



**Basingstoke
and Deane**

CAPITAL PROGRAMME UPDATE AND STRATEGY REPORT FOR 2020/21 to 2024/25

**Executive Director of Corporate Services (Section 151
Officer) Sue Cuerden**

Report to	Cabinet
Ward(s):	All
Key Decision:	No
Appendix 1:	Updated Capital Programme 2020/21 to 2024/25
Appendix 2:	Additions and Savings To Current Approved Capital Programme
Appendix 3:	Current Capital Programme Rephasing And Slippage
Appendix 4:	Capital Programme Strategy
Papers relied on:	Cabinet Report February 2020 MTFS and Budget Update 2020/21 to 2023/24

Recommendations:

It is recommended that Cabinet:

1. Notes the addition of £20.934M to the capital programme requiring approval to spend and the removal of capital scheme savings of £0.406M, which gives rise to a net increase of £20.528M to the overall capital programme as detailed in sections 4 to 5 and Appendix 2.
2. Notes the revised capital programme which totals £89.638M as detailed in sections 2 to 8 and Appendix 1 and the associated use of resources.
3. Notes the rephasing and slippage as set out in section 6 and as detailed in Appendix 3.
4. Notes the capital programme remains fully funded up to 2024/25 based on the latest forecast of available resources.
5. Notes that a review of the Capital Programme Strategy has been undertaken as detailed in section 9 and the updated Capital Programme Strategy is attached as Appendix 4.

Cabinet Recommends that Council:

6. Agrees the addition of £20.934M to the capital programme and the removal of scheme savings of £0.406M, which gives rise to a net increase of £20.528M to the overall capital programme as detailed in sections 4 to 5 and Appendix 2.
7. Approves the revised capital programme, which totals £89.638M (as detailed in paragraphs 2 to 8 and Appendix 1) and the associated use of resources.
8. Approves expenditure being incurred on capital schemes in accordance with the revised capital programme and Financial Procedures.
9. Approves the slippage and rephasing as set out in section 6 and as detailed in Appendix 3.
10. Notes that the capital programme remains fully funded up to 2024/25 based on the latest forecast of available resources.
11. Approves the Capital Programme Strategy detailed in Appendix 4.

Background, corporate objectives and priorities

This report provides an update on the capital programme and Capital Programme Strategy for 2020/21 to 2024/25 for Council approval.

This report accords with the Council’s Policy and Budget Framework in that it sets out the Council’s capital expenditure plans which together with the revenue budget plans provide the resources necessary to deliver its objectives and support the Council Plan priorities.

Glossary of terms

Term	Definition
LIF	Local Infrastructure Fund
AMP	Asset Management Plan Works
DFG	Disabled Facilities Grant
S106	Section 106 Developer Contributions
CIL	Community Infrastructure Levy
NHB	New Homes Bonus
MHCLG	Ministry of Housing, Communities and Local Government
EIA’s	Equality Impact Assessments
CIPFA	Chartered Institute of Public Finance and Accountancy
MTFS	Medium Term Financial Strategy
CPB	Capital Programme Board
PMO	Project Management Office

1 Executive Summary

- 1.1 The Capital Programme Strategy provides an important link between the ambitions set out in the council’s longer term vision and Council Plan and the important investment in infrastructure that will help turn that vision into a reality.
- 1.2 The strategy looks at how the council will finance, allocate and manage capital investment into services that are vital to supporting the development of a successful and vibrant place.
- 1.3 The economic climate is challenging. However, the council is committed to investing now for the longer term. Financing that commitment is made possible by the council’s unique finances and the council’s track record of strong financial resilience and management.
- 1.4 Through this strategy the council will aim to make every capital investment count by co-ordinating and prioritising all available funding to achieve the council’s goals.

- 1.5 The updated capital programme for 2020/21 to 2024/25 is £89.638M and includes new portfolio priority additions to the programme of £20.934M which are fully funded from available resources. In accordance with Financial Procedures, Council is recommended to approve expenditure being incurred on schemes as set out in this programme.
- 1.6 The Capital Programme Strategy has been updated in line with the revised capital programme and Council Priority Plans and is detailed in Appendix 4.
- 1.7 It is proposed that all scheme savings are removed from the updated capital programme, which has resulted in a reduction of £0.406M. Schemes will be added to the programme as they are developed as part of the annual budget setting process or in year following recommendation by the Capital Programme Board to Council and in line with Financial Regulations.
- 1.8 Current scheme rephasing and slippage has been identified which has resulted in net slippage of £7.530M from 2020/21 to future years.
- 1.9 The updated capital programme is fully funded up to 2024/25 based on the latest forecasts of available resources.

