

## SLOUGH BOROUGH COUNCIL

**REPORT TO:** Council **DATE:** 22<sup>nd</sup> February 2018

**CONTACT OFFICER:** Neil Wilcox; Director of Finance & Resources  
**(For all enquiries)** (01753) 875358

**WARD(S):** All

### PART I FOR DECISION

#### CAPITAL STRATEGY: 2018/24

##### 1 Purpose of Report

To consider the recommendation of the Cabinet from its meeting held on 5<sup>th</sup> February 2018 to approve the capital strategy 2018 to 2024 and approve the capital programme for 2018/19 to be implemented subject to the approval sufficient business cases

##### 2 Recommendation(s)/Proposed Action

The Council is requested to resolve:

- (a) That the capital strategy of **£285.0m** and the Minimum Revenue Provision is approved.
- (b) That the Council notes the notional costs of borrowing for the capital programme to the revenue budget will be an increase of up to **£5.5m** per annum -commencing during the period of the capital strategy to fund borrowing.
- (c) That the principles underpinning the capital programme in paragraph 5.1.2 and the Minimum Revenue Provision principles in Section 6 be approved.
- (d) That Appendices A and B detailing the capital programmes (subject to these having approved Final Business Cases by the Capital Strategy Board) be approved.

##### 3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

###### 3a. Slough Joint Wellbeing Strategy Priorities

The report indirectly supports all of the strategic priorities and cross cutting themes. The maintenance of good governance within the Council to ensure that it is efficient, effective and economic in everything it does achieve through the improvement of corporate governance and democracy by ensuring effective management practice is in place.

###### 3b. Five Year Plan Outcomes

The report helps achieve the Five Year Plan outcomes by contributing to the Council's financial planning and particularly 'Outcome 7 – The Council's income and the value of its assets will be maximised', as evidenced in the Treasury management activity report.

4 **Other Implications**

(a) Financial: As detailed within the report.

(b) Risk Management

<b>Recommendation from section 2 above</b>	<b>Risks/Threats/ Opportunities</b>	<b>Current Controls</b>	<b>Using the Risk Management Matrix Score the risk</b>	<b>Future Controls</b>
<p>That the Capital Strategy Of £285m and the Minimum Revenue Provision is approved and recommended to full council</p>	<p>The Capital strategy should be both affordable and Prudent and there are Prudential Indicators in Section 6 that demonstrate these criteria being met. The Capital strategy is supported by £171m in borrowing. There are estimates of the revenue implications in terms of Interest costs and Minimum Revenue Provision. If interest rates rise faster than expected interest payable costs could impact on revenue budgets. There is the risk of escalating capital costs and overspends against budget. This could also impact on the Revenue budget going forward.</p>	<p>The council will work with its Treasury advisors in order to mitigate interest rate risk and ensure long term borrowing decisions are taken at the most advantageous time.</p>	<p>9-</p>	<p>The Council will look to convert some of its Temporary Borrowing which has funded Capital Expenditure in recent years to Longer Term Borrowing. This may be more expensive initially but will reduce risk in the medium term.</p>

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	none
Property	None	None
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	None
Community Support	None	None
Communications	None	None
Community Safety	None	None
Financial	Detailed within the report	None
Timetable for delivery – capital programme delivered under the 80% mark	Monthly review at Capital Strategy Board and quarterly by O&S / Cabinet	Ability to increase the deliver of capital schemes
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

No specific legal implications arising from this report.

(d) Equalities Impact Assessment

Equalities Impact Assessments will be conducted, if required, for projects contained within the Capital Strategy.

**5 Supporting Information**

**5.1 Purpose**

5.1.1 The capital strategy is one of three key strategic financial documents that the Council utilises in order to deliver its corporate objectives. The Council has a wide ranging number of capital commitments and purposes. The capital strategy, as with all other corporate documents, needs to underpin the delivery of the 5 year plan for the Council through to 2024.

