

# CAPITAL STRATEGY 2023/24

2 FEBRUARY 2023

# AGENDA

- Overview
- Financial Summary
  - General Fund (GF)
  - Asset Disposal
- ELT Summaries:
  - Adults Services
  - Children's Services
  - Place & Communities
  - Housing & Property

# OVERVIEW

The capital strategy is focussed on the improvement works to the Council's operational asset portfolio together with public realm works for Slough. The strategy is fully funded by capital grants, capital receipts and developer contributions, eliminating the need for any new external borrowing.

The Council's capital programme objectives are:

- To rationalise the capital portfolio, so the remaining assets continue to deliver the services to the public
- Ensure the necessary works to enhance the working conditions of the remaining assets, so they are fit for purpose and meet statutory requirements
- Minimise any other works to those which are fully funded from external sources and can be undertaken at no additional cost to the Council

This presentation outlines:

- General Fund (GF): detail on proposed expenditure and income budgets for 5 years from 2023/24 to 2027/28
- Highlights on the major value schemes contained within the programme
- Highlights on the new schemes proposed to be added to the programme

Note - The Housing Revenue Account (HRA) capital programme was presented as part of the overall HRA budget to the Customer & Community Scrutiny Panel jointly with the Place Scrutiny Panel on 1 February 2023.

## FINANCIAL SUMMARY

- Prior to the 2022/23 capital programme, previous years' capital programmes have been ambitious involving several major projects in any one year and were heavily dependent on external borrowing. There was insufficient capacity to deliver the capital programme, resulting in slippage of 40% in delivering the programme.
- The previous capital programme approved 9<sup>th</sup> March 2022, envisaged spending £219m (including 21/22) with a borrowing requirement of £17.540m. This year the size of the capital programme is £104m, **with no new external borrowing needed**. The programme is fully funded from grants, S106 contributions and capital receipts from the asset disposal programme. This ensures the Council lives within its means in respect of the capital programme.
- The majority of capital expenditure set out in this strategy will be spent on land and buildings and council dwellings. The remainder will be revenue expenditure funded from capital under statute (REFCUS) – either funding loan advances to GRE5 or funding the Capitalisation Direction.
- The Council carries out regular maintenance on its properties and infrastructure assets. The capital programme ensures that the Council's highways, operational properties and council dwellings are continuously maintained to a good standard.
- The HRA capital expenditure has been included as part of the HRA budget presentation scrutinised on 1 February 2023 at Customer & Community Committee

## FINANCIAL SUMMARY

The total capital programme over the 6 years 2022/23 to 2027/28 is £103.643m, of which £79.480m by capital grants, £18.163m funded by capital receipts and £6m funded under Capitalisation Direction.

The table below summarises the proposed General Fund capital programme by Executive Directorate:

	Forecast At P7 2022/23 £'000	Five Year Plan					TOTAL £'000
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	
<b>Expenditure</b>							
Housing & Property	10,335	4,397	2,400	2,400	400	-	19,932
Place & Communities	15,982	24,927	10,504	2,551	1,999	1,339	57,302
Adults	1,818	1,169	1,140	1,140	1,140	1,140	7,547
Children's Services	877	4,323	2,961	2,080	1,680	941	12,862
Finance & Resources	-	-	2,000	2,000	2,000	-	6,000
<b>TOTAL Expenditure</b>	<b>29,012</b>	<b>34,816</b>	<b>19,005</b>	<b>10,171</b>	<b>7,219</b>	<b>3,420</b>	<b>103,643</b>
<b>Funding</b>							
External Funding	(25,577)	(30,561)	(12,914)	(4,930)	(3,278)	(2,220)	(79,480)
Capital Receipts	(3,435)	(4,255)	(4,091)	(3,241)	(1,941)	(1,200)	(18,163)
Capitalisation Direction			(2,000)	(2,000)	(2,000)		(6,000)
<b>TOTAL Funding</b>	<b>(29,012)</b>	<b>(34,816)</b>	<b>(19,005)</b>	<b>(10,171)</b>	<b>(7,219)</b>	<b>(3,420)</b>	<b>(103,643)</b>
<b>Borrowing Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## FINANCIAL SUMMARY

