

# **Appendix 1 – Capital Strategy 2026/27**

**February 2026**

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## **1. Introduction**

- 1.1. The Prudential Code for Capital Finance in Local Authorities (2021), 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, and the statutory guidance on the Minimum Revenue Provision (MRP). 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 (treasury management), 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 its strategic aims as set out in the Council Plan 2025-2028 ([Council Plan- 2025 to 2028 - Reading Borough Council](#)). The Capital Strategy will help shape Reading's future and facilitate the delivery of the Council's agreed priorities, which are:
  - Promote more equal communities in Reading;
  - Secure Reading's economic and cultural success;
  - Deliver a sustainable and healthy environment and reduce Reading's carbon footprint;
  - Safeguard and support the health and wellbeing of Reading's adults and children; and
  - Ensure Reading Borough 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 Plans and the Treasury Management Strategy Statement (TMSS).

### **Legislative Changes**

- 2.3. 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. In 2020 the Government announced that it would prevent any local authority which has such investments in its Capital Programme from borrowing from the Public Works Loans Board (PWLB). In response to this the Council's Policy Committee at its meeting on 14<sup>th</sup> December 2020 removed this activity from its 2020/21 Capital Programme onwards.

### **Demographic Changes**

- 2.4. Demographic growth is one of the key drivers of demand for Council services and consequently cost pressures. Whilst general central government funding has seen real

terms decreases over the last decade, service demand and demographic pressures have risen.

- 2.5. According to the Office of National Statistics' 2021 census, since 2011 Reading's total population has risen by 11.9% to 174,200, one of the highest percentage increases in the South East. However, its demographic composition has changed, shifting towards an older population, with increases of 17.2% of residents aged 65+, 11.7% aged 15-64, and 8.6% aged under 15, which includes a decrease of 14.2% in the 0-4 age category. The next census will take place in 2031.
- 2.6. The Government's Plan for Change, published in December 2024, included a target to increase home building in England by 1.5 million homes during the course of this Parliament. Indicative targets also published in December 2024, as part of the outcome of a consultation on proposed reforms to the National Planning Policy Framework and other changes to the planning system, included a target for Reading of an additional 1028 homes to be built per annum, which has now changed to 997 per annum, which the Council will need to monitor against until an updated Local Plan can be adopted. However the Council's own published Draft Local Plan ([Local Plan - Reading Borough Council](#)) ) includes a target for 825 additional homes to be built per annum between 2023 to 2041, based on analysis of the capacity to deliver. This is currently at public examination and is potentially subject to change.
- 2.7. The consultation outcome also announced a change to place even stronger emphasis on the value of brownfield redevelopment. This has clear implications for the centre of Reading, where substantial flattened development has already taken place and more is planned, with losses of office space reflecting not only shifting work patterns post-Covid but also wider changes in retail activity and current market conditions.

### **Technological Changes**

- 2.8. The pace of change in technological advancement gets ever faster. The Council has changed the way it uses its office space as a consequence of staff continuing to work flexibly post Covid. We have also invested in technology to change the way in which we engage with the public and deliver services. Examples include the new library app enabling residents to reserve or renew books remotely as well as conveniently manage multiple library accounts and family library 'cards' in one place and the new 'My Reading Account' single sign on solution, allowing residents to access multiple services in one place with one set of credentials. In addition, the Council is in the process of exploring and implementing the use of Artificial Intelligence (AI) and Robotics to enhance service delivery and improve individual service performance. Within the Social Care Service AI-driven monitoring, machine-learning analytics, and technology-enabled care (TEC) innovations are being used to support independence, prevention, and better targeting of care resources.
- 2.9. 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, or even providing street furniture which facilitates the use of self-driving vehicles.

### **Environmental and Climate Change**

- 2.10. The Council has declared a Climate Emergency and set a policy objective of making Reading a carbon-neutral town by 2030. While significant progress has been made, current national policy changes and rising costs mean that achieving the 2030 target is challenging. For the Council itself, the greatest challenge lies in decarbonising its ageing housing stock and wider estate, which will require substantial investment in

green technologies. Across the broader Borough, further support and infrastructure will also be needed to enable the wider transition to low-carbon living.

- 2.11. Improvements made to date and underway include enhancements to encourage the use of sustainable transport, walking and cycling as attractive alternatives to the private car and reduce resulting congestion, carbon emissions and other air quality issues. Examples include the implementation of the Bus Service Improvement Plan, including a bus rapid transit scheme, new bus lanes, improvements to park and ride facilities and a package of town centre public transport enhancements, bus signal priority measures and improvements for passengers at bus stops. Further examples include working with partners to construct and improve train stations and multi-modal interchanges, working with Reading Transport Ltd to purchase vehicles and related infrastructure to enable the operation of electric bus services, and Active Travel initiatives to improve walking and cycling networks.
- 2.12. Further carbon neutral initiatives include the generation of solar energy, the use of air source heat pumps to provide leisure centre heating, the use of ground source heat pumps for heating/cooling the new theatre development, electrification of the Council's in-house vehicle fleet, provision of Electric Vehicle (EV charging points) and improved home insulation, etc.
- 2.13. 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. The Council is committed to a tree planting programme to increase canopy cover, improve biodiversity and reduce localised flooding.
- 2.14. On 15<sup>th</sup> October 2019 the Council formally adopted the 'Unite Construction Charter' where the Authority supports the 'Get Britain Building' campaign, which is aimed at supporting and sustaining the British construction industry. As a result, all relevant construction contracts are required to comply with the Authority's Sustainable Buying Standard for Highways and Construction Materials, which requires structural steel and other relevant materials to be covered by BES 6001 Responsible Sourcing of Construction Product certification, or equivalent.

