

Title of Report:	Capital Strategy and Programme 2014/15 to 2018/19
Report to be considered by:	Council
Date of Meeting:	4 March 2014
Forward Plan Ref:	C2746

Purpose of Report: To outline the five year Capital Strategy for 2014 to 2019, including the Minimum Revenue Provision (MRP) statement and the Asset Management Plan, and to set out the funding framework for Council's five year Capital Programme for 2014/15 to 2018/19.

Recommended Action: To recommend the Capital Strategy and Programme for approval by full Council on the 4th March 2014

Reasons 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: N/A

Key background documentation: Capital Strategy and Programme 2013/14–2017/18
Medium Term Financial Strategy 2013-14 to 2016/17
Investment and Borrowing Strategy 2013/14
Capital Strategy Group papers
The Council Strategy 2013-17

The proposals contained in this report will help achieve the following Council Strategy priorities:	
<input checked="" type="checkbox"/>	CSP1 - Caring for and protecting the vulnerable
<input checked="" type="checkbox"/>	CSP2 - Promoting a vibrant district
<input checked="" type="checkbox"/>	CSP3 - Improving education
<input checked="" type="checkbox"/>	CSP4 - Protecting the environment
The proposals will also help achieve the following Council Strategy principles:	
<input checked="" type="checkbox"/>	CSP5 - Putting people first
<input checked="" type="checkbox"/>	CSP6 - Living within our means
<input checked="" type="checkbox"/>	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 and systems 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:	3 February 2014

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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).
The policy implications arising from the Prudential Framework are set out within the report.
- Financial:** The draft programme allocates £37.9 million of Council capital resources over five years. This includes £4.0 million from capital receipts from assets which are expected to be sold over the next year. The remainder will be funded from prudential borrowing. The cost of borrowing will be reflected in the Revenue Budget and the Medium Term Financial Strategy.
- Some proposed capital spending will be financed from external funding, including government capital grants from 2014/15 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.

Is this item relevant to equality?	Please tick relevant boxes	Yes	No
Does the policy affect service users, employees or the wider community and:			
• Is it likely to affect people with particular protected characteristics differently?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?		<input checked="" type="checkbox"/>	<input type="checkbox"/>
• Does the policy relate to an area with known inequalities?		<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)			
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia			<input checked="" type="checkbox"/>
Not relevant to equality			<input type="checkbox"/>

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 Report

1. Introduction

- 1.1 This report sets out the draft Capital Strategy and Programme covering the five year period 2014/15 to 2018/19. Its aim is to ensure that the Council's highest priorities for capital investment can be delivered within the financial constraints which the Council faces.

2. Proposals

- 2.1 The draft 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 2014 to 2019, including the cost of borrowing to fund capital investment.
- The proposed five-year Capital Programme.
- The Council's Asset Management Plan for 2014/15

- 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: £8.7 million for occupational health equipment, home adaptations and supported living for older people and people with physical, sensory or learning disabilities;
- Promoting a Vibrant District: £40.4 million for maintenance and improvement of highways; £2.2 million for maintenance and improvement of parks, open spaces sporting and cultural facilities; £1 million for the provision of new affordable housing and £700,000 to facilitate the delivery of superfast broadband across the majority of West Berkshire;
- Improving Education: £51.2 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 £115.2 million, of which £69.6 million is funded from government grants, £7.7 million from developers contributions and £37.9 million, or an average of £7.6 million per year, is funded by Council resources. The latter element includes an estimated £4 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 is expected to be sufficient to provide for the main capital investment priorities for Education in 2014/15 and 2015/16. These include additional school places in Newbury and other parts of the district, some improvements to the condition and suitability of school buildings and provision for universal free school meals to reception and key stage 1 pupils. However, the level of government funding for school maintenance for 2015/16 onwards is not yet known and current pupil number forecast data still needs to be finalised. This may result in further pressure on Council funding.
- 4.3 Pupil number forecast data will continue to be reviewed and updated and Education managers will carry out a further review of condition and suitability needs of all schools by planning area over the coming year. This additional data will provide increasing clarity on the medium to long term pressures which will be taken into account in revising the Capital Programme for the next five year period of 2015 to 2020.

Appendices

Appendix A – Draft Capital Strategy and Programme 2014/15 to 2018/19

Appendix B – Equality Impact Assessment

Consultees

Local Stakeholders: N/a

Officers Consulted: Corporate Board

Trade Union: N/a