

Report Title:	Draft Capital Programme 2023/24 – 2025/26
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Hilton, Cabinet Member for Asset Management & Commercialisation, Finance, & Ascot
Meeting and Date:	Cabinet – 1 December 2022
Responsible Officer(s):	Adele Taylor – Executive Director of Finance and S151 Officer Andrew Vallance – Head of Finance and Deputy S151 Officer
Wards affected:	All



REPORT SUMMARY

This report details the draft capital programme for 2023/24 onwards including proposed new capital bids and planned expenditure for bids previously approved by Council.

Together with the capital strategy and capital cashflow, it provides a picture of the Council's proposed capital planning and expenditure.

1. DETAILS OF RECOMMENDATIONS

RECOMMENDATION: That Cabinet notes the report and comments on:

- i) **The draft Capital Strategy 2023/24 – 2025/26 as set out in Appendix B**
- ii) **Proposed new schemes in Appendix D.**
- iii) **The capital cash flow in Appendix E.**

2. REASONS FOR RECOMMENDATIONS AND OPTIONS CONSIDERED

This report sets out the draft Capital Strategy and proposed capital programme for 2023/24 – 2025/26. Once agreed the Council can confirm the implications on its future borrowing and the implications on its final revenue budget and Medium Term Financial Strategy.

Due to the fast-changing economic situation the Draft Capital Programme for 2023/24 will continue to be reviewed and amended as necessary prior to approval by Full Council in February 2023. The report links very closely to two other strategies:

The Treasury Management Strategy that sets out how the Council will fund and afford its planned level of capital investment in 2023/24 and beyond. This also assesses the affordability of capital investment plans in the context of the revenue budget and its Prudential Indicators. A draft strategy was reviewed by Audit and Governance Committee at its October meeting held on 20 October 2022.

The Budget Report 2023/24 and Medium Term Financial Strategy 2023/24 – 2027/28. This sets out the Council's revenue spending for 2023/24 and indicative

spending plans for 2024/25 – 2027/28. The financial position of the Council sets the context for the affordability of the capital programme. Given the challenging financial context, the Council is now operating within its means and no new discretionary spending is included as an addition to the proposed capital programme. New schemes are either self-funded or considered essential to maintain service provision.

Options

Table 1: Options arising from this report

Option	Comments
Note the report in preparation for formal approval at February 2023 Council This is the recommended option	This will allow essential capital schemes to progress

3. KEY IMPLICATIONS

Table 2 below outlines key implications.

Table 2: Key Implications

Outcome	Unmet	Met	Exceeded	Significantly Exceeded	Date of delivery
Services delivered within approved budget	Budget overspend >£250,000	Budget variance +/- £250,000	Budget underspend >£250,000 <£1,500,000	Budget underspend >£1,500,000	31 March 2026

4. FINANCIAL DETAILS / VALUE FOR MONEY

Introduction

- 4.1. The draft Capital Strategy as set out in **Appendix B** provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services; along with an overview of how associated risk is managed and the implications for future financial sustainability. It shows how revenue, capital and balance sheet planning are fully integrated. The draft strategy was reviewed by Audit and Governance Committee at its October meeting on 20 October 2022.
- 4.2. Due to rapid changes in the economic and political situation in the UK there is currently a high level of uncertainty with regards to interest rates. The recent substantial increase in interest rates and anticipated further increases have significantly increased the cost of borrowing available to the Authority.
- 4.3. Like many councils, RBWM has chosen to capitalise certain council spending e.g. replacement of equipment to ease the pressure on its Revenue Budget. The Council has also invested heavily in the regeneration of the Borough as well as schemes that will help to generate future income.