### **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;
  - Enhance 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;
  - Seek to maximise the use of Government grants to support the Capital Programme;
  - Improve environmental impact wherever possible;
  - Maximise wider 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 has a statutory responsibility, under Section 123 of the Local Government Act 1972, to achieve the “best consideration reasonably obtainable”, 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.

#### **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 community benefits;
  - 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 General Fund land and buildings is governed by the Asset Management Strategy 2024-2034, which includes the Asset Management Action Plan and the Asset Management Policy, and the Land and Property Asset Disposal Policy.
- 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. There is a specific budget within the Capital Programme that relates to the enhancement and improvement of corporate and community buildings. In the period 2026/27-2030/31, the original rolling budget allocation is £1.000m per annum. It is primarily directed at operational buildings (non-Housing) and excludes ring fenced funding. This is in addition to specific projects detailed in the Capital Programme.
- 4.6. Under the Council’s Asset Management Strategy 2024-2034, any surplus properties are prioritised to be used to maximise revenue or capital resources which can be done in a number of ways on a case by case basis. For example, the Council may choose to seek offers on a freehold, or commercial leasehold basis. 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 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 and a scheme to purchase homes currently owned by the Council's wholly owned housing company, Homes for Reading Ltd. 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.
- 4.8. In addition, in line with the Regulator for Social Housing (RSH) recommendations following the recent inspection, all current non-decent properties need to be brought up to Decent standard by the end of 2027/28. Condition surveys were implemented to get an accurate record of the properties and their position against the Decent Homes Standard. Although investment was factored into the previous Business Plan, further resources have been focussed into this area to deliver the outcomes required. Overall, the new HRA business plan includes approximately £52m more spend on housing repairs over 30 years than the previous iteration which includes £16.7m to bring all properties up to decent homes standard over the next two years up to March 2028.

### **Highways Infrastructure**

- 4.9. 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. The HAMPS has been developed in line with the Well-managed Highway Infrastructure: A Code of Practice.
- 4.10. 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. This is summarised and updated in the Annual Status Options Report (ASOR) produced for the highways network.
- 4.11. Delivery of the HAMPS is overseen by the Highways Asset Management Board which meets regularly throughout the year.

### **Transport**

- 4.12. Since 2001, all local transport authorities have been required to produce a Local Transport Plan (LTP) and to keep this under review. The LTP contains the objectives, policies and schemes intended to improve transport in an area, contributing to wider social economic and environmental benefits. The LTP also contains a Strategy Plan and Implementation Plan.
- 4.13. Reading's fourth Strategy Plan (LTP4) [Reading-Transport-Strategy-2040.pdf](#), published in June 2024, sets out the long term policy approach from 2024 to 2040 and is subject to regular review.
- 4.14. Reading's Implementation Plan (published separately) sets out an indicative delivery programme and mechanisms for Reading's transport schemes. A detailed delivery programme is published on an annual basis, to allow for adaptation to changing technologies, budgets and development proposals.

## **Vehicles**

- 4.15. 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, so far 13 Electric Refuse Vehicles have been rolled out. However, the associated revenue costs with early adoption of electric vehicle technology have been higher than originally estimated. Also, where electric vehicles are deemed to not meet the needs of the service, it has been necessary to consider alternative vehicles. This includes where electric vehicles have been found to be less reliable than traditional vehicles, so currently efficient Diesel vehicles are in the next phase of vehicle replacements.

## **ICT Assets**

- 4.16. 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 and its broader Digital Transformation Strategy was agreed by Policy Committee in July 2021. The Council will very shortly commence the refresh of the IT Strategy.
- 4.17. 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.
- 4.18. 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 may mean that the Council will require a smaller asset base in this area of activity in the future. This may require some funding adjustments from capital to revenue to support this changed environment. However, given the capitalisable costs associated with the acquisition and implementation of the solutions satisfying the transformation strategy, the effect of this trend is likely to be a medium-long term rather than short term one.
- 4.19. The Digital Transformation Strategy is due to be updated. Whilst the direction of travel will remain largely the same it will aim to uplift technology to the next level by introducing Artificial Intelligence and Robotics as an example.
- 4.20. As part of the Capital Programme 2026/27 to 2030/31 an ICT Technology Refresh scheme is included to refresh the Council's computer estate and equip staff with technology to maximize performance and efficiency.

## **Investment Assets**

- 4.21. 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.
- 4.22. 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.



- 4.23. Loans may also be used as part of cash flow management processes but may also be used in support of specific service objectives. Loans provided by the Council are subject to the Council's Loans Policy and Minimum Revenue Provision (MRP) Policy. Where loans are provided to support service objectives there may be other social, economic, or environmental issues involved which impact on the nature of the loan provided. These will need to be 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.
- 4.24. Reading Borough Council has provided a number of loans to its wholly owned companies as set out in Table 1 below. The portfolio includes loans made to Homes for Reading Ltd where principal repayments, including the £7.000m due in March 2029, are now scheduled to be repaid over the next few years following the planned sale of properties to the Housing Revenue Account (HRA) to facilitate the closure of the company. The £5.000m loan to Brighter Futures for Children Ltd (BFFC) is expected to be repaid before the end of the 2025/26 financial year.

