

# **Reading Borough Council**

## **Capital Strategy**

**2021/22**

**February 2021**

## Contents

1. Introduction
2. Context
3. Approach to Capital Investments
4. Asset Management Planning
5. Capital Programme (2021/22 - 2023/24)
6. Financing the Capital Programme
7. Governance
8. Risk Management
9. Treasury Management
10. Action Plan

Appendix A - Asset Management Structure

Appendix B - Prioritisation Matrix

Appendix C - Flowchart of the Capital Programme Process

Appendix D - Action Plan

Appendix E - General Fund Capital Programme 2021/22 - 2023/24

Appendix F - Housing Revenue Account (HRA) Capital Programme 2021/22 - 2023/24

## **1. Introduction**

- 1.1. The Prudential Code for Capital Finance in Local Authorities (2017), published by the Chartered Institute of Public Finance and Accountancy (CIPFA), requires each Local Authority to produce a Capital Strategy on an annual basis. This Capital Strategy document is aimed at meeting those requirements.
- 1.2. As well as meeting the requirements of the Prudential Code, this Strategy also has regard to the statutory guidance on Local Government Investments issued by the Ministry of Housing, Communities and Local Government (MHCLG) in February 2018. The purpose of the statutory guidance and the Prudential Code is to ensure that capital investments made by Local Authorities are affordable, prudent and sustainable.
- 1.3. Under the legislative framework the Capital Strategy is one of a suite of four linked strategies, the others being: The Annual Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Policy.
- 1.4. In practice the main purpose of the Capital Strategy is to define how Reading Borough Council will maximise the impact of its limited capital resources to support the delivery of its key aims and objectives.

## **2. Context**

- 2.1. The Council's Capital Strategy provides an overview of where and how the Council intends to deploy its capital resources to support delivery of some of the strategic aims set out in the Council's Corporate Plan (2021/22). The Capital Strategy will help shape Reading's future and facilitate the delivery of the Council's agreed Corporate Plan priorities, which are:
  - Securing the economic success of Reading;
  - Improving access to decent housing to meet local needs;
  - Protecting and enhancing the life outcomes of vulnerable adults and children;
  - Keeping Reading's environment clean, green and safe (which includes addressing the declared climate emergency);
  - Promoting great education, leisure and cultural opportunities for people in Reading; and
  - Ensuring the Council is 'fit for the future'.
- 2.2. The Capital Strategy also needs to be read in conjunction with other strategic documents such as the Medium-Term Financial Strategy, the Council's Asset Management Plan, Treasury Management Strategy Statement (TMS) and the Commercial Investment Strategy.

### **Demographic Changes**

- 2.3. Office of National Statistics (ONS) forecasts indicate that the population of Reading is anticipated to rise by 2.3% by 2043. However, within that total the

percentage of residents aged 65+ is projected to increase by 51.1%, whereas, the 0-19 population is projected to decrease by 6.8%, representing a significant demographic shift.

- 2.4. Housing growth - Government have reaffirmed their commitment to the building of 300,000 new homes per annum. However, a recent (Dec 2020) revision to guidance from Government has shifted the emphasis from greenfield sites to brownfield sites in major urban areas, including the repurposing of shops and offices. This may have an impact on the centre of Reading which has a large office footprint, particularly post Covid depending on people's ability and preference to work from home.
- 2.5. The Elizabeth Line (Cross Rail) is currently anticipated to open in the first half of 2022 with its western terminus in Reading. It remains to be seen what the impact is on the number of people commuting into or out of Reading and the knock-on impact on supporting infrastructure requirements.

#### **Technological Changes**

- 2.6. The pace of change in technological advancement gets ever faster, with the crisis caused by the Covid-19 Pandemic having pushed things on even faster in some cases. It is likely that the way that the Council uses its office spaces and the way it delivers its service to the public will change significantly.
- 2.7. The Council also has a role in facilitating change in the wider community. Examples of this might be in providing charging points for electric vehicles, better integration of public transport to allow safe travel, more walking and cycling networks, or even providing street furniture which facilitates the use of self-driving vehicles.
- 2.8. Reading's location at the heart of the M4 corridor may provide some unique opportunities in terms of economic development.

#### **Climatic Changes**

- 2.9. The Council has declared a Climate Emergency and has set a policy objective of making Reading a carbon neutral town by 2030. This ambition will require investment in 'green technologies' not only for the Council's own operational sites and housing stock, but to facilitate a step change across the Borough.
- 2.10. This might mean investment in carbon neutral initiatives such as solar and wind energy as well as ground source heat pumps, etc.
- 2.11. There may also be a need for investment to mitigate the impacts of climate change such as flood defence or increased planting to either absorb water or provide a cooling effect in highly urban areas.

#### **Legislative Changes**

- 2.12. The Government has been concerned about local authorities investing in the property market purely for financial return for some time and have steadily tightened the rules to restrict such actions. The latest announcement from Government on this topic is to prevent any local authority which has such investments in its capital programme from borrowing from the PWLB. In response to this the Policy Committee at its meeting on 14 December 2020 removed this activity from the Capital Programme from 2020/21 onwards.

### **3. Approach to Capital Investments**

3.1. The key objectives of Capital Investment are to:

- Support service delivery in line with the Council's strategic objectives and any statutory requirements
- Maintain existing assets to appropriately fulfil their intended function, or maximise their value if they are surplus to requirements and intended for disposal
- Facilitate the generation of income from Council Services
- Enhance value for money through reducing or avoiding costs
- Support regeneration and economic development

3.2. Capital Investments will also have regard to the following:

- Be affordable and financially sustainable
- Minimise adverse environmental impacts wherever possible
- Maximise community benefits, working in partnership with other agencies if appropriate
- Be forward looking in terms of technological developments and social trends
- Seek to minimise the risk profile of the investment within the limitations imposed by meeting other criteria

3.3. Any capital bids that do not meet the above objectives will not be supported.

3.4. Existing capital assets that do not contribute towards the above objectives will be considered for disposal. However, the Council will aim to maximise the capital receipt from any such disposal and as a consequence, may continue to hold assets awaiting favourable market conditions. Where this is the case the reason for retaining the asset will be made explicit and an action plan/criteria for disposal agreed.

3.5. To ensure that Capital Investment is conducted in line with this Strategy the Council has put in place governance arrangements set out in more detail in section 7 of this document and Appendix A attached. The Council also uses a prioritisation matrix to assess capital bids when they are presented as part of the Medium Term Financial Strategy process which appears in Appendix B. Appendix C sets out the process by which schemes are accepted into the Capital Programme.

## 4. Asset Management Planning

4.1. The Council has a typical local authority asset portfolio. This consists of operational assets, investment assets and assets held for specific community or regeneration purposes as set out below:

- Operational Assets - supporting core business and service delivery
- Investment Assets - to provide a financial return to the Council
- Community Assets - to support specific local community projects
- Regeneration Assets - enabling strategic place shaping and economic growth

### Operational Assets

4.2. The Council holds a wide range of operational assets such as land and buildings, highways infrastructure, vehicles and ICT Hardware and Software.

### Land and Buildings

4.3. The purchase, on-going management and disposal of land and buildings is governed by the Corporate Asset Management Plan.

4.4. The Council has historical data on its property portfolio to assess building condition and backlog maintenance which is updated through a rolling programme of condition surveys. The Council retains an annual building maintenance programme funded from revenue. This is primarily a responsive repairs and specific statutory compliance budget.

4.5. The Council's proposed expenditure on maintenance and improvement to corporate buildings in the period 2021/22-2023/24 is £1.0m. It is primarily directed at operational buildings (non-Housing) and excludes ring fenced funding.

4.6. Under the Council's Asset Management Strategy, any surplus properties are prioritised to be used to generate revenue which can be done in a number of ways. For example, rather than a freehold disposal, the Council may choose to offer a leasehold or leaseback option when marketing a property for sale. This means the Council will retain ownership of the property once the lease expires and will benefit in the longer term. Alternatively, surplus land may be suitable to be transferred to the HRA to facilitate the development of affordable housing.

