

# **Reading Borough Council Capital Strategy**

**2019/20**

**May 2019**

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## Reading Borough Council

### Capital Strategy 2019/20

#### 1. The aim of the Capital Strategy

1.1. The aim of the Capital Strategy is to support the delivery of the Corporate Plan, Shaping Reading's Future (found [here](#)<sup>1</sup>), which includes the Council's agreed priorities:

- Securing the economic success of Reading
- Improving access to decent housing to meet local needs
- Protecting and enhancing the lives of vulnerable adults and children
- Keeping Reading's environment clean, green and safe
- Promoting great education, leisure and cultural opportunities for people in Reading
- Ensuring the Council is fit for the future

1.2. It achieves this by optimising the use of its existing assets and providing for the future asset needs of services within overall budget constraints and prioritising scarce resources.

1.3. The Capital Programme enables delivery of these 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 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
- Enabling the purchase of investment properties to support the future economic success of Reading and provide an income stream to help support vital services
- Facilitating transformation schemes, ensuring that the Council is fit for the future

#### 2. What is Capital Investment

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<sup>1</sup> <http://www.reading.gov.uk/policies-finance-legal-information>  
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2.1. Capital Investment seeks to provide long-term solutions to Council priorities and operational requirements. Expenditure for capital purposes therefore gives rise to new assets, increases the value and/or useful life of existing assets or, generates an income stream to the Council via non treasury investments.

### 3. The Capital Programme 2019/20 to 2021-22

3.1. The Capital Programme is the authority's plan of capital expenditure/investment for future years, including details on the funding of the schemes. The capital programme 2019/20 - 2021/22 (found [here - item 45<sup>2</sup>](#)) has been approved as part of the Council's Medium Term Financial Strategy (MTFS). It commits £464m to improve the infrastructure, asset base and effectiveness of service provision for the residents of Reading. The Programme has a borrowing requirement of £306m after external contributions such as grants, Section 106 contributions and Community Infrastructure Levy funding have been applied.

3.2. The Programme is broken down into two sections, The General Fund and the Housing Revenue Account. Each scheme in the Programme details the total cost, external funding contributions from for example government and developers and the net cost to the Council to be funded from borrowing or capital receipts.

### 4. Identifying Need

4.1. Aligned to the Corporate Plan are a number of subsidiary and complementary plans and strategies. Examples include:

- Service Plans
- The Corporate Asset Management Plan
- Homelessness Strategy
- Local Transport Plan and Local Plan
- Highway Asset Management Policy
- Climate Change Strategy
- Reading Open Spaces Strategy
- Culture and Heritage Strategy
- Waste Minimisation Strategy

4.2. Capital investment projects must be in line with the overall objectives contained within the Corporate Plan as well as individual service aims and objectives.

4.3. In addition to the Council's own priorities, external influence may impact on capital decisions; for example, central government, the Local Enterprise

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<sup>2</sup> <https://democracy.reading.gov.uk/ieListDocuments.aspx?CIId=136&MIId=1871&Ver=4>  
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Partnership (LEP) priorities and funding requirements, demographic and legislative changes.

- 4.4. Internal processes and officer working groups such as the Strategic Asset Management Board (SAMB) and the Land and Property Working Group (L&P) inform the documents mentioned above. Further details about the roles of these groups can be found below.

## 5. Prioritisation & Affordability

- 5.1. 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
  - The outcome of feasibility studies
- 5.2. 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 SAMB prior to being prioritised for recommendation to members for inclusion in the Draft Capital Programme.
- 5.3. The overall affordability of the Draft Capital Programme is reported on by the Council's Chief Finance Officer as part of the Council's budget setting process. The final Programme is agreed by Council in setting its budget.
- 5.4. A proposed prioritisation matrix can be found at Appendix B. This sets out a process for scoring projects based on their contribution to securing the Council's Corporate Plan priorities, meeting its statutory requirements and recognising the availability of funding etc.
- 5.5. The matrix 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.

## 6. Formal Approval

- 6.1. In line with Reading Borough Council's (RBC) Constitution (found [here<sup>3</sup>](#)), capital schemes require both scheme and spend approval prior to expenditure being incurred.