**Table 1. Service Investments - Loans to Wholly Owned Companies**

	<b>Principal due to be outstanding at 31/03/2026 (£m)</b>	<b>2026/27 Interest due (£m)</b>	<b>Interest rate (%)</b>
Brighter Futures for Children Ltd	0.000	0.000	n/a
Reading Transport Ltd*	4.106	0.434	5.00
Homes for Reading Ltd	7.000	0.131	3.75
Homes for Reading Ltd	0.285	0.001	6.35

\* Values above do not include lease agreements with Reading Transport Ltd.

- 4.25. The Council also holds an equity stake in some of these wholly owned companies and other bodies which support the service objectives of the Council. These are set out in Table 2 below.

**Table 2. Service Investments - Equity Investments**

	<b>Fair Value as at 31/03/2025 (£m)</b>
Homes for Reading Ltd	5.151
Reading Transport Ltd	3.974
Municipal Bonds Agency (MBA)*	0.000
Reading Community Energy Society Ltd	0.060

\*The Council's £0.064m investment in the MBA has been valued on a Fair Value basis at £nil in the Council's 2024/25 Financial accounts due to the companies reported negative net worth as at November 2024.

- 4.26. 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.

- 4.27. In line with many other councils, Reading Borough Council has a historic and small portfolio of investment properties created primarily to generate a regular income stream to off-set significant reductions in funding from Government.
- 4.28. 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.
- 4.29. In response to concerns, 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) no longer have access to borrowing from the PWLB, either for those specific assets, or the rest of their Capital Programme. In addition, updated statutory guidance on the Minimum Revenue Provision (MRP) was issued in April 2024. This guidance confirms the duty to make MRP when the acquisition of an investment property results in an increase to the Capital Financing Requirement (CFR).
- 4.30. The Council last purchased an investment property asset in 2019/20, prior to the November 2020 rule changes on borrowing set out above and has no plans to purchase further property for investment purposes at this time. This does not preclude investment in regeneration schemes the primary purpose of which is to improve the economic, environmental, or social welfare of the borough. In such cases some income may be derived from the regeneration, but it will not be the primary reason for investment. The existing investment property portfolio has been reviewed by an external partner, who has provided guidance regarding the best course of action for the future, with interim lease events or asset opportunities being assessed on a case by case basis to retain/increase value and reduce cost/risk. Assumptions built into the Medium Term Financial Strategy (MTFS) include capital receipts from the disposal of the Albury Close and 160 – 163 Friar Street assets.
- 4.31. In addition the Prudential Code states that ‘Authorities with commercial land and property may also invest in maximising its value, including repair, renewal and updating of the properties’
- 4.32. The commercial investment portfolio held by the Council as at 31<sup>st</sup> March 2025 is set out in Table 3 below.

**Table 3. Commercial Investment Portfolio**

	<b>Annual Rental Yield 2024/25</b>	<b>Capital Value as at 31<sup>st</sup> March 2025 (as per draft accounts)</b>	<b>Purchase Price including costs</b>	<b>Net Annual Income after Financing Cost</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
Kennet Wharf, Queens Road	0.689	9.530	21.276	(0.007)
Adelphi House, Friar Street	0.688	7.530	12.116	0.292
160 - 163 Friar Street Office	0.744	6.710	11.884	0.355
Four 10 TVP	2.274	24.850	39.968	0.966
Acre Business Park	0.183	2.000	N/A	0.183
Albury Close	0.050	0.730	N/A	0.050
16 Bennett Road	0.052	0.960	N/A	0.052
<b>Total</b>	<b>4.680</b>	<b>52.310</b>	<b>85.244</b>	<b>1.891</b>

- 4.33. It is still possible that the Council will make a financial return from its ownership of property or other assets where yield is not the main purpose for holding them. An example of this would be the land on which the Oracle Shopping Centre is located; the Council earns a financial return from its ownership of the land however the primary purpose of owning this land was to facilitate re-generation of Reading town centre.

### **Community and Regeneration Assets**

- 4.34. 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.

### **Asset Types Defined by the Prudential Code**

- 4.35. The 2021 Prudential Code requires investments to be analysed between investments for treasury management, service or commercial purposes. These three categories are defined as:
- Investments for treasury management purposes, or treasury management investments, are those investments that arise from the organisation's cash flows or treasury risk management activity and ultimately represent balances that need to be invested until the cash is required for use in the course of business;
  - Investments for service purposes, or service investments are held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure), or in support of joint working with others to deliver such services;
  - Investments for commercial purposes, or commercial investments, are taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services.
- 4.36. The 2021 Prudential Code states that assets should be clearly separated into these categories as each type of investment has very different objectives, criteria and risk characteristics.
- 4.37. In Reading treasury management investments are addressed in the Treasury Management Strategy Statement (TMSS) and therefore not dealt with in any detail in this Capital Strategy, although are recognised as part of the wider Capital Strategy environment.
- 4.38. The focus of this Capital Strategy is on service assets as defined by the Prudential Code 2021. However, as the umbrella strategy document it is important that the Capital Strategy recognises the importance of other capital investments and the governance arrangements that apply to them.

## **5. Capital Programme (2026/27 – 2030/31)**

- 5.1. The Capital Programme sets out the Council's proposed capital expenditure. It facilitates the delivery of Council 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, 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;
- Addresses inequality, for example by investing in community safety;
- Facilitating transformation schemes, ensuring that the Council is fit for the future.