4.7. The Council's housing stock, within the Housing Revenue Account (HRA), is subject to a programme of major repairs, planned at £9.2m p.a., in order to ensure the stock is maintained at a suitable standard. The HRA Capital Programme also contains New Build & Acquisition schemes to provide more affordable housing within Reading. The Council also has plans to build new sheltered homes alongside adult day care services to meet the needs of older people and vulnerable adults.

## Highways Infrastructure

- 4.8. Highways infrastructure is maintained and developed in line with the [Highway Asset Management Policy](#). This aims to secure highways assets in a manner which allows the delivery of services to an agreed standard. The policy is underpinned by the Highways Asset Management Plan and Strategy (HAMPS) which defines the management strategies to be adopted throughout the life cycle of assets in order for them to facilitate the delivery of those service standards.
- 4.9. In support of the HAMPS the highways network is regularly surveyed to determine the condition of assets and thus identify the need to repair or replace those assets.
- 4.10. Delivery of the HAMPS is overseen by the Highways Asset Management Board which meets regularly throughout the year.

## Vehicles

- 4.11. Since 2016/17 the Council has adopted a multi-year Vehicle Replacement Programme to ensure the best value in procuring new vehicles and to minimise service risk from vehicle failure. In addition, the Vehicle Replacement Programme allows a clear path to be plotted for the electrification of the fleet in order to contribute towards the Council's ambition of a carbon neutral Reading by 2030. As an early adopter of such technology the Council is likely to incur some additional financial cost in the short term, even if reducing the environmental cost. These higher costs are reflected in the Capital Programme.

## ICT Assets

- 4.12. The Council's approach to Information & Communication Technology (ICT) is set out in the [ICT Future Operating Model](#) agreed by Policy Committee in June 2020. A broader Digital Strategy is in preparation for approval in early 2021/22.
- 4.13. Both for financial reasons and in order to provide more responsive services in line with customer expectations the Council has adopted a large-scale transformation programme. Much of this transformation is underpinned by new digital infrastructure in order to facilitate new ways of working. The Covid-19 pandemic has both illustrated the importance of this approach and accelerated the pace of change.
- 4.14. ICT needs to be agile, responsive and reliable, but at the same time secure. The rapidly evolving ICT market provides a range of options which will need careful consideration to strike the right balance in meeting these requirements. However, there is a clear trend towards solutions being provided on an as used basis which is likely to mean that the Council will require a smaller asset base in this area of activity. This may require some funding adjustments from capital to revenue to support this changed environment.

## Capital Receipts

4.15. Below is the latest projection on capital receipts:

**Table 1. Capital Receipts Projection**

	2020/21	2021/22	2022/23	2023/24
	(£000)	(£000)	(£000)	(£000)
<b>Prior Year (Brought Forward)</b>	<b>7,258</b>	<b>524</b>	<b>1</b>	<b>7</b>
<b>Receipts in Year:</b>				
Property Disposals	220	2,245	3,356	2,851
RTL Loan Repayments	0	1,500	1,500	1,500
<b>Balance Available to be Applied</b>	<b>7,478</b>	<b>4,269</b>	<b>4,857</b>	<b>4,358</b>
Applied to Fund Delivery Fund	(4,056)	(1,732)	0	0
Applied to Fund Other	(2,898)	(2,536)	(4,850)	(801)
<b>Balance to Carry Forward</b>	<b>524</b>	<b>1</b>	<b>7</b>	<b>3,557</b>

## Investment Assets

- 4.16. Investment assets can be broken down into two main categories: financial investment assets e.g. bank deposits, and non-financial investment assets, e.g. property.
- 4.17. Financial investments can fall into three categories, as defined by the Statutory Guidance issued under section 15(1)(a) of the Local Government Act 2003: Specified Investments; Non-Specified Investments and Loans. Specified and Non-Specified investments are only likely to be undertaken as part of managing the Council's cash flows and are therefore covered by the Treasury Management Strategy.
- 4.18. Loans may also be used as part of the cash flow management processes but may also be used in support of specific service objectives. Where loans are provided to support service objectives there are likely to be other social, economic, or environmental issues involved which are likely to impact on the nature of the loan provided. These will need to be carefully considered on a case by case basis but may mean that loans are provided on terms that are not fully commercial, although anti-competitive legislation will always need to be taken into account. Even if not established on a fully commercial basis such loans may yield a financial return to the Council.
- 4.19. Non-financial investments are non-financial assets held by the Council partly or primarily to generate a financial return. This might be through an appreciation in the capital value of the asset or by delivering a regular income stream in excess of the costs of owning the asset, or both. Although other opportunities might be considered it is likely that such investments will involve the holding of property assets.
- 4.20. In line with many other councils, Reading Borough Council has historically established a small portfolio of investment properties primarily to generate a regular income stream to off-set significant reductions in funding from Government. The approach to developing this portfolio is governed by the Commercial Investment Strategy. In the light of recent developments, e.g.



Covid-19 and the reform of PWLB lending terms, the Commercial Investment Strategy will need to be subject to a thorough review.

- 4.21. Traditionally property as an investment class has offered relatively high yield and less volatility than financial investments. However, it is an illiquid asset and as such carries the risk of being unable to respond quickly to changes in market conditions. Recent events in respect of the Covid-19 pandemic have brought this risk to attention and the impact on the Council's historic property investments needs to be carefully considered.
- 4.22. Central Government have never been entirely comfortable with local authorities entering into the property market for yield and have steadily increased regulation on these activities. In November 2020 HM Treasury announced changes to the rules in respect of borrowing from the Public Works Loans Board (PWLB). Councils Purchasing Investment Assets Primarily for Yield (PIAPY) will no longer have access to borrowing from the PWLB either for those specific assets or the rest of their Capital Programme.
- 4.23. Therefore, in the light of both the impact of the Covid-19 pandemic and the change in the rules for borrowing from the PWLB the Council will not purchase further property for investment purposes at this time. The existing investment property portfolio will need to be reviewed to determine the best course of action for the future.
- 4.24. The commercial investment portfolio held by the Council is set out in Table 2 below.

**Table 2. Commercial Investment Portfolio**

	Annual Rental Yield 2021/22 (£m)	Capital Value as at 31 <sup>st</sup> March 2020 (£m)	Purchase Price (£m)	Net Annual Income after Financing Cost (£m)
Kennet Wharf, Queens Road	1.295	17.775	20.091	0.453
Adelphi House, Friar Street	0.744	10.085	11.432	0.222
160 - 163 Friar Street Office	0.719	10.165	11.230	0.249
Four 10 TVP	1.660	35.290	32.914	0.160
Acre Business Park	0.019	2.940	N/A	0.019
Albury Close	0.010	0.605	N/A	0.010
16 & 18 Bennett Road	0.109	2.200	N/A	0.109
<b>Total</b>	<b>4.556</b>	<b>79.060</b>	<b>75.667</b>	<b>1.222</b>

- 4.25. It is still possible that the Council will make a financial return from its ownership of property or other assets where this is not the main purpose of holding them.

## **Community and Regeneration Assets**

- 4.26. Assets held for community or regeneration purposes will tend to be land and property held by the Council for wider community benefit beyond services delivered directly by the Council, but where the main purpose is not to make a return.

## **5. Capital Programme (2021/22 - 2023/24)**

- 5.1. The Capital Programme details the Council's capital expenditure which facilitates the delivery of corporate priorities by:
- Providing investment to improve access to decent housing to meet local needs and help combat homelessness, as well as maintaining existing council dwellings
  - Supporting delivery of sustainable, local social care services through investment to enable independent and supported living in the local community for both children and adults
  - Working in partnership with Reading Transport, Network Rail, the Local Enterprise Partnership (LEP) and others in seeking funding and delivering an improved transport network, whilst being mindful of environmental factors
  - Building schools to meet the future needs of the population and ensuring access to education
  - Providing investment to deliver low carbon living, reduce pollution and increase recycling
  - Providing investment in community and leisure provision to meet Reading's needs
  - Facilitating transformation schemes, ensuring that the Council is fit for the future
- 5.2. The Council has an ambitious Capital Programme, but limited capital resources. Therefore, to help in determining how they are utilised, capital bids are assessed against a prioritisation matrix (Appendix B). This process helps to highlight risks and opportunities on a case by case basis and is used to rank projects against a set of agreed criteria.
- 5.3. The General Fund and HRA Capital Programmes, attached as Appendix E & F respectively, set out the Council's plan of capital expenditure for future years, including details on the funding of the schemes. The Capital Programme 2021/22 - 2023/24 is a separate item for Member approval on this agenda. It commits £300m to improve the infrastructure, asset base and effectiveness of service provision for the residents of Reading. The Programme has a borrowing requirement of £157m after external contributions such as grants, section 106 contributions and Community Infrastructure Levy funding have been applied.