5.1.2 The capital strategy is guided by a variety of core principles:

- That the capital strategy is affordable within the overall financial envelope for the Council
- That the capital strategy supports the outcomes expressed in the five year plan
- Any additional capital funding in excess of the current borrowing requirement should have a neutral impact on the revenue budget over the life of the strategy excluding delivering statutory capital schemes e.g. ICT compliance
- That the Council maximises its assets to generate revenue savings or capital receipts in line with the asset management strategy and the objectives of the corporate plan
- That the Council maintains education and transport funding within Government grants

- To deliver value for money through 'Invest to Save projects' to generate on-going revenue savings and to ensure that whole life costs are captured
- That where borrowing is required, it is undertaken in line with CIPFA's prudential code
- To take into account the asset management strategy, including highways & transport plans
- That there is a ten year payback on general fund secured capital schemes

## **5.2 Current Medium Term Financial Position**

- 5.2.1 As detailed in the Council's Revenue Budget report 2018/19 the Council is facing a significant reduction in its anticipated financial resources. During this period the Council will face a number of demand and policy led pressures. Further details can be found within the revenue budget report for separate approval in February.
- 5.2.2 For there to be any net growth in the Council financed element of the capital strategy, the Council will need to increase the amount of revenue monies set aside to pay back potential future borrowing, or assume greater investment returns to mitigate the use of internal balances. As detailed within the Treasury Management Strategy, the Council will only borrow as a last resort once it has exhausted all other sources of funding; however, revenue monies need to be set aside to fund any additional borrowing costs otherwise the Council will not have sufficient resources to repay its borrowings if that occurs. The council is currently utilising short-term borrowing rates as these are currently at very low levels. There is however some interest rate risk in adopting this approach, i.e. a risk to the council if interest rates start to rise. The council will work with it's Treasury Management advisers to calculate the best time to borrow longer-term through the Public Works Loans Board (or other sources) in order to reduce funding risk..
- 5.2.3 The summarised capital programme has been provided below in table 1.1. This table highlights the key expenditure areas and the financing requirement for the capital programme over the period of the strategy. As noted in the introductory section of this paper, the Council's capital strategy is now over a six year period, and it is over this period that the Council needs to consider if additional borrowing will need to be undertaken. For example, if the first year showed a net cost of £10m but the subsequent four years showed £2.5m p.a. of net capital receipts, then the Council could take the decision not to borrow the £10m over the longer term, and finance the capital programme through short term borrowing initially that would be reduced by the net receipts coming into the capital programme.

**Table 1.1 Summarised Capital Programme**

Capital Expenditure and Financing (estimate)	17-18	18-19	19-20	20-21	21-22	22-23	23-24	2018-2024 Total
	£m	£m	£m	£m	£m	£m	£m	£m
General Fund	152.6	83.8	50.2	41.6	22.5	5.9	5.7	209.7
HRA	22.1	17.5	23.4	4.8	4.8	4.8	19.9	75.3
<b>Total Expenditure</b>	<b>174.7</b>	<b>101.3</b>	<b>73.6</b>	<b>46.4</b>	<b>27.3</b>	<b>10.7</b>	<b>25.6</b>	<b>285.0</b>
Grant Funded	54.8	21.1	3.8	2.6	1.9	0.6	2.5	32.5
Section 106	6.9	3.5	0.5	0.5	0.5	0.5	0.5	6.0
Capital Receipts	8.6	3.6	6.6		0		3.3	13.5
Major Repairs Reserve	6.5	5.9	8.8	4.8	4.8	4.8	8	37.2
RCCO	4.7	8	8	0	0		8.6	24.6
Borrowing *	93.2	59.2	45.9	38.5	20.1	4.8	2.7	171.2
<b>Total Financing</b>	<b>174.7</b>	<b>101.3</b>	<b>73.6</b>	<b>46.4</b>	<b>27.3</b>	<b>10.7</b>	<b>25.6</b>	<b>285.0</b>

5.2.4 The total revenue financing required to fund the capital strategy's borrowing requirement of **£171m** is **£5.5m** over 6 years. This is where there is a strong alignment between the treasury management strategy and the capital strategy. On the latest estimates on the Treasury Management strategy and the actual cash available to fund the capital programme, once reserves and grants received, but not applied, have been taken into account, the Council has some short term cash funding available for the first year of the capital strategy, but will be required to fund the remaining programme. It is absolutely vital that the Council begins to set aside revenue funding to finance long term capital commitments during the life of the capital strategy, and this is linked to the Minimum Revenue Provision detailed further below in this report.

5.2.5 Table 1.2 shows the cost of borrowing to finance the capital programme. The annual minimum required to be set aside for **£171m** of capital borrowing (given the main assets being built this would be over an assumed 40 year lifecycle) would equate to an increase in revenue cost of borrowing of **£0.25m** from 2018/19, rising to **£5.5m** in 2023/24 if the Council went out to borrow from the PWLB<sup>1</sup>. As noted above, at present, the Council will utilise any internal balances first before undertaking any new borrowings. There is a cost of doing this, but this is far lower than borrowing with average returns realising approximately 1%.