5.2. The General Fund and HRA Capital Programmes set out the Council's plan of capital expenditure for future years, including details on the funding of the schemes. The Capital Programme 2026/27 – 2030/31 is set out as part of the 2026/27 Budget and Medium Term Financial Strategy (MTFS) 2026/27-2028/29 Report for Member approval. It identifies £373m to improve the infrastructure, asset base and effectiveness of service provision for the residents of Reading. The Programme has a borrowing requirement of £163m after external contributions such as grants, section 106 contributions and Community Infrastructure Levy funding have been applied.

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

**Table 4. Capital Expenditure (2025/26 – 2030/31)**

	<b>2025/26 Estimate £m</b>	<b>2026/27 Estimate £m</b>	<b>2027/28 Estimate £m</b>	<b>2028/29 Estimate £m</b>	<b>2029/30 Estimate £m</b>	<b>2030/31 Estimate £m</b>
Community & Adult Social Care Services	9.875	2.122	2.486	5.388	1.522	1.522
Childrens Services	1.698	1.338	0.000	0.000	0.000	0.000
Economic Growth & Neighbourhood Services	47.682	23.078	22.596	11.739	7.796	4.342
Economic Growth & Neighbourhood Services – Education Schemes	11.002	17.678	4.730	7.812	2.619	0.000
Resources	2.992	3.389	2.413	2.038	0.675	0.575
Corporate	3.505	3.600	1.600	1.600	1.600	1.600
<b>General Fund</b>	<b>76.754</b>	<b>56.205</b>	<b>33.825</b>	<b>28.577</b>	<b>14.212</b>	<b>8.039</b>
<b>HRA</b>	<b>64.483</b>	<b>67.310</b>	<b>74.736</b>	<b>62.584</b>	<b>17.011</b>	<b>10.500</b>
<b>Total</b>	<b>141.237</b>	<b>123.515</b>	<b>108.561</b>	<b>91.161</b>	<b>31.223</b>	<b>18.539</b>

5.4. Highlights of the Capital Programme 2026/27 to 2030/31 include:

- £32m on works to schools including £16m to increase the provision of high needs placements in the borough;
- £10m on remodelling provision at the Hexagon Theatre;
- £2m on the re-provisioning of social care facilities;
- £15m investment in the Council's local highways infrastructure (including Bridges) addressing feedback from the residents' survey;
- £6m on local traffic management and road safety measures;
- £10m investment in corporate and community buildings, including works to conserve the Town Hall;
- £2m on schemes to help reduce Reading's carbon footprint;
- £1m on the provision of children's homes;
- £70m on retro-fitting carbon reduction measures and improvements to existing Council dwellings (HRA);
- £16m to purchase properties from Homes for Reading Ltd (HRA);
- £146m on the provision of more affordable housing and sheltered homes to meet the needs of older people and vulnerable adults (HRA).

5.5. 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 processes 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 revenue liabilities/costs of holding the asset;
- 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 for 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. The Council's Land and Property Asset Disposal Policy ([Appendix 1-RBC Assets Disposal Policy 2025.pdf](#)) was recently approved by Policy Committee in December 2025. A schedule of properties anticipated to be available for disposal during the MTFS period is included at Annex A.

6.6. Although capital receipts would not usually be spent on revenue, under the current [Flexible use of Capital Receipts](#) Direction (updated March 2025) 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 specified within the Direction and meet the definition therein, i.e. "costs must generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners". In addition, local authorities applying this direction must send details of their planned use to the Secretary of State, for each financial year in which the direction is used.

6.7. The Council's use of Flexible Capital Receipts has been refreshed as part of the proposed 2026/27 – 2028/29 MTFS. The MTFS includes an allocation of capital receipts to support transformation and savings delivery (the Delivery Fund). The Director of Finance has oversight of the Delivery Fund and approves any changes to the allocations within the approved capital budget allocation. Regular monitoring takes place as part of the monthly Performance Monitoring process to the Corporate Management Team with quarterly reports to Committee.

6.8. **Revenue Contributions** – The Council can choose to use revenue, from the approved revenue budget or use 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. Members will continue to weigh the relative priorities of capital and revenue projects in allocating revenue resources.

6.9. **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 for capital expenditure. The Council is guided by the CIPFA Prudential Code when determining the level of borrowing that is sustainable.

6.10. 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.

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

**Table 5 - Summary of Capital Programme Funding**

<b>General Fund &amp; HRA</b>	<b>2025/26 Estimate £m</b>	<b>2026/27 Estimate £m</b>	<b>2027/28 Estimate £m</b>	<b>2028/29 Estimate £m</b>	<b>2029/30 Estimate £m</b>	<b>2030/31 Estimate £m</b>
<b>Capital Expenditure</b>	<b>141.237</b>	<b>123.515</b>	<b>108.561</b>	<b>91.161</b>	<b>31.223</b>	<b>18.539</b>
Capital Receipts (GF & HRA)	(7.285)	(11.150)	(4.767)	(2.900)	(2.900)	(1.500)
Capital Grants & Other Contributions	(64.265)	(44.541)	(32.294)	(24.698)	(11.504)	(4.011)
Capital Reserves (HRA)	(11.999)	(26.354)	(11.894)	(10.500)	(10.500)	(10.500)
Revenue Contributions	(0.120)	(0.169)	0.000	0.000	0.000	0.000
<b>Net Borrowing Requirement</b>	<b>57.568</b>	<b>41.301</b>	<b>59.606</b>	<b>53.063</b>	<b>6.319</b>	<b>2.528</b>