5.4. The financing of the Capital Programme is set out in section 6.

**Table 3. Capital Expenditure (2019/20 - 2023/24)**

	2020/21 Estimate £m	2021/22 Estimate £m	2022/23 Estimate £m	2023/24 Estimate £m
Adult Social Care & Health Services	1.073	0.279	0.686	3.679
Economic Growth & Neighbourhood Services	44.492	50.584	43.204	26.908
Economic Growth & Neighbourhood Services - Education Schemes	6.957	20.899	16.544	6.608
Resources	7.589	4.559	3.498	0.543
Corporate	4.827	11.832	5.100	5.100
<b>Non-HRA</b>	<b>64.938</b>	<b>88.153</b>	<b>69.032</b>	<b>42.838</b>
<b>HRA</b>	<b>20.457</b>	<b>39.675</b>	<b>23.415</b>	<b>37.712</b>
<b>Total</b>	<b>85.395</b>	<b>127.828</b>	<b>92.447</b>	<b>80.550</b>

5.5. Highlights of the Capital Programme 2021/22 - 2023/24 are:

- £44m on the school estate including Re-provisioning at Phoenix College and replacing Ranikhet School
- The delivery of new fit-for-purpose leisure facilities across all four of the Council's leisure centres including the re-provisioning of the Rivermead site to BREEAM excellence
- £37m on the re-provisioning of social care facilities supported by both the HRA and the General Fund.
- £18m Investment in the Council's local highways infrastructure (including Bridges) addressing feedback from the residents' survey
- Provisioning of Green Park station and Reading West Station
- £13.8m on South Reading MRT (Phases 5 & 6)
- £7.8m on schemes to help reduce Reading's carbon footprint
- Vehicle replacement totalling £7m over the three-year planning period to ensure the Council's fleet assists in reducing CO2 emissions.
- Investment in the Council's IT systems and software to support service efficiency and channel-shift in how customers transact with the Council.

5.6. As set out above, appropriate due diligence will be undertaken prior to the acquisition of any asset with the extent and depth reflecting the level of additional risk being considered. Due diligence process and procedures will include:

- Effective scrutiny of proposed acquisitions;
- Identification of the risk to both the capital sums invested and any returns;

- Understanding the extent and nature of any external underwriting of those risks;
- The potential impact on the financial sustainability of the Council if those risks come to fruition;
- Identification of the assets being held for security against debt and any prior charges on those assets; and
- Where necessary independent and expert advice will be sought.

## 6. Financing the Capital Programme

6.1. Financing the Capital Programme comes from the following main sources:

- External Sources (Government/Non-Governmental/Private Sector)
  - Capital Grants
  - Developer Contributions
    - Section 106 Contribution
    - Community Infrastructure Levy (CIL)
- Internal Sources (Council Resources)
  - Capital Receipts
  - Revenue Contributions
- Prudential Borrowing
  - Borrowing from the Public Work Loans Board (PWLB)
  - Borrowing from Private Sector

6.2. **Capital Grants** - Grant funding is one of the largest sources of financing for the Capital Programme. The majority of grants are awarded by Central Government departments but some are received from other external bodies. Grants can be specific to a scheme and have conditions attached (such as time and criteria restrictions), or for general use.

6.3. **Developer Contributions**

- **(Section 106)** - A mechanism which mitigates the impact of the development on the locality and is used to improve existing or build new infrastructure in the local area.
- **(CIL)** - is a levy on new developments the proceeds of which are used to support development in the local area by funding infrastructure or refurbishment of existing provision to alleviate the additional burden a new development places on both local and strategic infrastructure. The Council has agreed a protocol for using CIL as follows:
  - 80% of CIL receipts will be used to support the Capital Programme;

- 15% will be allocated to areas in which CIL liable development is taking place; and
  - 5% will be allocated to cover administrative costs.
- 6.4. **Capital Receipts** - money exceeding £10,000, which is received from the sale of an asset. The Council's general policy is that capital receipts are pooled and used to finance future capital expenditure and investment according to priorities, although they may be used to repay outstanding debt on assets financed from loans, as permitted by regulations.
- 6.5. Although, capital receipts would not usually be spent on revenue, under the current [Flexible use of Capital Receipts](#) direction, it is permissible to treat certain costs as capital expenditure provided these costs are funded from capital receipts received by the Council during the period (2016/17 - 2021/22) specified within the direction. These costs must also meet the definition as laid out in the direction i.e. costs must relate to a scheme to deliver service efficiencies and transformation and have been agreed by Council in advance.
- 6.6. The Council's use of Flexible Capital Receipts has been refreshed as part of the proposed 2021/22 - 2023/24 MTFs. The MTFs includes an allocation of capital receipts to support transformation and savings delivery (the Delivery Fund) in 2021/22. Regular monitoring and administration of the Delivery Fund takes place through the Council's Corporate Programme governance arrangements.
- 6.7. **Revenue Contributions** - The Council can choose to use revenue, from the approved revenue budget or use of earmarked reserves to fund capital expenditure. Given significant decreases in government revenue funding and continuing pressures on the provision of critical demand led services, this type of funding is anticipated to be minimal relative to other capital funding sources in the short to medium term. Members will continue to weigh the relative priorities of capital and revenue projects in allocating revenue resources.
- 6.8. **Prudential Borrowing** - relates to borrowing from either the PWLB or private sector lenders or internal borrowing to fund capital expenditure. This has historically been the main source of financing capital expenditure. The Council is guided by the CIPFA Prudential Code when determining the level of borrowing that is sustainable.
- 6.9. Prudential borrowing to fund capital projects brings with it the need to make a charge to revenue to reflect the cost of borrowing. The basis for this charge, known as Minimum Revenue Provision (MRP) is set out within the Council's Treasury Management Strategy and MRP policy statement.

6.10. A summary of how the Capital Programme is to be financed is detailed below.

**Table 4. Summary of Capital Programme Funding**

<b>General Fund &amp; HRA</b>	<b>2020/21 Estimate £m</b>	<b>2021/22 Estimate £m</b>	<b>2022/23 Estimate £m</b>	<b>2023/24 Estimate £m</b>
<b>Capital Expenditure</b>	<b>85.395</b>	<b>127.828</b>	<b>92.447</b>	<b>80.550</b>
Capital Grants & Contributions	(49.103)	(50.995)	(34.543)	(17.971)
Capital Receipts	(6.954)	(2.362)	(4.850)	(0.801)
Revenue Contributions	(0.327)	0	0	0
Capital Reserves (HRA)	(8.064)	(10.710)	(10.920)	(11.130)
<b>Net Borrowing Requirement</b>	<b>20.947</b>	<b>63.761</b>	<b>42.134</b>	<b>50.648</b>

## **7. Governance**

### **Capital Scheme Approval**

- 7.1. In line with the Council's Constitution, capital schemes require both scheme and spend approval prior to expenditure being incurred.
- 7.2. Capital scheme approval is achieved via inclusion of the project within the Capital Programme approved by Council in February each year. A flowchart of the process of approving capital schemes is attached as Appendix C.
- 7.3. Schemes or projects also require spend approval from the appropriate committee or in accordance with the Scheme of Delegation, with the submission of a detailed business case for review where appropriate. In addition, a gateway review process is deployed for all major schemes to more closely monitor progress and delivery of projects and their agreed objectives.
- 7.4. Schemes that arise during the year will be added to the agreed Programme once the relevant approvals have been obtained.
- 7.5. The Land Property & Development Board (LPDB) provides strategic oversight and direction in relation to the Council's corporate asset management activity. The Board will have responsibility for delivery of the Capital Programme, consider service bids for capital resources and make recommendations to members as part of the annual budget setting process and provide strategic direction as to the development and use of assets.
- 7.6. The LPD Steer Co. below the LPDB is an operational group responsible for producing an annual action plan and reporting on the gateway and monitoring position to the LPDB.