**Table 1.2 Cost of borrowing to finance the capital programme**

<sup>1</sup> Assuming borrowing from the Public Works Loans Board at the rate as at 2<sup>nd</sup> January 2018 of 1.76%

* Cost of borrowing	18-19	19-20	20-21	21-22	22-23	23-24
Cumulative borrowing	59,200,000	105,100,000	143,600,000	163,700,000	168,500,000	171,200,000
PWLB interest cost p.a.	250,000	1,866,320	2,827,360	3,131,120	3,215,600	3,013,120
MRP		823,946	1,474,658	2,040,614	2,372,748	2,506,451
Revenue	250,000	2,690,266	4,302,018	5,171,734	5,588,348	5,519,571

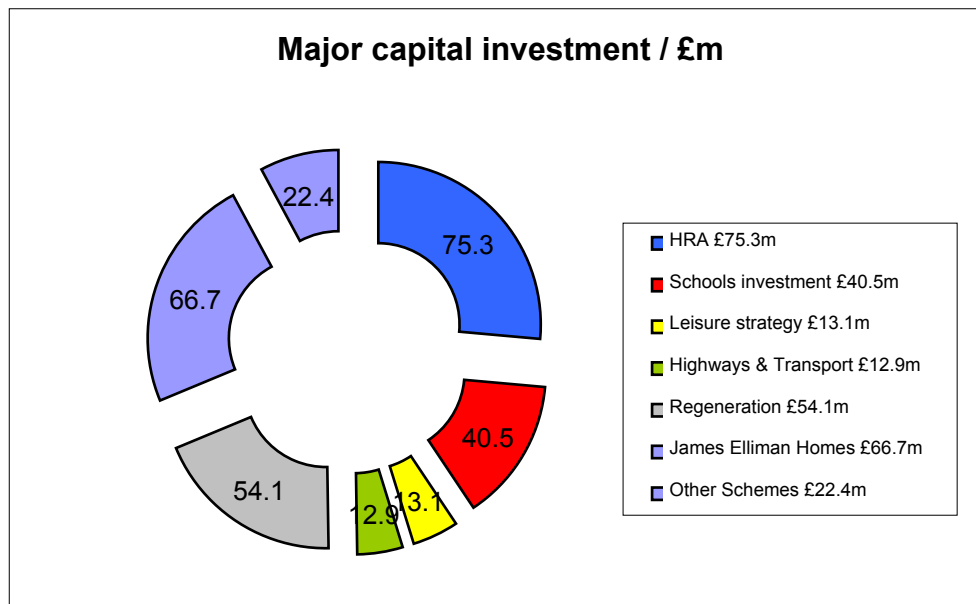
### 5.3 Key elements

5.3.1 As can be seen from table 1.1, of the capital programme funded via general sources, broadly a third relates to expenditure through the Housing Revenue Account and two thirds on other general fund activity.

5.3.2 There are some significant items in the capital programme for the future financial years, these include:

- Expansions to the Borough's Primary and Secondary schools- £40.5m
- New Leisure Centre development and improvements to exiting ones- £13.1m
- Improvements to the Council's housing stock and infrastructure- £75.3m
- James Elliman Homes Capital Loans- £66.7m
- Development of the Thames Valley University site- £24m
- New hotel on the Old Library site in the centre of Slough- £29.5m