## **7. Governance**

### **Capital Scheme Approval**

- 7.1. During 2022/23, a Capital Programme Board chaired by the Director of Finance was introduced to increase oversight of the Capital Programme and its delivery. Terms of Reference for the Board are included at Annex B.
- 7.2. 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.
- 7.3. Any additional schemes that arise during the year will be added to the agreed Capital Programme once the relevant approvals have been obtained.
- 7.4. The Corporate Management Team considers and recommends service bids for capital resources as part of the annual budget setting process and provides strategic direction as to the development and use of property assets. The Capital bids are then considered by Policy Committee and formally approved by Council.
- 7.5. The Land, Property & Development Board (LPDB) provides oversight and direction in relation to the management of the Council's property assets. The LPD Steering Group, which sits below the LPDB, is an operational group responsible for managing property asset and estate strategy work streams and reporting on the gateway and monitoring position to the LPDB.

## **Performance Monitoring and Evaluation**

- 7.6. Monitoring of the Capital Programme sits alongside the Council's revenue monitoring process with the submission of monthly reports to the Corporate Management Team for review. Detailed project oversight is provided by the Capital Programme Board as set out in Annex B.
- 7.7. Member oversight is achieved through lead Councillor briefings and quarterly reporting to Policy Committee.
- 7.8. 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 expenditure and project delivery forecasts each month.
- 7.9. A gateway process has been developed through the Capital Programme Board 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. The gateway review process will allow early identification of areas that may require corrective action and provide validation that a project is ready to progress to the next stage. The Gateway stages are as follows:
- Initial proposal
  - Feasibility
  - Business Case
  - Project initiation
  - Final design/Procurement
  - Contract Award
  - Project Review

## **Prioritisation & Affordability**

- 7.10. 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.
- 7.11. 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 the Capital Programme Board and subsequently Corporate Management Team (CMT) prior to being recommended to Members for inclusion in the Capital Programme.
- 7.12. The overall affordability of the Capital Programme is reported on by the Council's Section 151 officer as part of the Council's budget setting process.
- 7.13. The Council has limited capital resources. Therefore, to help in determining how they are utilised, capital bids are assessed against a prioritisation matrix (see Annex C). 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.



## Treasury Management Governance

- 7.14. The Council follows the requirements of The Local Government Act 2003 (the Act) and supporting regulations in managing its Treasury Management activities.
- 7.15. Audit & Governance Committee is the body responsible for overseeing the governance of the treasury management function within the Council. The Act requires that an annual Treasury Management Strategy be presented to Council for approval. Members also receive quarterly reports, to include an outturn report, in line with the revised Treasury Management Code.
- 7.16. The Council employ MUFG Corporate Markets as its treasury management advisors. Other specialist advice is taken on an ad/hoc basis dependant on the nature of the particular project and issue under review. Treasury Management is also subject to regular internal audit.

## 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. The Council's cash position is managed centrally to ensure that there is enough liquidity in the short and medium term to meet cashflow requirements including the Council's running costs, as well as meeting long-term solvency and funding requirements.
- 8.3. The Council is exposed to a range of risks when undertaking capital investment:
- **Financial risks** relate to risk arising from the investment in the Council's assets, 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 the 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. The Council aims to minimise and balance 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.

8.5. The Council's appetite for these risks is set out below.

**Table 6. Council's Risk Appetite**

<b>Risk</b>	<b>Appetite</b>
Financial	<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. <b>No appetite</b> for currency risk, emerging markets and high volatility investments.
Macroeconomic	<b>Moderate appetite</b> for exposure to national and global growth. <b>High appetite</b> for exposure to local economic growth. <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 the Council 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**

8.6. Risk management is not a stand-alone discipline. In order to maximise risk management benefits and opportunities, it is integrated with existing business processes.

8.7. Some of the key business processes with which risk alignment exists are:

- Capital Strategy
- The Council Plan
- Medium Term Financial Strategy
- Internal Audit Plan
- Business Planning
- Performance Management
- Treasury Management
- External Audit Review

- 8.8. 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.
- 8.9. Under the Council's Constitution, risk management is overseen by the Audit and Governance Committee, which reviews the Strategic Risk Register at its meetings. Risk management is an integral aspect of the Council's project management methodology, with projects required pre-initiation to identify risks and how they will mitigate them. The approach to risk management includes planning and identification, monitoring and review for all risks and projects throughout their lifecycle. 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.
- 8.10. 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**

- 8.11. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure and investment decisions (including treasury management decisions).
- 8.12. 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.
- 8.13. The Council will ensure that the resources required to manage the Council's assets and regeneration aspirations are available. 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 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 2026/27 – 2028/29 is forecast to be £54m. 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 Council annually as part of the Treasury Management Strategy; and are monitored throughout the year by officers and reported quarterly 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 Annex D) is maintained that outlines actions, owners of those actions and timelines for delivery.

## Annex A - Schedule of Properties Identified for, or in the Process of Disposal

The capital receipts assumptions included in the MTFS are planned to be delivered from the sale of the following assets that are considered to be surplus and available to be sold over the period of the MTFS. Some of the assets below would require further approval before sales could be realised.