- 4.4. The Capital Review Board (an officer board overseeing delivery of the capital programme) has met regularly to review the existing capital programme, ensuring unnecessary schemes are dropped, and optimal financing arrangements are made to reduce the pressure on the revenue budget.
- 4.5. The Council recognises the impact that high levels of investment is having on its revenue budget through servicing increased borrowing, with higher interest rates now placing greater pressure on the revenue budget. It has therefore sought to further restrict its capital investment in 2023/24 and beyond.
- 4.6. In order to minimise the cost of financing risk to the Authority, capital programme schemes for 2022/23 are under regular review. Where feasible, capital budget will be reduced, and unspent external funding reallocated to qualifying schemes. Once this exercise is complete, any available external funding will be allocated to 2023/24 essential capital schemes that have not been shortlisted due to the current economic climate.
- 4.7. With interest rates at 5% a £10m increase in capital expenditure would result in an increase in annual borrowing costs of £500,000.
- 4.8. For 2023/24 the Council has focused on:
- **Fully-funded schemes**, where the cost of the scheme is fully or largely met by external funding.
 - **Unavoidable capital investment** – predominantly relating to immediate requirements to replace or enhance essential fixed assets for service delivery, namely IT assets for business continuity.
- 4.9. The Capital Programme, using this strategy, is prioritised into four key areas:
1. Regeneration schemes
 2. Major Strategic Acquisitions
 3. Efficiency Projects
 4. Operational schemes
- 4.10. For 2023/24 the Council has focused on:
- capital grants
 - developer contributions in the form of s106 & CIL
 - partner contributions,
 - capital receipts
 - prudential borrowing, the cost of which is funded from the revenue budget.
- 4.11. **Table 3** below shows the 2023/24 Capital Programme in detail together with the sources of funding in 2023/24 as shown in **Appendix D**. It also provides

indicative figures for the cost of the relevant capital schemes in the following two years.

Table 3: Summary of the 2023/24 Capital Programme

Proposed Capital Bids 2023/24	Funding				
	Gross Cost	S106	CIL	Grant	Net
	£'000	£'000	£'000	£'000	£'000
Estimated Slippage to 2022/23	10,079	-	-	-	10,079
Ongoing Major Schemes Approved by Council in Previous Years	13,756	-	-	-	13,756
Fully funded schemes	13,357	(330)	(4,324)	(8,703)	-
Corporately Funded Essential Schemes	3,377	-	-	-	3,377
Capitalised Debt charges	381	-	-	-	381
Total	40,950	(330)	(4,324)	(8,703)	27,593

- 4.12. The total draft Capital Programme for 2023/24 is currently £40,950,000, of which the largest share (£13,756,000) relates to the ongoing cost of existing capital schemes. New capital investment amounts to £13,357,000 for fully funded schemes and £3,377,000 for corporately funded schemes. After taking into account funding from a range of sources, the net cost of the 2023/24 programme to be funded from borrowing is currently £27,593,000.
- 4.13. The overall three-year draft Capital Programme will increase expenditure by £62,838,000, of which the largest share of £47,518,000 relates to schemes approved in previous years and forecast prior year slippage of £10,079,000 from 2022/23 to 2023/24. Note this forecast slippage position will be updated at outturn to reflect the actual position. At this stage, expected year-end slippage to 2023/24 has been estimated at 30% of the net 2022/23 capital programme.
- 4.14. The above figures are reflected in the Revenue Budget and Medium-Term Financial Projections, which also assume additional essential capital investment of £27,593,000 in 2023/24 and £54,404,000 in the next two financial years. £10,079,000 of proposed capital spending relates to spending that was originally expected in 2022/23 and is forecast to slip into 2023/24. This has had a positive impact on the Revenue Budget for 2022/23 of £258,000 based on a short term borrowing rate of 2.56%.
- 4.15. Since 2020/21, major schemes of over a year's duration now have their interest costs capitalised until the scheme is complete to recognise that the value of the asset will not be realised until complete. This reduces the impact on the revenue budget whilst the asset is under construction. If the project is delayed or interest rates fluctuate there is the possibility that interest costs could exceed the budget.
- 4.16. Minimum Revenue Provision (MRP), essentially the principal repayment, is calculated on an annuity basis over the life of the asset starting in the year following completion. This is in line with the approved Treasury Management Policy for RBWM and the statutory guidance on minimum revenue provision.

