Report to:	Strategy and Resources Committee	**Date:**	29 October 2018
Report title:	Annual Report on Corporate Asset Management Strategy		
Report from:	Gerald Almeroth, Strategic Director for Resources		
Ward/Areas affected:	Borough Wide		
Chair of Committee/Lead Member:	Councillor Ruth Dombey, Leader of the Council and Councillor Sunita Gordon, Lead Member for Resources		
Author(s)/Contact Number(s):	Ade Adebayo, Assistant Director for Resources (Asset Planning, Management & Capital Delivery). 020 8770 6128		
Corporate Plan Priorities:	• Smarter Ways of Working		
Open/Exempt:	Appendix C is exempt on the basis of Paragraph 3, Schedule 12A of the Local Government Act 1972		
Signed:	G. Al	**Date:**	17 October 2018

1. Summary

1.1 Strategy & Resources committee approved the Council's corporate asset management strategy in February 2015 and resolved to receive an annual report on progress with delivery of the strategy.

1.2 This year's annual report notes the good progress that has been made with delivery of the strategy and details performance of the Investment Property Portfolio (IPP) using the indicators adopted for its monitoring. The report also notes the significant changes made by government to the regulatory framework that guide local authority investments. Consequently, the aims of the council's Investment Property Portfolio and the strategy for its delivery have been revised, along with the council's policy for governance and portfolio management.

2. Recommendations

The Strategy and Resources Committee is recommended to:

2.1 Note the good progress that has been made in implementing the corporate asset management strategy 2015 - 2019.

2.2 Note the strong performance of the Investment Property Portfolio.

2.3 Agree that the strategic aims and priorities of the Investment Property Portfolio are amended as set out in paragraph 4.60 of this report.

2.4 Approve the revised Policy for Governance and Portfolio Management (October 2018) as attached at Appendix D.

3. Background

3.1 The Corporate Asset Management Strategy 2015/19 was approved by the Strategy & Resources (S & R) Committee on the 9 February 2015. The strategy covered all of the Council's property with the exception of housing and schools.

3.2 The strategy included setting up an Investment Property Portfolio (IPP). The council's Policy for Governance and Portfolio Management of the IPP was agreed by the S & R Committee on the 28 September 2015. Property investments over £53m have been made since approval of the strategy, generating an additional net annual revenue income of £1m which is available to support provision of council services, with an additional £0.8m put into a special IPP reserve.

3.3 The strategy also included a requirement to report progress with its key targets and milestones annually to the Strategy & Resources committee and the portfolio management arrangements for the IPP also include reporting on key indicators. Performance against these targets, milestones and indicators is set out below in this report.

3.4 The government has significantly tightened the regulatory framework for local authority investments by revising its Statutory Guidance on Local Government Investments ("the New Guidance") and the Chartered Institute of Public Finance Accountants (CPIFA) has also published a revised guidance on Treasury Management and the Prudential Code for Capital Finance. The council has a mandatory duty under the Local Government Act 2003 to give regard to both documents in carrying out its functions, which include investments and borrowing. The New Guidance came into effect from 1 April 2018.

3.5 The council's IPP strategy has consequently been revised to reflect the New Guidance.

4. Issues

Progress Monitoring - corporate asset management strategy

4.1 Good progress continues to be made with delivery of the strategy. In line with changes to arrangements for the delivery of council services, notable progress has been made with reducing the number of properties the council operates. Staff are now able to work flexibly from any of the council's offices and from home.

4.2 The Corporate Asset Management Strategy cuts across all council functions and identified the strategic property decisions the Council would have to make over the 4-year life of the strategy so that the property portfolio properly supports the delivery of corporate objectives.

4.3 Nine key targets and milestones were identified to track progress with delivering the asset management strategy. A delivery plan for the strategy was also produced which identified 43 key actions to track progress with implementation. Progress against the targets and actions has been assessed for this report and attached as Appendices A & B.

4.4 Performance against the targets has been assessed using the traffic light system - Red Amber Green (RAG) system. A summary of the RAG ratings is set out below in Tables 1 and 2.

