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# Capital Strategy and Programme 2017/18 to 2021/22

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<b>Committee considering report:</b>	Executive on 16 February 2017 Council on 2 March 2017
<b>Portfolio Member:</b>	Councillor Anthony Chadley
<b>Date Portfolio Member agreed report:</b>	19 January 2017
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<b>Forward Plan Ref:</b>	C3120

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## 1. Purpose of the Report

- 1.1 To outline the five year Capital Strategy for 2017 to 2022, 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 2017/18 to 2021/22.

## 2. Recommendations

- 2.1 To recommend the capital strategy and programme for approval by the Full Council.
- 2.2 To request the Council to delegate authority to the Executive to increase the Capital Programme by up to £50 million in 2017/18 in line with the proposed property investment strategy which is still to be finalised.

## 3. Implications

- 3.1 **Financial:** The draft programme allocates £41.6 million of Council capital resources over five years to be funded from prudential borrowing. This level of investment is expected to require an annual increase in the revenue budget for capital financing of £500k per year from 2017/18 to 2021/22. 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 government capital grants, S106 and CIL. Some of this external funding onwards has 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 future level of CIL funding is particularly uncertain at this stage and will need to be kept under close review.

The proposed programme does not include spending and borrowing for the planned property investment strategy. The capital programme will need to be amended to reflect this when the property investment strategy is finalised. The

revenue implications of this change will also be set out in the strategy which will be presented to a later meeting of the Executive.

- 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

- 4.1 Not applicable

## 5. Executive Summary

### 5.1 Introduction.

This report sets out the draft Capital Strategy and Programme covering the five year period 2017/18 to 2021/22. Despite ongoing pressure on the revenue budget, the Council continues to make significant investment in the future of West Berkshire through its capital programme.

### 5.2 Proposals.

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

- **Improving Educational Attainment and Closing the Educational Attainment Gap:** £66.7 million for new school places and improvements to school buildings;
- **Key Infrastructure Improvements in Relation to Roads:** £50.0 million for maintenance and improvement of highways
- **Enabling the Completion of More Affordable Housing:** £2.1m to replenish and maintain the Council's supply of temporary accommodation and
- **Regeneration and The Digital Economy:** £1.5 million to facilitate the delivery of superfast broadband across West Berkshire;
- **Safeguarding Children and Vulnerable Adults:** £11.8 million for occupational health equipment, home adaptations and supported living for vulnerable adults and looked after children and £1.9m to improve the supply of temporary accommodation for people at risk of becoming homeless;
- **Supporting Communities to do More to Help Themselves:** £3.8 million for maintenance and improvement of parks, open spaces sporting and cultural facilities and £0.5m for grants to support community projects.

Officers are also in the process of developing a strategy for investment in commercial property with a view to generating additional revenue income for the Council. The implementation of this strategy is expected to involve additional borrowing and capital expenditure of up to £50 million in 2017/18 over and above the amount included in the current proposed Capital Programme. The proposed programme may therefore need to be amended at a later date to reflect these additional spending and borrowing requirements associated when the Property Investment Strategy is finalised.

### 5.3 Equalities Impact Assessment Outcomes.

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

The proposed programme allows for all the most urgent capital investment priorities identified by services to help implement the Council Strategy over the next five years. However the proposed programme relies on some sources of external funding which have not yet been confirmed for the later years of the programme - the future level of CIL receipts is particularly uncertain at this stage. Programme priorities and the availability of funding will therefore need to be kept under review, and changes may need to be made to the programme in future years.

## 7. Appendices

- 7.1 Appendix A – Capital Strategy and Programme 2017/18 to 2021/22
- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Summary of Capital Programme 2017/18 to 2021/22
- 7.4 Appendix D – Detailed Breakdown of Capital Programme 2017/18 to 2021/22
- 7.5 Appendix E – Overview of Property Asset Management Strategy
- 7.6 Appendix F – Highways Asset Management Strategy