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# Capital Strategy and Programme 2016/17 to 2020/21

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<b>Committee considering report:</b>	Council on 1 March 2016
<b>Portfolio Member:</b>	Councillor Roger Croft
<b>Date Portfolio Member agreed report:</b>	19 January 2016
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## 1. Purpose of the Report

- 1.1 To outline the five year Capital Strategy for 2016 to 2021, including the minimum revenue provision (MRP) statement and the asset management plans for property and highways, and to set out the funding framework for Council's five year capital programme for 2016/17 to 2020/21.

## 2. Recommendation

- 2.1 To approve the Capital Strategy and Programme 2016/17 to 2020/21.

## 3. Implications

- 3.1 **Financial:** The draft programme allocates £38.8 million of Council capital resources over five years. This includes £1.25 million from capital receipts from assets which are expected to be sold over the next three years. The remainder will be funded from prudential borrowing.

By reviewing the capital financing strategy and taking advantage of lower than expected interest rates it is possible to make a lower than expected increase in the revenue budget for capital financing of £450,000 in 2016/17. The annual increase is planned to be £500,000 per year from 2017/18 to 2020/21. These increases are reflected in the Revenue Budget and the Medium Term Financial Strategy.

Some proposed capital spending will be financed from external funding, including some government capital grants from 2016/17 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.

- 3.2 **Policy:** The Capital Strategy is closely aligned to the Council Strategy 2015-2019.

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

**3.3 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

**3.4 Legal:** The Capital Strategy contains Prudential Indicators that are mandatory under the Capital Finance Act 2003.

When the programme has been approved by Council, the budget managers will have the authority to let contracts for the schemes included in the 2016/17 programme in accordance with the Council's Contract Rules of Procedure.

**3.5 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.

**3.6 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 land and buildings.

#### **4. Other options considered**

Not applicable.

## 5. Executive Summary

### 5.1 Introduction

This report sets out the draft Capital Strategy and Programme covering the five year period 2016/17 to 2020/21. 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.

### 5.2 Proposals

The proposed Capital Programme helps deliver the key priorities set out in the Council Strategy 2015-2019, including investment over the next five years in the following key areas:

- **Better Education Communities:** £57.1 million for new school places and improvements to school buildings;
- **A Stronger Local Economy:** £55.0 million for maintenance and improvement of highways and £1.5 million to facilitate the delivery of superfast broadband across West Berkshire;
- **Protect and support those who need it:** £11.6 million for occupational health equipment, home adaptations and supported living for older people and people with physical, sensory or learning disabilities and support for looked after children;
- **Maintaining a high quality of life within our Communities:** £3.8 million for maintenance and improvement of parks, open spaces sporting and cultural facilities.

### 5.3 Equalities Impact Assessment Outcomes

5.3 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.

## 6. Conclusion

6.1 The Capital Programme allows for total expenditure over five years of £140.4 million, of which £20.9 million is from developers contributions, £80.7 million is funded from other external sources of funding – mainly government grants, and £38.8 million, or an average of £7.8 million per year, is funded from Council resources. Council resources include an estimated £1.25 million 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 revenue provision for capital financing assumed in the current Medium Term Financial Strategy (MTFS).

6.2 Any schemes in the programme which have not yet been committed will be subject to further review by officers and members to determine whether any savings can be made in the capital programme which could generate additional revenue savings, without serious detriment to the Council's objectives. Any further changes which are proposed to the 2016/17 programme will be reported to the next meeting of the Executive.

## 7. Appendices

Appendix A – Capital Strategy and Programme 2016/17 to 2020/21

Appendix B – Equalities Impact Assessment –N/A

Appendix C – Summary of Capital Programme 2016/17 to 2020/21

Appendix D – Detailed Capital Programme 2016/17 to 2020/21

Appendix E – Overview of the Council’s Asset Management Strategy

Appendix F – Highways Asset Management Plan 2016/17