

TITLE	Capital Programme and Strategy 2020-2023
FOR CONSIDERATION BY	The Executive on Thursday, 20 February 2020
WARD	None Specific;
LEAD OFFICER	Deputy Chief Executive - Graham Ebers
LEAD MEMBER	Deputy Leader of the Council - John Kaiser

PURPOSE OF REPORT (INC STRATEGIC OUTCOMES)

Effective and safe use of our resources to deliver service improvements and service continuity through capital investments.

RECOMMENDATION

The Executive is asked to recommend to Council the following:

- 1) that they approve the capital strategy for 2020/23 - Appendix A,
- 2) that they approve the three year capital programme for 2020/23 – Appendix B;
- 2) that they note the draft vision for capital investment over the next ten years - Appendix C;
- 3) that they approve the developer contributions s106 and CIL as set out in Appendix D. The s106 and CIL values are estimated and approval is sought up to the scheme budget;
- 4) that they note the commercial activities of the Council.

EXECUTIVE SUMMARY

The updated Prudential Code and Treasury Management Code of Practice, issued in December 2017, sets out new requirements in relation to the setting of a Capital Strategy within Local Authorities. Detailed guidance on these new codes were issued in August and September 2018.

Additionally, new statutory guidance was issued by the Ministry of Housing, Communities and Local Government (MHCLG) in March 2018 outlining new requirements for the Capital Strategy. This places a responsibility on senior finance officers to report the capital strategy to full Council and specifically report on the associated risks on prudence, sustainability and affordability.

With this in mind the overarching aim of the Wokingham Borough Council capital strategy is to provide a framework within which the Council's capital investment plans will be delivered and has been prepared to cover a ten-year time frame from 2020 to 2030. However recognising that there is some uncertainty, especially in relation to needs and funding in later years, the strategy therefore focuses on the three years from 2020/21 to 2022/23.

BACKGROUND

Key Aims of the Capital Strategy

The key aims of the capital strategy are to:

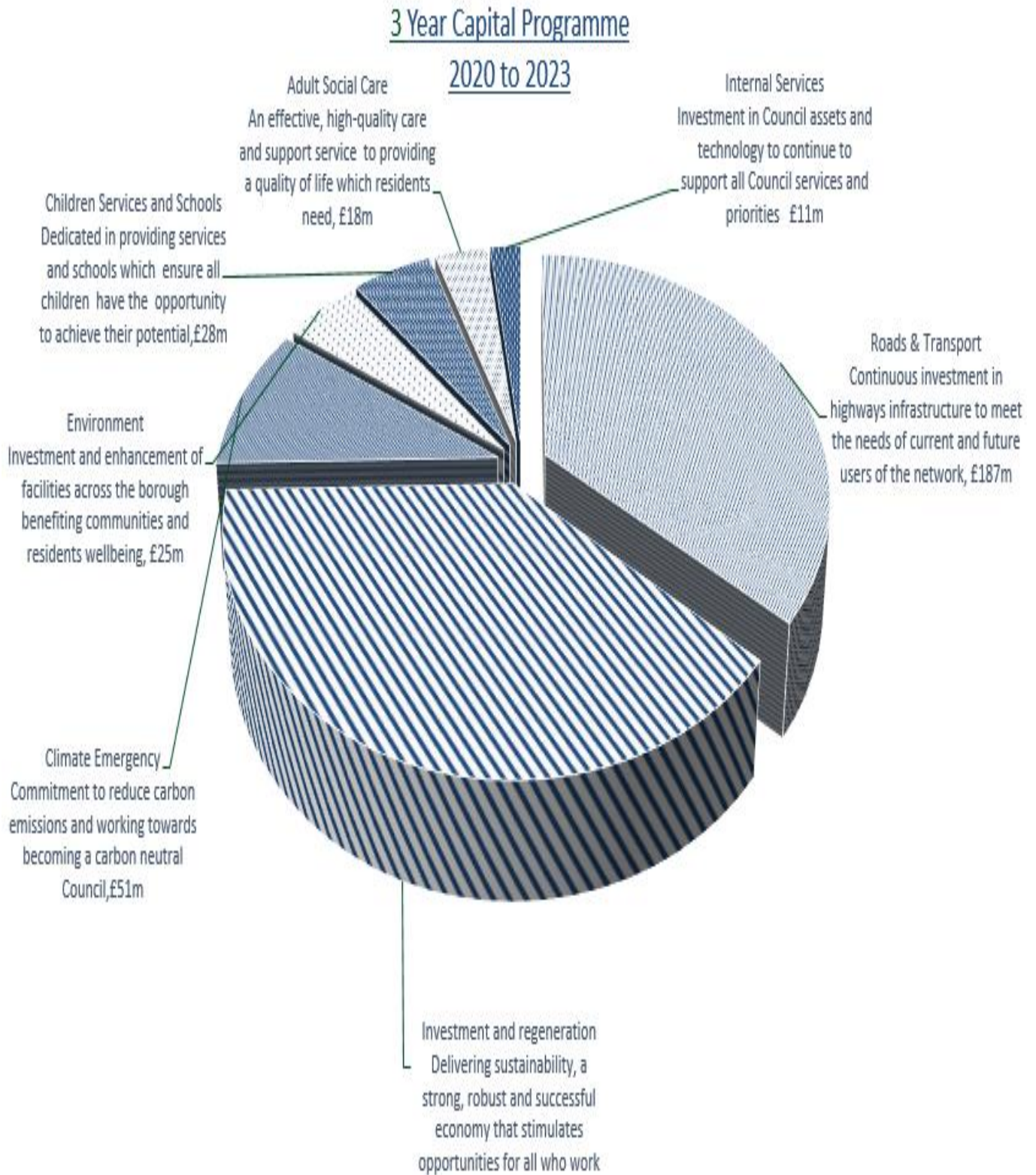
- Provide a clear context within which proposals for capital expenditure are evaluated to ensure all capital investment is targeted to deliver the Council's priorities.
- Give clarity about how the Council identifies and prioritises capital requirements and proposals arising from various strategies, and how they will be managed within the limited capital resources available.
- Identify and consider options available to fund capital expenditure that minimises the ongoing revenue implications of historic capital expenditure and of any new investments.
- Establish effective arrangements for managing capital schemes including assessment of outcomes and achievement of value for money

