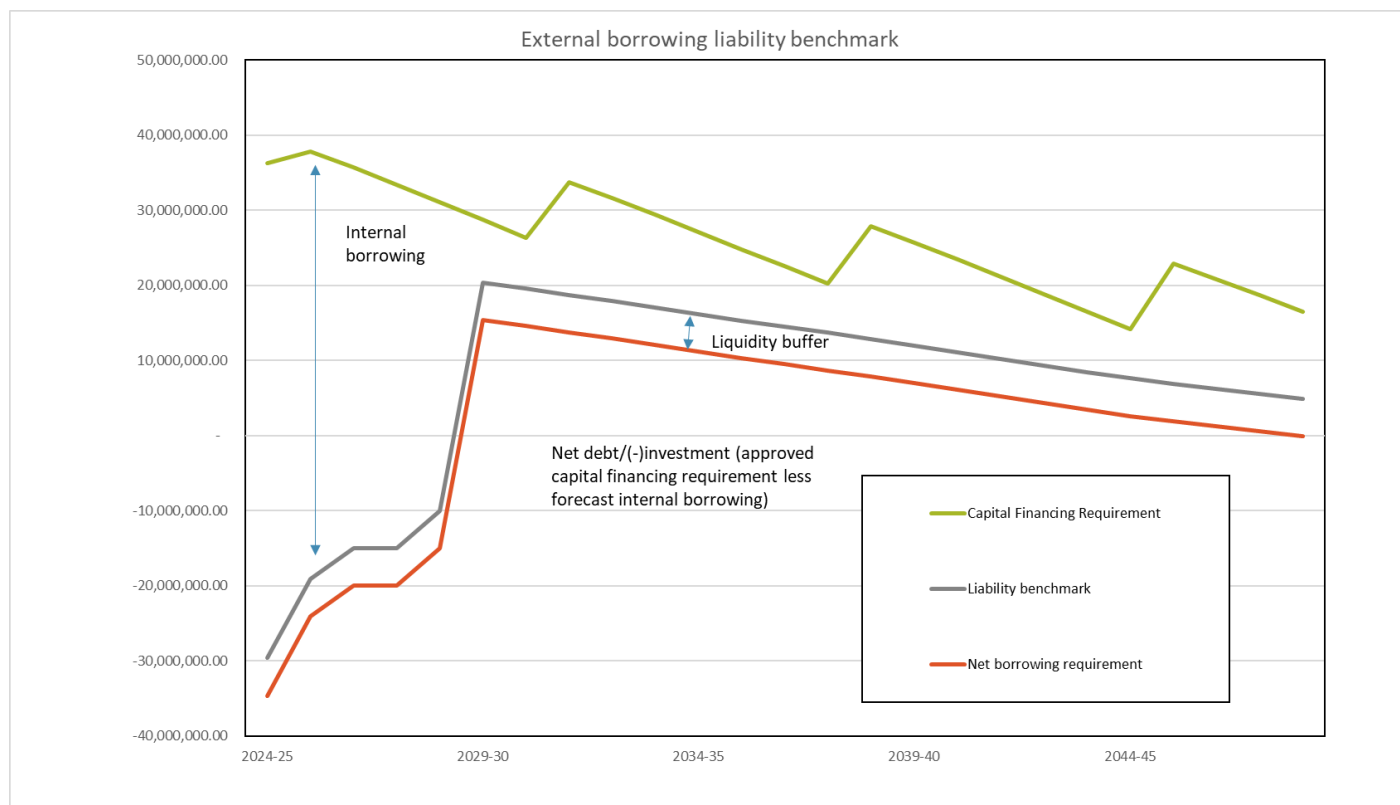
The table above cannot take accurate account of as yet unknown future receipts which may bolster the scope for internal borrowing. However, analysis of actual and forecast sums available for lending between 2022-23 and 2024-25, in comparison to what would be expected given reserves levels and the capital financing requirement, has highlighted the existence of operating cash flow. This has been shown above at around 80% of actual averages. Slippage in the capital programme can also mean usable reserves stay higher for longer. At this stage, external borrowing appears likely by 2028-29 and possible towards the end of 2027-28.