2 The Updated Capital Programme 2021/22 to 2024/25

- 2.1 The council's rolling four year capital programme is developed in line with the Council's Capital Programme Strategy and supports the delivery of Council Plan objectives. The Capital Programme Strategy attached as Appendix 4 provides further details of how the proposed capital spend supports the objectives and priorities of the council.
- 2.2 Cabinet, supported by the Capital Programme Board, the Strategic Leadership Team and officers, have put forward new capital proposals to achieve Council Plan priorities. The updated capital programme, attached as Appendix 1, includes new portfolio priority additions totalling £20.934M fully funded from capital receipts and new external capital grants and contributions.
- 2.3 Cabinet, the Capital Programme Board, the Strategic Leadership Team and officers have also reviewed the current capital programme during the budget process including an updated assessment of deliverability, which has been reflected in a rephased programme. This includes rephasing £7.530M from 2020/21 into later years which mainly relates to the Local Infrastructure Fund schemes, town centre car park improvement schemes, the digital programme, home improvement financial assistance, the asset management plan and the Manydown development. Details of the scheme rephasings by portfolio are shown in section 6 and Appendix 3. Much of the rephasing is a direct result of Covid-19 which has meant delays in supply chains, restriction on working practices and other activities being prioritised to directly support the response to the community required in the pandemic.

- 2.4 The net increase to the overall capital programme is £20.528M after allowing for scheme savings of £0.406M to be removed. Changes to the overall capital programme are summarised in Table 1 below. Approval for the new additions and changes is sought as part of this report.

Table 1 - Updated Capital Programme 2020/21 to 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£M	£M	£M	£M	£M	£M
Approved Capital Programme - July 2020	39.546	12.246	9.258	3.540	0.000	64.590
Approved Changes – July 2020 to January 2021	5.142	(0.416)	(0.206)	0.00	0.00	4.520
Latest Approved Capital Programme	44.688	11.830	9.052	3.540	0.000	69.110
New Additions: Rolling Programmes	0.000	0.000	0.000	0.075	4.264	4.339
New Additions: Other Priority Schemes	0.000	13.664	1.562	0.000	0.600	15.826
New Additions: S106 Funded Schemes	0.000	0.413	0.140	0.091	0.125	0.769
Scheme Savings	(0.206)	(0.200)	0.000	0.000	0.000	(0.406)
Scheme Rephasings	(7.530)	5.739	(0.591)	1.744	0.638	0.000
Updated Proposed Capital Programme	36.952	31.446	10.163	5.450	5.627	89.638
Variance	(7.736)	19.616	1.111	1.910	5.627	20.528

3 Changes to the Capital Programme by Council Plan Priority

- 3.1 The updated capital programme for each priority is shown in Table 2 below. This shows that priority capital programme schemes have increased by a net £20.528M. This includes the £4.339M of rolling programme schemes, new priority capital additions of £15.826M and new schemes funded from S106 developer contributions of £0.769M. Identified savings on capital schemes is £0.406M.

Table 2 - Updated Capital Programme by Council Plan Priority

	Updated Programme	Current Programme	Total Change
	£M	£M	£M
Fit For The Future	15.793	14.247	1.546
Improving Safety	7.226	5.810	1.416
Planning For The Future	50.409	35.248	15.161
Protecting And Enhancing Our Environment	0.932	0.824	0.108
Strengthening Communities	15.278	12.981	2.297
Proposed Capital Programme	89.638	69.110	20.528

3.2 Sections 4 to 5 and Appendix 2 summarise the changes to the current capital programme by individual priority programmes to show new additions and savings to existing schemes.

