

Title of Report:	Capital Strategy and Programme 2013–2018
Report to be considered by:	Council
Date of Meeting:	5th March 2013
Forward Plan Ref:	C2503

Purpose of Report:

1. To outline the draft five year Capital Strategy for 2013 to 2018 including the Minimum Revenue Provision (MRP) statement and the Asset Management Plan;
2. To set out the funding framework for Council's five year Capital Programme for 2013/14 – 2017/18.

Recommended Action:

1. That the proposed Capital Strategy and Programme should be approved;
2. That the proposed level of Education capital commitments be kept under review until future levels of government grant funding are known and more detailed and accurate estimates of future pupil numbers and the cost of works required to provide sufficient school places are available.

Reason for decision to be taken:

1. To enable the Council to align resources to agreed Council priorities.
2. To clarify the processes and procedures to ensure that the Capital Programme is managed in accordance with the Council Strategy.
3. To provide a mechanism for the effective medium term planning of capital resources.
4. To ensure effective, efficient and economic use of the Council's assets and resources, and achieve best value for money.

Other options considered:

Not applicable

Key background documentation:

- Capital Strategy and Programme 2012/13–2016/17
- Medium Term Financial Strategy 2013-14 to 2016/17
- Investment and Borrowing Strategy
- Capital Strategy Group papers
- The Council Strategy 2013-17

The proposals contained in this report will help to achieve the following Council Strategy priorities:

- CSP1 – Caring for and protecting the vulnerable**
- CSP2 – Promoting a vibrant district**
- CSP3 – Improving education**
- CSP4 – Protecting the environment**

The proposals will also help achieve the following Council Strategy principles:

- CSP5 - Putting people first**
- CSP6 - Living within our means**
- CSP7 - Empowering people and communities**

The proposals contained in this report will help to achieve the above Council Strategy priorities and principles by:

Ensuring that investment in the Council's assets makes best use of available resources to maximise the benefit to the West Berkshire community in line with the Council Strategy 2013-17.

Portfolio Member Details	
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Date Portfolio Member agreed report:	21 January 2013

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Implications

Policy: The Capital Strategy is aligned directly to both the Council Strategy 2013-2017 and the Medium Term Financial Strategy (MTFS) 2013–2016.

The policy implications arising from the Prudential Framework are set out within the report.

Financial: The proposed programme allocates £40.2 million of Council capital resources over five years. This includes £4.0 million which is expected to be funded from capital receipts from assets which are expected to be sold over the next two years. The remainder will be funded from prudential borrowing, in line with the proposed revenue provision for capital financing included in the Medium Term Financial Strategy 2013-16 (also on this agenda).

Some proposed capital spending will be financed from external funding, including government capital grants from 2013/14 onwards which have still to be confirmed. The level of spend in

future years may need to be reviewed depending on the actual level of capital receipts and government grants.

The Strategy also includes the statement on Minimum Revenue Provision (MRP) required in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

- Personnel:** A proportion of the Council’s establishment is funded directly by the Capital Programme where it can be demonstrated that staff directly support and help to deliver the capital programme.
- Legal/Procurement:** The Capital Strategy contains Prudential Indicators that are mandatory under the Capital Finance Act 2003
- Property:** The proposed Capital Programme will provide for maintenance and improvements to a number of existing Council buildings. The level of funding available for the proposed programme is partly dependant on final decisions still to be made about the disposal of some Council buildings.
- Risk Management:** Strategic risks relating to the Capital Programme are set out in the Council’s Strategic Risk Register. Individual programmes/projects will have their own Risk Management Plans.
- Equalities Impact Assessment:** Individual schemes and programmes will have an EIA completed

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input checked="" type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council’s position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>
Report is to note only		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 This report sets out the new Capital Strategy and Programme covering the five year period 2013/14 to 2017/18. The Council's capital spending plans for the next five years have been reviewed in particular to meet the emerging pressures on capital spending in Education and ICT, while continuing to work within the financial constraints which the Council faces over the medium term.