It should be noted that should provisional schemes be approved, this will significantly increase and bring forward the need to borrow and associated costs.

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In the longer term, the calculation of a liability benchmark as required by CIPFA, extends this information and allows measured borrowing decisions to be made in relation to the amount and maturity profile of loans, which manages interest rate exposure:

For the purposes of the liability benchmark, it is the approved capital financing requirement (CFR) which is used as a starting point. The net borrowing requirement is estimated by deducting forecast internal borrowing. A liquidity allowance is factored in to ensure that funds are available for regular outgoings. This is currently assumed to be a minimum £5 million average daily lending.



Acceptable sources of loans are specified in the Treasury Management Strategy and include the Public Works Loans Board, local authorities, public bodies and UK banks and building societies.

The estimated sums for external borrowing relating to capital are taken account of, along with contingency sums for possible temporary borrowing, in the Prudential Indicators authorised limit and operational boundary. These figures also include an allowance for other long-term liabilities, as identified in the Council's financial statements. The operational boundary represents a prudent estimate of the maximum level of external debt, whereas the authorised limit provides headroom over and above the operational boundary sufficient for unusual cash movements. Both indicators are approved annually by Council as part of the Prudential Indicators.

| | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
|----------------------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £,000 |
| Operational boundary | 45,000 | 50,000 | 55,000 | 55,000 |
| Authorised limit | 50,000 | 55,000 | 60,000 | 60,000 |

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The Council's Commercial Strategy also sets a proportional debt limit, which for 2025-26 has been assessed as £60 million. This figure has been arrived at after consideration of benchmarking provided by external expertise, based on overall debt compared to cost of service and the financing liabilities this would place upon the council. This overall limit encompasses both internal and external borrowing activity. The reduction of £10 million compared to earlier years reflects current interest rate risks and maintains maximum borrowing at around three times the Council's core spending power. The limit is monitored and benchmarked against other similar councils.

2.2 Implications of borrowing

2.2.1 Minimum Revenue Provision (MRP)

All capital expenditure has to be financed from capital receipts, grants and contributions (such as S106 and CIL) or eventually from revenue income. Where local authorities borrow to fund capital expenditure, there is a requirement to ensure that they put aside enough revenue money over time to cover those debts. This is MRP and the broad aim is to ensure that the period over which it is charged is commensurate with the period over which the capital expenditure provides benefits.

The Local Government Act 2003 requires the council to have regard to the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on MRP. This guidance requires the council to approve an annual MRP statement and recommends a number of options for calculating the required prudent provision, while also not ruling out other methods should they be deemed more appropriate. This is discussed in more depth in the council's Minimum Revenue Provision Statement (please refer to appendix 12 of the budget papers).

The updated MHCLG Statutory Guidance on Minimum Revenue Provision includes a number of clarifications on determining a prudent level of provision. MRP can only be nil if a local authority's capital financing requirement is nil or negative on the last day of the preceding year, or a previous year's overpayment is being offset. The Council has a positive capital financing requirement, mainly due to the purchase of Market Walk.