4 Details of Programme Changes (including new priority additions)

4.1 Additions to Rolling Programmes £4.339M

Fit For The Future

4.1.1 Asset Management Plan (AMP) Works £0.600M

This is a continuation of the current asset management plan to ensure that buildings are appropriately maintained to ensure properties can be let as well as ensure the financial value of the stock is maintained and/or increased. Proposed schemes are still being developed, from a rolling programme of condition surveys and this forms part of the wider review of the property portfolio. The proposed budget is based on average spend over a four year period and will deliver AMP Works to various sites to the value of £0.600M in 2024/25.

4.1.2 ICT Replacement Programme £0.446M in 2024/25

The scheme will ensure that the Council is using equipment that is up to date, reliable and within warranty periods, without which the Council would be running unsupported equipment which could leave systems unreliable. The scheme covers a broad range of equipment from laptops and desktops, printers, corporate print room, servers, networking, storage, Wi-Fi, backup capacity, security and telephony. It is good practice to ensure that these areas have a robust rolling programme of ongoing upgrade and renewal to reduce the risk of operational service failures that have a detrimental impact on the council's ability to provide its essential services. This programme of work is directly interlinked with the Smarter Ways of Working project and the Council's digital ambitions.

4.1.3 Replacement of Council Owned Vehicles £0.700M in 2024/25

The costs are based on renewing existing council owned vehicles when they reach the end of their cost effective life. Estimates are based on a detailed renewal programme covering all council owned vehicles which will also consider opportunities to reduce carbon emissions and improve energy efficiency which is integral to the delivery of the climate emergency agenda. In many cases vehicles have already been extended beyond the maximum recommended life and as such there has been an increase in maintenance costs and downtime due to breakdowns. This situation will deteriorate further if vehicles are not replaced at the optimum time.

Improving Safety

4.1.4 Home Improvement Financial Assistance £1.400M in 2024/25

There is a statutory requirement to provide mandatory Disabled Facility Grants (DFG) for adaptations up to £0.03M to improve the ability of a disabled person to live independently in their home. The scheme also provides limited discretionary funding to enable homeowners to undertake DFG adaptations costing over the mandatory limit or carry out essential repairs and who have exhausted other potential sources of funding. A grant of £1.33M is receivable for this scheme.

Planning For The Future

4.1.5 Parking and Access Schemes £0.500M in 2024/25

Parking is often a matter of concern for the borough's residents. The Parking in Residential Areas scheme has enabled the council to increase parking provision in certain priority areas and improve the quality of life of affected residents. Over 400 roads have been assessed where parking has been reported as a problem. Approximately 140 show a shortfall against current planning policy standards. The council has developed and implemented in excess of 50 schemes since 2007 across the borough and spent over £1.5M in the last 5 years on the PIRA improvement and access schemes. This would extend the rolling programme to implement parking improvements in priority residential streets.

4.1.6 Re-letting Works £0.100M in 2024/25

This is the rolling programme budget to ensure that re-let properties are maintained to a high standard. The BDBC portfolio comprises 670 let-able units. As leases end or tenants default, works are carried out ranging from a minor refresh to more significant refurbishment works to bring the units to the required standards, including for any changes in regulations such as building regulations for letting to ensure income generation is maintained or even increased. The scope of works varies from site to site and market conditions at the time; procurement is carried out in accordance with the council's contact standing orders.

Protecting and Enhancing Our Environment

4.1.7 Environmental Renewal Schemes £0.100M in 2024/25

The Environmental Renewal Scheme programme is part of the Council's rolling capital programme and seeks to improve the quality of external spaces within identified priority areas within the borough. The various schemes address worn out areas of planting or generally improve areas where there is a deficiency of soft landscaping. There are 73 areas on the current prioritised programme. The scheme currently allows sufficient funding to develop and implement two improvement schemes per year. The first 10 areas will be addressed by 2021/22, leaving 63 areas that will need to be addressed in future years.

Strengthening Communities

4.1.8 New Allotment Provision £0.075M in 2023/24 and £0.075M in 2024/25

This is the rolling programme requirement for the provision of new allotments in accordance with a statutory duty. This proposal will secure a rolling budget for the implementation of one new allotment every two years in order to address the waiting list of approximately 450 people. The council has a statutory duty under (Section 23 of the Small Holdings and Allotments Act 1908) to provide a 'sufficient number' of allotments where the council is '...of the opinion that there is a demand for allotments' (i.e. the waiting list). The delivery of the new allotments at Beggarwood Park demonstrates that delivery of the scheme takes approximately 2 years to deliver and is likely to cost £0.15M to deliver.