### **Performance Monitoring and Evaluation**

- 7.7. Monitoring of the Capital Programme sits alongside the Council's revenue monitoring process with the submission of monthly reports to both the LPDB and the Corporate Management Team for review.
- 7.8. Member oversight is achieved through lead Councillor briefings and quarterly reporting to Policy Committee.

- 7.9. All schemes within the Programme have a named project manager. It is the responsibility of individual project managers with support from their finance business partner to review and update spend and project delivery forecasts each month.
- 7.10. The LPD Steer Co. monthly meetings are used to provide challenge to capital scheme delivery on an exception basis, with the group able to call project officers to attend as necessary. The LPD Steer Co. report the monitoring position to the LPDB for them to consider the overall performance of the Capital Programme and any impacts resulting from delays to schemes, etc.
- 7.11. A gateway process has been developed to be used for all major capital schemes to allow stakeholders to assess the on-going case for the scheme prior to progress to further stages in the cycle. This will involve project officers reporting to the LPDB at stages of the project and requiring sign off before the next stage can commence. This gateway review process allows early identification of areas that may require corrective action and provides validation that a project is ready to progress successfully to the next stage. Proposed stages are as follows:
- Initial proposal
  - Feasibility
  - Business Case
  - Project initiation
  - Final design/Procurement
  - Contract Award
  - Project Review
- 7.12. As part of the annual monitoring process a draft outturn report on the previous financial year results will be submitted to Policy Committee for review. In addition, this report will seek formal approval for any scheme slippage not previously agreed to be carried forward.

#### **Prioritisation & Affordability**

- 7.13. Due to competing demands for limited resources, the Council prioritises capital investment based on its overall objectives and a number of different factors including:
- Essential Health and Safety works;
  - Availability of external funding, full or match funding;
  - Invest to save opportunities;
  - Maintenance of the essential infrastructure of the organisation, such as buildings and IT; and
  - The outcome of feasibility studies.
- 7.14. Capital bids for new or amended schemes are submitted as part of the Council's annual budget review process. Business cases are quality assured by

Finance and the Asset Programme Board (LPDB) prior to being recommended to Members for inclusion in the Draft Capital Programme.

- 7.15. The overall affordability of the Draft Capital Programme is reported on by the Council's section 151 officer as part of the Council's budget setting process. The final Capital Programme is agreed by Council when setting its budget in February.
- 7.16. A prioritisation matrix for assessing and scoring capital projects is attached as Appendix B. The matrix sets out a process for scoring projects based on their contribution to securing the Council's Corporate Plan priorities, meeting statutory requirements and recognising that finite capital funding resources need to be rationalised.
- 7.17. The matrix also recognises the importance of investment in capital schemes that are necessary to deliver revenue savings. It does this by allocating a score to ensure any 'Invest to Save' schemes are prioritised for approval.

#### **Treasury Management Governance**

- 7.18. The Council follows the requirements of The Local Government Act 2003 (the Act) and supporting regulations in managing its Treasury Management activities.
- 7.19. The Audit & Governance Committee is the body responsible for the governance of treasury management within the Council. The Act requires that an annual Treasury Management Strategy be presented to Council for approval as part of the annual approval of the budget. Members also receive a mid-year review report and an outturn report.
- 7.20. The Council also employ Link Group as its treasury management advisors. Other specialist advice is taken on an ad/hoc basis driven by using organisations with the best experience linked to a particular project. Treasury Management is also subject to regular audit review.

## **8. Risk Management**

- 8.1. The Council needs to ensure that it has clear ways of mitigating the risks that are inherent in acquiring, managing and disposing of its assets.
- 8.2. In general, the Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is enough liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements.
- 8.3. The Council is exposed to a range of broad areas of risks when undertaking capital investment:
  - **Financial risks** relate to risk arising from the investment of the Council's assets and cash flow, market volatility, currency etc.



- **Macroeconomic risks** relate to risk around the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.
- **Credit and counterparty risks** relate to risk arising from investments, loans to institutions and individuals and counterparties in business transactions.
- **Operational risks** relate to operational exposures within its organisation, its counterparties, partners and commercial interests.
- **Strategic risks** relate to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.
- **Reputational risks** relate to risks around the Council’s dealings and interests, and the impact of adverse outcomes on the Council’s reputation and public perception.
- **Environmental and social risks** relate to the environmental and social impact of the Council’s strategy and interests.
- **Governance risks** relate to ensuring that prudence and careful consideration sit at the heart of the Council’s decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

8.4. Managing the Council’s risks is an area of significant focus for senior management and Members, and the Council adopts an integrated view to the management and qualitative assessment of risk.

8.5. The Council aims to minimise its exposure to risk through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk and where possible would avoid these risks.

8.6. The Council’s appetite for these risks are set out below.

**Table 6. Council’s Risk Appetite**

Risk	Appetite
Financial	<p><b>Moderate appetite</b> for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as matching with the Council’s required liquidity profile. Low appetite for capital growth oriented investments versus income generating investments.</p> <p><b>No appetite</b> for currency risk, emerging markets and high volatility investments.</p>
Macroeconomic	<p><b>Moderate appetite</b> for exposure to national and global growth.</p> <p><b>High appetite</b> for exposure to local economic growth.</p>

	<b>Low appetite</b> for interest rate risk, and inflation risk.
Credit and Counterparty	<b>High appetite</b> for investment grade or secured credit risk, as well as exposure to highly rated counterparties and financial institutions with strong balance sheets. <b>Low appetite</b> for unsecured non-investment grade debt. All subject to careful due diligence and an assessment of the transaction versus the Council's resources, capacity, funding needs, broader goals and cash flow requirements.
Operational	<b>Low appetite</b> for 'business as usual' operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. No appetite for fraud, regulatory breaches and exceeding risk tolerances.
Strategic	<b>High appetite</b> for strategic initiatives, where there is a direct gain to the Council's revenues; deliver strategic objectives in its corporate plan; or the ability to deliver its statutory duties more effectively and efficiently.
Environmental and Social	<b>No appetite</b> for environmentally negative risks. Low appetite for social risks, especially in the local region and always subject to full due diligence

### Relationship with Other Processes

- 8.7. Risk management is not a stand-alone discipline. In order to maximise risk management benefits and opportunities, it is integrated with existing business processes.
- 8.8. Some of the key business processes with which risk alignment exists are:
- Capital Strategy
  - Corporate Plan
  - Medium Term Financial Strategy
  - Internal Audit Plan
  - Business Planning
  - Performance Management
  - Treasury Management
  - External Audit Review
- 8.9. From a risk management perspective, and in order to ensure the Council's investments are as safe as possible, officers employ a range of due diligence techniques, including: evaluation of tenants by external property advisers;

modelling the impact of tenant failure and where necessary securing guarantees.

- 8.10. In any commercial property portfolio, it is important to achieve a level of diversification. Portfolios can be diversified by property type (e.g. office, residential, industrial or retail), sector (e.g. Telecoms, IT, Media, etc) and geography (e.g. local Borough or LEP as detailed above).
- 8.11. A key focus of our approach to commercial investment is to ensure that we understand the full range of risks relating to an investment - including the financial robustness of tenants and guarantors, legal risks, and physical and locational risks so that appropriate risk mitigation measures can be put in place to reduce/eliminate these risks.
- 8.12. Under the Council's constitution, risk management is overseen by the Audit and Governance Committee, which reviews the Corporate Risk Register at its meetings. Risk management is an integral aspect of the Council's project methodology, with projects required at initiation to identify risks and how they mitigate them. The approach to risk management includes planning and identification, monitoring and review for all risks and projects throughout their lifecycle.
- 8.13. Risk will always exist in some measure and cannot be removed in its entirety. Therefore, risks need to be considered both in terms of threats to the Council as well as opportunities.
- 8.14. The Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well exist within the organisation or can be brought to bear. As well as having the requisite skills and knowledge to manage its Capital Programme, the Council can access any shortfall in expertise from partners and external advisers when required.