Developer Contributions

4.17. Developer Contributions in the form of S106 and CIL income are playing a significant role in helping to fund the Capital Programme. Current balances are set out in Table 3.

Table 3 – S106 and CIL contributions

S106 & CIL Balances October 2022		£'000
Developer Contributions by Service Area		
Carbon Offset Contribution - Lifestyle		155
Carbon Offset Contribution - Building Emissions		522
Carbon Offset Contribution		7
Special Protection Area (SPA)		884
Allotments		9
Landscape		3
Archiving		14
Biodiversity		0
Air Quality		7
Admin Costs		-
Waste Management		17
Economic Development		11
Indoor Sports		12
Public Art		211
Town Centre Enhancements		10
Library Services		278
Community Facilities		81
Education		367
Workplace Travel Plans		19
Highways		739
Open Space		602
Affordable Housing		924
Public Transport		436
Community Infrastructure Levy		
Windsor		758
Maidenhead		955
RBWM		8,474
Total s106 & CIL		15,493

4.18. It is important that there is transparency in the way that these developer contributions are used. These funds can only be used once to fund capital priorities in line with the capital strategy. CIL collected separately for Windsor town and Maidenhead town is applicable to those urban areas; RBWM CIL is useable borough wide.

Major Schemes in Programme

4.19. The Programme includes one major scheme, Broadway Car Park, budgeted to spend £13,756,000 in 2023/24. Further schemes profiled to spend in future years are linked to corporate plan priorities. These projects are listed below with further detail in **Appendix C**.

- Affordable Housing
- Broadway Car Park, Maidenhead
- Maidenhead Development

- River Thames Scheme

4.20. The total cost of major capital schemes from 2022/23 – 2025/26 is £60,698,000. Some schemes will enable the generation of future Capital Receipts. After considering debt financing costs, other schemes will generate future revenue income, e.g., Broadway car park. The 2022/23 Vicus Way Car Park scheme included in Appendix C is now complete.

Fully Funded Schemes £13,357,000

4.21. These schemes are funded from s106 & CIL allocations from developers or specific grant and have no net cost to the Council but need to be approved and monitored through the year to ensure spending is within budget and the scheme is delivered as planned. This is subject to further review. Agreed schemes are set out in **Appendix D**.

Borough Funded Schemes £3,377,000

4.22. These schemes are funded from additional borrowing and include statutory schemes, refurbishment and enhancement schemes. The gross value of these schemes totals £3,377,000.

4.23. In previous years the Council has also approved a number of discretionary schemes that have added to borrowing costs and impacted on the revenue budget but due to affordability only essential schemes are being proposed for 2023/24 as additions to the programme. These are set out in **Appendix D**.

4.24. All expenditure below £20,000 is de Minimis for capital purposes and expenditure below this amount is funded from within revenue budgets. This decision has the benefit of a reducing the number of capital projects, enabling more focus on larger schemes when approving and monitoring spend.

4.25. Further information on the Council's longer-term plans are included in the Capital cash flow as detailed in **Appendix E**.

5. LEGAL IMPLICATIONS

5.1. None.

6. RISK MANAGEMENT

6.1. Funding maintenance and assets with a short life from capital means that an increasing share of the capital programme is required for essential day to day capital spending. This spending is often unavoidable with the need to maintain key buildings along with the need to update and replace obsolete technology.

6.2. This creates a risk that the Council will have even less money to invest in major new schemes.

6.3. In past years, a revenue contribution to capital to reduce the cost of borrowing, particularly for short life assets has been in place. However, due to revenue budget pressures, this provision is unaffordable for 2023/24.

- 6.4. This is something that the Council will need to address, particularly as interest rates have recently risen sharply.

7. POTENTIAL IMPACTS

- 7.1. Equality impact assessments have been completed for each proposed capital bid.
- 7.2. The Council's Capital Review Board is in the development stages of considering the impact of climate change/sustainability for each capital scheme and will enhance this process further in future.