Table 1 – Targets & Milestones (Appendix A)

	Green	**Amber**	**Red**	**Total**
Targets/Milestones	4	3	2	9

Table 2 – Delivery Plan Actions (Appendix B)

	Green	**Amber**	**Red**	**Total**
For Operational Buildings	15	9	1	25
For Non-Operational Buildings	14	0	0	14
For Economic Regeneration	4	0	0	4
Total	33	9	1	43

4.5 Two of the targets/milestones are unlikely to be delivered by March 2019 and are assessed as Red. This includes the target to reduce carbon dioxide emissions from Council buildings by 50% by March 2018 compared with emissions in 2010/11. Progress against this target has actually been noteworthy with an overall reduction of 38%. Although still short of the 50% target, it had always been recognised that this was a particularly challenging target that would require radical changes to our operational property portfolio. This target, along with other targets in the One Planet Living plan is currently being reviewed as part of the council's sustainability strategy which is scheduled for adoption by March 2019.

4.6 The second milestone/target that is unlikely to be met is the target to achieve a 25% reduction in the council's property occupational costs. Although savings up to £539k had been achieved by March 2017, this had reduced to £153k by March 2018 due to a number of factors that include increase in the National Non Domestic Rates (NNDR) across a number of buildings, increase in the security costs at Civic Offices, transfer of the management and operational costs of Children's Centres back to the council, and a general increase in utility prices.

4.7 One action in the delivery plan is unlikely to be delivered in its entirety and has been assessed to be Red. This is the proposal to transfer the Grove building to a partnership of three voluntary and community sector organisations for use as a community hub. Although Heritage Lottery Funding was secured the plans were shelved as refurbishment costs came back significantly higher than the funds secured.

Performance of the Investment Property Portfolio

4.8 Governance and portfolio management arrangements for the IPP were agreed by Strategy & Resources committee in September 2015. The portfolio management arrangements included setting up an officer-led Investment Property Portfolio Board to take responsibility for reviewing investment opportunities and for recommending properties for acquisition or disposal. The IPP Board is also responsible for monitoring performance and for presenting this annual report on the IPP to the Strategy & Resources Committee.

4.9 The aim of the IPP is to generate secure medium to long term income from the portfolio. A target of increasing the gross income from the IPP by £1.6m by 2019/20 was agreed, alongside evaluation criteria and a corporate process for acquiring new commercial property. This target has been surpassed as the increase in gross income currently stands at £3.07m per year.

4.10 Five key indicators were adopted to monitor performance of the portfolio. Performance against the indicators is reported below along with a property market narrative:

a) Total Return – which is the annual increase in net capital value (expressed as a percentage) plus net income growth (expressed as a percentage of the capital value)

Total Portfolio

Year	Asset Value (£000's)	Net Asset Value Growth (%)	Income Return (%)	Total Return LBS (%)	UK All Property Total Return (IPD Index) (%)
2015/16	£42,666	1.94%*	5.31%*	7.25%*	13.1% (Dec 2015)
2016/17	£75,739	1.72%*	3.78%*	5.50%*	3.5% (Dec 2016)
2017/18	£93,935	4.14%	3.61%	7.76%	11.3% (Dec 2017)

** restated values following change in methodology*

By Property Type - 2018 Outturn

Property Type	Asset Value (AV) (£000's)	AV as (%) of Total Portfolio	Net Asset Value Growth (%)	Income Return (%)	Total Return (%)
Offices	£39,062	41.82%	1.56%	2.12%	3.68%
Leisure	£4,177	4.47%	0.34%	6.82%	7.16%
Industrial	£26,420	28.29%	13.54%	4.96%	18.50%
Retail	£23,736	25.41%	0.21%	4.14%	3.93%

b) **Effective Return –** Income receivable less costs, expressed as a percentage of capital value

Year	Asset Value (£000's)	Net Income (£000's) (less interest, minimum revenue provision and management)	Effective Return (%)
2015/16	£44,156	£2,320	5.25%*
2016/17	£77,229	£2,934	3.84%*
2017/18	£93,935	£3,242	3.56%

** restated values following change in methodology*

c) **Growth in Asset Value and Gross Income** - Percentage increase per year

Year	Asset Value (£000's)	Asset Growth (%)	Gross income (£000's)	Income Growth (%)
2015/16	£44,156	1.89%	£2,809*	0.75%*
2016/17	£77,229	74.90%	£4,565*	65.77%*
2017/18	£93,395	20.93%	£5,883	17.29%*

** restated values following change in methodology*

d) **Vacancy Rate** – Expressed as a percentage of vacant space and potential rent loss compared with total lettable space and overall rent