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<sup>3</sup> <http://www.reading.gov.uk/constitution>  
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- 6.2. Capital scheme approval is achieved via inclusion of the project within the Capital Programme approved by Council in February each year. A timetable for the annual process can be found at Appendix C and Appendix D provides a flow chart of the process.
- 6.3. 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 will be deployed for all major schemes to more closely monitor progress and delivery of projects and their agreed objectives. This is set out in more detail in section 8.
- 6.4. In year changes to the Programme are possible and the detailed process can be found in the Constitution (with links to other documents such as the Scheme of Delegation and Financial Regulations). Changes to the Programme, including the addition of new fully funded schemes, budget virements or slippage between years are reported to Policy Committee as part of the Council's budget monitoring process.

## **7. Governance**

- 7.1. The Strategic Asset Management Board (SAMB) 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.
- 7.2. The Land and Property Working Group (L&P) sits below SAMB and is an operational group responsible for producing the annual corporate compliance action plan and reporting on the gateway and monitoring position to SAMB.
- 7.3. Appendix A provides details of the Terms of Reference and membership of the two groups.

## **8. Performance Monitoring and Evaluation**

- 8.1. Monitoring of the Capital Programme sits alongside the Council's revenue monitoring process with the submission of monthly reports to both the Strategic Asset Management Board and the Corporate Management Team for review.
- 8.2. Member oversight is achieved through Lead Councillor briefings and quarterly reporting to Policy Committee.
- 8.3. All schemes within the Programme have a named Project Manager. It is the responsibility of the Project Manager with support from their Finance Business Partner to review and update their spend and project delivery

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forecasts each month. Appendix E provides information about the different officer responsibilities.

- 8.4. The Land & Property Working Group monthly meetings will be used to provide challenge to capital scheme delivery on an exception basis, with the group able to call project officers to attend as necessary. L&P will report the monitoring position to SAMB for them to consider the overall performance of the Capital Programme and any impacts resulting from delays to schemes etc.
- 8.5. A gateway process will be used for all major capital schemes to allow stakeholders to assess the on-going case for the scheme prior to the commencement of further stages. This will involve project officers reporting to SAMB at particular stages of the project and requiring sign off before 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
- 8.6. Schemes that arise during the year will be added to the agreed Programme once the relevant approvals have been obtained.
- 8.7. 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.

## **9. Available Capital Funding**

- 9.1. There are a number of sources of funding the Council can access to fund its capital investment requirements. These are limited and the Council will have to make decisions about how, when and how much the different funding sources will be used.
- 9.2. The main sources of funding available are as follows:
  - Capital Grants
  - Developers Contributions
  - Revenue Contributions
  - Capital Receipts

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- Prudential Borrowing

### 9.3. Capital Grants

9.3.1. Services must seek to maximise external funding wherever possible to support capital schemes. This can be in the form of grants from outside bodies including central government. As specified in the Constitution, all bids for external funding must be made in consultation with the Executive Director of Resources and responsible Lead Councillor to ensure all funding conditions have been carefully considered prior to entering into an agreement.

### 9.4. Developer Contributions

9.4.1. Developer Contributions e.g. s106 receipts and Community Infrastructure Levy (CIL) are sought to mitigate the impact of development and overcome what would otherwise be a potential reason to refuse a planning application.

9.4.2. In July 2018 Policy Committee approved the Council's CIL Protocol, setting out how CIL receipts are to be used. The protocol set out that 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 administration costs. The Committee also agreed a schedule of preferred projects for public consultation which could benefit from 15% local CIL funding. In November 2018, following the public consultation process, Policy Committee approved the allocation of 15% of CIL to a number of projects, which now form part of the 2019 Capital Programme. It is anticipated that a further consultation exercise will take place during 2020 to inform the allocation of further funding.

### 9.5. Revenue Contributions

9.5.1. The Council can choose to use its revenue budgets to fund capital expenditure. In light of continuing budgetary pressures Members will have to weigh the relative priorities of capital and revenue projects in allocating revenue resources.

### 9.6. Capital Receipts

9.6.1. A capital receipt is an amount of money exceeding £10,000, which is received from the sale of an asset. Capital receipts cannot be spent on revenue items.