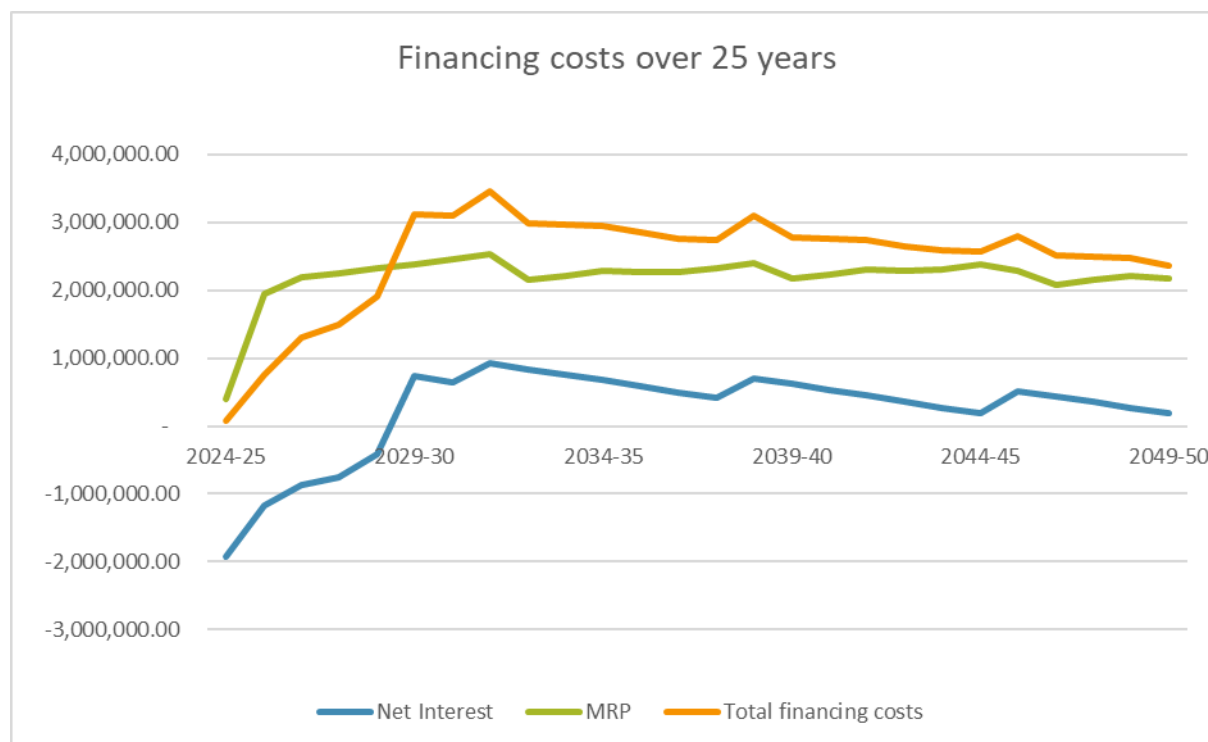
For 2025-26 the Council's MRP statement continues to adopt option 3, the asset life (annuity) method. This is a method often used to calculate loan repayments, where it is required that the total amount of principal and interest repaid each year is a common amount. Principal amounts start low and increase over time. It is therefore suited to investments where revenues will increase over time. It also takes into account the time value of money.

2.2.2 Interest payable

Based on the projected borrowing discussed above (approved schemes only), assuming all schemes are delivered without slippage and a maturity structure which is spread to mitigate against interest rate risk, it is calculated that net interest receivable would be close to £1.2 million in 2025-26, falling to around £875,000 in 2026-27, and £750,000 in 2027-28 then net interest payable builds over the next few years as reserves are assumed to reduce, limiting

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the scope for internal borrowing. The following chart shows financing costs (interest and MRP) over 25 years. It should be borne in mind that the business cases for each project would need to demonstrate that they would achieve sufficient return to cover interest costs and any MRP.



MHCLG suggests indicators to assess an authority's risk exposure as a result of investment decisions. The investment cover ratio looks at total net income from property investments to see whether it will cover the expense of interest. Teignbridge does not currently have interest expense, due to not borrowing externally. This is not forecast to change over the next 3 years as follows, based on approved borrowing:

| | |
|---------|--|
| 2025-26 | External borrowing not forecast, so no interest expense. |
| 2026-27 | External borrowing not forecast, so no interest expense. |
| 2027-28 | External borrowing technically possible, however net interest still forecast to be receivable. |

2.2.3 Proportionality

In its new investment guidance, MHCLG introduces the concept of proportionality. This is to allow assessment of the contribution of yield-bearing investments to the achievement of a balanced budget. It also requires that quantitative indicators are provided to allow risk exposure as a result of investments to be assessed.

The proportional debt limit for the council has been assessed as approximately £60 million. This figure has been arrived at after consideration of benchmarking provided by external expertise, based on overall debt compared to cost of service and the financing liabilities this would place upon the council.