Year	Nr. of Properties	Nr. Vacant	Vacant Lettable Space	Vacancy Rate (% lettable space)	Rent Loss (If vacant for whole year)	Vacancy Rate (% of total rent)
April 2016	121	2	9,458 m^2	0.87%	N/A	N/A
April 2017	111**	2	2,384 m^2	0.26%	£195,003	3.34%
April 2018	111	5	2,036m^2	0.22%	£109,000	1.85%

*** number of IPP properties reduced as agreed by S & R committee (Nov 2017)*

4.11 Performance of the portfolio against all the indicators is strong. The total return of the council's IPP has been compared with the Investment Property Databank (IPD) UK All Property index published by MSCI Inc., which is the acknowledged property investment benchmark indicator. The council calculates its own total returns. The formula has been adjusted this year to improve accuracy resulting in the restatement of affected indices (previous years) to ensure like for like comparison.

4.12 The significant contraction between 2015 and 2016 in the total returns of the IPD index reflects the impact of Brexit referendum vote. This has since been shrugged off with an annualised total return for all UK property of 11.3% by December 2017. This is also reflected in the council's own portfolio with total returns increasing from 5.50% to 7.16% in the year. The breakdown according to the different types of properties in the portfolio mirror what is happening nationally with industrial properties having the strongest performance and retail the weakest.

4.13 There has been growth in both gross and net income over the reporting period. The indicators show a step change in the effective return achieved by the portfolio from 5.35% in 2015/16 to 3.86% in 2016/17 and 3.56% in 2017/18. The drop between 2015/16 and 2016/17 is largely explained by interest payments and provisions made for capital repayments which are set against the gross income for new acquisitions and which do not apply to the previously owned stock of commercial property. It is expected that the effective income return, which represents the income that can be applied to provision of other council services will remain stable at around this level going forward.

4.14 The vacancy analysis shows that the council's properties remain well-let, with a relatively small loss of income from vacant properties. The council's properties are however subject to the same property market outlook that affects the rest of UK property. The commentary below sets out the views of some of the leading UK property firms. There is broad consensus that retail properties will continue to face difficulties and that industrial warehouses and logistics will continue to outperform other property classes.

Market Environment

4.15 Gerald Eve publish a property investment briefing note (INVBRIEF) twice a year and in their summer 2018 edition, they reported the significant improvement in the UK all property total returns, which they noted now stands 13.4% above where it was in the period immediately preceding the Brexit vote in June 2016. They noted the difficulties of the retail sector with negative capital growth and low rental growth. Offices are showing positive growth of both capital values and rents, but the strongest performing sector has been the industrial sector with a total return of 20% over a 12 month period.

4.16 Looking forward, Gerald Eve are forecasting a softening of returns over the next 12 months, predicting a halving of the current total return of 11.3%. This reflects their view of the economic impact of the uncertainty regarding Brexit and potential trade wars.

4.17 GVA, in their own summer 2018 edition of their property market review (EPMR), noted that investor appetite for UK commercial property remains robust and that lack of buying opportunities is curtailing transactions. They reported that the rise in overseas investment due to the depreciation of Sterling has moderated although much of the gap has since been filled by UK investor interest which has increased by 29% in the year.

4.18 Looking forward, GVA noted that industrial properties remain one of the most sought after. Demand is also noted to be high for offices with limited supply restricting activity in the market thereby making properties with long-term secured income highly sought after. They forecast that the positive interest in UK real estate will continue and that high quality stock is likely to trade at a premium, with retail being the exception.

IPP - Income Risk Analysis and Obsolescence

4.19 The CIPFA review of the IPP carried out in August 2017 highlighted the need for the council to consider the impact of obsolescence on the portfolio. Obsolescence is generally recognised to be of three types (see below). Ultimately it will have an adverse impact on a building's rental income and capital value.

4.20 The three generally recognised types of obsolescence are:

- Physical - deterioration in the condition of individual building materials
- Functional - when the building no longer offers the best possible design for its intended use, including technology and building systems and compliance with legislation
- Economic - external factors such as deterioration in the neighbourhood, traffic patterns, infrastructure, changing use patterns affecting demand for the property

4.21 The three main options for responding to a property affected by obsolescence is to:

a) **Invest** in the property to address physical and functional deficiencies, and either retain or sell
b) **Retain** the property without any further investment
c) **Sell** without any further investment

4.22 There are many reasons why properties in any portfolio might be sold. However, as a response to obsolescence, a decision to invest, retain or sell should be driven by the action that will enable the highest value to be realised from the asset. The properties that generate the majority of the council's income from the IPP (80% of total income) have been analysed to test the security of income in the short to medium term and establish whether any intervention is required to address obsolescence. The detail is set out in confidential Appendix C.