Site	Further Information
Central Library	1980s purpose built library
Market Passageway	Right of way reserved within existing building
Cemetery Arch	Vacant Grade 2 Listed Building
Gosbrook Rd Caversham Nursery	Cleared and vacant former nursery school site
Minster Quarter/Hosier Street	Former civic offices cleared site and environs
Land at Bridge St/Church St, Caversham	Vacant land behind advert hoarding
Coley Place	Joint development opportunity
Crown St / Southampton St	Vacant cleared site in multiple ownership. Advert hoarding on part of RBC land
Southside – Island Road	Landfill site – former speedway/greyhound stadium
The Keep	Grade 2 Listed building
1-4 Links Drive - land rear of	Former garage site with rights of way
Palmer Park Lodge	Residential property located within Palmer Park
Caversham Court offices	Grade 2 Listed building former offices/outbuildings
10 Oak Tree Road	Strip of land between site boundary and highway
4-6 Broad Street	Long lease extension/variation
41 Bolton Road	Freehold land
Broad Street Mall Car Park	Leasehold disposal
Land at Portland Gardens	Council estate amenity land and semi derelict garage block
Palmer Park WC block	Derelict toilet block
2-4 Buttermarket	Zone A retail
Callington Road	Vacant site. Council estate amenity land
Reading Road, Woodley	Vacant site. Council estate amenity land
Albury Close	Freehold of terrace of industrial units
Micro Centre, Gillette Way	Freehold of terrace of industrial units
Bowman House 2-10 Bridge Street	Freehold subject to long lease
160-163 Friar Street	Commercial property
Acre Business Park., Acre Road	Commercial property
Acre Road Long Leasehold Site (Units 1-5)	Long lease
Richfield Avenue Petrol Station	Long lease
Emmer Green Community Centre	Community building
Grove Road Shops	Standalone block
188 Whitley Wood Lane	Adult Services centre (service relocating)
Strathy Close day Care Centre	Day Centre
Focus House, 14-16 Castle Crescent	Victorian houses
Beacontree Plaza	Long lease
Land rear of 76 Bath Road	Surplus garden land

## **Annex B – Capital Programme Board Terms of Reference (ToR)**

### **Overall Responsibilities of the board**

- To advise on the Council's Capital Strategy in line with Council's priorities.
- To ensure the effective development and delivery of the Capital Programme in line with the Council's Capital Strategy and Council's priorities.
- To develop, implement and review the effectiveness of the gateway process for the Capital Programme.
- To identify and monitor the resources available to fund the Capital Programme in the most efficient way.
- To monitor the progress of the Capital Programme against plan and performance, identifications of risk and issues.
- To ensure capital project and programme managers across the Council have the appropriate training, skills and capacity to effectively deliver capital projects.
- To develop toolkits for Project and Programme Managers, including the use of post project reviews.
- To drive value for money.
- To report progress of Capital Programme delivery together with associated risks and mitigations to the Corporate Management Team on a quarterly basis.
- To act as a clearing house for any issues/blockers which Boards have not been able to resolve.

### **Priority Outcomes from the Board**

- An effective Capital Strategy and Capital Programme that optimise the resources available to deliver the Council's priorities.
- To ensure continuous improvement in the development and delivery of the Capital Programme.
- To ensure strategic capital investment is planned and delivered in the most efficient and effective way.
- To improve the management of capital projects, in line with best practice, ensuring benefits are realised.
- To ensure effective bidding for external capital funding.
- To enhance cross-service working and partnerships with other organisations on the development and management of capital projects.
- To ensure the Capital Strategy and Programme is funded in the most efficient way and fully integrated into the Medium Term Financial Strategy of the Council.
- To embed lessons learnt from capital projects undertaken by the Council.
- To monitor and realign the Capital Programme to ensure there is accurate forecasting and less pressure on borrowing.
- Appropriately addressing and reporting any risk to the programme.

## Membership of the Board

Chair	Darren Carter	Director of Finance
Members	Emma Gee (Deputy Chair)	Executive Director Economic Growth & Neighbourhood Services
	Melissa Wise	Executive Director Communities & Adult Social Care
	Gavin Handford	Director Policy, Change & Customer Services
	Emily Chomicz	Head of Procurement
	Anna Barefoot	Capital and Treasury Lead
	Charan Dhillon	Director Property & Asset Management
	Susan Jones	Capital Projects Delivery & Business Improvements Manager
	Zoe Hobbs	Strategic Lead for Change
Additional Attendance	Directors/ Programme & Project Managers/leads	Attendance is driven by the focus of the agenda

## Frequency of the Board

- Quarterly (more frequently may be required in the lead up to budget setting).

