

Council

25 February 2025



Reading
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Title	Capital Strategy 2025/26
Purpose of the report	To make a decision
Report status	Public report
Report author	Stuart Donnelly, Financial Planning & Strategy Manager
Lead Councillor	Councillor Terry, Leader of the Council
Corporate priority	Our Foundations
Recommendations	<ol style="list-style-type: none">1. That Council approve the adoption of the Capital Strategy attached as Appendix 1;2. That Council note the updated Action Plan that forms Annex D of the Capital Strategy (Appendix 1) together with the associated financial implications.

1. Executive Summary

- 1.1. The Chartered Institute of Public Finance and Accountancy' (CIPFA) revised Prudential Code for Capital Finance in Local Authorities 2021 requires local authorities to produce a Capital Strategy on an annual basis which must be approved by Council.
- 1.2. The Capital Strategy 2025/26 attached at Appendix 1 meets the statutory requirements and has been updated where required. However, there are no material changes from the Capital Strategy 2024/25.

2. Policy Context

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

3. The Proposal

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

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

4. Contribution to Strategic Aims

- 4.1. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the Council's website. These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective, and economical. An updated Corporate Plan will be presented to Council in March 2025.
- 4.2. The Capital Strategy provides a link between the Corporate Plan and the development of the Capital Programme as well as setting out the approach taken to asset management to ensure that these fit with the corporate priorities.

5. Environmental and Climate Implications

- 5.1. There are no environmental or climate implications arising directly from the report; these are set out in the 2025/26 Budget and Medium Term Financial Strategy 2025/26 – 2027/28 Report which appears elsewhere on the agenda.

6. Community Engagement

- 6.1. The public was consulted as part of the 'Budget Engagement', which ran from 19th December 2024 until 16th January 2025. The feedback from this engagement, alongside the feedback from the Residents' Survey 2024 is set out in the main body and appendices

of the 2025/26 Budget and Medium Term Financial Strategy 2025/26 – 2027/28 Report which appears elsewhere on the agenda.

7. Equality Implications

7.1. Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2. An initial Assessment of the proposals as set out in the MTFS (including the Capital Programme) has been undertaken and Appendix 10 to the 2025/26 Budget & Medium Term Financial Strategy 2025/26-2027/28 Report, which appears elsewhere on the agenda, sets out the individual budget proposals where specific equality impact assessments will need to be undertaken prior to implementation.

7.3. Additionally, when considering changes to service provision, local authorities are under a duty to consult representatives of a wide range of local stakeholders. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority and those appearing to the authority to have an interest in any area within which the authority carries out functions. The consultation on the MTFS Update proposals assists with this requirement.

8. Other Relevant Considerations

8.1. There are none.

9. Legal Implications

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

10. Financial Implications

10.1. The Council's capital expenditure requirements are set out within the Strategy attached at Appendix 1. The financial implications of the Council's Capital expenditure plans are set out in the 2025/26 Budget and Medium Term Financial Strategy 2025/26 – 2027/28 Report and Treasury Management Strategy Statement which appear elsewhere on the agenda.

10.2. All schemes included in the approved Capital Programme over £2.5m, including those planned to start in 2025/26, require spend approval from the responsible Committee or Council, with the exception of expenditure on rolling programmes of routine capital expenditure.

11. Timetable for Implementation

11.1. Not applicable.

12. Background Papers

12.1. There are none.

Appendices

- 1. **Capital Strategy 2025/26**