#### **Knowledge and Skills**

- 8.15. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions (including treasury management).
- 8.16. The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive local government finance experience. They all follow a Continuous Professional Development (CPD) Plan and attend courses on an ongoing basis to keep abreast of new developments in their field. The Council's Section 151 Officer is the officer with overall responsibility for capital and treasury activities.
- 8.17. The Council will ensure that the property team has the resources required to manage the Council's assets and regeneration aspirations. Where necessary knowledge and skills are not available internally, the Council will use external advisers and consultants that are specialists in their field such as legal, asset management/valuation, treasury management, credit quality assessment, etc.

## **9. Treasury Management**

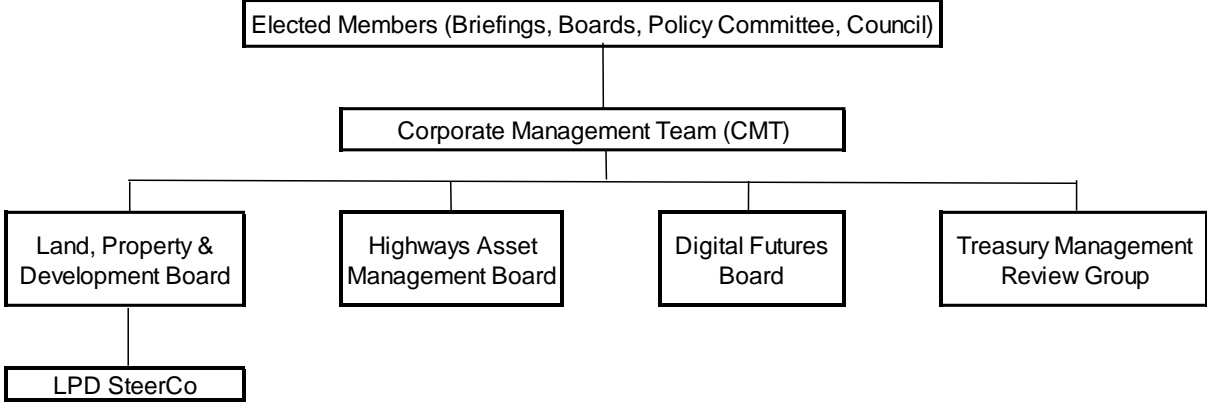
- 9.1. The Council's Treasury Management Strategy Statement (TMSS) is approved by Full Council annually as part of the budget setting process.
- 9.2. There are close links between the Capital Strategy and TMSS. Treasury management sets out the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.
- 9.3. The Council makes provision for the repayment of debt over the life of the asset that the borrowing is funding. The proposed provision for the repayment of debt over the period 2021/22 - 2023/24 is forecast to be £25m. The Council's Minimum Revenue Provision Policy is published as part of the Council's Treasury Management Strategy.
- 9.4. Treasury Management Prudential Indicators including the Operational Boundary and Authorised Limits relating to external borrowing are approved by Full Council annually as part of the Treasury Management Strategy; are monitored throughout the year by officers and reported bi-annually to Audit & Governance Committee.

## **10. Action Plan**

- 10.1. The Council continues to review its processes to ensure compliance with the Prudential Code, Statutory Guidance and other relevant legislative requirements. To this end an Action Plan (attached as Appendix D) is maintained that outlines actions, owners of those actions and timelines for delivery.

# Appendix A - Asset Management Structure

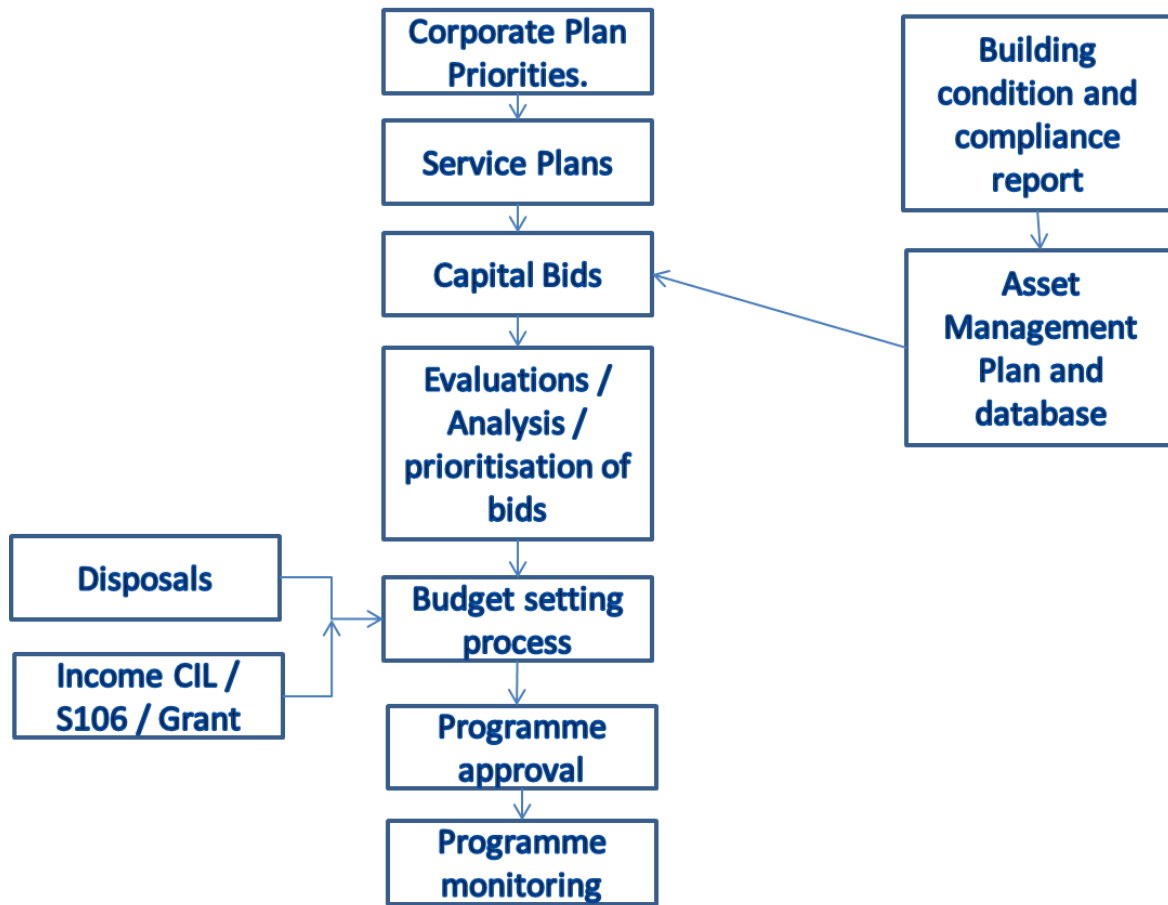
## Asset Management Governance Arrangements



