

Title of Report:	Capital Strategy and Programme 2011–2016
Report to be considered by:	Executive
Date of Meeting:	17 February 2011
Forward Plan Ref:	C2181

Purpose of Report:

- 1) **To outline the Council’s proposed five year Capital Strategy for 2011 to 2016 including the Minimum Revenue Provision (MRP) statement;**
- 2) **To set out the funding framework for Council’s five year Capital Programme for 2011/12–2015/16.**

Recommended Action: **That the five year Capital Strategy as set out within this report be approved.**

Reason for decision to be taken:

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

Other options considered: None

Key background documentation:

- West Berkshire Council’s Capital Strategy and Programme 2010/11–2014/15
- Medium Term Financial Strategy
- Investment and Borrowing Strategy
- Capital Strategy Group papers
- TEB Papers
- Corporate Property Asset Management Plan

The proposals contained in this report will help to achieve the following Council Plan Priority(ies):	
<input checked="" type="checkbox"/>	CPP1 – Support our communities through the economic recession – to alleviate the impact on different communities and individuals who find themselves out of work and/or disadvantaged
<input checked="" type="checkbox"/>	CPP2 – Raise levels of educational achievement – improving school performance levels
<input checked="" type="checkbox"/>	CPP3 – Reduce West Berkshire’s carbon footprint – to reduce CO ₂ emissions in West Berkshire and contribute to waste management, green travel, transportation and energy efficiency

The proposals will also help achieve the following Council Plan Theme(s):

- CPT1 - Better Roads and Transport**
- CPT2 - Thriving Town Centres**
- CPT3 - Affordable Housing**
- CPT5 - Cleaner and Greener**
- CPT6 - Vibrant Villages**
- CPT7 - Safer and Stronger Communities**
- CPT8 - A Healthier Life**
- CPT9 - Successful Schools and Learning**
- CPT10 - Promoting Independence**
- CPT13 - Value for Money**
- CPT15 - Putting Customers First**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes 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 agreed Council Themes and Outcomes.

Portfolio Member Details	
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Date Portfolio Member agreed report:	03 February 2011

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Implications

Policy: The Capital Strategy is aligned directly to both the Council Plan and the Medium Term Financial Strategy (MTFS).

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

Financial: The funding envelope for the Council Funded Element of the five-year Capital Programme is £35.5 million which will be funded from prudential borrowing. This envelope is in line with the Capital Financing requirement set out in the Medium Term Financial Strategy, also on this agenda.

Over 65% of the proposed capital spending will be financed from external funding, part of which has already been received or announced. However it is important to note that, some government capital grants from 2012/13 onwards (particularly for

Education) have still to be confirmed. The level of spend in future years will therefore vary depending on the actual level of grants awarded.

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 (51 FTEs) is funded directly by the Capital Programme where it can be demonstrated that staff directly 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 capital programme is designed to maintain the necessary level of investment in the Council's buildings and infrastructure.
- Risk Management:** Strategic risks relating to the Capital Programme are set out in the Council Plan 2008 and 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 Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Report

1. Introduction

- 1.1 This report sets out the new Capital Strategy and Programme covering the five year period 2011/12 to 2015/16.
- 1.2 In order to meet the financial constraints which the Council faces over the next two years (as explained in the report on the Medium Term Financial Strategy also on this agenda), it has been necessary to undertake a fundamental review of capital spending plans. The review has involved rigorous prioritisation of capital projects in order to make best use of government grants, developers' contributions and other sources of funding and therefore to minimise the need to borrow to fund capital expenditure. This enables the Council to reduce the capital financing pressure on the revenue budget while still aiming to meet the most urgent needs for investment in its assets.

2. Proposals

- 2.1 The proposed Capital Strategy and Programme is included for approval. This comprises:
- A summary of the funding framework for the Capital Programme 2011/12 to 2015/16
 - A report on progress with implementing the current Capital Programme. This is presented in advance of year end and may change later in the year once the Capital Accounts have been closed;
 - The five-year Capital Strategy including the annual Minimum Revenue Provision (MRP) Statement;
 - The proposed five-year Capital Programme.

3. Conclusion

- 3.1 The total new Council funding requirement for the capital programme is £35.5 million. This is in line with the revenue budget for borrowing costs associated with capital spending, recommended as part of the Medium Term Financial Strategy.
- 3.2 This level of programme represents a significant reduction in Council funded capital spending in comparison with recent years. However, by making optimum use of government grants and developers' contributions, the total planned capital investment for the period 2011/12 to 2015/16 is £121 million.
- 3.3 The Executive will continue to receive monitoring reports on the progress of the Capital Programme on a quarterly basis.

Appendices

Appendix A - Capital Strategy and Programme 2011/12 – 2015/16

Consultees

Local Stakeholders: Consultation has taken place with a range of stakeholders on various elements of the attached Programme. Stakeholders are sometimes co-funders of projects shown with the Programme.

Officers Consulted: Capital Strategy Group, Corporate Board

Trade Union: Not consulted