4.23 The conclusion is that the income from the IPP is relatively secure in the medium term and that obsolescence is not a major issue. It is considered that there is little need for additional investment on the IPP and that all these top rental properties should be retained by the council. Over the next 12 months, a detailed exercise will be carried out into the remaining 91 properties that generate the remaining 20% of the IPP income so as to identify any investment requirements or opportunities to realise value by disposals.

Review of the Investment Property Portfolio Strategy

4.24 The principle of setting up an investment property portfolio (IPP) was agreed by the the S & R committee of the 9 February 2015, with its governing policy, priorities and portfolio management arrangements agreed by the S & R committee of the 16 September 2015.

4.25 The aims of the IPP were to:

a) to deliver a secure medium to long-term investment return in line with agreed criteria and

b) support the economic viability of the borough

4.26 The second of the two aims - to support economic viability of the borough - was removed in 2017, leaving investment return as the sole purpose of the IPP.

4.27 In delivering the IPP strategy, the council has invested both within and outside of the borough. This has resulted in the portfolio growing from a baseline gross income of £2.81m in 2015 to £5.8m to date. This has involved capital expenditure of about £53m since February 2015.

4.28 Other local authorities have also been active in investing in commercial property over the same period, with around £3.8bn spent. This has resulted in concerns about local authorities' understanding of the risks involved with commercial property investment being discussed in Parliament and the media. The government has consequently tightened the regulatory framework on local authorities by revising its statutory guidance on local government investments and on the minimum revenue provision they should make to meet their capital financing requirement.

4.29 In parallel, the council has started to implement its masterplan for Sutton's town centre which has highlighted the need to acquire properties to support both physical and economic regeneration objectives. While there are clear objectives and governance arrangements for the IPP, there are none yet in place for properties acquired solely for regeneration purposes.

Revised statutory guidance on local authority investments

4.30 In 2017, the Chartered Institute of Public Finance & Accountancy (CIPFA) published revisions to two documents - The Prudential Code for Capital Finance in Local Authorities and Treasury Management in Public Services. The Ministry of Housing, Communities and Local Government also issued a revised Statutory Guidance on Local Government Investments (3rd edition) "New Guidance" which came into effect from 1 April 2018. Local authorities have a mandatory duty to "have regard" to these documents. The informal commentary published as Annex A to the New Guidance stated that the revision was made to reflect changes in local authorities' activities, particularly investment in non-financial assets with the primary aim of generating a profit and grant of long-term loans to local enterprises or third sector entities as part of regeneration and place making plans.

4.31 The commentary states that the concerns about local authority behaviour which the guidance aims to address are:

- Too much exposure to financial risk through borrowing and investment decisions
- Inadequate transparency to understand extent of local authorities exposure through their borrowing and investment decisions; and
- Insufficiency of Members' expertise to understand the complex transactions for which they are ultimately responsible

4.32 The New Guidance states that for each financial year a local authority shall prepare at least one Investment Strategy and make a number of disclosures regarding its investment activity and present both annually to Full Council. These requirements are designed to increase transparency and democratic accountability.

4.33 Commercial property investment is classed as a non-financial investment. These are assets a local authority holds primarily or partially to generate a profit.

4.44 The requirements in the guidance that most affect the council's commercial property investment are paragraphs 46 and 47. Paragraph 46 says that *"Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed"*. Paragraph 47 then goes on to say that where a local authority "chooses to disregard" the CIPFA Prudential Code and the New Guidance by borrowing purely to "profit from the investment of the extra sums borrowed", it should explain in its Investment Strategy why the authority has "decided not to have regard to" the New Guidance" or Prudential Code "in this instance", and also set out its policies in managing the extra money borrowed, including management of the risks.

Counsel's Advice

4.46 The Council has sought and received the Advice of James Goudie QC on these matters. Counsel noted that notwithstanding the language of paragraph 46, the New Guidance is no more and no less than guidance to which regard must be given - which paragraph 47 anticipates can be lawfully departed from, but the departure must be explained and must be explained in the investment strategy. It is consequently not prohibited that councils can borrow to invest in commercial property where the sole purpose is for profit, however, it would be necessary to balance the strength of the case for a new investment against the weight to attach to the New Guidance.