**Chart 2.1: Key items included in the Capital Strategy**



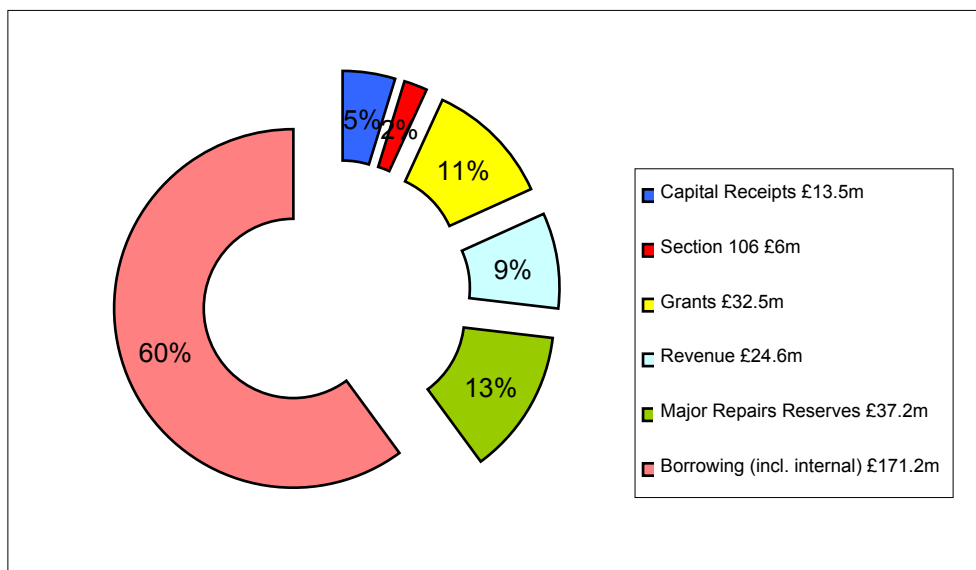
### Key elements

5.3.3 As can be seen from table 1.1, of the capital programme funded via general sources, broadly a third relates to expenditure through the Housing Revenue Account and two thirds on other general fund activity.

### 5.4 Financing the capital programme & prudential code

5.4.1 The Council has a variety of sources of funding for the capital strategy and these are summarised below:

**Chart 2.2: Capital financing / £m: 2018-24**



5.4.2 The majority of the Council's General Fund Capital Funding will come from Borrowing as the level of grant funding diminishes. The HRA Capital Funding is funded from the Major Repairs Reserve, Revenue and Capital. The Council is actively reviewing its assets, and more detail of this is included within the Asset Strategy. This review is looking at assets that the Council holds across the Borough and is seeking to maximise returns from these, be this by maximise revenue streams from the asset or through disposal.

## 5.5 The main sources of income are:

### 5.5.1 Capital Receipts

The prime areas of capital receipts comes from monies received via the Council involvement within the Slough Urban Renewal Partnership (SUR). This is income derived from the various sites included within the initial sites included, and firstly the Ledgers Road site and Wexham Nursery site.

The majority of HRA capital receipts arise from the sale of Council homes under the RTB regime. Under the changes to the RTB regime, the Council has signed an agreement with the Government allowing it retaining a high proportion of those capital receipts provided they are used to build 'replacement' affordable/social homes.

### 5.5.2 Grant Funding

The Council receives a variety of capital funding streams, with the main areas of grant funding coming from the various Government departments. The Council strategy is based on the assumptions that all education related expenditure and transport expenditure is funded entirely within grant funds received from Government. The Council will seek every opportunity to maximise its use of grant

funding across the organisation as well as utilise any opportunities from HRA funding.

### 5.5.3 S106 receipts

The Council receives some funding of its capital programme from s106 receipts. The Council holds approximately £12.8m s106 receipts, which can be used on various projects over the next 10 years. It is planned to use £6.9m of Section 106 Contributions to fund the 2017-18 Capital Programme, with the remaining £5.9m to be used to part fund the 2018-24 Capital Strategy. Additional section 106 Contributions are likely to be realised during the period of the 2018-24 Capital strategy and will always be used where possible in order to reduce the need to borrow. A summary of Section 106 Contributions currently available is shown in Table 1.3 below.

**Table 1.3 Section 106 Contributions**

<b>Section 106 Contributions</b>	<b>£000s</b>
Education	5,849
Affordable Housing	610
Transport	3,234
Parks and Open Spaces	2,929
Air Quality	191
<b>Total</b>	<b>12,813</b>

### 5.5.4 Flexible use of Capital Receipts

Revenue expenditure where it is forecast that they will generate ongoing savings to Slough's net service expenditure and/or transform service delivery can be funded by the flexible use of capital receipts. To date £19.2m of additional capital receipts have been identified for this purpose.

### 5.6 Revenue Contributions

5.6.1 These will be minimised wherever possible; the most effective way to fund capital expenditure is through spreading the cost of the asset over the lifetime of the asset. However, in some circumstances, where the Council might received one-off monies for example, funding a capital scheme from revenue sources might be more beneficial. The majority of revenue contributions are to fund the HRA Capital Programme. Here voluntary revenue contributions are used to increase the value of the Major Repairs Reserve, a Balance Sheet reserve utilised to fund the HRA Capital Programme.