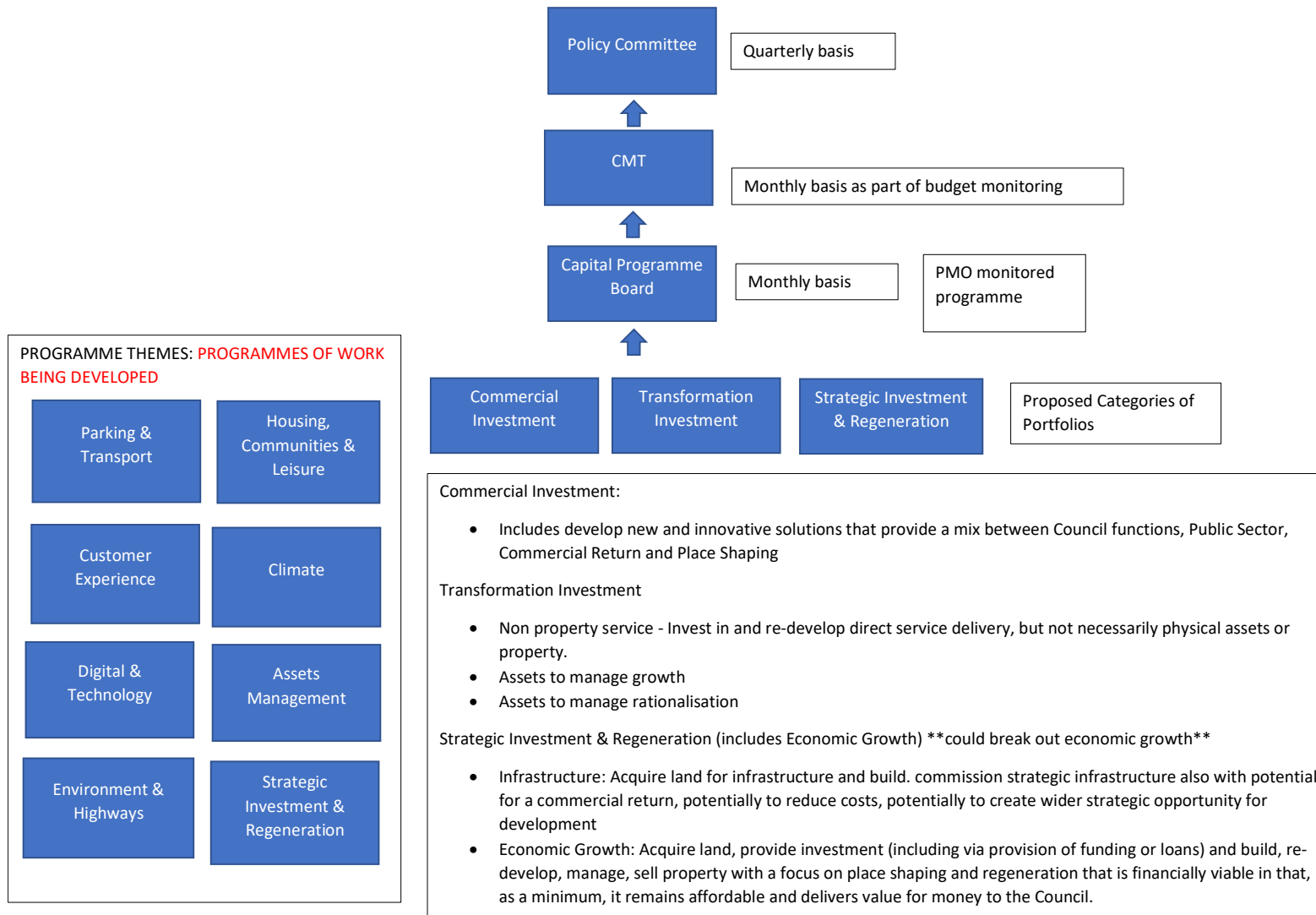
## Inputs of the Board – collaborative environment/ use of materials

- Agenda, actions and decisions agreed.
- Highlight reporting for projects and programmes reporting directly into the board.
- Financial spend & monitoring against the programme.
- Monitoring of resource and capacity management against the programme.
- New Business Cases/projects for consideration.

## Outputs of the Board

- Actions and decisions agreed.
- Communications/messages.
- Reports to CMT.
- Training and Learning opportunities.
- Toolkits.
- Prioritised schedule of business cases for review as part of the budget setting process.
- Update programmes for approved/rejected activities.