9.6.2. 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 the regulations.

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- 9.6.3. Under the current [Flexible use of Capital Receipts](#)<sup>4</sup> 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 specified within the direction, currently 2016/17 to 2021/22. Costs to be capitalised in this way 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.
- 9.6.4. The Council approved a Flexible Capital Receipts Strategy as part of the 2019/20 - 2021/22 Medium Term Financial Plan this includes an allocation of capital receipts to support transformation and savings delivery (the Delivery Fund). Regular monitoring and administration of this process takes place through the Council's Corporate Programme governance arrangements. Further information can be found [here - item 45 Appendix 6](#)<sup>5</sup>.
- 9.6.5. The Corporate Asset Management Plan (found [here - item 11](#) <sup>6</sup>) sets out the Council's aim to optimise capital receipts balanced against strategic investment decisions and rental streams.

## 9.7. Prudential Borrowing

- 9.7.1. Under the Prudential Framework local authorities are free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles, which are contained within the Cipfa Prudential Code.
- 9.7.2. 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 statement. Further details about these documents can be found below in Section 11.

## 10. Housing Revenue Account

- 10.1. There are particular requirements around the treatment of any capital receipts generated following the disposal of an HRA asset. These include a requirement to pool a proportion of some receipts and a requirement to use some receipts to fund capital expenditure on affordable housing within a specified time-frame
- 10.2. The production of a 30 year HRA Business Plan, which is periodically reviewed, enables the funding needs of the Council's housing stock to be accommodated.

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<sup>4</sup> <https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts>

<sup>5</sup> <https://democracy.reading.gov.uk/ieListDocuments.aspx?CIId=136&MIId=1871&Ver=4>

<sup>6</sup>

<https://democracy.reading.gov.uk/CeListDocuments.aspx?MID=2827&RD=Agenda&DF=18%2f07%2f2016&A=1&R=0>

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## 11. Investment and liabilities (risks)

11.1. A number of related strategies and documents sit alongside the Capital Strategy providing further detail relating to debt management, capital investment and the inherent risks involved. These are:

- The Treasury Management Strategy
- The Commercial Property Investment Strategy
- The Minimum Revenue Provision (MRP) Policy

11.2. The Treasury Management Strategy (found [here - item 47](#)<sup>7</sup>) was approved by Full Council on 26 February 2019 and gives an overview of the purpose and scope of the Treasury Management function, as well as identifying and setting criteria to limit risk. It includes how the Council will fund the Capital Programme and Treasury Management investment activity which arise from the organisation's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business. Plans to fund the net capital borrowing requirement are considered as part of the overall Treasury Management Strategy.

11.3. The Commercial Property Investment strategy (found [here - item 11](#)<sup>8</sup>) gives an overview of the Council's approach to investing in commercial property, including why this approach has been taken and the risks involved.

11.4. The Commercial Property Investment Strategy fully takes account of the specific risks that may arise on individual proposed acquisitions as part of the due diligence process. The Treasury Management Strategy considers security and liquidity risk as part of the investment strategy. Potential capital cost risks are reflected in the capital bidding process.

11.5. The Council has undertaken a review of its policy on the prudent repayment of debt; it's Minimum Revenue Provision (found [here - item 47](#)<sup>9</sup>). As a result, two key changes to the policy were approved by Council on 26 February 2019:

- That no MRP is charged on short term capital loans (those with a full repayment date of five years or less), as they will generate a capital receipt on their maturity which will be utilised to repay the debt; and
- The previously charged 2% MRP charge for the HRA will be removed to provide greater flexibility within the HRA Business Plan over when to make prudent provision for the repayment of debt.