8. CONSULTATION

- 8.1. Consultation will take place with the local Chambers of Commerce in February 2023. The Lead Member for Asset Management & Commercialisation, Finance and Ascot attends, together with officers. The meetings serve to consult on the proposals within this paper.
- 8.2. Consultation will also take place with the Leader of the Opposition, the Lead Member for Asset Management & Commercialisation, Finance and Ascot, Cabinet and officers. This meeting serves to consult on the proposals within this paper.
- 8.3. Consultations will take place with all Overview and Scrutiny Panels. The feedback from these panels will be included in the Budget Report 2023/24 which will be presented to February 2023 Council.
- 8.4. Consultation will take place with the local Chambers of Commerce in February 2023. The Lead Member for Asset Management & Commercialisation, Finance and Ascot attends, together with officers. The meetings serve to consult on the proposals within this paper.

9. APPENDICES

This report is supported by five appendices:

- Appendix A Equality Impact Assessment
- Appendix B Draft Capital Strategy
- Appendix C Major Schemes
- Appendix D Proposed New Schemes
- Appendix E Capital Cashflow

10 BACKGROUND DOCUMENTS

None

11 CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory: Statutory Officers (or deputy)</i>			
Adele Taylor	Executive Director of Resources/S151 Officer	21/10/22	28/10/22
Emma Duncan	Deputy Director of Law and Strategy / Monitoring Officer	21/10/22	21/10/22
<i>Deputies:</i>			
Andrew Vallance	Head of Finance (Deputy S151 Officer) Report author	20/10/22	21/10/22
Elaine Browne	Head of Law (Deputy Monitoring Officer)	21/10/22	
Karen Shepherd	Head of Governance (Deputy Monitoring Officer)	21/10/22	27/10/22
<i>Other consultees:</i>			
<i>Directors (where relevant)</i>			
Tony Reeves	Chief Executive		
Andrew Durrant	Executive Director of Place	21/10/22	23/10/22
Kevin McDaniel	Executive Director of People Services		

Confirmation relevant Cabinet Member(s) consulted	Cabinet Member for Asset Management & Commercialisation, Finance and Ascot	Yes
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REPORT HISTORY

Decision type:	Urgency item?	To follow item?
Not a key decision	No	No

Report Author: Andrew Vallance, Head of Finance

APPENDIX A - EQUALITY IMPACT ASSESSMENT

Essential information

Items to be assessed: (please mark 'x')

Strategy	x	Policy		Plan	x	Project		Service/Procedure	
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Responsible officer	Andrew Vallance	Service area	Finance	Directorate	Resources
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Stage 1: EqlA Screening (mandatory)	Date created: 20/10/2022	Stage 2 : Full assessment (if applicable)	Date created : N/A
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Approved by Head of Service / Overseeing group/body / Project Sponsor:
"I am satisfied that an equality impact has been undertaken adequately."

Signed by (print): Andrew Vallance
Dated: 20/10/2022

Guidance notes

What is an EqlA and why do we need to do it?

The Equality Act 2010 places a 'General Duty' on all public bodies to have 'due regard' to:

- Eliminating discrimination, harassment and victimisation and any other conduct prohibited under the Act.
- Advancing equality of opportunity between those with 'protected characteristics' and those without them.
- Fostering good relations between those with 'protected characteristics' and those without them.

EqlAs are a systematic way of taking equal opportunities into consideration when making a decision, and should be conducted when there is a new or reviewed strategy, policy, plan, project, service or procedure in order to determine whether there will likely be a detrimental and/or disproportionate impact on particular groups, including those within the workforce and customer/public groups. All completed EqlA

Screenings are required to be publicly available on the council’s website once they have been signed off by the relevant Head of Service or Strategic/Policy/Operational Group or Project Sponsor.

What are the “protected characteristics” under the law?

The following are protected characteristics under the Equality Act 2010: age; disability (including physical, learning and mental health conditions); gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation.

What’s the process for conducting an EqIA?

