Appendix 1 – Capital Strategy 2025/26

February 2025

Contents

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 Corporate Plan.

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, Treasury Management Strategy Statement (TMSS) and the Commercial Investment Strategy.

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 14th December 2020 removed this activity from its Capital Programme from 2020/21 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' latest census in 2021, 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.

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 the Council will need to monitor against. However the Council's own published Draft Local Plan includes a target for 825 additional homes to be built per annum between 2023 to 2041, based on analysis of the capacity to deliver.

2.7. The consultation outcome also announced a change to place even stronger emphasis on the value of brownfield redevelopment. This may have an impact on the centre of Reading which has a large office footprint, particularly post Covid depending on people's ability and preference to work from home.

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 the future the Council will also explore the use of Artificial Intelligence (AI) and Robotics to enhance service delivery.

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 has set a policy objective of making Reading a carbon neutral town by 2030. This ambition will require further investment in 'green technologies' not only for the Council's own operational sites and housing stock, but to facilitate a step change across the Borough.

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 National Rail and Great Western Railways 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 15th 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 will be 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;
- Maintain 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 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 will aim to maximise the capital receipt 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 local community projects;
- 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.

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 maintenance and improvement of corporate and community buildings. In the period 2025/26-2029/30, this budget 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, planned at £20.918m in 2025/26, 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. Work is being undertaken to secure a provider to undertake stock conditions surveys on all the councils residential housing assets within the HRA.

Highways Infrastructure

4.8. 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.

4.9. 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.

4.10. Delivery of the HAMPS is overseen by the Highways Asset Management Board which meets regularly throughout the year.

Transport

4.11. 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.

4.12. Reading's third Strategy Plan (LTP3) Local_Transport_Plan_2011-26.pdf sets out the long term policy approach from 2011 to 2026 and has been subject to review every three years.

4.13. Reading's LTP3 Implementation Plan (published separately) sets out an annual budget and delivery programme with reserve schemes for subsequent years. This document is reviewed annually though the committee reporting process and includes an update of the current delivery position of the Strategy Plan in terms of monitoring against objectives.

Vehicles

4.14. 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. As an early adopter of such technology the Council is likely to incur some additional financial cost in the short term, even if reducing the environmental cost. These higher costs are reflected in the Capital Programme and associated revenue budgets.

ICT Assets

4.15. 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.

4.16. 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.

4.17. 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.

4.18. 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.

4.19. As part of the Capital Programme 2025/26 to 2029/30 a new 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

4.20. 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.

4.21. 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.

4.22. 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.

4.23. Reading Borough Council has provided a number of loans to its wholly owned companies as set out in Table 1 below. The portfolio includes £16.900m of loans made to Homes for Reading Ltd where principal repayments due in September 2022 and March 2023 were not made. These loans, including the additional £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) prior to the closure of the company. The £5.000m loan to Brighter Futures for Children Ltd (BFFC) is expected to be repaid in autumn 2025.

Table 1. Service Investments - Loans to Wholly Owned Companies

	Principal due to be outstanding at 31/03/2025 (£m)	2025/26 Interest due (£m)	Interest rate (%)
Brighter Futures for Children Ltd	5.000	0.045	1.81
Reading Transport Ltd*	5.587	0.434	5.00
Homes for Reading Ltd	7.000	0.263	3.75
Homes for Reading Ltd	16.900	0.073	6.35

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

4.24. 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

	Fair Value as at 31/03/2024 (£m)
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 2023/24 Financial accounts due to the companies reported negative net worth as at November 2023.

4.25. 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.

4.26. In line with many other councils, Reading Borough Council has historically established a small portfolio of investment properties primarily to generate a regular income stream to off-set significant reductions in funding from Government. The approach to developing this portfolio is governed by the Commercial Investment Strategy. In the light of recent developments, e.g. Covid-19 and the reform of PWLB lending terms, the Commercial Investment Strategy relating to the Council's existing commercial assets is being reviewed.

4.27. 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.

4.28. Central Government have never been entirely comfortable with local authorities entering into the property market for yield and have steadily increased regulation on these activities. 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).