4.1.9 Infrastructure/Asset Renewals £0.100M in 2024/25

This additional investment is required to renew and maintain Council assets ensuring compliance with health and safety and highways regulations. The council has a duty of care to ensure its infrastructure is adequately maintained. This includes footpaths, footway steps, walls, guard rails, car parks and other highway infrastructure in former council house areas of the borough and all such infrastructure in parks and open spaces and other areas owned by the council. The council needs to ensure all areas are regularly inspected and defects are rectified in a timely and appropriate manner. Without robust management of these areas the council is at risk of increased insurance claims and liability claims. Funding is required to carry out regular and routine inspections and renew assets/infrastructure as part of a planned maintenance programme.

4.1.10 Play Area Improvements £0.243M in 2024/25

This bid comprises of two programmes. £0.043M is required for the risk work programme which has been running for a number of years, providing play equipment repairs and replacement as identified through the annual independent risk inspection. £0.200M is required for the improvement programme, providing refurbishment opportunity for existing play areas. Maintenance costs on older equipment are higher with replacement parts more difficult to source, consequently it is increasingly necessary to remove a whole piece of equipment if a part can't be sourced or renew a whole site where appropriate.

4.2 **Other Priority Schemes £15.826M**

Improving Safety

4.2.1 CSPO Vehicles £0.017M in 2021/22

4.2.2 The 2020/21 approved revenue budget included provision for additional CSPO staffing resource within the team increasing their presence within rural areas. Therefore, an additional vehicle is needed to provide the CSPO team with the means to patrol the borough in addition to foot and cycle patrols. The vehicle will be provisioned with the appropriate specifications to support the aims under the climate emergency agenda.

Planning For The Future

4.2.3 Manydown Development (including land acquisition, investment in Manydown Development Vehicle (MDV) LLP and Manydown Garden Communities (MGC) LLP £14.541M

The scheme funding is needed to enable the acquisition of the land, along with the infrastructure, for development under the Manydown North planning application.

Further, under the contract with our private sector partner, the council can access investment funding opportunities to provide the working capital for the Manydown Development Vehicle LLP (MDV LLP) to manage the work completed by the Joint Development Vehicle. The current funding proposal is based on the information as provided by MDV LLP and the interim business plans compiled and managed by the appointed Development Manager. This will be further updated when the Overarching Business Plan (OBP) is received and approved in 2021/22.

4.2.4 The Beresford Centre – First Floor Office Suite £0.005M in 2021/22 and £0.050M in 2022/23

The Beresford is a multi-occupied investment property producing approximately £0.12M per annum in rental income. The first floor of The Beresford Centre is not currently in a condition to be let. Further works are required to ensure that the first floor can be let including a mini refurbishment to supply and fit a new fire alarm, carpets to meeting room, sheet vinyl to training room, IT cabling redecorations throughout including toilets, kitchenette and minor sound proofing will also be required.

Protecting And Enhancing Our Environment

4.2.5 CCTV Cameras for Fly-Tipping Surveillance £0.013M in 2021/22

Despite a number of successful prosecutions, fly tipping at bring sites in the borough continues to be a problem. The council pays Serco to remove fly tipped waste from the bring sites. In order to address this 2 sets of re-deployable CCTV equipment will be purchased. These will be deployed at problem sites, which may deter this type of activity. Any footage showing fly tipping can then be used to pursue a formal criminal investigation and be used as evidence in legal proceedings.

The council has a very good track record of fly-tipping prosecutions, which are actively publicised as a deterrent. There is also specific signage at the bring sites to warn people of the possible consequences of fly tipping. Despite this fly-tipping is still regularly occurring at the bring sites, and therefore the provision of CCTV is necessary to tackle this problem. This bid sits alongside a separate revenue bid for a part time (0.6 FTE) officer resource to manage the purchase, maintenance and deployment of this equipment. The officer will then investigate any fly tipping offences which are caught on CCTV. There is also a revenue budget which covers the set-up costs at each site.