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Neither the Council's historic investments nor its future capital investment plans are purely commercial. They are focused on delivering the housing, regeneration and economic benefits laid out in the Council's Strategy. They do however create an underlying need to borrow and contribute to the Capital Financing Requirement (CFR). The four main items which make up the Council's existing CFR are the costs of purchasing Market Walk, Sherborne House and an industrial unit in Newton Abbot plus decarbonisation costs of Forde House and the delivery of affordable housing. The Council has chosen to forego treasury management interest in order to fund the underlying need to borrow from other balances in the medium term. Based on the average treasury management interest rate received during April to November 2024-25, interest foregone due to internal borrowing to cover the Council's Capital Financing Requirement would be in the region of £1,102,575 per annum. This approach represents good value for money. Had the Council externally borrowed the equivalent amount at (for example) 50/50 of PWLB's 10-year and 25-year rates on 1st April 2024 (4.83% and 5.22%), the annual cost would have been £1,135,336.

Current debt to net service expenditure ratio:

| | |
|-------------------------|---------|
| | 2024-25 |
| | £'000 |
| External debt | 0 |
| Net service expenditure | 19,285 |
| Ratio | 0 |

Based on approved borrowing over the next 3 years:

| | | | |
|-------------------------|---------|---------|---------|
| | 2025-26 | 2026-27 | 2027-28 |
| | £'000 | £'000 | £'000 |
| Forecast external debt | 0 | 0 | 3,301 |
| Net service expenditure | 19,752 | 17,340 | 16,871 |
| Ratio | 0 | 0 | 0.20 |

Commercial and service income

Teignbridge District Council does not currently hold property investments purely to profit from the income. Assets are held for a combination of service delivery, regeneration and economic benefit to the area. The MHCLG guidance on investments suggests the following indicator to demonstrate gross and net income from commercial and service investments. It shows gross property income and net income (less costs). The operating costs show the property costs (but not the estimated financing costs):

| | | | | | |
|---|---------|---------|---------|---------|---------|
| | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Gross rental income* | -7,662 | -7,360 | -7,709 | -8,343 | -8,594 |
| Net income after costs, not including financing costs | -4,678 | -4,088 | -4,684 | -5,261 | -5,452 |
| Operating costs | 2,984 | 3,272 | 3,025 | 3,082 | 3,142 |

Teignbridge District Council Capital Strategy

*also includes fees and charges for car parks, beach huts and market stalls

The 2021 Prudential Code includes the following indicator which identifies the percentage of net income (after operating costs) from commercial and service investments, as a percentage of the total net revenue stream. The intention of this indicator is to show the net financial impact on the authority of its entire non-treasury investment income, identifying the potential risk should the investment income cease for any reason.

The actual net income from commercial and service investments to net revenue stream in 2023-24 has been calculated as 14%. Estimates for future years are as follows, increasing due to additional anticipated rental income in relation to projects within the capital programme:

| Estimate 2024-25 | Budget 2025-26 | Forecast 2026-27 | Forecast 2027-28 |
|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| 16% | 18% | 23% | 24% |

In considering whether authorities could plausibly absorb any losses in budgets or reserves without unmanageable detriment to local services, the net income from commercial and service investments is below considered as a proportion of useable, un-earmarked general revenue reserves. Net income from commercial and service investments in 2023-24 as a percentage of these general reserves was 192%.

2.2.4 Prudential Indicators

The Local Government Act 2003 requires the council to have regard to CIPFA's Prudential Code. Its objectives are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice, with an understanding of the risks involved. Local authorities must look at capital expenditure and investment plans in the light of overall organisational strategy and resources, ensuring decisions are made with sufficient regard to the long run financing implications and potential risks to the authority.

To that end, the Prudential Code sets out indicators which must be approved by Full Council and factors which must be taken into account. The factors which must be taken into account underpin the work of the Corporate Projects Board (see above).