4.29. 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 review of the existing investment property portfolio will need to determine the best course of action for the future, with interim lease events or asset opportunities being assessed on as case by case basis to retain/increase value and reduce cost/risk.

4.30. The commercial investment portfolio held by the Council is set out in Table 3 below.

Table 3. Commercial Investment Portfolio

	Annual Rental Yield 2024/25 (£m)	Capital Value as at 31st March 2024 (as per draft accounts) (£m)	Purchase Price including costs (£m)	Net Annual Income after Financing Cost (£m)
Kennet Wharf, Queens Road	1.295	10.900	21.276	0.702
Adelphi House, Friar Street	0.688	9.310	12.116	0.350
160 - 163 Friar Street Office	0.730	9.200	11.884	0.399
Four 10 TVP	2.276	32.200	39.968	1.162
Acre Business Park	0.253	2.090	N/A	0.253
Albury Close	0.048	0.730	N/A	0.048
16 Bennett Road	0.052	0.960	N/A	0.052
Total	**5.342**	**65.390**	**85.244**	**2.966**

4.31. 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

4.32. 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

4.33. The 2021 Prudential Code requires investments to be analysed between investments for treasury management, service and 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.

4.34. 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.

4.35. 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.

4.36. Reading's investment in commercial property falls withing the remit of the Commercial Investment Strategy.

4.37. 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 (2025/26 – 2029/30)

5.1. The Capital Programme sets out the Council's proposed capital expenditure. It facilitates the delivery of corporate 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 Local Enterprise Partnership (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;
- 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 2025/26 – 2029/30 is set out as part of the 2025/26 Budget and Medium Term Financial Strategy (MTFS) 2025/26-2027/28 Report for Member approval. It identifies £334m to improve the infrastructure, asset base and effectiveness of service provision for the residents of Reading. The Programme has a borrowing requirement of £154m 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 (2024/25 – 2029/30)

	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Communities & Adult Social Care	3.039	8.876	2.986	2.223	4.977	1.522
Economic Growth & Neighbourhood Services	47.267	41.162	16.871	16.477	8.958	5.122
Economic Growth & Neighbourhood Services – Education Schemes	15.098	10.139	12.301	1.612	1.612	0.000
Resources	2.834	3.028	2.925	2.096	1.937	0.640
Corporate	3.899	3.623	1.600	1.600	1.600	1.600
General Fund	**72.137**	**66.828**	**36.683**	**24.008**	**19.084**	**8.884**
HRA	**27.335**	**90.143**	**29.778**	**18.996**	**28.844**	**10.500**
Total	**99.472**	**156.971**	**66.461**	**43.004**	**47.928**	**19.384**

5.4. Highlights of the Capital Programme 2025/26 to 2029/30 include:

- £17m on remodelling provision at the Hexagon Theatre;
- £7m to relocate the Reading Library to the Civic Offices;
- £5m on a Bus Service Improvement Programme;
- £9m 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;
- £3m on schemes to help reduce Reading's carbon footprint;
- £2m on the provision of additional children's homes.
- £16m on retro-fitting carbon reduction measures to Council dwellings (HRA);
- £32m to purchase properties from Homes for Reading Ltd (HRA);
- £76m 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. Although, capital receipts would not usually be spent on revenue, under the current Flexible use of Capital Receipts 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 (2016/17 – 2024/25) specified within the direction. These costs 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. The Local Government Finance Policy Statement, announced on 28th November 2024 confirmed that the direction will now be extended until 31st March 2030 and that the restriction with respect to redundancy costs would be removed, but further guidance has yet to be issued.

6.6. The Council's use of Flexible Capital Receipts has been refreshed as part of the proposed 2025/26 – 2027/28 MTFS. The MTFS includes an allocation of capital receipts to support transformation and savings delivery (the Delivery Fund). Regular monitoring and administration of the Delivery Fund takes place through the Council's Corporate Programme governance arrangements.