The table below summarises the funding sources for the GF capital programme:

Financed by:	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DCLG Disabled Facilities Grant	1,594	1,140	1,140	1,140	1,140	1,140	7,294
Department for Education	877	4,323	2,961	2,080	1,680	941	12,862
Department for Transport	2,640	12,921	2,489				18,050
Department for Business, Energy & Industrial Strategy	479	22					501
Berkshire Local Enterprise Partnership	10,527	2,500					13,027
Other Grants and Contributions	860	402	180	180	180	139	1,941
S106 Contributions		668					668
Homes England Grant	7,400	1,000					8,400
Safer Roads Fund Grant	200	1,511					1,711
Department for Levelling Up, Housing and Communities		4,592	4,607				9,199
Department of Environment, Food and Rural Affairs	1,000	1,482	1,537	1,530	278		5,827
<b>External Funding</b>	<b>25,577</b>	<b>30,561</b>	<b>12,914</b>	<b>4,930</b>	<b>3,278</b>	<b>2,220</b>	<b>79,480</b>
Capital Receipts	3,435	4,255	4,091	3,241	1,941	1,200	18,163
Capitalisation Direction			2,000	2,000	2,000		6,000
Borrowing Requirement	-	-	-	-	-	-	-
<b>Capital Financing</b>	<b>29,012</b>	<b>34,816</b>	<b>19,005</b>	<b>10,171</b>	<b>7,219</b>	<b>3,420</b>	<b>103,643</b>

## ASSET DISPOSALS

A key element of the Council's new Corporate Plan is the Asset Disposal Strategy, which supports a strategic priority to be "a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users."

Asset disposals will contribute to the reduction in the Council's future financial commitments, generate capital receipts at the earliest opportunity and reduce the Council's borrowing and MRP. The disposal programme commenced in July 2022 with the sale of four out of borough assets.

- There are 9 properties on the disposal list for this financial year (2022/2023).
- Seven sales have completed generating £178m in capital receipts. Loan repayments of £10.2m have also been received. There is a high level of confidence in achieving over £216m in the current financial year.
- There are current plans to achieve over £164m of sales in 2023/24



# CAPITAL STRATEGY 2023/24 ADULTS



## PEOPLE - ADULTS – KEY PROJECTS OVER THE NEXT 5 YEARS

The 2023/24 – 27/28 capital programme for **Adults** proposes a gross budget of:

- £5.729m (£0.029m net) over 5 years
- £1.169m (£0.029m net) for 2023/24

Key projects from the capital programme brought forward from last year are highlighted below:

### **Disabled Facilities Grant**

(2023/24: £1.140m gross, £0m net. 5yrs to 2027/28: £5.700m gross, £0m net)

- The Disabled Facilities Grant helps to cover the cost of making essential improvements to people's homes so that those with disabilities can continue to live in their own homes.
- The grant is administered through the Better Care Fund (BCF) under s75 agreement with the local Integrated Care Board as part of an integrated approach to delivering health and social care in Slough. A new discretionary policy has been implemented in Slough during 2022 aimed at broadening the use of the grant in supporting vulnerable adults.