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<sup>7</sup> <https://democracy.reading.gov.uk/ieListDocuments.aspx?CId=136&MIId=1871&Ver=4>

<sup>8</sup> <https://democracy.reading.gov.uk/ieListDocuments.aspx?CId=138&MIId=3086&Ver=4>

<sup>9</sup> <https://democracy.reading.gov.uk/ieListDocuments.aspx?CId=136&MIId=1871&Ver=4>

11.6. For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered. Due diligence process and procedures will include:

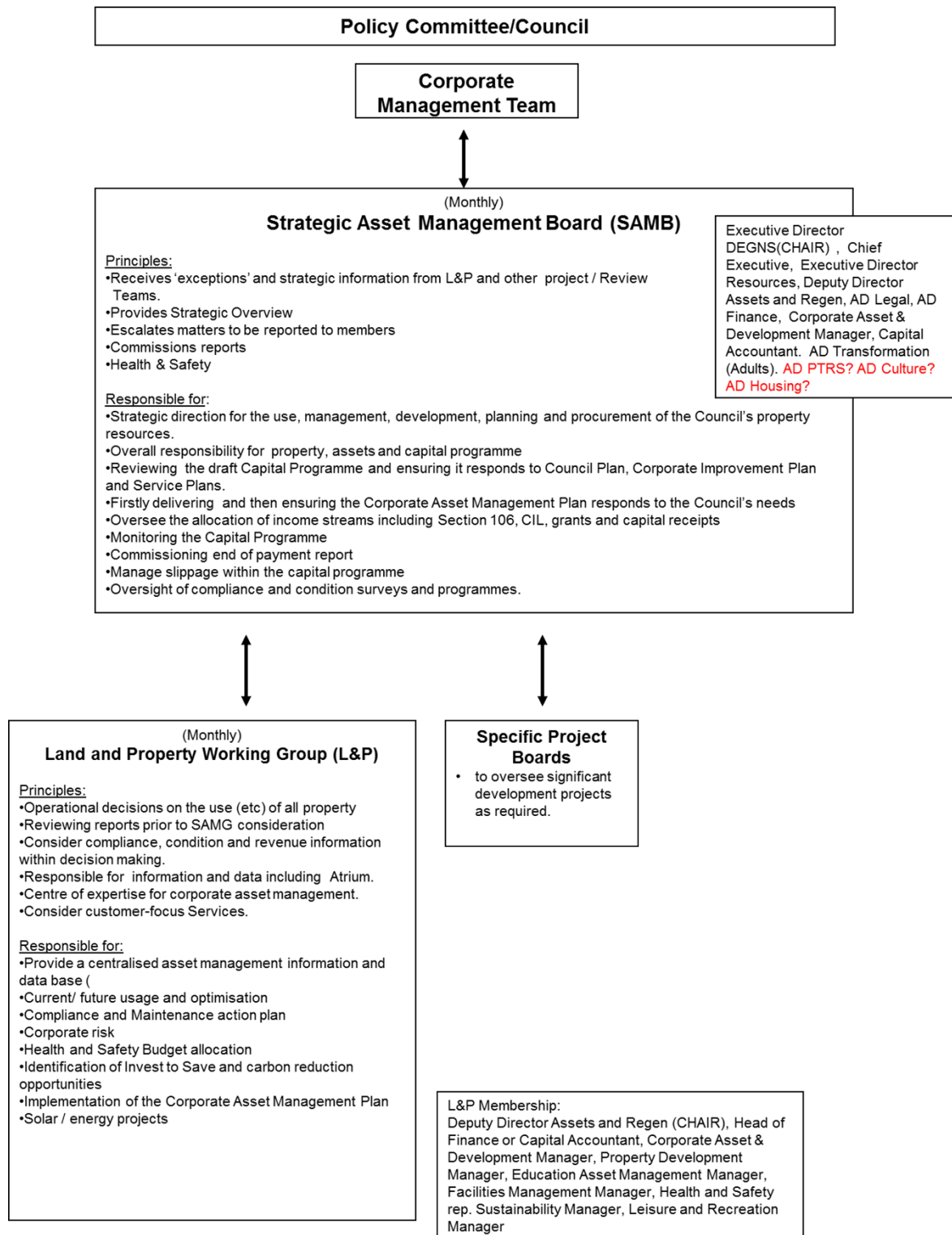
- Effective scrutiny of proposed investments;
- Identification of the risk to both the capital sums invested and the returns;
- Understanding the extent and nature of any external underwriting of those risks;
- The potential impact on the financial sustainability of the Council if those risks come to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

The Executive Director of Resources will ensure that members are adequately informed and understand the risk exposures being taken on.