### 5.7 Borrowing

5.7.1 Where the Council has capital commitments that exceed its funding sources from the above, the Council is required to borrow in line with the prudential code. CIPFA's prudential code governs how Council borrows funds and ensures that it does so within an affordable framework. The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The



objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision.

5.7.2 The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

5.8 Revenue contributions (HRA). The abolition of the HRA subsidy system and its replacement by the self-financing regime from April 2012 has enabled the HRA to retain more of its rental income. This additional income is being used to support the building of affordable homes in the capital programme as well as other elements of the capital programme. As a result, new affordable/social homes will be built within the Borough to help replace those sold under the Right to Buy (RTB) regime.

5.9 Major Repairs Reserve (HRA). This reserve is a revenue funded reserve used to maintain the Council's housing stock at a 'Decent Homes' standard and is a major contributor to funding the HRA capital programme.

## **6 Prudential Indicators**

6.1 The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.

6.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

**Estimates of Capital Expenditure:** The Council's planned capital expenditure and financing may be summarised as follows.

**Table 1.4: Capital Programme**

<b>Capital Expenditure and Financing</b>	<b>31.03.18 Revised</b>	<b>31.03.19 Estimate</b>	<b>31.03.20 Estimate</b>	<b>31.03.21 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	153	84	50	41
HRA	22	17	23	5
<b>Total Expenditure</b>	<b>175</b>	<b>101</b>	<b>73</b>	<b>46</b>
Capital Receipts	8	3	6	
Grants & Contributions	62	25	4	3
Revenue	5	8	8	0
Reserves	7	6	9	5
Borrowing (incl. internal)	93	59	46	38
<b>Total Financing</b>	<b>175</b>	<b>101</b>	<b>73</b>	<b>46</b>

**Table 1.5 Estimates of Capital Financing Requirement:** The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

<b>Capital Financing Requirement</b>	<b>31.03.18 Revised</b>	<b>31.03.19 Estimate</b>	<b>31.03.20 Estimate</b>	<b>31.03.21 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	280	333	364	393
HRA	158	158	158	158
<b>Total CFR</b>	<b>438</b>	<b>491</b>	<b>522</b>	<b>551</b>

The CFR is forecast to rise by £113m over the next three years. This represents capital expenditure which has no sources of funding (such as Grants, Revenue Contribution, Capital receipts, Section 106 Agreements). This increase will therefore be funded from external and internal borrowing.

**Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing

requirement for the current and next two financial years. This is a key indicator of prudence.

**Table 1.6 Estimates of Gross Debt**

<b>Debt</b>	<b>31.03.18 Revised</b>	<b>31.03.19 Estimate</b>	<b>31.03.20 Estimate</b>	<b>31.03.21 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	322	383	429	468
Finance leases	8	7	6	5
PFI liabilities	35	34	33	31
<b>Total Debt</b>	<b>365</b>	<b>424</b>	<b>468</b>	<b>504</b>

Total debt is expected to remain below the CFR during the forecast period.

**Operational Boundary for External Debt:** The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

**Table 1.7 Operational Boundary**

<b>Operational Boundary</b>	<b>2017/18 Revised</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>	<b>2020/21 Estimate</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	347	430	486	523
Other long-term liabilities	43	41	39	36
<b>Total Debt</b>	<b>390</b>	<b>471</b>	<b>525</b>	<b>559</b>

**Authorised Limit for External Debt:** The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

**Table 1.8 Authorised Limit**

<b>Authorised Limit</b>	<b>2017/18 Limit £m</b>	<b>2018/19 Limit £m</b>	<b>2019/20 Limit £m</b>	<b>2020/21 Limit £m</b>
Borrowing	357	440	496	533
Other long-term liabilities	43	41	39	36
<b>Total Debt</b>	<b>400</b>	<b>481</b>	<b>535</b>	<b>569</b>

**Ratio of Financing Costs to Net Revenue Stream:** This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

**Table 1.9 Ratio of Financing Costs to Net Revenue Stream**

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2017/18 Revised %</b>	<b>2018/19 Estimate %</b>	<b>2019/20 Estimate %</b>	<b>2020/21 Estimate %</b>
General Fund	8.7	9.0	9.6	10.2
HRA	11.4	10.9	10.7	10.5