# CAPITAL STRATEGY 2023/24

## CHILDREN'S SERVICES

# CHILDREN'S SERVICES – KEY PROJECTS OVER THE NEXT 5 YEARS (1)

The 2023/24 – 27/28 capital programme for **Children's Services** proposes a gross budget of:

- £11.985m (£0.000m net) over 5 years
- £4.323m (£0.000m net) for 2023/24

Key projects are highlighted below:

## **Special School Expansion**

(2023/24 £1.675m gross, £0m net. 5yrs to 2027/28: £5.647m gross, £0m net)

Programme fully funded by High Needs capital grant allocation (total allocation 2021/22, 2022/23 and 2023/24 = £8.6m)

- 2023/24 - £0.600m to be spent at Arbour Vale School, 2024/25 - £0.060m to complete the project
- 2023/24 - £1.075m to be spent at Haybrook College, 2024/25 - £0.971m to complete the project
- £2.941m unallocated

## **SEND Resource Bases and Improvements**

(2023/24 £1.250m gross, £0m net. 5yrs to 2027/28: £2.900m gross, £0m net)

Programme fully funded by High Needs capital grant allocation (total allocation 2021/22, 2022/23 and 2023/24 = £8.6m)

- 2023/24 - £0.750m to be spent on improvements for SEND pupils at various schools, 2024/25 - £0.250m earmarked
- 2023-24 - £0.500m provisional sum for a new secondary Resource Base if required, 2024/25 - £1.000m earmarked
- £0.400m unallocated

# CHILDREN'S SERVICES – KEY PROJECTS OVER THE NEXT 5 YEARS (2)

## Schools Modernisation Programme

(2023/24 £0.810m gross, £0m net. 5yrs to 2027/28: £2.610m gross, £0m net)

Grant funded by annual capital allocation - £1.1m anticipated carry forward at 31/3/23, new income of c£750K expected for 2023/24 and each subsequent year

- Projects agreed 2022 to be delivered 2023/24 are:
  - £147K for fire doors at Priory School
  - £137K for window replacement and toilet upgrade works at St Mary's CE Primary School
  - £116K for final phase of window replacement at Wexham School
- Improvement projects at Slough's 5 nurseries, 6 primaries and one secondary school, will be agreed on an annual basis as income confirmed

# CAPITAL STRATEGY 2023/24

## PLACE & COMMUNITIES



# PLACE AND COMMUNITIES – KEY PROJECTS OVER THE NEXT 5 YEARS

The 2023/24 – 27/28 capital programme for **Place & Communities** proposes a gross budget of:

- £41.639m (£6.102m net) over 5 years
- £25.220m (£0.829m net) for 2023/24

Key projects from the capital programme brought forward from last year are highlighted below:

## **Zone 4 – Stoke Road**

(2023/24: £2.500m gross, £0m net. 5yrs to 2027/28: £2.500m gross, £0m net)

- This is the final elements of a wider improvement scheme approved by the Council and funded through the Berkshire LEP programme. This final stage includes the implementation of improvements to two junctions associated with the North West Quadrant site and will enable the sale and development of the site by improving access/egress of traffic. There will also be some upgrade works to the Heart of Slough junction to ensure the entire traffic signal junction works well.



# PLACE AND COMMUNITIES – KEY PROJECTS OVER THE NEXT 5 YEARS

## **Flood Defence Measures (Sponge City Project)**

(2023/24: £1.482m gross, £0m net. 5yrs to 2027/28: £4.827m gross, £0m net)

- The Council has been awarded from Defra Grant funding of £5.65m - £7.9m for delivery of the Smart, Sponge Catchments Project. This aims to improve flood resilience in the Chalvey Ditches and Salt Hill Stream river catchments in north-west Slough and southern Buckinghamshire. The project will help the Council to meet its corporate priority for an environment that helps residents live more independent, healthier and safer lives, by delivering infrastructure and enriched public spaces that can act as sponges, soaking up surface water to improve resilience to flooding.

## **A4 Safer Roads**

(2023/24: £1.511m gross, £0m net. 5yrs to 2027/28: £1.511m gross, £0m net)

- The A4 in Slough was identified in 2016 as being in the UK's 50 most dangerous roads and SBC are required by Government to make changes to improve its safety. This project will introduce road safety improvements on the A4 that will be funded by the Department for Transport's (DfT) Safer Roads Fund grant. A number of road safety measures will be designed and introduced to regulate driver behaviour. One of these measures is a proposed speed reduction on some sections of the A4. Additional complementary engineering measures, to reduce the number and severity of fatal and serious injury collisions, will be introduced as the overall scheme design progresses in consultation with residents, key partners and subject to the necessary approvals within the Council.