Expenditure

Since 2011/12 Wokingham Borough Council has embarked on ambitious capital programme to provide services and assets the residents deserve. These make up the council key priorities. The capital strategy is fundamental to the effective delivery of these priorities. From 2020 these priorities are shown below:

- **Roads & Transport**
Continuous investment in highways infrastructure to meet the needs of current and future users of the network
- **Investment and Regeneration**
Delivering sustainability, a strong, robust and successful economy that stimulate opportunities for all who work and live in
- **Climate Emergency**
Commitment to reduce carbon emissions and working towards becoming a carbon neutral council
- **Environment**
Investment and enhancement of facilities across the borough benefiting communities and residents wellbeing
- **Children Services and Schools**
Dedicated in providing services and schools which ensure all children have the opportunity to achieve their potential
- **Adult Social Care**
An effective, high-quality care and support service to providing a quality of life which residents needs
- **Internal Services**
Investment in Council assets and technology to continue to support all Council services and priorities

Over the next three years, the Council is intending to spend £520 million in these key priorities. The pie chart on the next page demonstrates how this will be spent.



CAPITAL PROGRAMME 2020/21 to 2022/23

The following table sets out by key area, the Council's Capital Programme for the next 3 years.

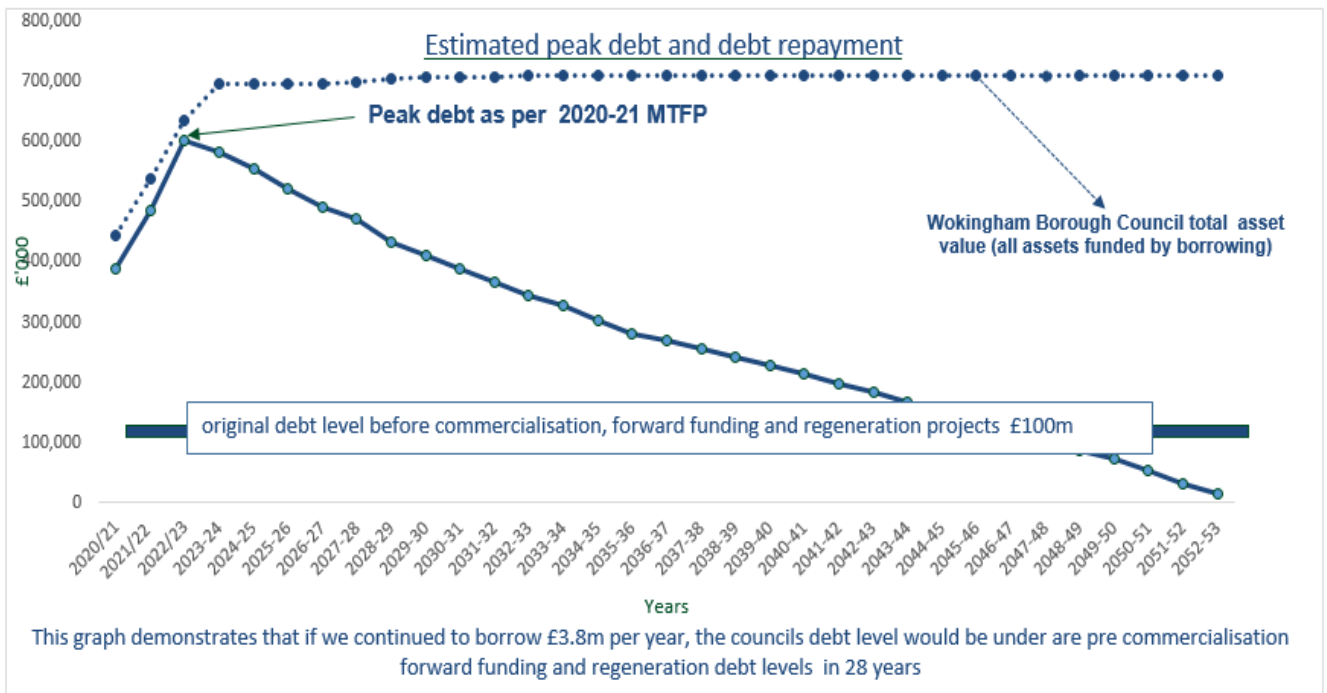
	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Investment and Regeneration Delivering sustainability, a strong, robust and successful economy that stimulates opportunities for all who work and live in	65,908	67,847	66,457	200,212
Roads and Transport Continuous investment in highways infrastructure to meet the needs of current and future users of the network	46,226	68,857	69,592	184,675
Climate Emergency Commitment to reduce carbon emissions and working towards becoming a carbon neutral Council	16,060	15,595	18,838	50,493
Children Services and Schools Dedicated in providing services and schools which ensure all children have the opportunity to achieve their potential	8,865	7,725	11,098	27,688
Environment Investment and enhancement of facilities across the borough benefiting communities and residents wellbeing	7,425	12,135	5,155	24,715
Adult Social Care An effective high-quality care and support service to providing a quality of life which residents need	7,378	7,206	2,937	17,521
Internal Services Investment in Council assets and technology to continue to support all Council services and priorities	5,445	2,976	2,958	11,379