## Annex B Part 2 – Capital Monitoring through Capital Programme Board





## Annex C – Prioritisation Matrix

Budget Prioritisation - Scoring Guidance for Capital Bids		
Criteria	Scoring Method	
Strategic Impact	1. Strategic Fit	Score assesses contribution to each of the Council's corporate plan and other policy objectives (Local Plan, Tackling Inequality Strategy, Local Transport Plan, etc., where:
		3 Specifically identified in Corporate Plan
		2 Identified as a key Project/Activity in the Corporate Plan or directly supports a number of specific outcomes
		1 Low (Indirectly supports at least 1 key outcome)
		0 Will not deliver any identified outcomes
	2. Statutory Implications (Risk of NOT doing)	Score assesses Capital Bids based on a risk to statutory service provision without investment
		3 High Risk (Complete loss of statutory service or inability to respond to impending legislative requirement) (Risk Score 17+)
		2 High Risk (Partial loss of statutory service, complete loss of discretionary service) Risk Score (11-16)
		1 Medium Risk (Partial loss of discretionary service, worsening statutory service) Risk Score (6-10)
		0 No Risk (No discernible impact foreseen, low levels of complaint continue) Risk Score (0-5)
	3. Environmental Impact	Score assesses Capital Bids regarding whether the investment will support the delivery of the Council's climate policy commitments and other environmental goals. The score is defined by climate impact assessment on the following areas 1. Carbon Saving, 2. Improving organisational/community resilience to climate impacts. 3. Environmental Gains. 4. Reduction in noise light or other forms of pollution
		3 Investment has a major positive environmental impact. Scoring in climate impact assessment "deliver significant decrease or high" in one of the four criteria
		2 Investment has a minor positive environmental impact. Scoring in climate impact assessment "low/medium/moderate" in one of the four criteria
		1 Investment has no climate or environmental impact or minor positive impacts are cancelled out by minor negative impacts on environmental factors
		0 Investment has a minor negative environmental impact on environmental factors. Scoring a low/medium/moderate increase and/or reduced resilience.
		-1 Investment has a major negative environmental impact on environmental factors. Scoring a significant increase and or reducing resilience in one of the four categories
	4. Social Impact	This score assesses the Capital Bids in regard to whether the investment will support delivery of equality, social value and public health goals
		3 Investment has a major positive impact on social and equality factors
		2 Investment has minor positive impact on social and equality factors
		1 Investment has no impact on social and equality factors
		0 Investment has a negative impact on social and equality factors
	5. Economic Impact	Score assesses the Capital Bids in regard to whether the investment will support delivery of Reading Economic goals
		3 Investment has a major positive impact on economic factors
		2 Investment has minor positive impact on economic factors
		1 Investment has no impact on economic factors
		0 Investment has a negative impact on economic factors
	6. Condition, H&S risk and Strategic Importance of Asset	3 Expenditure on asset will reduce impact of at least 3 issues - risk to life etc. (Risk score 17+)
		2 Expenditure on asset will reduce impact of at least 1 issue (Risk Score 11-16)
		1 Expenditure will have a possibility of reduced impact in at least 1 issue (Risk Score 6-10)
		0 No demonstrated impact on any issues (Risk Score 0-5)
Investment Readiness	7. Fundability	Score assesses level of funding available and/ability to attract external funding/or generate capital receipt:
		3 100% external funding is available (does not necessarily mean scheme will proceed)
		2 50- 99% external funding is available
		1 >0-49% external funding is available
		0 No funding has been identified
	8. Long Term Affordability	Score assesses the Capital Bids in regard to whether there are any resulting revenue implications:
		3 Ongoing revenue savings/income generation repays investment within 3 years or less
		2 Ongoing revenue savings/income generation repays investment within over 3 to 5 years
		1 Ongoing revenue savings/income generation repays investment over the lifetime of asset
		0 No revenue savings/income generation
		-2 Additional on going resources required over existing budgets
	9. Viability (Risk of DOING)	Score assesses bids based on inherent and mitigated risk, likelihood of necessary approvals and permissions, procurement implications and other barriers incl. legal. Should be linked to high level risk assessment
		3 Low Risk (Score 0-5)
		2 Medium Risk (6-10)
		1 High Risk (11-16)
		0 Very High Risk (17+)
	10. Deliverability/ Feasibility	Score assesses bids based on consideration given to resourcing availability (skills and capacity) reliance on partners and timescale for delivery (to inform financial year project falls into)
		3 Includes detailed Project Plan (including resources required, project team and risk matrix)
		2 Includes high-level Project Plan (including resources required, project team and risk matrix)
		1 Project Plan (potential idea of the resources, project team and risk matrix )
		0 No Project Plan

## Annex 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 Council's Vision.

There are two areas where further work is required:

- Identifying what assets we need in the future
- Develop and implement new systems and processes to enable the transition

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

Action	Lead	Progress update	Deadline
Carry out a review of a third of the Council's Non-Domestic Land & Property Assets as per the rolling three-year cycle set out in the Asset Management Strategy 2024-34.	Director Property & Asset Management	Complete as part of the Asset Strategy development. This task now forms part of ongoing workloads.	31/12/2025
Undertake work to develop a longer-term capital programme moving from a five year to a ten year programme.	Director of Finance/ Director Property & Asset Management	New action	31/12/2026

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

The following 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	Director of Finance	Work is currently being undertaken to develop a capital handbook.  Work to update the Financial Regulations within the Constitution was completed during 2025. Training on the Financial Regulations will follow during 2026.	31/12/2026

- Governance

Action	Lead	Progress update	Deadline
Update the Constitution and related documents to provide clarity around the capital investment process (approval monitoring, virements, slippage)	Director of Finance	Complete	30/06/2025
Review corporate governance arrangements for Capital across the organisation, including post project review and scheme monitoring arrangements.	Director of Finance	The Capital Programme Board (CPB) was established in December 2022. The Board meets regularly throughout the year (usually quarterly) and has an ongoing programme of work that includes <ul style="list-style-type: none"> <li>• Review of this Capital Strategy</li> <li>• Review of capital bids submitted as part of the annual budget build process</li> <li>• Review of the overall capital programme</li> <li>• Deep dive sessions into particular capital scheme areas</li> <li>• Review the revenue impact of capital decisions</li> </ul>	ongoing
Review budgets for 2025/26 agreed as part of the 2025/26 to 2027/28 MTFS, and compare to the final 2025/26 outturn figures. Identify where significant slippage/overspends have occurred and seek explanations to better understand why these have occurred.	Director of Finance	New action	31/12/2026
Implement The Council's Land and Property Asset Disposal Policy	Director Property & Asset Management	New action	31/12/2026
Review and update the Commercial Investment Strategy in the light of new restrictions on borrowing from the PWLB	Director Property & Asset Management/Director of Finance	Complete. An external partner has carried out a review of the existing portfolio of investment properties with suggested actions being implemented to de-risk the assets. Since the Council has made the decision to not purchase any further investment properties, it has been decided that information relating to the existing investment properties, will be	30/06/2025

Action	Lead	Progress update	Deadline
		included in the annual Capital Strategy. Therefore, the Commercial Investment Strategy is no longer required.	
Update the Asset Management Policy	Director Property & Asset Management	Ongoing work. The Action Plan is regularly being monitored at Steerco and Land and Property Development (LPD) Board meetings.	In line with the Council Plan

#### 4. 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, asset management plans etc to ensure any changes are captured.
- iv. Carrying out actions identified in the Asset Management Action Plan, which forms part of the Asset Management Strategy 2024-34. Actions are prioritised using a scoring mechanism.