In setting its Prudential Indicators, the council sets borrowing limits which are affordable and sustainable. The authorised (absolute) limit and operational (day-to-day) boundary are consistent with the council's capital programme and treasury management strategy. In addition, they identify long-term liabilities relating to capital (and as set out in the relevant note to the annual Statement of Accounts) in order to arrive at prudent limits on external borrowing.

Estimates of capital expenditure and the capital financing requirement bring together past and future capital commitments for consideration of affordability.

Teignbridge District Council Capital Strategy

The treasury management prudential indicators are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions. They also highlight possible risks such as interest rate exposure and demonstrate the policies in place to mitigate the risks, for example, limiting the length of investments and the maturity structure of borrowing.

2.3 Treasury Management

The Council has regard to CIPFA's *Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes 2021*. In doing so, it follows three key principles:

- Maintaining comprehensive policies, practices, strategies and reporting arrangements for the effective management and control of treasury management activities
- The effective management and control of risk are prime objectives and responsibility for these lies clearly within the Council. Risk appetite forms part of the annual Treasury Management Strategy. The council's investment priorities relating to this area are security of the principal sums and liquidity, keeping money readily available for expenditure when needed.
- The pursuit of value for money and the use of suitable performance indicators are valid and important tools. Within the context of effective risk management, the Council's policies and practices reflect this.

The Council has adopted four clauses as recommended in the Treasury Management Code, as follows and adopts the updated clauses as per the 2021 code.

1. Teignbridge District 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
 - Suitable treasury management practices (TMPs), setting out the manner in which Teignbridge District Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
2. Full 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 by its TMPs.
3. Teignbridge District Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Executive Committee, and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with Teignbridge District Council's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
4. Teignbridge District Council nominates the Audit Scrutiny Committee to be responsible for ensuring the effective scrutiny of the treasury management strategy and policies.

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Yield becomes a consideration after the priorities have been satisfied. The majority of treasury management investments are “specified” as defined in the MHCLG 2018 investment guidance; in sterling, with a maturity of no more than one year, placed with the UK government, other local authorities or bodies and investment schemes of high credit quality, determined by the lending list, which is reviewed quarterly and updated as necessary.

The treasury management strategy is designed to be “risk aware” rather than the traditional “risk averse”. This has been approached in a measured way to mitigate against risk, recognising a balance within the overall priorities of security, liquidity and yield. Property and diversified income funds are included as non-specified investments within the authorised lending list, while other non-specified investments such as renewable energy/social impact investments and on-lending to key partners and stakeholders would follow the approvals route laid out in the Commercial Strategy and the statutory guidance around MRP provision and not borrowing purely for financial return.

The council’s Treasury Management schedules require that specified investment institutions meet the following minimum ratings from the ratings agencies:

| Ratings Agency | Long Term | Short Term | Baseline Credit Assessment Bank viability |
|----------------|-----------|------------|--|
| Fitch | BBB | F2 | bbb |
| Moody’s | Baa2 | P2 | baa2 |

In addition to considering ratings from agencies 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.

Other information sources used will include the financial and sector press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. Daily relevant financial news updates and market commentaries are received by email from treasury advisors, brokers and the Council’s bank. These enable assessment of future treasury risks and scenarios in order to develop suitable risk management strategies.

The Treasury Management strategy also sets out the Council’s approach to borrowing. It is underpinned by the Prudential Code and MHCLG investment guidance. Any decision to borrow in advance for capital projects or debt maturities would only occur if there was a clear business case to do so. Borrowing may occur to cover temporary shortfalls in cash balances.

The liability benchmark set out above allows management of interest rate exposure while ensuring that funds are kept available for cash flow requirements.

The Council will adopt a flexible approach to borrowing, making use of internal resources and keeping shorter term borrowing under review in comparison to longer term borrowing costs. This approach is to minimise financing costs and to spread re-financing risk. Acceptable sources of

Teignbridge District Council Capital Strategy

loans as stated in the Treasury Management schedules are the PWLB, UK Municipal Bonds Agency, community municipal investment bonds, finance leases, local authorities, public bodies, UK banks and building societies and debt capital markets.