The process for conducting an EqIA is set out at the end of this document. In brief, a Screening Assessment should be conducted for every new or reviewed strategy, policy, plan, project, service or procedure and the outcome of the Screening Assessment will indicate whether a Full Assessment should be undertaken.

Openness and transparency

RBWM has a ‘Specific Duty’ to publish information about people affected by our policies and practices. Your completed assessment should be sent to the Strategy & Performance Team for publication to the RBWM website once it has been signed off by the relevant manager, and/or Strategic, Policy, or Operational Group. If your proposals are being made to Cabinet or any other Committee, please append a copy of your completed Screening or Full Assessment to your report.

Enforcement

Judicial review of an authority can be taken by any person, including the Equality and Human Rights Commission (EHRC) or a group of people, with an interest, in respect of alleged failure to comply with the general equality duty. Only the EHRC can enforce the specific duties. A failure to comply with the specific duties may however be used as evidence of a failure to comply with the general duty.

Stage 1: Screening (Mandatory)

<p>1. What is the overall aim of your proposed strategy/policy/project etc and what are its key objectives?</p>
<p>This report details the draft capital programme for 2023/24 onwards including proposed new capital bids and planned expenditure for bids previously approved by Council.</p> <p>Together with the capital strategy and capital cashflow, it provides a picture of the Council’s proposed capital planning and expenditure.</p> <p>A full EQIA will be undertaken on the final budget and capital strategy submitted to Council in February 2023.</p>

1.2 What evidence is available to suggest that your proposal could have an impact on people (including staff and customers) with protected characteristics? Consider each of the protected characteristics in turn and identify whether your proposal is Relevant or Not Relevant to that

characteristic. If Relevant, please assess the level of impact as either High / Medium / Low and whether the impact is Positive (i.e. contributes to promoting equality or improving relations within an equality group) or Negative (i.e. could disadvantage them). Please document your evidence for each assessment you make, including a justification of why you may have identified the proposal as “Not Relevant”.

Protected characteristics	Relevance	Level	Positive/negative	Evidence
Age	N/A	N/A	N/A	<p>Key data: The estimated median age of the local population is 42.6yrs [Source: ONS mid-year estimates 2020].</p> <p>An estimated 20.2% of the local population are aged 0-15, and estimated 61% of the local population are aged 16-64yrs and an estimated 18.9% of the local population are aged 65+yrs. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]</p>
Disability	N/A	N/A	N/A	
Gender re-assignment	N/A	N/A	N/A	
Marriage/civil partnership	N/A	N/A	N/A	
Pregnancy and maternity	N/A	N/A	N/A	
Race	N/A	N/A	N/A	<p>Key data: The 2011 Census indicates that 86.1% of the local population is White and 13.9% of the local population is BAME. The borough has a higher Asian/Asian British population (9.6%) than the South East (5.2%) and England (7.8%). The forthcoming 2021 Census data is expected to show</p>

				a rise in the BAME population. [Source: 2011 Census, taken from Berkshire Observatory]
Religion and belief	N/A	N/A	N/A	Key data: The 2011 Census indicates that 62.3% of the local population is Christian, 21.7% no religion, 3.9% Muslim, 2% Sikh, 1.8% Hindu, 0.5% Buddhist, 0.4% other religion, and 0.3% Jewish. [Source: 2011 Census, taken from Berkshire Observatory]
Sex	N/A	N/A	N/A	Key data: In 2020 an estimated 49.6% of the local population is male and 50.4% female. [Source: ONS mid-year estimates 2020, taken from Berkshire Observatory]
Sexual orientation	N/A	N/A	N/A	

Outcome, action and public reporting

Screening Assessment Outcome	Yes / No / Not at this stage	Further Action Required / Action to be taken	Responsible Officer and / or Lead Strategic Group	Timescale for Resolution of negative impact / Delivery of positive impact
Was a significant level of negative impact identified?	N/A	N/A	N/A	N/A
Does the strategy, policy, plan etc require amendment to have a positive impact?	N/A	N/A	N/A	N/A

If you answered **yes** to either / both of the questions above a Full Assessment is advisable and so please proceed to Stage 2. If you answered “No” or “Not at this Stage” to either / both of the questions above please consider any next steps that may be taken (e.g. monitor future impacts as part of implementation, re-screen the project at its next delivery milestone etc).