Total Capital Programme 2020/21 to 2022/23	157,307	182,341	177,035	516,683

A full breakdown by individual scheme can be found in appendix B

Resources

The council has limited capital resources and these are allocated to each scheme to ensure best value and maximise the use of the grants, capital receipts and minimise the need for revenue contributions and borrowing. Although borrowing does make a large portion of the capital resources this has been calculated that it is prudent, sustainable and affordable and will be repaid within 28 years. Each individual scheme is evaluated before being added to the capital programme.

The Capital Programme, is closely aligned to the Treasury Management Strategy (see exec paper for the 20th February 2020), in terms of identifying and undertaking necessary borrowing. The graph below shows estimated debt and debt repayment profile



Commercial investment

The Council's objective for making commercial investment are to:

- Support the strategic objectives of the council,
- Have a balanced investment approach,
- Drive income generation

As well as the Council investing in commercial properties, it is also investing in activities which not only cover the borrowing costs for the scheme but make a surplus of income each year or reduce expenditure. (These are referred to as invest to save).

The Council's commercial activities are as follows

- Commercial property investment
- Invest to save schemes:
 - Leisure / sport facilities
 - Crematorium
 - General small schemes.
 - Wokingham Housing developments
 - An older people dementia care home which will reduce revenue costs as it will be fit for purpose and decrease the need of private care home placements.

The Capital Strategy and Capital Programme are "live" documents that will be reviewed at least annually and more frequently if events merit an interim update. Updates will be brought back to Council for approval.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£157.3m	Yes	Capital
Next Financial Year (Year 2)	£182.3m	Yes	Capital
Following Financial Year (Year 3)	£177.0m	Yes	Capital

Other Financial Information

Please see the attached Appendices for full details

Stakeholder Considerations and Consultation

N/A

Public Sector Equality Duty

The specific projects and programmes of work will be assessed individually prior to implantation

List of Background Papers

Appendix A WBC capital strategy
Appendix B WBC capital programme detail
Appendix C WBC 10 year capital vision
Appendix D WBC capital programme by directorate
Appendix E WBC capital programme to be part/fully funded by Developers contributions.

Contact Martin Jones

Service Business Services

Telephone Tel: 0118 974 6877

Email martin.jones@wokingham.gov.uk