In October 2019, the Public Works Loans Board (PWLB) increased the margin over gilt yields by 100 basis points (1%) to 180 basis points (1.8%) on loans lent to local authorities. Following a consultation process, this was reversed in November 2020. At the same time, government implemented a reform of its lending terms with the aim of ending the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. In order to be able to benefit from PWLB lending, local authorities must now provide information about the level and type of planned capital activity, project descriptions and an assurance from the Section 151 officer that the local authority is not borrowing in advance of need and does not intend to buy investment assets primarily for yield. The Council is mindful of these requirements. Officers will keep sources of borrowing under review in conjunction with the Council's treasury management advisors and select those offering the best value for money to the Council at the time the funding is required.

The Treasury Management Mid-Year and Year End Reviews report on activities undertaken and provides key information on performance including average interest rates achieved. In addition, the Chief Finance Officer receives regular reports, which form part of financial reports received by the Executive and Corporate Leadership Team. Historically, these used the 7-day London Interbank Bid Rate (LIBID, or the interest rate at which banks are willing to borrow from other banks) as a benchmark. Due to the phasing out of LIBOR/LIBID rates, the Council will use an investment benchmark to assess the investment performance of its portfolio of overnight SONIA. SONIA (Sterling Overnight Index Average) is administered by the Bank of England. It is based on actual transactions and reflects the average interest rates banks pay to borrow sterling overnight from other financial institutions and investors.

The latest Treasury Management Code includes investments which fall outside normal treasury management activity. Commercial or service (property) investments are sometimes entered into outside of normal treasury management activity. These need careful financial risk assessment and will follow the risk arrangements as laid out in the Council's Investment Management Practices. Where such investments do not give priority for security and liquidity over yield, CIPFA recommends that such a decision should be explicit, setting out the risks and the impact on financial sustainability. This is a critical purpose of due diligence procedures. The Council's current CFR and projected borrowing relate to projects whose central purpose is for the provision of services or regeneration. The Commercial Strategy highlights the crucial role of risk assessment and due diligence before entering into any non-specified investment.

3. Knowledge and Skills

The Prudential Code requires that the capital strategy gives details of the knowledge and skills available to the authority and confirmation that they are commensurate with its risk appetite.

As a district council, Teignbridge strikes a balance between the retention of suitably qualified staff and the use of external expertise where this offers best value and flexible use of resources.

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Treasury management staff receive internal training from experienced staff and managers. Staffing is arranged so that a bank signatory (all experienced staff), is always available for consultation on decisions. Procedure and system notes, together with official guidance from CIPFA and the MHCLG are maintained for consultation within the section. These are updated for any changes, which are also communicated to the relevant staff. Bank signatories are professionally qualified and/or experienced accountants, with the officers carrying out daily procedures either studying with or AAT-qualified.

During 2019-20, a tender process was undertaken to appoint treasury management advisors. The Council uses MUFG Corporate Markets (previously known as Link Group, Treasury Solutions). This decision recognises the value in employing external providers to acquire access to specialist skills and resources, especially in the light of the Council's anticipated borrowing requirement. However, responsibility for treasury management decisions remains with Teignbridge District Council at all times and officers will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

In terms of capital expenditure, the Council has the benefit of the experience of four fully qualified chartered accountants and six AAT-qualified members of staff. It also has access to specialist advice through subscription to consultants who specialise in local authority accounting and capital finance. In addition, knowledge and skills are shared throughout the region via the Devon Accounting Development Group.

In relation to the investment strategy, as well as the experience of RICS-qualified staff, the Council has working relationships with a range of specialist consultants whose areas of expertise include property management, development and infrastructure, investment and valuation.

The Council has a Legal team, experienced in a comprehensive range of legal work relevant to local authority and also works with external legal service providers where other expertise is required.

Council officers across a range of disciplines, including Property and Assets, Planning, Housing and Finance as well as other service areas, make up the Corporate Projects Board to ensure project appraisal is subject to wide early scrutiny and practical considerations.

The Council's constitution ensures an effective governance process. The chief finance officer is responsible for ensuring that all matters required to be taken into account are reported to the decision-making body (normally Full Council).