Stage 2 : Full assessment

2.1 : Scope and define

2.1.1 Who are the main beneficiaries of the proposed strategy / policy / plan / project / service / procedure? List the groups who the work is targeting/aimed at.

N/A

2.1.2 Who has been involved in the creation of the proposed strategy / policy / plan / project / service / procedure? List those groups who the work is targeting/aimed at.

N/A

2.2 : Information gathering/evidence

2.2.1 What secondary data have you used in this assessment? *Common sources of secondary data include: censuses, organisational records.*

N/A

2.2.2 What primary data have you used to inform this assessment? *Common sources of primary data include: consultation through interviews, focus groups, questionnaires.*

N/A

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Eliminate discrimination, harassment, victimisation

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age	N/A	N/A	N/A	N/A	N/A
Disability	N/A	N/A	N/A	N/A	N/A
Gender reassignment	N/A	N/A	N/A	N/A	N/A
Marriage and civil partnership	N/A	N/A	N/A	N/A	N/A
Pregnancy and maternity	N/A	N/A	N/A	N/A	N/A
Race	N/A	N/A	N/A	N/A	N/A
Religion and belief	N/A	N/A	N/A	N/A	N/A
Sex	N/A	N/A	N/A	N/A	N/A
Sexual orientation	N/A	N/A	N/A	N/A	N/A

Advance equality of opportunity

Protected Characteristic	Advancing the Equality Duty : Does the proposal	If yes, to what level? (High /	Negative impact : Does the proposal disadvantage	If yes, to what level? (High /	Please provide explanatory detail relating to your assessment and
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	advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	Medium / Low)	them (Yes / No)	Medium / Low)	outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age	N/A	N/A	N/A	N/A	N/A
Disability	N/A	N/A	N/A	N/A	N/A
Gender reassignment	N/A	N/A	N/A	N/A	N/A
Marriage and civil partnership	N/A	N/A	N/A	N/A	N/A
Pregnancy and maternity	N/A	N/A	N/A	N/A	N/A
Race	N/A	N/A	N/A	N/A	N/A
Religion and belief	N/A	N/A	N/A	N/A	N/A
Sex	N/A	N/A	N/A	N/A	N/A
Sexual orientation	N/A	N/A	N/A	N/A	N/A

Foster good relations

Protected Characteristic	Advancing the Equality Duty : Does the proposal advance the Equality Duty Statement in relation to the protected characteristic (Yes/No)	If yes, to what level? (High / Medium / Low)	Negative impact : Does the proposal disadvantage them (Yes / No)	If yes, to what level? (High / Medium / Low)	Please provide explanatory detail relating to your assessment and outline any key actions to (a) advance the Equality Duty and (b) reduce negative impact on each protected characteristic.
Age	N/A	N/A	N/A	N/A	N/A
Disability	N/A	N/A	N/A	N/A	N/A

Gender reassignment	N/A	N/A	N/A	N/A	N/A
Marriage and civil partnership	N/A	N/A	N/A	N/A	N/A
Pregnancy and maternity	N/A	N/A	N/A	N/A	N/A
Race	N/A	N/A	N/A	N/A	N/A
Religion and belief	N/A	N/A	N/A	N/A	N/A
Sex	N/A	N/A	N/A	N/A	N/A
Sexual orientation	N/A	N/A	N/A	N/A	N/A

2.4 Has your delivery plan been updated to incorporate the activities identified in this assessment to mitigate any identified negative impacts? If so please summarise any updates.

These could be service, equality, project or other delivery plans. If you did not have sufficient data to complete a thorough impact assessment, then an action should be incorporated to collect this information in the future.

N/A