## Appendix B - Prioritisation Matrix

Budget Prioritisation - Scoring Guidance for Capital Bids		
Criteria	Scoring Method	
Contribution to Corporate Priorities including ICT related priorities	Score each one out of 10 based on the contribution made to each of the Council's corporate objectives, where:	
	10 =	Very High (Major contribution to 2 or more key outcomes)
	8 =	Medium to High (Major contribution to 1 key outcome)
	6 =	Medium (Some contribution to 2 or more key outcomes)
	4 =	Low to Medium (Some contribution to 1 key outcome)
	2 =	Low (Indirectly supports at least 1 key outcome)
0 =	None (No contribution to key outcomes)	
Maintenance of existing infrastructure in terms of security and functionality	10 =	Essential to council's core business - council can't function without it
	5 =	Loss of efficiencies/revenue or increased costs
	0 =	Doesn't effect existing infrastructure of council
Statutory / Non-Statutory/ Health and Safety	This score adds a weighting to services/bids which have a statutory element:	
	10 =	Project has a statutory requirement
	5 =	Services that are based on statutory/health and safety duties but where there is some degree of discretion about how the function is carried out
	0 =	Services where the Council can exercise complete discretion
Small Scheme Weighting	This score adds weighting to lower value bids:	
	4 =	for schemes under £50,000
	2 =	for schemes between £50,000 - £99,000
	0 =	for schemes in excess of £100,000
Funding Available	This score adds a weighting for schemes that have earmarked funding available and/or have an ability to attract external funding e.g. grant aid or generate capital receipts:	
	10 =	100% external funding is available
	4 =	51% - 99% external funding is available
	2 =	Up to 50% external funding is available
	0 =	No funding has been identified
Revenue Implications	This score assesses the Capital Bids in regard to whether there are any resulting revenue implications:	
	50 =	The bid is part of an approved Invest to Save scheme to deliver revenue savings
	10 =	Income is generated or revenue savings achieved
	4 =	There are no additional revenue implications
	2 =	There are revenue costs but funding is already in place
	0 =	There are revenue costs with no funding identified
Risk Factor	This score adds a weighting to Capital Bids based on a risk assessment of not undertaking the capital project	
	10 =	Very High Risk (Complete loss of statutory service)
	8 =	High Risk (Partial loss of statutory service, complete loss of discretionary service)
	6 =	Medium Risk (Partial loss of discretionary service, worsening statutory service)
	2 =	Low Risk (Deterioration in services, more complaints)
	0 =	No Risk (No improvement in customer satisfaction levels)
Environmental Factors	This score assesses the Capital Bids in regard to whether the investment will support delivery of environmental goals	
	10 =	Investment has a positive impact on environmental factors such as carbon waste and pollution
	0 =	Investment has no impact on environmental factors
Priority Level	This is the total score across all criteria	

## Appendix C - Flowchart of the Capital Programme Process



## Appendix D - Action Plan

1. **Objective** - To develop a Corporate Asset Management Plan that clearly explains how we move from the existing asset base to the assets we will need across the short, medium and long term in order to achieve the Corporate Vision.

There are four areas where work is required

- Developing our knowledge of the existing asset base
- Identifying what assets we need in the future
- Develop and implement new systems and processes to enable the transition
- Review current capacity within the organisation

2. **Developing our knowledge of the existing asset base.**

Action	Lead	Progress update	Deadline
Commission work to gain a better understanding of the asset base to include such aspects as: the condition of the assets; their remaining useful life; likely maintenance costs over their remaining useful life; costs of disposal/decommissioning and; costs of replacement if appropriate, etc.	AD Regeneration and Assets	Hampshire County Council have been commissioned to carry out a peer review of working practices as well as Avison Young being commissioned to help develop a new estates strategy and corporate landlord model. Reports are due around the end of Financial Year 2002/21.	30/04/2021



### 3. Identifying what assets we need in the future

Action	Lead	Progress update	Deadline
<p>Develop working practices that allow asset management teams to work with service delivery teams to ensure that the assets owned by the Council are fit for purpose both currently and in the future in line with service plans and corporate priorities.</p>	<p>All service managers working with the appropriate asset teams/ AD Property &amp; Asset Management/DD Planning, Transport &amp; Regulatory Services/AD Housing &amp; Communities /Chief Digital &amp; Information Officer</p>	<p>Education, Housing &amp; Transport Services already have existing long-term and regularly updated plans in place that identify the future asset needs.</p> <p>A new Estate Strategy is being developed with the support of Avison Young.</p> <p>The Digital Futures Board has been established to review all project proposals with Digital or ICT implications, to ensure that these are appropriately assessed, and that strategic alignment is maintained. The Digital Futures Board has commissioned work to develop a Digital Transformation Strategy - to be submitted to Policy Committee in April 2021 - to which all service areas are contributing, and which will guide future investment in Digital and ICT across the organisation.</p>	<p>31/05/2021</p>
<p>Review and update the Commercial Investment Strategy in the light of new restrictions on borrowing from the PWLB</p>	<p>AD Regeneration &amp; Assets</p>	<p>New Action</p>	<p>31/07/2021</p>

#### 4. Develop and implement new systems and processes to enable the transition

Four areas have been identified where work is required.

- Skills and knowledge

Action	Lead	Progress update	Deadline
Ensure service and finance staff receive appropriate training to carry out their roles. This will include training on the capital investment process itself, project management, capital fundamentals, financial regs and the procurement framework	AD Finance/AD Procurement & Contracts	A number of staff have now undertaken existing training courses on project management & procurement framework.  The Finance team are in discussion re how to deliver a wider training programme.	31/12/2021
Review working practices within Assets & Regeneration to identify skills and knowledge gaps.	AD Regeneration and Assets	A peer review is being undertaken by Hampshire County Council, which amongst other things will identify skills and knowledge gaps. On the back of this a remedial action plan will be developed and implemented.	31/05/2021
Further develop and implement a post project review process for all major capital schemes that covers the achievement of intended outcomes and comparison of actual spend and timescales vs original budget and planned implementation.	AD Regeneration and Assets	Individual teams continue to carry out reviews including the production of KPIs. Further work to develop this process will commence in 2020 (linking in with the Gateway approach mentioned below)	31/05/2021

Action	Lead	Progress update	Deadline
Reports to be submitted to LPDB for reflection and communication of lessons learnt		<p>This will be further reviewed at the next LPD Board meeting to identify the actions necessary to complete this task.</p> <p>Monitoring and review performance and benefits realisation of Digital and ICT programmes is now part of the terms of reference of the Digital Futures Board.</p>	

- Availability of good quality and up-to-date information

Action	Lead	Progress update	Deadline
Ensure appropriate systems are in place to enable effective capital scheme monitoring	AD Finance	Financial forecasting and reporting of the Capital Programme is undertaken in conjunction with Project Managers as part of the Council's budget monitoring arrangements. However, reporting of projects against key milestones is not yet formalised and needs to be implemented particularly for major/priority projects in 2021/22.	31/05/2021
Develop a standard template to accompany service plans, to assist service managers in identifying future asset needs	AD Regeneration and Assets	Asset Management teams are considering what this might look like	31/03/2021

Action	Lead	Progress update	Deadline
		<p>as part of their work with the services mentioned above in section three.</p> <p>This will be further reviewed at the next LPD Board meeting to identify the actions necessary to complete this task.</p>	
<p>Update the Corporate Asset Management Plan to reflect the identified and agreed future asset needs and the steps required to achieve the desired outcomes.</p>	<p>AD Regeneration and Assets</p>	<p>An Estates Strategy is in the process of being finalised.</p> <p>The current understanding of future digital and ICT asset needs was reflected in the business case for the ICT Future Operating Model, approved by the Policy Committee in June 2020. This is focused on maintaining and evolving ICT infrastructure. Possible broader future needs are being assessed in the development of the Digital Strategy which will be presented for approval to the Policy Committee in April 2021.</p>	<p>31/04/2021</p>
<p>Secure an asset management database</p>	<p>AD Regeneration and Assets</p>	<p>A Peer review by HCC has identified the need for a single property asset management system which has been discussed with the Digital Futures Board.</p>	<p>TBC</p>

- The decision-making process

Action	Lead	Progress update	Deadline
Develop a standard business case template to ensure appropriate information is captured, including full life cost of the asset, revenue implications and available funding sources. The capital bid template should be a summarised version of this template.	AD Regeneration and Assets/AD Finance	The capital bid template was utilised for the 2021/22 Budget and MTFS process. Further work is required to continue to develop this into a full business case template.	31/05/21

- Governance

Action	Lead	Progress update	Deadline
Update the Constitution and related documents to provide clarity around the capital investment process (approval monitoring, virements, slippage)	AD Finance	Will be picked up as part of a wider review of the Constitution being led by the Monitoring Officer.	31/05/2021
Review corporate governance arrangements for Capital across the organisation.	AD Finance/PMO	New Action	31/03/2021

## 5. Review capacity within the organisation

Action	Lead	Progress update	Deadline
Review current capacity to deliver capital schemes and achieve the desired outcomes.	AD Regeneration and Assets	<p>The peer review undertaken by Hampshire County Council will identify capacity issues across the organisation.</p> <p>There is a partnership (Limited Company) in place with Hampshire County Council which provides additional capital delivery capacity. There are quarterly meetings of the partnership to track delivery and plan ahead for upcoming resource requirements.</p>	31/05/2021

## 6. On-going work

- a. In addition there are areas where on-going work will also be required. This includes
  - i. Implementation of a rolling-programme of asset surveys across the entire asset base.
  - ii. On-going training to ensure new staff have the skills and knowledge to carry out their roles.
  - iii. Regular review of service plans, corporate asset management plan etc to ensure any changes are captured.