6.7. Table 5 sets out the latest projection on capital receipts:

Table 5. Capital Receipts Projection (General Fund)

	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Prior Year Brought Forward	**7.832**	**2.830**	**1.402**	**1.877**	**3.051**	**16.921**
Receipts in Year:						
GF Property Disposals	3.707	1.493	3.168	2.424	15.120	0.000
Other Disposals	0.494	0.250	0.250	0.250	0.250	0.250
Balance Available to be Applied	**12.033**	**4.572**	**4.820**	**4.551**	**18.421**	**17.171**
Applied to Fund Delivery Fund	(3.144)	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Applied to other GF schemes	(6.059)	(1.670)	(1.443)	(0.000)	(0.000)	(0.000)
Total	**2.830**	**1.402**	**1.877**	**3.051**	**16.921**	**15.671**

6.8. A schedule of properties anticipated to be available for disposal during the MTFS period is included at Annex A.

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

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

6.11. 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.

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

Table 6 - Summary of Capital Programme Funding

General Fund & HRA	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m
Capital Expenditure	**99.472**	**156.971**	**66.461**	**43.004**	**47.928**	**19.384**
Capital Receipts (GF & HRA)	(9.605)	(6.542)	(4.298)	(1.629)	(1.500)	(1.500)
Capital Grants & Other Contributions	(64.264)	(59.477)	(17.391)	(6.212)	(6.223)	(4.011)
Capital Reserves (HRA)	(13.552)	(21.730)	(16.187)	(11.894)	(10.500)	(10.500)
Revenue Contributions	(0.148)	0.000	0.000	0.000	0.000	0.000
Net Borrowing Requirement	**11.903**	**69.222**	**28.585**	**23.269**	**29.705**	**3.373**

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 2025/26, 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 and formally approved by Policy Committee and ultimately 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 (formerly known as Link Group) 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

Risk	Appetite
Financial	**Moderate appetite** 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. **No appetite** for currency risk, emerging markets and high volatility investments.
Macroeconomic	**Moderate appetite** for exposure to national and global growth. **High appetite** for exposure to local economic growth. **Low appetite** for interest rate risk, and inflation risk.
Credit and Counterparty	**High appetite** for investment grade or secured credit risk, as well as exposure to highly rated counterparties and financial institutions with strong balance sheets. **Low appetite** 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	**Low appetite** 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	**High appetite** for strategic initiatives, where there is a direct gain to the Council's revenues; deliver strategic objectives in its corporate plan; or the ability to deliver its statutory duties more effectively and efficiently.
Environmental and Social	**No appetite** 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
- Corporate 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. The Commercial Investment Strategy itself has yet to be reviewed and amended. However, following the decision of Policy Committee to cease further property investments an agent has been appointed to proactively manage and review the current portfolio and to make recommendation on retention or disposal in order to maximise income.

8.10. 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.

8.11. 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

8.12. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure and investment decisions (including treasury management decisions).

8.13. 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.

8.14. 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 2025/26 – 2027/28 is forecast to be £65m. 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 set out in Table 5 of the Capital Strategy 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
Market Passageway	Right or way reserved within existing building
Cemetery Arch	Vacant Grade 2 Listed Building
Gosbrook Rd Caversham Nursery	Cleared and vacant former nursery school site
Bridge St, Caversham	Vacant land behind advert hoarding
16 Bennet Road	Site leased for car storage
Crown St / Southampton St	Vacant cleared site in multiple ownership. Advert hoarding on part of RBC land
The Keep	Grade 2 Listed building
Palmer Park Lodge	Residential property located within Palmer Park
10 Oak Tree Road	Strip of land between site boundary and highway
4-6 Broad Street	Long lease extension/variation
Palmer Park WC block	Derelict toilet block
2-4 Buttermarket	Zone A retail
Central Library	1980s purpose built library
Yeomanry House	Vacant Grade 2 Listed Building
Caversham Court offices	2,000 sq ft single and double storey Grade 2 Listed building former offices/outbuildings on 0.15 acre site
Southside – Island Road	Landfill site – former speedway/greyhound stadium

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)	Acting Executive Director Economic Growth & Neighbourhood Services
	Melissa Wise	Executive Director Communities & Adult Social Care
	Gavin Handford	Assistant Director Policy, Change & Customer Services
	Luana O'Neill	Joint Acting Assistant Director Procurement & Contracts
	Anna Barefoot	Capital and Treasury Lead
	Charan Dhillon	Assistant Director Property & Asset Management
	Susan Jones	Capital Projects Delivery & Business Improvements Manager
	Zoe Hobbs	Portfolio Management Office (PMO) Manager
Additional Attendance	Assistant 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