2. Proposals

- 2.1 The proposed Capital Strategy and Programme comprises:

- The five-year Capital Strategy including the Minimum Revenue Provision (MRP)
- An analysis of the funding of the proposed Capital Programme 2013 to 2018
- Details of new pressures on capital spending
- The proposed five-year Capital Programme.
- The Council's Asset Management Plan for 2013/14, which incorporates a new framework for review of assets and a draft new policy on transferring assets to community organisations

- 2.2 The proposed Capital Programme helps deliver the key priorities set out in the Council Strategy 2013-2017, including investment over the next five years in the following key areas:

- Protecting the Vulnerable: £8.2 million for occupational health equipment, home adaptations and supported living for older people and individuals with learning disabilities or physical and sensory disabilities;
- Promoting a Vibrant District: £39.0 million for maintenance and improvement of highways; £4.4 million for maintenance and improvement of parks, open spaces sporting and cultural facilities;
- Improving Education: £38.6 million for new school places and improvement of school buildings.

3. Equalities Impact Assessment Outcomes

- 3.1 The capital strategy itself does not have any direct equalities impact, but more detailed equalities assessments will be carried out for any new schemes within the capital programme, or potential asset transfers, prior to implementation.

4. Conclusion

- 4.1 The proposed Capital Programme allows for total expenditure over five years of £100.9 million, of which £45.1 million is funded from government grants, £15.6 million from developers contributions and £40.2 million, or an average of £8.0 million per year, is funded by Council resources. The latter element includes an estimated £4.0 million capital receipts from assets which are expected to be sold

over the next two years, although final decisions on the sale of some assets have still to be taken. The remainder is funded from prudential borrowing in line with the revenue provision for capital financing assumed in the proposed Medium Term Financial Strategy (MTFS) 2013-16 (also on this agenda).

- 4.2 The proposed programme allows for £1.8 million increased investment in ICT over and above the previously approved level of programme. It also includes £4.9 million to allow for some sustained increase in the basic need for school places in parts of Newbury and Thatcham, and a one off increase affecting one or two cohorts of pupils elsewhere in West Berkshire.
- 4.3 However the full cost of providing sufficient school places and addressing the most urgent school condition issues is estimated to be between £1.7 million and £5.3 million higher than is affordable within the proposed capital programme, depending on whether or not the increase in pupil numbers across the district proves to be a sustained. The proposed level of Education capital commitments will therefore be kept under review until future levels of government grant funding are known. It will also necessary to finalise more detailed and accurate estimates of future pupil numbers and the cost of works required to provide sufficient school places, before decisions can be made whether to delete schemes from the Education Programme and/or from other services' programmes in order to accommodate the emerging budget pressures.

Appendices

Appendix A – Equality Impact Assessment – Stage 1

Appendix B - Strategy and Programme 2013/14 to 2017-18

Consultees

Local Stakeholders: Consultation has taken place with a range of stakeholders on various elements of the attached Programme.

Officers Consulted: Capital Strategy Group, Corporate Board

Trade Union: Not Consulted

Equality Impact Assessment – Stage One

Name of item being assessed:	Capital Strategy and Programme 2013 to 18
Version and release date of item (if applicable):	Version 4 - 4th February 2013
Owner of item being assessed:	John Ashworth
Name of assessor:	Gabrielle Esplin
Date of assessment:	4th February 2013

1. What are the main aims of the item?
<p>To allocate resources for capital investment in the Council's assets to enable the Council Strategy 2013-17 to be implemented within available resources in line with the Medium Term Financial Strategy 2013-17;</p> <p>To set out the principles for management of the Council's assets including criteria for potential transfer of assets to community groups.</p>

2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation)

Group Affected	What might be the effect?	Information to support this.
Older People and people with disabilities	The capital strategy allocates resources to maintain and improve services to these groups in line with the overarching Council Strategy.	See paragraphs 5.5.3 - 5.5.5 of the Capital Strategy 2013-18
Older People and people with disabilities	The asset management plan also includes a draft policy giving criteria for transfer of Council properties to community groups. One of the criteria is that the proposed use of the property must be compliant with the Disability Discrimination Act.	See appendix 4 of the Capital Strategy and Programme - Asset Management Plan 2013-18

Further comments relating to the item:
The capital strategy itself does not have any direct equalities impact, but more detailed equalities assessments will be carried out for any new schemes within the capital programme, or potential asset transfers, prior to implementation.

3. Result (please tick by clicking on relevant box)	
<input type="checkbox"/>	High Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Medium Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Low Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input checked="" type="checkbox"/>	No Relevance - This does not need to undergo a Stage 2 Equality Impact Assessment

For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.

4. Identify next steps as appropriate:	
Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	Yes

Name: Gabrielle Esplin

Date: 23rd January 2013