Strengthening Communities

4.2.6 Down Grange - Artificial Grass Surface Replacement £0.350M in 2022/23

The current AGP pitch was installed in 2001 and resurfaced in 2011. As the expected lifespan of the AGP pitch is 8-10 years, officers commissioned a specialist condition survey for the pitch which recommended replacement within 18-24 months with interim work recommended to improve the immediate quality of the pitch.

Without capital investment the pitch will no longer be fit for purpose and leave a significant deficit in hockey provision within the borough. This in turn will lead to residents not having access to valuable facilities and may impact on their health and wellbeing.

Income is derived by the sports bookings team who manage and maintain the facility and achieve around £0.03M per annum in income. It is important that investment is made to retain that income base and provide opportunities to host large hockey events during off season with two pitches available. It could also host large mini soccer events as well across the pitches. The primary user is the Basingstoke Hockey Club based within the adjacent Maidenwell Pavilion, who utilise both pitches at regular times through the week.

4.2.7 Leisure Recreation Needs Assessment – Stratton Park Pavilion and Sports Facilities £0.250M in 2022/23

The Football Foundation has published 318 Local Football Facility Plans that map out the football facilities needed across every local authority area in England. The plans have been developed with the Football Association, local authorities and communities. The Pavilion at Stratton Park has been recognised as a project under the new FA Local Facility Plan, which enhances the prospect of some match funding from the Football Foundation. This provides the necessary comfort that the £0.250M can be supported by an external grant to provide what is needed at Stratton.

4.2.8 War Memorial Tennis Centre Clubhouse £0.600M in 2024/25

This scheme will provide a clubhouse at the War Memorial Tennis Centre to provide necessary ancillary facilities of reception, changing, showering and toilet facilities. The site currently has 4 indoor courts within steel framed structure and 4 outdoor courts within secure fence boundary. The tennis centre was constructed with the aid of lottery funding. No provision was made for reception, changing, shower or toilet facilities within actual tennis centre. Users of tennis centre use the John Arlott Pavilion several hundred yards away.

There is a strip of level ground to the perimeter of the indoor tennis centre all of which could be used for new changing, showering and toilet facilities. This would effectively allow the Tennis Centre to be independent of the John Arlott Pavilion. The existing pavilion footprint could then be utilised for new indoor bowls provision. The aim of the scheme is to increase tennis participation by improving access and ancillary facilities at the indoor tennis centre and improving access without encroaching on existing playing space.

Various objectives will be met through this programme including: making the tennis centre more accessible for people with disabilities; enabling more efficient management and safer supervision of the facilities thus improve safeguarding of children and vulnerable adults; improving overall customer experience and satisfaction with the facilities; facilitating enhanced tennis development programmes and the tennis centre as a centre of excellence for coach education; increasing options for income generation and improving net revenue position of management operator and council i.e. enable use for other appropriate activities during off peak tennis times. The leisure sector has been hard hit by Covid-19 which has impacted not only capacity but membership numbers. Providing good quality aesthetically pleasing facilities will help to support the re-attendance figures but having good cleaning surfaces is imperative to ensure deep cleaning which is now more regularly required can be completed.

4.3 **Section 106 Schemes £0.769M (fully funded from developer contributions)**

Planning For The Future

4.3.1 **Section 106 – Homelessness and Affordable Housing Delivery £0.075M in 2021/22**

The social inclusion pathway is crucial in getting people who are rough sleeping or at risk of homelessness into safe, secure accommodation. The pathway needs to be flexible and adaptable for when new accommodation initiatives arise, alongside key accommodation partners such as Sovereign, Vivid, Julian House Outreach Team and Two Saints Housing Association. This could include accommodation right at the start of somebody's homelessness journey where 24/7 support is required, all the way through to a point where they are back on their feet and require responsibly managed housing with minimum support. The council has a huge role to play which at appropriate points may require an injection of funding to get a scheme off the ground. The council can use S106 funds alongside work with housing associations to identify proposals which would either deliver additional affordable housing on particular sites, a switch of tenure (to increase the provision of social rented or intermediate accommodation), or other innovative proposals which would give the council a healthier and higher quality stock of affordable housing within the borough.