4.47 Advice was sought for four categories of commercial property investment:

a) Property in the borough where some regeneration or other benefit over income generation can be demonstrated

b) Property outside the borough but nonetheless close enough that a case can be made for regeneration/employment etc benefits to the borough

c) Property in the borough bought purely for income generation

d) Out of borough property where no regeneration case can be made

4.48 Counsel was clear that there is nothing in the new legislation that prohibits any of the four categories of investment if the council is not funding the acquisitions with borrowing.

4.49 Where borrowed funds are to be used, categories (a) and (b) are not affected by paragraphs 46 and 47 of the new legislation if the benefit to accrue to the council is the dominant purpose of the acquisition.

4.50 With regard to categories (c) and (d) where the dominant purpose is income generation - either in or out-of-borough, Counsel's opinion is that while the New Guidance does not prevent borrowing to purchase investment properties in all circumstances, it makes borrowing solely for purchasing investment properties more difficult than it was before 1 April 2018.

4.51 Counsel further advises that, on the face of it, there is a risk that paragraph 46 contains a prohibition on borrowing solely for the purposes of purchasing investment properties, but having regard to paragraph 47 of the New Guidance, and provided there is full transparency and due diligence, that it is not an absolute prohibition. Counsel further advises that it may be of assistance in such cases if:

a) The borrowing is demonstrated to be driven by a need to fund a particular project rather than plug a general budget gap;

b) The project and expenditure on it is demonstrated to be in accordance with the council's policies; and

c) The borrowing is demonstrated to be in accordance with the council's financial strategies

Implications of the revised regulatory framework for the council's IPP Strategy

4.52 The Council's current approach to new acquisitions for the IPP is that all acquisitions will eventually be financed through borrowing although the initial purchase could be made using cash reserves from its treasury management activities. Its strategy for achieving the aim of securing medium to long term investment return is based on the following principles:

- Invest in properties with tenants with strong finances and with long unexpired lease terms and in areas with strong sustainable economic activity
- Achieve a balanced portfolio - no property class more than 50% or less than 10% over the medium term
- Diversify the portfolio by acquiring outside and within the borough
- Introduce clear governance arrangements and criteria for acquisitions
- Monitor performance against agreed indicators and and report outturns to the S&R Committee.

4.53 Although the council can continue to manage its existing portfolio of commercial properties as it is, the constraints imposed by the New Guidance has come at a time where it is increasingly evident that the council needs greater intervention within the borough in order to realise its vision for economic and physical regeneration.

4.54 The IPP has a significant asset value, and the revenue income it generates contributes towards the delivery of the council's functions. If the council retains the IPP, it is necessary to continue to manage the portfolio on commercially sound principles. It is considered therefore that the principles listed above continue to be required for prudent portfolio management. They help to diversify and mitigate risks to the portfolio and the annual reporting requirement underline the council's commitment to transparency and democratic accountability.

4.55 There are a number of options open to the council in taking forward the IPP. These revolve around whether the council wishes to continue to invest to grow the portfolio, and if it does, how such investment could be funded. A summary of the options is tabulated below:

	Option	Funding & Income implications
1	Do not actively pursue further IPP acquisitions	No additional funding required. IPP cash reserve can be used to address investment requirements of existing buildings. Income growth will come from periodic rent reviews and from lease renewals.
2	Continue to invest, based on current IPP focus on income, but restrict to within the borough	Every investment made solely for income generation with borrowed funds will require a case to be made for lawful departure from the New Guidance.
3	Continue to invest, but revise to make regeneration the priority.	Investments with a regeneration focus will, by definition, be restricted to investments within the borough and adjacent boroughs where the impact/benefits of such regeneration can be demonstrated to extend to Sutton. The council will be able to use borrowed funds to acquire new property. Net income surpluses (in the short to medium term) is likely to be less that what the council currently achieves from the IPP.
4	Continue to invest out of borough	Investments outside the borough can continue to be made with the council's own funds, or exceptionally, with borrowed funds if a case can be made for lawful departure from the New Guidance.

4.56 It is considered a combination of options (3) and (4) from the table above provides the council with the flexibility to continue to respond to the regeneration requirements in the borough and the prudent management of its IPP.

4.57 There is a recognition that investments made to enable regeneration will be broadly of two types:

a) investments with an aim to attract and/or maintain economic activity and that are still able to generate an economic return

b) investments that are made for land assembly purposes to enable regeneration plans that are in line with council adopted plans, masterplans and strategies.