**Adoption of the CIPFA Treasury Management Code:** The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition. It fully complies with the Codes recommendations

## **7 Minimum Revenue Provision Statement**

- 7.1 Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.
- 7.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 7.3 The CLG Guidance requires the Council to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

- 7.4 CLG has issued guidance on the calculation of MRP, including a number of methods which it considers to be prudent. The guidance is clear that authorities are also free to devise other methods they consider prudent.
- 7.5 The guidance details:
- **A: Regularity Method: Finance leases and Private Finance Initiative (PFI) :**  
MRP on assets acquired through finance leases and Private Finance Initiative (PFI) should be equal to the cash payments that reduce the outstanding liability each year.
  - **B: CFR Method: Capital expenditure incurred before 1st April 2008:**  
MRP on all capital expenditure incurred before 1st April 2008, and on expenditure funded by supported borrowing thereafter, is equal to 4% of the opening CFR with some optional adjustments.
  - **C: Asset Life/ Depreciation Method: Unsupported Capital Expenditure (“Prudential” borrowing):**  
MRP on expenditure incurred from April 2008 onwards that is funded by unsupported “prudential” borrowing should be calculated by reference to the asset’s useful life, using either a straight line or an annuity method, starting in the year after the asset becomes operational. This may also be used for supported Non-HRA capital expenditure if the Council chooses. There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.  
Here, the Council has three broad options:
    - Option 1: the 4% reducing balance method
    - Option 2: the straight line asset life method, and
    - Option 3: the annuity asset life method.
- 7.6 Up to 2015/16 the Council used Option 1 respect of supported capital expenditure funded from borrowing and Option 2 in respect of unsupported capital expenditure funded from borrowing and Private Finance Initiative schemes. MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice matched the annual principal repayment for the associated deferred liability.
- 7.7 The council MRP Policy changed in 2017/18. At a time of increasing pressure on the revenue budget, savings in the annual cost of MRP may reduce the need for savings to be made in front line services. During 2016-17 the Council’s Treasury Management advisors were commissioned to conduct a review of MRP, and advisors recommended moving to an annuity basis (Option 3) for both supported and unsupported capital expenditure (including PFI liability) with effect from 1st April 2016. This reduced the MRP charged in this and for future years for the foreseeable future though it is estimated to become a cost to the council in 2037/38.
- 7.8 This change to the previous MRP policy resulted in a credit from the overprovision made in previous years (approximately £3.6m). The benefit arising will be applied prospectively, spread over a period of 10 to 15 years to link in with the Medium Term Financial Planning process. This “recovery” method is in line with guidance issued by the National Audit Office (NAO).

- 7.9 Capital expenditure incurred during 2018/19 would not be subject to a MRP charge until 2019/20.

Based on the Council's latest estimate of its Capital Financing Requirement on 31st March 2018, the budget for MRP has been set as follows:

**Table 1.10 MRP Method – Option 3 (Annuity)**

31 March	2018	2019	2020	2021	2021
	£k	£k	£k	£k	£k
60 Year Annuity MRP charge	255	858	1,260	1,594	1,884
Over provision of £3.6m spread over 10 years:	(360)	(465)	(360)	(360)	(360)
MRP Charge	(105)	393	900	1,234	1,524

## **8 Community Investment Fund**

- 8.1 The Community Investment fund programme for 2018/19 has an indicative budget of £1.050m with the majority to be spent on neighbourhood enhancements through identified member need in the wards across the Borough. All elected Councillors will have £25,000 each to spend on Capital projects of their choosing. The only stipulation is that this must be capital and not revenue expenditure. Allocations are for individual councillors but two or more Councillors can pool resources in order to fund a larger project. Thus far orders have been raised for Park and Recreation Ground improvements, footway and alleyway resurfacing and improvements to green verges.

## **9 Comments of Other Committees**

This report was considered by the Overview & Scrutiny Committee on 1st February 2018. The Cabinet considered the strategy on 5<sup>th</sup> February 2018 and agreed to recommend it to full Council.

## **10 Conclusion**

The Council is requested to consider the Cabinet's recommendation to approve the capital strategy.