The first of these suggestions is to convert 2x 4 bedroom flatted units into 7x bed spaces for single homeless move-on accommodation at Blackdown Close, Basingstoke. This will be low level support for those who are at the end of the Social Inclusion Pathway, with drop-in support available. This is intended to be accommodation for a period suitable to each individual case, there is no time limit for the length of stay. This would represent a vital need for suitable move-on accommodation from supported units provided through May Place House, Mary Rose Court and Group Homes.

4.3.2 Section 106 – Works to bring 2 & 3 Viables Cottages back to a lettable standard £0.090M in 2021/22

2 & 3 Viables Cottages are 2 x 3 bed cottages adjacent to the Viables Craft Centre. They have been vacant for circa 2 years. A decision was made to board the cottages up using a sitex-type steel window and door system. This system means the window casements are removed for the steel shutters to be inserted in their place, this has allowed for a lot of damp and condensation to take hold. The cottages need a refurbishment to bring them back to a lettable standard – redecorations and carpets throughout, gas and electric wire testing, potentially new bathrooms and kitchens and one cottage may need a new boiler. Once these cottages have been brought up to a lettable standard it is intended that these will be let to single people on the housing register.

Strengthening Communities

4.3.3 Section 106 – Sport and Recreation £0.037M

Contributions to improve sport and recreation improvements to help meet the needs of residents in the following areas:

Tadley Health and Fitness Facility £0.037M in 2021/22

Tadley swimming pool comprises of Health suite, swimming pool, Fitness suite and associated facilities. This project seeks to improve the facility by undertaking a substantial refurbishment of the Health suite space which consists of; Steam room, Sauna, Spa pool, shower and lounge space. These spaces are tired and in much need of updating. The leisure sector has been hard hit by Covid19 which has impacted not only capacity but membership numbers. Providing high quality, aesthetically pleasing facilities will help to support the re-attendance figures but having good cleaning surfaces is imperative to ensure deep cleaning which is now more regularly required can be completed.

4.3.4 Section 106 – Replacement and Refurbishment of Community Facilities £0.177M

Improvements to Whitchurch Town Hall £0.177M in 2021/22 (additional funds for existing project).

The project is to carry out a range of improvements to Whitchurch Town Hall. The S106 agreement was secured to support these improvement works. The town council have progressed their plans and are reviewing the tender documents with a view to appoint a contractor shortly. This project will enable essential enhancements to a key facility in the community, ensuring it is fit for purpose to deliver community benefit. Some S106 funding is being re-phased into 2020/21 to ensure the project can commence once contractor appointment has been confirmed

4.3.5 Section 106 Open Space Improvements £0.361M

Open space improvements to help meet the needs of residents by providing additional open space facilities within the following local areas:

- 2021/22 Sherfield on Loddon, village green and cricket grounds including improvements to drainage and pond enhancements £0.017M
- Brookvale and Kings Furlong £0.002M
- 2022/23 Buckskin, Stratton Park, increase native planting, boundary planting and wildlife planting, entrance and car park enhancements, additional seating and signage £0.082M and £0.034M
- Glebe gardens entrance improvements £0.024M
- 2023/24 Cranbourne Lane & Radford gardens improvements £0.049M
- Russell Howard park signage, entrance enhancements and upgrades to street furniture and lighting £0.028M
- 2024/25 Norden Sherborne road playing field – trim trail £0.012M
- Tadley Wigmore Heath £0.019M
- Dickens lane and Crabtree plantations – woodland restoration £0.094M.

4.3.6 Section 106 Play Area Provision Improvements £0.029M

Providing and enhancing equipped play provision to help meet the needs of residents by providing additional play facilities within the following local areas:

- 2021/22 Bramley & Sherfield on Loddon (play provision at Sherfield Green) £0.008M
- Brookvale & Kings Furlong £0.002M
- Stratton Park – play provision for older children £0.005M
- 2023/24 Chute Recreation Ground, Sherborne St John £0.009M
- Russell Howard Park, South Ham - £0.005M

5 Scheme Savings (£0.406M)

- 5.1 It is proposed that all scheme savings are removed from the updated capital programme, which has resulted in a reduction of £0.406M. The main changes are summarised in Table 3.