# ADDITIONAL NEW PROJECTS - PLACE AND COMMUNITIES

Additional proposals not included in last year's 5 year capital programme require an additional gross budget of:

- £30.239m (£4.900m net) over 5 years
- £18.717m (£0.500m net) for 2023/24

The proposals comprised in this additional ask are as follows:

## **DSO Replacement RCVs**

(2023/24: £0m gross, £0m net. 5yrs to 2027/28: £2.400m gross, £2.400m net)

- The Council's Direct Services Organisation (DSO) purchased 18 new Refuse Collection Vehicles (RCV) when the service was brought back in-house in December 2017. In 2027 the vehicles will have come to the practical end of life and to avoid additional maintenance costs from an ageing fleet, it is proposed to replace the fleet. The budget is based on a reduced number of vehicles as a result of service changes including fortnightly collections. An optioneering process will begin in 2024 to consider a phased approach to purchasing over a 3 year period to reduce risk and any potential borrowing.

## **DSO Replacement Fleet**

(2023/24: £0.500m gross, £0.500m net. 5yrs to 2027/28: £1.500m gross, £1.500m net)

- The DSO has leased a number of its fleet from Enterprise for a number of years. Due to rising costs of leased vehicles and damage repairs on returns it is proposed to reduce the revenue pressure in purchasing vehicles. This will provide 7 years of budget certainty for the Council and contribute to the service in better managing its fleet. The number of vehicles required is under review based on the proposed service changes to the grounds and street cleaning services. The capital outlay is based on the current demands however this subject to change.

# ADDITIONAL NEW PROJECTS - PLACE AND COMMUNITIES

## **DSO Food/Fibre vehicles and Caddies**

(2023/24: £0m gross, £0m net. 5yrs to 2027/28: £1.000m gross, £1.000m net)

- The DSO has been contacted by Defra in line with the Environment Act 2021 to report its status on food waste and any implications with waste disposal contracts. The Government is currently considering introducing (under secondary legislation) separated food waste on a weekly basis. This change will mean that the Council by law will have to introduce the new service and as a result will require vehicles and waste caddies for residential properties. This capital project aims to identify the potential capital costs associated if the government decides it is to mandate all authorities to introduce a new service. The proposal is based on buying kitchen caddies for all street properties (flats are excluded) and also a provision of two vehicles for the two routes that would be required.

## **A4 Cycleway**

(2023/24: £10.168m gross, £0m net. 5yrs to 2027/28: £10.168m gross, £0m net)

- The Council's Transport team have secured £10.2m from the Department for Transport for the design and implementation of an off road cycleway along the A4. The scheme extents are from Huntercombe to the Town Centre. The procurement process has started and will continue in 2023/24 for design support.

# ADDITIONAL NEW PROJECTS - PLACE AND COMMUNITIES

## Transport and Highways Grant

(2023/24: £2.489m gross, £0m net. 5yrs to 2027/28: £4.978m gross, £0m net)

The Council receives an annual grant of £2.489m for the following areas:

- Integrated Transport Block
- Highway Maintenance Block – needs element
- Highways Maintenance Block – incentive fund
- Pot hole fund

The Council has to spend its annual settlement and has previously allocated the funds to major schemes or resurfacing programmes. The reallocation of this grant enables the Council to make significant savings to support the Council's recovery.

## Destination Farnham Road

(2023/24: £5.560m gross, £0m net. 5yrs to 2027/28: £10.193m gross, £0m net)

The Council's Transport team have been advised of an award of £9.249m from the Department for Levelling Up, Housing and Communities. In addition, a 10% local contribution of £1.004m provided through other DFT grants and S106 contributions related to the location.