## **12. Action Plan**

12.1. To ensure full compliance with the CIPFA code requirements an Action Plan has been produced outlining the necessary actions owners and timelines. This can be found at Appendix F.

# Appendix A



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## 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)
	4 = Very Low Risk (No improvement in customer satisfaction levels)
0 = No Risk (No discernible impact foreseen, low levels of complaint continue)	
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

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## Appendix C

### The Capital Programme Timeline

#### Annual Capital Programme Timeline for new or amended bids

Date	Activity
June	Capital bid sheets for the following three years are circulated by Finance
June/July	Capital bid sheets are completed by Project Officers, reviewed by the relevant Deputy / Assistant Director and are submitted to the Finance team for review.
July/August	Production of the initial draft Capital Programme by Finance and review by L&P and then SAMB, alongside the business case for detailed spend approval.
September	Bids considered by SAMB are reviewed as part of draft Capital Programme by Corporate Management Team
October to December	Review of draft Capital Programme by Members through key meetings including submission of the draft Capital Programme to Policy Committee
January	Further review of draft Capital Programme by Members through key meetings
February	MTFS containing proposed Capital Programme submitted to Policy Committee by Director of Finance for review followed by submission to Full Council for approval.

#### Ongoing Monitoring Process

Throughout the year	On-going monitoring, reporting and review process including quarterly reporting to Policy Committee
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#### New emerging bids/other changes to the Programme.

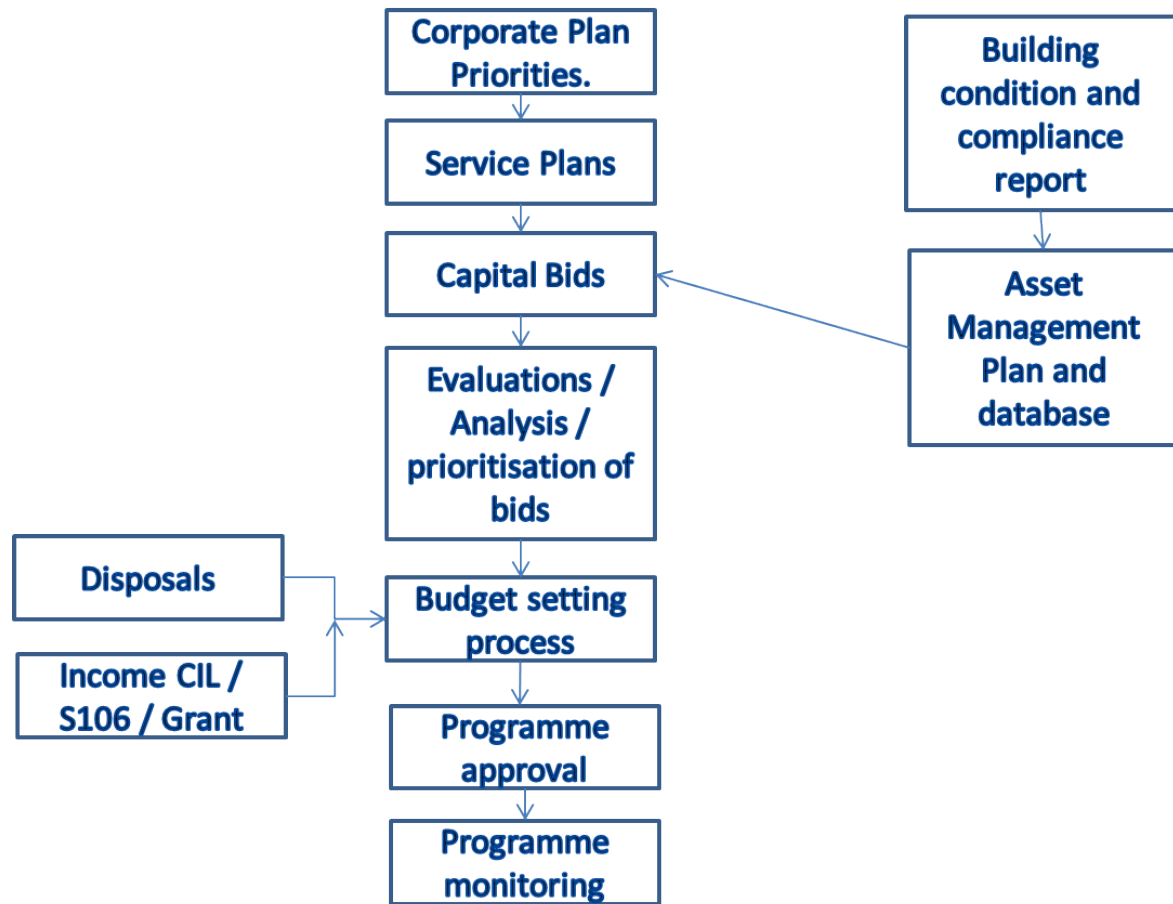
Throughout the year	In year changes to the programme are reported to Policy Committee for approval as necessary as part of the standard monitoring process.
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#### Outturn Report