## Appendix E - General Fund Capital Programme 2021/22 - 2023/24

Scheme Name	2020/21 Forecast			2021/22 Forecast			2022/23 Forecast			2023/24 Forecast
	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)
Delivery Fund (Pump priming for Transformation projects)	4,056	1,732	-	1,732	-	-	-	-	-	-
Loan To RTL (Bus replacement programme)	700	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Oracle Shopping Centre capital works	71	100	-	100	100	-	100	100	-	100
Mister Quarter	-	5,000	-	5,000	-	-	-	-	-	-
<b>Corp Total</b>	<b>4,827</b>	<b>11,832</b>	<b>0</b>	<b>11,832</b>	<b>5,100</b>	<b>0</b>	<b>-</b>	<b>5,100</b>	<b>0</b>	<b>5,100</b>
e-Marketplace & Equipment Renewal Portal Software	77	-	-	-	-	-	-	-	-	-
Mobile Working and Smart Device	150	-	-	-	-	-	-	-	-	-
Replacement of Community Re-ablement Software Co-located profound and multiple learning disabilities day opportunities and respite facility and sheltered housing flats	85	-	-	-	-	-	-	-	-	-
	668	279	-	279	686	-	686	3,679	-	3,679
<b>DACHS Total</b>	<b>980</b>	<b>279</b>	<b>0</b>	<b>279</b>	<b>686</b>	<b>0</b>	<b>686</b>	<b>3,679</b>	<b>0</b>	<b>3,679</b>
Additional School Places - Contingency	-	1,170	(1,170)	-	1,170	(1,170)	-	2,170	(2,170)	-
SEN Provision - Avenue Centre	-	1,500	(1,500)	-	3,380	(3,380)	-	-	-	-
Asset Management	-	286	(286)	-	292	(292)	-	298	(298)	-
Children in care Emergency Provision	35	-	-	-	-	-	-	-	-	-
Civitas- Synthetic Sports Pitch	-	10	(10)	-	-	-	-	-	-	-

Contribution to SEN School Wokingham	-	-	-	-	500	(500)	-	-	-	-
Crescent Road Playing Field Improvements	-	314	(314)	-	-	-	-	-	-	-
Critical Reactive Contingency: Health and safety (Schools)	-	500	(500)	-	500	(500)	-	500	(500)	-
Fabric Condition Programme	-	2,000	(2,000)	-	2,000	(2,000)	-	2,000	(2,000)	-
Green Park Primary School	-	-	-	-	-	-	-	-	-	-
Heating and Electrical Programme - Manor Pry Power	-	144	(144)	-	-	-	-	-	-	-
Heating and Electrical Renewal Programme	-	1,000	(1,000)	-	1,000	(1,000)	-	1,000	(1,000)	-
Initial Viability work for the Free School at Richfield Avenue	-	80	(80)	-	80	(80)	-	40	(40)	-
Katesgrove Primary Trooper Potts Building	-	100	(100)	-	9	(9)	-	-	-	-
Meadway Early Years Building Renovation	-	600	(600)	-	-	-	-	-	-	-
Modular Buildings Review	-	500	(500)	-	300	(300)	-	300	(300)	-
New ESFA funded schools - Phoenix College	-	6,752	(4,952)	1,800	13	(13)	-	-	-	-
New ESFA funded schools - St Michaels	-	-	-	-	-	-	-	-	-	-
Pinecroft-Children who have complex health, physical,sensory,disabilities & challenging behaviour	150	-	-	-	-	-	-	-	-	-
Primary Schools Expansion Programme - 2013-2017	-	-	-	-	-	-	-	-	-	-
Ranikhet School - supersedes Dee Park	-	4,100	(4,100)	-	7,100	(7,100)	-	100	(100)	-
SCD Units	-	473	(473)	-	-	-	-	-	-	-
Schools - Fire Risk Assessed remedial Works	-	200	(200)	-	200	(200)	-	200	(200)	-
SEN early years at 1 Dunsfold	-	600	(600)	-	-	-	-	-	-	-
SEN Norcot	-	100	(100)	-	-	-	-	-	-	-
Thameside SEN Expansion	-	100	(100)	-	-	-	-	-	-	-
The Heights Temporary School	-	370	(370)	-	-	-	-	-	-	-
<b>DEGNS (Education Schemes) Total</b>	<b>185</b>	<b>20,899</b>	<b>(19,099)</b>	<b>1,800</b>	<b>16,544</b>	<b>(16,544)</b>	<b>0</b>	<b>6,608</b>	<b>(6,608)</b>	<b>0</b>
Abbey Quarter restoration works	-	99	(99)	-	-	-	-	-	-	-



Accommodation Review - Phase 2A & B	33	100	-	100	-	-	-	-	-	-
Accommodation Review - Phase 2C (19 Bennet Road)	2,528	98	-	98	-	-	-	-	-	-
Active Travel Tranche 2	-	1,179	(1,179)	-	-	-	-	-	-	-
Additional Storage Capacity at Mortuary	15	-	-	-	-	-	-	-	-	-
Air Quality Monitoring	-	15	(15)	-	-	-	-	-	-	-
BFFC Accommodation Review	-	150	-	150	-	-	-	-	-	-
Annual Bridges and Carriage Way Works programme	410	1,842	(1,432)	410	1,842	(1,432)	410	1,842	(1,432)	410
Essential Bridge Works	200	-	-	-	4,000	-	4,000	3,000	-	3,000
Car Park Investment Programme	-	226	(226)	-	226	(226)	-	226	(226)	-
Car Parking - P&D, Red Routes, Equipment	74	100	(100)	-	100	(100)	-	100	(100)	-
Cattle Market Car Park	-	-	-	-	-	-	-	-	-	-
CCTV	-	-	-	-	-	-	-	-	-	-
Central Library - Reconfiguration/Refurbishment Feasibility	50	920	-	920	230	-	230	-	-	-
Central Pool Regeneration	292	-	-	-	-	-	-	-	-	-
Chestnut Walk Improvements	20	-	-	-	-	-	-	-	-	-
Christchurch Meadows Paddling Pool	35	-	-	-	-	-	-	-	-	-
CIL Local Funds - Community	-	-	-	-	-	-	-	-	-	-
CIL Local Funds - Heritage and Culture	-	-	-	-	-	-	-	-	-	-
CIL Local Funds - Leisure and Play	-	-	-	-	-	-	-	-	-	-
CIL Local Funds - Transport	-	-	-	-	-	-	-	-	-	-
CIL Local Funds -Neighbourhood Allocation	-	-	-	-	-	-	-	-	-	-
Corporate Office Essential Works	50	300	-	300	652	-	652	50	-	50
Defra Air Quality Grant - Bus Retrofit	-	150	(150)	-	-	-	-	-	-	-
Defra Air Quality Grant - Go Electric Reading	-	17	(17)	-	-	-	-	-	-	-