Table 3 - Scheme Savings

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Priority Area	£M	£M	£M	£M	£M	£M
Fit For The Future	0.000	(0.200)	0.000	0.000	0.000	(0.200)
Planning For The Future	(0.201)	0.000	0.000	0.000	0.000	(0.201)
Protecting And Enhancing Our Environment	(0.005)	0.000	0.000	0.000	0.000	(0.005)
Total Scheme Savings	(0.206)	(0.200)	0.000	0.000	0.000	(0.406)

- 5.2 Savings have been identified in the digital programme where, as the project has progressed, more detailed work analysing the requirements of the Customer Digital Platform, as well as further market investigations has resulted in a £0.200M reduction in procurement costs.

- 5.3 The main element of the scheme savings relates to Manydown and the planned investment in MGC LLP (£0.166M). This saving follows a detailed review of the proposed support requirements of MGC LLP for 2021 and allowing for under spends in 2020, the budget has been adjusted to reflect a lower level of spend which results in a lower funding requirement from the council. The revised forecasts indicate that the previously bid for additional capital sums will not now be required and a reduction in the original planned capital budget is also now forecast.

Other savings were made in respect of Eastlands Car Park (£0.005M saving) and Chineham House (£0.035M saving) where final costs were less than budgeted.

6 Delayed Spend and Rephasings

- 6.1 The proposed programme identifies £7.530M of net rephasings from 2020/21 as summarised in Table 4.

Table 4 – Slippage and Rephasings By Council Plan Priority

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Priority Area	£M	£M	£M	£M	£M	£M
Fit For The Future	(3.220)	2.545	(0.469)	1.008	0.136	0.000
Improving Safety	(0.587)	0.185	0.170	0.172	0.060	0.000
Planning For The Future	(1.345)	0.715	(0.057)	0.297	0.390	0.000
Protecting And Enhancing Our Environment	(0.051)	(0.009)	(0.052)	0.060	0.052	0.000
Strengthening Communities	(2.327)	2.303	(0.183)	0.207	0.000	0.000
Total Rephased	(7.530)	5.739	(0.591)	1.744	0.638	0.000

6.2 The reasons for the rephasings and slippage from 2020/21 are summarised in Appendix 3 and detailed below.

Fit For The Future – (£3.220M) Slippage

6.2.1 AMP Works (various sites) (£1.132M) Slippage

The original programme of works – which is made up of a number of discrete schemes - has been affected by Covid19 due to various third parties being furloughed, resulting in delays in getting works started. This has also had a knock-on effect on the supply chain, particularly with the manufacturing process where orders made earlier in the year have been delayed. Some schemes have been delayed due to the procurement process taking longer than anticipated due to workloads e.g. MUGA's. More specifically, expenditure at the Anvil has been delayed by approximately £0.350M, in the main due to an overall review of the property and negotiations being undertaken to agree the respective obligations of both parties to the lease. In addition, a review of the condition survey in respect of the Anvil is about to commence; the outcome of this work will be to identify any required work, costs and timescales.

6.2.2 Digital Programme (£0.362M) Slippage

Due to later than expected procurement of the Customer Digital Platform and the Enterprise Resource Platform, implementation was been delayed and some of the of the project costs planned for the 2020/21 will now occur in 2021/22.

6.2.3 ICT Replacement Programme (£0.031M) Slippage

The replacement of existing printers has been put on hold as a result of reduced print activity and the closure of the Deanes building as a result of the Covid 19 pandemic. The replacement of scanner has also been paused to enable the assessment of the requirements of the digital programme.

6.2.4 Replacement of Vehicles (BDBC) (£0.079M) Slippage

The scheme included replacement tippers (£0.06M) that will not be delivered until April 2021. Therefore the spend will slip into 2021/22. This is a result of a slight delay in the supply chain which is due to the pandemic. In addition, the procurement of a pickup van (£0.019M) is taking longer than anticipated due to weight/spring modifications which are required to transport and operate the separate gritting unit. The current vehicle is fit for purpose and will be used during this winter period. The new ranger will be delivered early in the new financial year.

6.2.5 Replacement of Vehicles (Hart Shared Service) (£0.571M) Slippage

Due to the delay in finalising the contractual agreement delay, the tender process and estimated build and delivery time, some items will not be purchased until 2021/22.

