

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF RESOURCES

TO:	Council		
DATE:	25 June 2019		
TITLE:	Draft Capital Strategy		
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1. PURPOSE OF REPORT

1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) revised Prudential Code for Capital Finance in Local Authorities 2017 requires local authorities to produce a Capital Strategy on an annual basis which must be approved by Council.

2. RECOMMENDATIONS

- 2.1 That Council approves the Capital Strategy attached at Appendix 1; and
- 2.2 That the proposed Action Plan that forms Appendix F of the Strategy is noted together with the associated financial implications.

Appendix 1 Draft Capital Strategy 2019

3. SUMMARY

- 3.1 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.
- 3.2 The Strategy is informed by the Council's priorities and links to other key strategy documents notably the Corporate Plan, Medium Term Financial Plan, Treasury Management Strategy, Asset Management Strategy and Property Investment Strategy.
- 3.3 The Capital Strategy sets out revised terms of reference and attendee lists for historic officer working groups including the Strategic Asset Management Board (SAMB). The proposals also give SAMB a wider and more strategic

focus. The Board will direct and be supported by a number of project groups including Land and Property.

Appendix B to the Strategy sets out a prioritisation matrix for new capital schemes.

3.4 The proposed Action Plan at Appendix F of the Strategy identifies four areas where work is required for the Council to become fully compliant with the CIPFA code requirements, these are:

- Developing our knowledge of the existing asset base
- Identifying what assets we need in the future
- Developing and implementing new systems and processes, which enable the transition to become fully compliant with the code requirements
- Reviewing current capacity within the organisation

4. POLICY CONTEXT

4.1 The aim of the Capital Strategy is to support the delivery of the Corporate Plan, which includes the Council's agreed priorities.

5. FINANCIAL IMPLICATIONS

5.1 The proposed Action Plan includes undertaking an up-to-date condition survey of the Council's assets. The cost of undertaking the survey and provision for any works arising will need to be factored into the annual refresh of the Council's Medium Term Financial Plan.

5.2 Outcomes of actions from the proposed Action Plan may lead to identification of further, unplanned maintenance costs. These should where possible be absorbed within existing revenue maintenance budgets but if these are substantial may create a budget pressure and additional resource requirements.