March	Financial Year end
June	Year-end outturn report submitted by Director of Finance to Policy Committee for review and approval of any final scheme slippage.

## Appendix D

### CAPITAL PROGRAMME PROCESS



## Appendix E - Officer Responsibilities

### Carrying out your budget management responsibilities

The table below summarises the main budget responsibilities.



You need to know which tasks you are **accountable** for and which tasks you are **responsible** for. The responsibility for completing tasks can be delegated, but the accountability cannot.

R = Responsible for executing the task

C = Consulted throughout the task-may be subject matter expert

A = Accountable for the outcome of the task

I = Informed of the outcome of the work

TASK	Service					Finance			
	Executive Director	Deputy/Assistant Director	Service Manager	Budget Holder/Project Manager	Team	Strategic Business Partner	Business Partner	Business Partnering Team	VAT Accountant
<b>Budget Monitoring</b>									
Provide accurate budget monitoring reports by X of month				I			A	R	
Provide relevant activity data to support budget monitoring reports				A	R		I	I	
Review reports ahead of budget monitoring meeting				A/R					
Review transaction report and advise of any miscoding's that need moving				A/R			C		
Journal miscodes							A	R	
Report position of each cost centre/capital scheme against budget on monthly basis		I	I	A/R					
Manage service within the approved budget for that service			I	A/R			I		
Provide commentary to explain any variances to budget within service for monthly budget monitoring report to CMT		A/R	C	C			C/I		
Hold budget holders to account for their financial performance and manage overspends within their service area			A/R						
Hold service managers (and budget holders) to account for their financial performance and manage overspends within their service area		A/R							
Hold Deputy/Assistant Director to account for their financial performance and manage overspend within their directorate	A/R								
Keep Assistant Director of Finance informed of any matters of serious financial concern						A/R	C		

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TASK	Service					Finance			
	Executive Director	Deputy/Assistant Director	Service Manager	Budget Holder/Project Manager	Team	Strategic Business Partner	Business Partner	Business Partnering Team	VAT Accountant
<b>Purchasing Goods and Services</b>									
Check if there is sufficient uncommitted budget available before ordering goods or services				A/R					
Code purchase order to correct code				A	R				
Give purchase order to supplier and ensure they know to quote PO number on invoice				A	R				
Receipt purchase order when goods or services have been received				A	R				
Review commitments and close purchase orders that are no longer required				A	R				
<b>Charging for services/External funding of capital schemes</b>									
Consider whether VAT is chargeable on invoices raised by your team				A	R				C
Where possible, collect income/funding up front for services				A	R				
Raise timely invoices for services provided/funding due where income hasn't been collected up front				A	R				
Debt collection - ensure debt is managed either locally or by Corporate Debt Team as appropriate				A	R				
<b>Budget Build</b>									
During the budget build process, profile the following year's budget to the months it will be spent/across the life of the capital scheme				A/R			C/I		
Advise Strategic Business Partner of any services pressures which cannot be managed within service/approved capital scheme budget				A/R			I		
Budget for the new year is set by CMT and communicated to services	A/R								
<b>Year End</b>									
Review and ensure all goods or services received in year which haven't been paid for have been accrued for				A	R		C/I		
Advise Business Partner of any pre-payments for services				A	R				
<b>General Tasks</b>									
Ensure you have access to Oracle Fusion	A/R	A/R	A/R	A/R					
Maintain the integrity of the data held on Oracle Fusion by using codes correctly and closing down commitments when they are no longer needed				A	R		C	C	
Understand which cost centres and subjectives to use				A	R				
Ensure your team know the budget position				A/R	I				
Be familiar with the financial, procurement and contract regulations for the Council	A/R	A/R	A/R	A/R					
Safeguard RBC assets and cash	A/R	A/R	A/R	A/R	A/R				
Ensure there is a separation of duties and a full audit trail for all financial processes				A/R					
Ensure staff have the relevant competencies to carry out the financial aspects of their roles				A	R				
Notify internal audit of any financial irregularities immediately				A/R					