Policy Committee — Quarterly basis

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CMT — Monthly basis as part of budget monitoring

↑

Capital Programme Board — Monthly basis — PMO monitored programme

↑

Commercial Investment | Transformation Investment | Strategic Investment & Regeneration — Proposed Categories of Portfolios

PROGRAMME THEMES: PROGRAMMES OF WORK BEING DEVELOPED

- Parking & Transport
- Housing, Communities & Leisure
- Customer Experience
- Climate
- Digital & Technology
- Assets Management
- Environment & Highways
- Strategic Investment & Regeneration

Commercial Investment:

- Includes develop new and innovative solutions that provide a mix between Council functions, Public Sector, Commercial Return and Place Shaping

Transformation Investment

- Non property service - Invest in and re-develop direct service delivery, but not necessarily physical assets or property.
- Assets to manage growth
- Assets to manage rationalisation

Strategic Investment & Regeneration (includes Economic Growth) **could break out economic growth**

- Infrastructure: Acquire land for infrastructure and build. commission strategic infrastructure also with potential for a commercial return, potentially to reduce costs, potentially to create wider strategic opportunity for development
- Economic Growth: Acquire land, provide investment (including via provision of funding or loans) and build, re-develop, manage, sell property with a focus on place shaping and regeneration that is financially viable in that, as a minimum, it remains affordable and delivers value for money to the Council.

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 resilence.
		-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 ecomonic 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 reourcing 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 Corporate Vision.

There are three 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

2. Developing our knowledge of the existing asset base.

Action	Lead	Progress update	Deadline
Commission work to gain a better understanding of the asset base to include such aspects as: the condition of the assets; their remaining useful life; likely maintenance costs over their remaining useful life; costs of disposal/decommissioning and; costs of replacement if appropriate, etc.	AD Property & Asset Management	The Asset Management Strategy 2024-34 has been presented to CMT for review/approval. The document was drafted working with services across the council to review and agree future direction, taking into account need, condition, climate and cost in relation to Non-Domestic Land and Property Assets.	Complete.

3. 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.	AD Property & Asset Management	New action.	31/12/2025

4. 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/AD Procurement & Contracts	Training on the decision making process, including providing spend approval for capital schemes has been provided and a new Decision Hub to record decision making by officers has been established. A short help guide on what constitutes capital expenditure has been issued to relevant staff. This and the increased profile of capital throughout the organisation has led to an increase in queries, the answers to which are being developed into a capital handbook. Training on the Financial Regulations will be provided once the work to update these has been finalised.	31/07/2025

- 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	Work is currently being undertaken to update the Financial Regulations within the Constitution.	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 was established in December 2022. It will now need to develop a prioritised programme of work. This will include: • Review of the prioritisation of limited capital resources including the development of a new prioritisation matrix. Done – see Annex C. • Review of the monitoring arrangements for the delivery of capital projects. Done. Deep Dive sessions have been introduced to help update members of the Capital	31/12/2025 for outstanding actions

Action	Lead	Progress update	Deadline
		Programme Board on scheme progress and blockages. The success of these sessions will be reviewed by the Board once the 2024/25 outturn position is known. Further work will then be undertaken to improve the monitoring of the schemes, if necessary. • Review of the governance framework for capital management. Done. • Review of this Capital Strategy • Monitoring of progress of this Action Plan. Done. Progress is monitored by members of the Capital Programme Board. • Develop and implement new Capital Gateway process. Done	
Review and update the Commercial Investment Strategy in the light of new restrictions on borrowing from the PWLB	AD Property & Asset Management/Director of Finance	Avison Young has been appointed to support the development of an evidence-based strategy to understand a range of options for our commercial investment portfolio, developing an implementation plan that sets out how to execute the recommendations set out in the Strategy.	30/06/2025
Update the Asset Management Policy	AD Property & Asset Management	New action.	In line with the Corporate Plan

5. 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, corporate asset management plan 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.