## **11 Appendices Attached**

- 'A' - Summary of draft 2018-24 General Fund strategy
- 'B' - Summary of draft 2018-24 HRA strategy

## **12 Background Papers**

- '1' - Local Government Finance consultation and final settlement – 2018
- '2' - Revenue Budget Report 2018/19



<b>Cost Centre</b>		<b>18-19 revision</b>	<b>19-20 revision</b>	<b>20-21 revision</b>	<b>21-22 revision</b>	<b>22-23 revision</b>	<b>23-24 revision</b>	<b>TOTAL Scheme Budget</b>
P881	Colnbrook By-pass	131	0	0	0	0		131
	Flood Defence Measures SBC/EA Partnership	100	0	0	0	0		100
	LTP Implementation Plan	800	400	0	0	0		1,200
	Community Transport Fleet	981						981
P155	Air Quality Grant	116	0	0	0	0		116
P125	Electric Vehicle Network	450	200	200	0	0		850
P170	Carbon Management-Fleet Challenge	150	150	670	0	0		970
P168	Re-fit Programme	800	800	484	0	0		2,084
	Car Club	400	100	100	100	100		800
	CPO Reserve	2100	0					2,100
P056	Slough Dog Recreation Area	16	0					16
P871	Community Investment Fund	1050	1050	1050	1050	1050	1050	6,300
	<b>Total Place &amp; Development</b>	<b>27,683</b>	<b>20,939</b>	<b>20,519</b>	<b>19,565</b>	<b>2,965</b>	<b>2,865</b>	<b>94,536</b>

<b>Cost Centre</b>		<b>18-19 revision</b>	<b>19-20 revision</b>	<b>20-21 revision</b>	<b>21-22 revision</b>	<b>22-23 revision</b>	<b>23-24 revision</b>	<b>TOTAL Scheme Budget</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£000s</b>	<b>£'000</b>
	<b>Finance &amp; Resources</b>							
P143	LAAP Mortgage Scheme	1,000	0	0	0	0		1,000
P084	IT Infrastructure Refresh	1350	350	350	350	350	350	3,100
P109	Superfast Broadband	20	0	0	0	0		20
	<b>Total Finance &amp; Resources</b>	<b>2,370</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>4,120</b>

<b>Cost Centre</b>		<b>18-19 revision</b>	<b>19-20 revision</b>	<b>20-21 revision</b>	<b>21-22 revision</b>	<b>22-23 revision</b>	<b>23-24 revision</b>	<b>TOTAL Scheme Budget</b>
	<b>Adults &amp; Communities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£000s</b>	<b>£'000</b>
P331	Social Care IT Developments	200	0	0	0	0		200
P133	Extra Care Housing	500	800	0	0	0		1,300
P141	Langley Leisure Centre	2,197	0	0	0	0		2,197
P969	Salt Hill Leisure	2,163	0	0	0	0		2,163



P165	Leisure Centre Farnham Road	10,608	0	0	0	0		10,608
	<b>Total Adults &amp; Communities</b>	<b>15,668</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,468</b>

<b>Cost Centre</b>		<b>18-19 revision</b>	<b>19-20 revision</b>	<b>20-21 revision</b>	<b>21-22 revision</b>	<b>22-23 revision</b>	<b>23-24 revision</b>	<b>TOTAL Scheme Budget</b>
	<b>Regeneration</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
P128	Corporate Property Asset Management	250	250	0	0	0		500
	Hub Development	100	0	0	0	0		100
P172	TVU development	8,000	8,000	8,000	0	0		24,000
P159	Development Old Library Site	4,500	15,000	10,000	0	0		29,500
	<b>Total Regeneration</b>	<b>12,850</b>	<b>23,250</b>	<b>18,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,100</b>
	<b>Total</b>	<b>83,818</b>	<b>50,179</b>	<b>41,559</b>	<b>22,495</b>	<b>5,895</b>	<b>5,745</b>	<b>209,691</b>
<b>Cost Centre</b>	<b>FUNDING</b>	<b>18-19 revision</b>	<b>19-20 revision</b>	<b>20-21 revision</b>	<b>21-22 revision</b>	<b>22-23 revision</b>	<b>23-24 revision</b>	<b>TOTAL Scheme Budget</b>
	Grant Funded	21,118	3,789	2,575	1,895	630	2,530	32,537
	Borrowing	59,200	45,890	38,484	20,100	4,765	2,715	171,154
	Section 106	3,500	500	500	500	500	500	6,000
	Capital Receipts							0
	Revenue							0
	<b>Total</b>	<b>83,818</b>	<b>50,179</b>	<b>41,959</b>	<b>22,495</b>	<b>5,895</b>	<b>5,745</b>	<b>209,691</b>