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## Appendix F

### 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.**

Item	Lead	Deadline
Up-to-date condition surveys are needed covering the current condition of the asset base, the cost and timescales of maintaining the assets over the remaining useful life and the cost of replacing the asset at the end of its life. Whilst rolling work programmes are currently maintained these do not cover every asset, mainly focusing on property assets, and do not cover the remaining useful life.	Services including Corporate Asset Management, Fleet Services, IT Services, Transport Services, Education Asset Management	30/09/19

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

Item	Lead	Deadline
Service Plans play an important role in identifying our future asset base for the short, medium term and long term. It is therefore vital that service plans are developed with clear identified need reflected over these periods. To achieve this aim	All service managers	

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<p>we need to identify a clear process to prioritise the identified need and how to translate these priorities into asset development to enable delivery of the Corporate Plan.</p> <p>Examples of things to be considered in achieving this are</p> <ul style="list-style-type: none"> <li>• Growing elderly population with complex needs and the potential need for greater residential and nursing places within the borough.</li> <li>• Changes in the school age demographics impacting on the need for school places across the borough.</li> <li>• General demographic changes impacting on the need for affordable housing in the future</li> <li>• The need for economic regeneration to support the economy</li> <li>• The need for the future transport infrastructure to support demographic changes and economic regeneration.</li> <li>• The need for cultural and leisure facilities across the borough</li> <li>• The need for IT infrastructure</li> </ul> <p>For this to be implemented service managers will require support. This is considered under section four below.</p>		
<p>The identification of future asset needs will assist in identifying any surplus assets that can be disposed of to generate a capital receipt. The current programme of disposals will need to be reviewed and updated alongside the work to identify future asset needs.</p>	<p>Valuations</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

Item	Lead	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	Workforce development	30/09/19
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. Reports to be submitted to SAMB for reflection and communication of lessons learnt	SAMB/Finance	30/09/19

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

Item	Lead	Deadline
Ensure appropriate systems are in place to enable effective capital scheme monitoring	Finance	30/09/19
Develop a standard template to accompany service plans, to assist service managers in identifying future asset needs	L&P group	30/09/19
Update the Corporate Asset Management Plan to reflect the	SAMB/L&P group	

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identified and agreed future asset needs and the steps required to achieve the desired outcomes.		
Secure an asset management database	L&P group	31.3.2020

- The decision making process

Item	Lead	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.	SAMB/Finance	30/09/19
Develop a clear and transparent scheme evaluation process to aid decision making taking into account the agreed corporate priorities and being mindful of available funding sources and staff capacity to deliver projects and achieve the desired outcomes	SAMB	30/09/19

- Governance

Item	Lead	Deadline
Review and change the Terms of Reference for existing officer groups to ensure these groups are fit for purpose and carry out the required roles and responsibilities	Assistant Director DENS	
Update the Constitution and related documents to provide clarity around the capital investment process (approval monitoring, virements, slippage)	Finance	30/09/19
To review existing arrangements and develop a consistent	SAMB/Finance	30/09/19

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gateway management approach ensuring appropriate controls are include within the approval process with clear milestones.		
To ensure the financial implications of capital investment decisions are understood and are integrated into revenue budgets	SAMB/Finance	31/12/19

## 5. Review capacity within the organisation

Item	Lead	Deadline
Review current capacity to deliver capital schemes and achieve the desired outcomes.	SAMB	30/09/19
Consider staffing requirements to project management the change detailed in this action plan.	CMT	30/06/19

## 6. On-going work

- a. In addition there are areas where on-going work will also be required. This includes
  - i. Implement 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.