

Title	Capital Strategy 2026/27
Purpose of the report	To make a recommendation to Council
Report status	Public report
Report author	Darren Carter, Director of Finance
Lead Councillor	Councillor Terry, Leader of the Council
Corporate priority	Our Foundations
Recommendations	<ol style="list-style-type: none">1. That Policy Committee recommend to Council the adoption of the Capital Strategy attached as Appendix 1;2. That Policy Committee note the updated Action Plan that forms Annex D of the Capital Strategy (Appendix 1) together with the associated financial implications.

1. Executive Summary

- 1.1. The Chartered Institute of Public Finance and Accountancy' (CIPFA) revised Prudential Code for Capital Finance in Local Authorities 2021 requires local authorities to produce a Capital Strategy on an annual basis which must be approved by Council.
- 1.2. The Capital Strategy 2026/27 attached at Appendix 1 meets the statutory requirements and has been updated where required. However, there are no material changes from the Capital Strategy 2025/26.

2. Policy Context

- 2.1. The aim of the Capital Strategy is to support the delivery of the Council's Strategic Plan, the Council Plan, which sets out the Council's agreed priorities.

3. The Proposal

- 3.1. The CIPFA 2021 Prudential and Treasury Management Codes require the Council to prepare a Capital Strategy report which sets out the Council's capital requirements arising from policy objectives, as well as the associated governance procedures and risk appetite of the Council.
- 3.2. The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; along with an overview of how associated risk is managed and the implications for future financial sustainability. It shows how revenue, capital and balance sheet planning are integrated.
- 3.3. The Strategy is informed by the Council's priorities and links to other key strategy documents notably the Council Plan, Medium Term Financial Strategy (MTFS), Treasury Management Strategy, Asset Management Strategy, Land and Property Asset Disposal Policy, and Carbon Reduction Strategy.

- 3.4. The Capital Strategy sets out among other things, the Council's approach to asset management planning, development, and monitoring of the Capital Programme's delivery.
- 3.5. The figures in the various tables within the Capital Strategy, most particularly the Capital Programme itself, have been updated to reflect the latest position consistent with the MTFS report elsewhere on this agenda. Also, the Action Plan at Appendix 1 Annex D has been refreshed. The Director of Finance will keep this under review during the year and will bring forward any changes that may be required.
- 3.6. The Capital Programme Board, chaired by the Director of Finance, was introduced in December 2022 to increase oversight of the Capital Programme and its delivery. Terms of Reference for the Board are included at Appendix 1 Annex B.
- 3.7. The proposed Action Plan at Appendix 1 Annex D of the Strategy identifies two areas of ongoing work required for the Council to remain compliant with the CIPFA code requirements. These are:
 - Identifying what assets we need in the future;
 - Developing and implementing new systems and processes to enable the transition;
- 3.8. Progress against actions still outstanding are reported on the face of the Action Plan along with revised target completion dates. Work to understand the existing General Fund property asset base has been completed and a three-year rolling programme of review has been implemented to keep the knowledge up to date. In addition, work has been undertaken to carry out stock condition surveys on the Council's residential housing assets within the HRA. The Capital Programme Board under the leadership of the Director of Finance has met regularly throughout the year to progress the programme of work identified in the Action Plan. The Action Plan is updated annually as part of the production of this Strategy. This includes the identification of any new actions, which need to be undertaken to develop the Strategy and the programme of capital works to be carried out.

4. Contribution to Strategic Aims

- 4.1. The Council Plan 2025-2028 was adopted by Council in March 2025. Full details of the Council Plan and the projects which will deliver these priorities are published on the Council's website ([Council Plan- 2025 to 2028 - Reading Borough Council](#)). These priorities and the Council Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical. A 2026-2027 update to the Council Plan will be presented to Council in March 2026.
- 4.2. The Capital Strategy provides a link between the Council Plan and the development of the Capital Programme as well as setting out the approach taken to asset management to ensure that these fit with the Council's priorities.

5. Environmental and Climate Implications

- 5.1. There are no environmental or climate implications arising directly from this report; these are set out in the 2026/27 Budget and Medium Term Financial Strategy 2026/27 – 2028/29 Report which appears elsewhere on the agenda.

6. Community Engagement

- 6.1. The public was consulted as part of the 'Budget Engagement', which ran from 18th December 2025 until 17th January 2026. The feedback from this engagement, alongside the feedback from the Residents' Survey 2025 is set out in the main body and appendices

of the 2026/27 Budget and Medium Term Financial Strategy 2026/27 – 2028/29 Report which appears elsewhere on the agenda.

7. Equality Implications

- 7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:
 - eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2. An initial Assessment of the proposals as set out in the MTFS (including the Capital Programme) has been undertaken and Appendix 10 to the 2026/27 Budget & Medium Term Financial Strategy 2026/27-2028/29 Report, which appears elsewhere on the agenda, sets out the individual budget proposals where specific equality impact assessments will need to be undertaken prior to implementation.
- 7.3. Additionally, when considering changes to service provision, local authorities are under a duty to consult representatives of a wide range of local stakeholders. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority and those appearing to the authority to have an interest in any area within which the authority carries out functions. The consultation on the MTFS Update proposals assists with this requirement.
- 7.4. There are no equality implications arising directly from this report.

8. Other Relevant Considerations

- 8.1. There are none.

9. Legal Implications

- 9.1. This report assists the Council in fulfilling its statutory obligation to prepare a Capital Strategy report which sets out the Council's capital requirements arising from policy objectives along with associated governance procedures and the Council's risk appetite.

10. Financial Implications

- 10.1. The Council's capital expenditure requirements are set out within the Strategy attached at Appendix 1. The financial implications of the Council's Capital expenditure plans are set out in the 2026/27 Budget and Medium Term Financial Strategy 2026/27 – 2028/29 Report and Treasury Management Strategy Statement which appear elsewhere on the agenda.
- 10.2. All schemes included in the approved Capital Programme over £2.5m, including those planned to start in 2026/27, require spend approval from the responsible Committee or Council, with the exception of expenditure on rolling programmes of routine capital expenditure.

11. Timetable for Implementation

- 11.1. Not applicable.

12. Background Papers

12.1. There are none.

Appendices

1. Capital Strategy 2026/27