## Appendix B – HRA Capital programme

Cost Centre	Housing Revenue Account	18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
	<b>Traditional Homes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>
P544 (4601)	Boiler Replacement	500	500	500	500	500	1,805	4,305
P544 (4602)	Heating / Hot Water Systems	317	317	317	317	317	703	2,287
P544 (4603)	Insulation programmes	0	0	0	0	0		
P552A	Window/ Front / Rear Door replacement	237	125	125	125	125	424	1,162
P558 A4604	Kitchen Replacement	410	410	410	410	410	348	2,399
P558 A4605	Bathroom replacement	256	256	256	256	256	277	1,558
P558 A4606	Electrical Systems	136	136	136	136	136	419	1,100
P559 (A4607)	Roof Replacement	628	628	628	628	628	1,243	4,384
P559 (A4608)	Structural	802	803	802	802	802	1,118	5,130
	<b>Traditional Homes</b>	<b>3,286</b>	<b>3,175</b>	<b>3,175</b>	<b>3,175</b>	<b>3,175</b>	<b>6,337</b>	<b>22,324</b>

		18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
	<b>Planned Maintenance - Capital</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
P541	Garage Improvements	150	150	150	150	150	194	944
P548	Mechanical Systems /Lifts	200	200	100	110	110	52	772
P545	Capitalised Repairs	46	46	46	46	46		230
P551	Security & Controlled Entry Modernisation	0	0	0	0	0		
P564	Darvills Lane - External Refurbs	200	200	200	200	200		1,000
P565	Estate Improvements/Environmental Works	221	221	221	221	221	259	1,363
P569	Replace Fascias, Soffits, Gutters & Down Pipes	250	250	0	0	0	236	736
P573 A4000	Upgrade Lighting/Communal Areas	71	71	71	71	71	324	678
P573 A4609	Communal doors	78	78	78	78	78	121	510
P573 A4610	Balcony / Stairs / Walkways areas	171	171	171	171	171	62	918
P573 A4611	Paths	91	90	91	91	91	382	835
P573 A4612	Store areas	250	0	0	0	0	97	347
	Sheltered / supported upgrades	0	0	0	0	0	324	324
	<b>Planned Maintenance - Capital</b>	<b>1,728</b>	<b>1,477</b>	<b>1,127</b>	<b>1,137</b>	<b>1,137</b>	<b>2,051</b>	<b>8,656</b>

	<b>Other</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£000s</b>	<b>£'000</b>
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Cost Centre	Housing Revenue Account	18-19 revision	19-20 revision	20-21 revision	21-22 revision	22-23 revision	23-24 revision	TOTAL
C4xxx P546 A4000	Environmental Improvements (Allocated Forum)	100	100	100	100	100	130	630
P406	Stock Condition Survey	160	160	160	160	160		800
P407	Commissioning of Repairs Maintenance and Investment Contract	0	0	0	0	0		
P405	Tower and Ashbourne	0	(3,720)	0	0	0		(3,720)
P408	Brooms & Poplar Fire Compliance Upgrade Works							
P547	Major Aids & Adaptations	250	250	250	250	250	324	1,574
P575	Affordable Homes	12,000	22,000	0	0	0	11,017	45,017
P779	Britwell Regeneration	0	0	0	0	0		
	<b>Other</b>	<b>12,510</b>	<b>18,790</b>	<b>510</b>	<b>510</b>	<b>510</b>	<b>11,471</b>	<b>44,301</b>

	<b>TOTAL</b>	<b>17,524</b>	<b>23,442</b>	<b>4,812</b>	<b>4,822</b>	<b>4,822</b>	<b>19,859</b>	<b>75,282</b>
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	Funding	£'000	£'000	£'000	£'000	£'000		£'000
	Section 106 (AH)	0	0	0	0	0		0
	Capital Receipts	(3,600)	(6,600)	0	0	0	(3,305)	(13,505)
	Major Repairs Reserve	(5,924)	(8,842)	(4,812)	(4,822)	(4,822)	(8,000)	(37,222)
	RCCO	(8,000)	(8,000)	(0)	(0)	(0)	(8,554)	(24,555)
	<b>TOTAL</b>	<b>(17,524)</b>	<b>(23,442)</b>	<b>(4,812)</b>	<b>(4,822)</b>	<b>(4,822)</b>	<b>(19,859)</b>	<b>(75,282)</b>