Transport Demand Management Scheme - Feasibility Work	-	50	-	50	-	-	-	-	-	-
Development of facilities at Prospect Park/Play	75	-	-	-	-	-	-	-	-	-
Digitised TRO's	-	300	-	300	-	-	-	-	-	-
Disabled Facilities Grants (Private Sector)	-	1,055	(1,055)	-	1,055	(1,055)	-	1,055	(1,055)	-
Eastern Area Access Works	-	140	(140)	-	-	-	-	-	-	-
Electric Vehicle Charging Points	200	50	-	50	-	-	-	-	-	-
Purchase of food waste and smaller residual waste bins	1,300	189	-	189	-	-	-	-	-	-
Foster Carer Extensions	70	130	-	130	100	-	100	100	-	100
Green Homes Scheme - GF element	-	495	(495)	-	-	-	-	-	-	-
Construction of Green Park Station	-	2,169	(2,169)	-	-	-	-	-	-	-
Grounds Maintenance Workshop Equipment	26	-	-	-	-	-	-	-	-	-
Invest in Corporate buildings/Health & safety works	1,092	1,000	-	1,000	1,000	-	1,000	1,000	-	1,000
Invest to save energy savings - Street lighting	700	847	-	847	-	-	-	-	-	-
Investment portfolio - capital investment in existing portfolio	-	-	-	-	-	-	-	8,800	-	8,800
Leisure Centre Procurement	950	21,277	(750)	20,527	12,785	(750)	12,035	1,006	-	1,006
Local Traffic Management and Road Safety Schemes	-	150	(150)	-	150	(150)	-	150	(150)	-
Local Transport Plan Development	-	400	(400)	-	400	(400)	-	400	(400)	-
National Cycle Network Route 422	-	-	-	-	-	-	-	-	-	-
New Kit/Vehicles for Commercial Services Dvlpt	122	-	-	-	-	-	-	-	-	-
New Vehicle for Highways & Drainage Commercial Service	-	71	-	71	-	-	-	-	-	-
Oxford Rd Community Centre	-	147	-	147	-	-	-	-	-	-
Oxford Road Corridor Works	-	-	-	-	-	-	-	-	-	-
Playground equipment and Refreshment: Boroughwide	337	394	(44)	350	891	-	891	-	-	-
Private Sector Renewals	240	300	-	300	300	-	300	300	-	300

Provision of Gypsy & Traveller Accommodation	-	50	-	50	3,580	-	3,580	-	-	-
Pumping Station Upgrade Scheme (new)	250	-	-	-	-	-	-	-	-	-
re3 extending range of recyclables	-	84	(51)	33	-	-	-	-	-	-
Reading Football Club Social Inclusion Unit to SRLC	-	1,534	(1,534)	-	-	-	-	-	-	-
Reading Town Centre Design Framework	-	43	(43)	-	-	-	-	-	-	-
Reading West Station	-	2,039	(2,039)	-	-	-	-	-	-	-
Regeneration Projects	-	250	-	250	250	-	250	250	-	250
Renewable Energy	-	2,073	(450)	1,623	1,546	-	1,546	604	-	604
Replacement Vehicles	-	2,931	-	2,931	4,028	-	4,028	-	-	-
Rogue Landlord Enforcement	-	-	-	-	-	-	-	-	-	-
S106 individual schemes list	-	-	-	-	-	-	-	-	-	-
Salix Decarbonisation Fund	384	416	-	416	600	-	600	400	-	400
Small Leisure Schemes	-	150	(50)	100	300	(50)	250	300	-	300
Smart City Cluster project and C-ITS	-	-	-	-	-	-	-	-	-	-
South Reading MRT (Phases 1 & 2)	-	-	-	-	-	-	-	-	-	-
South Reading MRT (Phases 3 & 4)	-	-	-	-	-	-	-	-	-	-
South Reading MRT (Phases 5 & 6)	-	1,750	(1,750)	-	5,000	(5,000)	-	7,000	(5,000)	2,000
The Heights Permanent Site Mitigation	321	268	(268)	-	-	-	-	-	-	-
The Keep building works and improved arts/culture facilities	-	-	-	-	94	-	94	-	-	-
Town Centre Improvements	320	130	-	130	-	-	-	-	-	-
Town Centre Street Trading Infrastructure	34	-	-	-	-	-	-	-	-	-
Town Hall Equipment	-	205	-	205	-	-	-	-	-	-
Traffic Management Schools	-	100	(100)	-	-	-	-	-	-	-
Tree Planting	30	50	-	50	50	-	50	50	-	50

Western Area Access Works	-	-	-	-	-	-	-	-	-	-
Highway Infrastructure Works	800	3,750	-	3,750	3,750	-	3,750	-	-	-
Harden Public Open Spaces to Prevent Incursion	51	25	-	25	25	-	25	25	-	25
Salix Re-Circulation Fund	288	300	-	300	250	-	250	250	-	250
Sun Street - Final Phase	190	-	-	-	-	-	-	-	-	-
Re-wilding highways, parks and open space verges	-	76	-	76	-	-	-	-	-	-
<b>DEGNS Total</b>	<b>11,487</b>	<b>50,584</b>	<b>(14,706)</b>	<b>35,878</b>	<b>43,204</b>	<b>(9,163)</b>	<b>34,041</b>	<b>26,908</b>	<b>(8,363)</b>	<b>18,545</b>
Customer Digital Experience	400	1,350	-	1,350	750	-	750	-	-	-
Universal Digital Systems	815	1,709	-	1,709	910	-	910	-	-	-
IT Future Operating Model	5,964	666	-	666	538	-	538	543	-	543
Re-Procurement / Reimplementation of Finance System	-	600	-	600	-	-	-	-	-	-
Cemeteries and Crematorium	60	34	-	34	-	-	-	-	-	-
Cremator Procurement	-	200	-	200	1,300	-	1,300	-	-	-
Cremator	350	-	-	-	-	-	-	-	-	-
<b>DoR Total</b>	<b>7,589</b>	<b>4,559</b>	<b>0</b>	<b>4,559</b>	<b>3,498</b>	<b>0</b>	<b>3,498</b>	<b>543</b>	<b>0</b>	<b>543</b>
<b>Grand Total</b>	<b>25,068</b>	<b>88,153</b>	<b>(33,805)</b>	<b>54,348</b>	<b>69,032</b>	<b>(25,707)</b>	<b>43,325</b>	<b>42,838</b>	<b>(14,971)</b>	<b>27,867</b>

## Appendix F - Housing Revenue Account (HRA) Capital Programme 2021/22 - 2023/24

Scheme Name	2020/21 Forecast			2021/22 Forecast			2022/23 Forecast			2023/24 Forecast
	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)	Spend (£,000's)	Funding (£,000's)	Net (£,000's)
Major Repairs	9,212	9,212	-	9,212	9,212	-	9,212	9,212	-	9,212
Hexham Road	1,178	-	-	-	-	-	-	-	-	-
Disabled Facilities Grants	519	500	-	500	500	-	500	500	-	500
Fire Safety Works	1,033	1,033	-	1,033	1,033	-	1,033	1,033	-	1,033
Green Homes Project - HRA element	-	831	(60)	771	-	-	-	-	-	-
New Build & Acquisitions - Phase 1	213	-	-	-	-	-	-	-	-	-
New Build & Acquisitions - Phase 2	2,774	10,682	(2,000)	8,682	1,103	(685)	418	-	-	-
New Build & Acquisitions - Phase 3	2,776	15,200	(4,085)	11,115	6,800	(3,000)	3,800	-	-	-
New Build & Acquisitions - Phase 4	-	-	-	-	-	-	-	1,400	-	1,400
New Build & Acquisitions - (Ex General Fund)	70	-	-	-	-	-	-	-	-	-
Local authority new build programme for Older people and vulnerable adults	355	1,940	-	1,940	4,767	-	4,767	25,567	-	25,567
Housing Mngt System	327	277	-	277	-	-	-	-	-	-
<b>Grand Total</b>	<b>18,457</b>	<b>39,675</b>	<b>(6,145)</b>	<b>33,530</b>	<b>23,415</b>	<b>(3,685)</b>	<b>19,730</b>	<b>37,712</b>	<b>-</b>	<b>37,712</b>