The proposed scheme will revitalise the Farnham Road (A355) corridor by transforming its public realm, in a way that prioritises walking and cycling, and improves bus priority through signal upgrades and the enforcement of parking restrictions. Fully grant funded, initial designs will be presented to Cabinet to enable progression to consultation, detailed design and construction. The scheme focuses on the Britwell and Northborough wards and Farnham. North-south transport connections will be made stronger to enhance connections to Slough town centre. Farnham Road District Centre's public realm will be improved to support economic growth and improved social function.

# CAPITAL STRATEGY 2023/24

## HOUSING & PROPERTY

# HOUSING AND PROPERTY – KEY PROJECTS OVER THE NEXT 5 YEARS

The 2023/24 – 27/28 capital programme for **Housing & Property** proposes a gross budget of:

- £9.597m (£8.597m net) over 5 years
- £4.397m (£3.397m net) for 2023/24

Key projects from the capital programme brought forward from last year are highlighted below:

## **Fire Risk Assessment Nova House**

(2023/24: £1.000m gross, £0m net. 5yrs to 2027/28: £1.000m gross, £0m net)

- Nova House is a block of 68 apartments in the town centre which failed flammability tests. GRE5 owns the freehold lease of Nova House. In 2018, the Council acquired 100% of the shares of GRE5 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required to the building and concerns about the safety of residents. In addition to replacement of ACM cladding, there are significant deficiencies in the fire safety of the building identified on the Fire Risk Assessment that need rectifying.

## **Britwell Hub Development**

(2023/24: £1.047m gross, £1.047m net. 5yrs to 2027/28: £1.047m gross, £1.047m net)

- The Britwell Hub Development was a part refurbishment and part extension of the Britwell Community Centre in partnership between Slough Borough Council and East Berkshire CCG / Frimley Health and Care ICS. The refurbishment of the existing building provided meeting rooms and a new hall, and the extension provided a modern up to date purpose designed medical centre which was completed in April 2022. The retention held on this contract is payable following completion of the works after the defect's liability period ends in April 2023. Further works are also required together with upgrading the existing mechanical and electrical systems. In addition there is also a requirement to repay the balance of funding owed to the DfE for Grove Academy S278 works, that SBC is liable for.



# ADDITIONAL NEW PROJECTS – HOUSING AND PROPERTY

Additional proposals not included in last year's 5 year capital programme proposes an additional gross budget of:

- £5.850m (£5.850m net) over 5 years
- £1.850m (£1.850m net) for 2023/24

The proposals comprised in this additional ask are as follows:

## **Cornwall House Fire Strategy**

(2023/24: £0.950m gross, £0.950m net. 5yrs to 2027/28: £0.950m gross, £0.950m net)

- SBC acquired Cornwall House in July 2017 to facilitate the construction of the Moxy hotel on the adjoining 'Old Library' site. The previous owners had converted the property from an office block to 51 residential flats. Since acquisition defects have emerged that SBC was not aware of at the time of acquisition. The main issue is the lack of adequate fire-stopping which needs to be addressed with some urgency – this will be costly to correct as it will involve intrusive works in every flat and require removal of partitions, ceilings etc. Slough Borough Council as the landlord has overall responsibility for fire safety within the building (as with the Nova House building)

## **Office Accommodation Strategy**

(2023/24: £0.900m gross, £0.900m net. 5yrs to 2027/28: £4.900m gross, £4.900m net)

- SBC intends to reduce its corporate footprint to a minimum level to reduce running costs and maximise disposal opportunities. 6 assets are likely to be retained and are candidates for accommodating the full desk requirement of the council (currently set at 460 desks). The first step is to appoint consultants to carry out costed options appraisals. These will inform the Council's decision on best use of these 6 assets, to accommodate the Council's office requirements. Once a decision is taken on the final number of desks to be provided and location of these desks, conversion works will be undertaken to deliver the project.