4.58 It is proposed that regeneration-led investments that are able provide an economic return should continue to be made for addition to the IPP, while acquisitions for land assembly purposes are made on a case by case basis. They will require a different set of guidelines and governance arrangements that should still enable the council to respond appropriately where speed is necessary. It is proposed that these are developed and brought back to a future meeting of the S & R committee.

4.59 Adoption of the approach set out above for the IPP requires a revision of its aims and strategic priorities, together with a revised policy for governance and portfolio management. It will also require the council to set out in its Investment Strategy, when prepared for Council approval in

February 2019, the basis on which it may make a lawful departure from the New Guidance and Prudential code in order to invest in commercial property, using borrowed funds.

4.60 The following revised aims and strategic priorities are consequently proposed for the IPP:

The aims of the strategy for the Investment Property Portfolio are to:

a) support the economic viability of the borough; and

b) deliver a secure medium to long-term investment return to help sustain the delivery of council functions.

In delivering the strategy, the following priorities are to be used to guide the growth of the Investment Property Portfolio.

a) acquisitions that help attract and sustain economic activity and investment in the borough

b) arrangements that help mitigate risks and contribute towards achieving a balanced portfolio, including acquisitions within or out of the borough.

5. Options

5.1 This report has considered the range of options available to the council for taking forward the IPP.

6. Impacts and Implications

Financial

6.1 In line with requirements set out in both the MHCLG statutory guidance on local authority investments and CIPFA Prudential Code, the Council intends to develop a new Capital Strategy alongside the existing Treasury Management Strategy which will form part of the budget setting papers to be agreed by Strategy and Resources Committee and then Council in February 2019. These documents will effectively contain the disclosures required by MHCLG in the document it refers to as an ‘investment strategy’.

6.2 As advised by the Prudential Code, the Capital Strategy will set out the long term context in which capital expenditure and investment decisions are made and will give due consideration to both risk and reward and impact on achievement of priority outcomes. These investment decisions will include those made in relation to commercial property.

6.3 As part of the development of the Capital Strategy the council will consider the most appropriate indicators against which to monitor investment activity in commercial property. This will at the very least include those shown under para 4.10 of this report. Under the statutory guidance and prudential code authorities are encouraged to include indicators which allow the assessment of the risks and opportunities of an investment over both its payback period and the repayment period of any debt taken out. The Prudential Code provides more extensive guidance suggesting that indicators should cover achievement of service objectives, stewardship of assets, value for money, prudence and sustainability, affordability and practicality. The Council will continue to carefully assess risks of all investments in a prudent way.

Sutton

<u>Legal</u>

6.4 Section 120 of the Local Government Act 1972 empowers local authorities to acquire land by agreement "*any land, <u>whether situated inside or outside their area</u> for: the purposes of any of their functions under this or any other enactment, or for the benefit, improvement or development of their area.*"

6.5 Part 1, Section 1 of the Localism Act 2011 provides a "general power of competence" for local authorities, subject to the limitations set out on sections 2 and 4 of the same act.

6.6 The Local Government Act 2003 ("LGA 2003"), Part 1, Chapter 1, (sections 1 to 20) is concerned with the capital finance of local authorities. Section 1 gives a local authority power to borrow. Section 12 gives a local authority power to invest for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs; requiring local authorities to self-regulate their capital finance, borrowing and investment activities. Section 15 of LGA 2003 provides that in carrying out its functions under Chapter 1, which include investment and borrowing, a local authority "shall have regard" to such guidance as the Secretary of State may issue <u>and</u> to such other guidance as the Secretary of State may by regulations specify.

6.7 Statutory Instrument (SI) 3146/2003—the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003—develops the controls and powers in the LGA 2003 and by section 24 requires local authorities to have regard to the CIPFA guidance

7. Appendices and Background Documents

Appendix letter	**Title**
A	Progress Update on Targets and Milestones
B	Progress update on Delivery Plan
C (EXEMPT)	IPP - Income Risk and Obsolescence
D	Draft Policy on Governance and Portfolio Management (Revised October 2018)

Background documents
Gerald Eve LLP. (2018, Summer) *INVBRIEF - Property Investment Market*.

GVA. (2018, Summer) *EPMR - Economic & Property Market Review*.

Audit Trail		
Version	Final	Date: 17 October 2018
Consultation with other officers		
Finance	Yes	Lyndsey Gamble
Legal	Yes	Rowenna Warburton
Equality Impact Assessment required?	No	N/A