6.2.6 Smarter Ways of Working (£1.045M) Slippage

Certain elements of the project, such as the meeting room booking system will, now take place in 2021/22 as these are not required at the current time. The workspace workstream has been impacted by Covid19 with the construction industry partially closed through lockdown, delaying progress. The workspace designs have also had to go through several iterations as social distancing as well as other Covid-19 impacts were being considered. Activities such as decluttering and building a model office became more complex with access to the building severely limited.

Improving Safety – (0.587M) Slippage

6.2.7 Home Improvement Financial Assistance (£0.587M) Slippage

The demand for Disabled Facilities Grants has increased since the first lockdown however due to availability of building materials and workload of the occupational therapists actual expenditure in the current year will be lower than originally expected. The slippage into 2021/22 includes £0.185M which was added to the 2020/21 capital programme and approved under delegated powers. This increase to the capital programme is being met by an additional, external funding allocation which was received in December 2020.

Planning For The Future – (£1.345M) Slippage

6.2.8 Basing View – Plot J (£0.090M) Slippage

Having not yet secured the Section 106 agreement with Hampshire County Council for the walking and cycling improvements to the Norn Hill / Neon (Previously Norden House), it is prudent to hold back appointing consultants, and therefore the expenditure, to design the improvements until this is agreed. In addition, the Government has issued new design guidance for walking and cycling routes which needs to be considered. HCC have agreed to carry out a road safety audit based on the current feasibility scheme. The expenditure is expected to be in 2021/22.

6.2.9 Basing View Hotel – Plot W £0.048M Advance Spend

Final payment to the main contractors are now expected in 2020/21 requiring a rephasing of the scheme funding of £48,000 into 2020/21.

6.2.10 Low Cost Home Ownership Scheme (0.435M) Slippage

The scheme had to be re-advertised as a result of lockdown. Programme completion depends on sufficient applicants completing rigorous financial appraisals (impacted by recession) and thereafter finding and finalising a purchase on the open market. Given inevitable slower timescales for conveyancing, this means purchases are more likely to slip into future financial years.

6.2.11 Manydown Development Vehicle (MDV) LLP Investment (£0.394M) Slippage

The original proposed funding for investment into MDV LLP has been re-phased in line with the revised forecasts as provided by the Development Manager (Urban and Civic). This has deferred estimates into 2022/23. Funding opportunities into MDV LLP will be further reviewed when the Overarching Business Plan is issued and approved. This is anticipated for summer 2021.

6.2.12 Town Centre Car Park Improvements (£0.474M) Slippage

Works have been completed at central car park and 2 electric vehicles have been purchased. A further £0.01M is required for purchase of electric vehicle charges. The balance will be required to be slipped into 2021/22 to undertake further works that had been expected to take place in a number of car parks including Vyne Meadow, however works are being delayed whilst a review of need is undertaken later in the year.

Protecting And Enhancing Our Environment (£0.051M) Slippage

6.2.13 Green Initiatives (£0.051M) Slippage

This budget is in place to fund low carbon loans and to support low income/fuel poor households in the Borough through a loan scheme. The Green Initiatives Fund includes the credit checks and loan set up costs for the homeowners who access the fund to undertake their home improvements. The slippage of the funding has been designed to enable access for emerging green initiatives, so the programme can be in place and facilitate increase demand in take up across the Borough.

Strengthening Communities (£2.327M) Slippage

Athletics Track and Field Surface Refurbishment at Down Grange (£0.350M) Slippage

Damage caused to the track due to excessive wear and tear and exacerbated by inappropriate use during the Covid19 lockdowns in 2020 prompted a review of the arrangements to control and protect the improvements to the facility which would be put in place. It was determined that fencing around the track would be more appropriate and it was recognised that it could serve a dual purpose in also protecting the Stadium within the track boundaries, as opposed to expensive shutters on the stands themselves.

To facilitate this revised approach an amendment to the extant planning application is required which will mean a delay to the project. Additionally, the laying of tracks is a weather dependent implementation to avoid unnecessary complications further down the road. The weather must be dry to allow the surface granules to mould and seal together with the surface. The better the seal, the better the performance and durability. This usually means that spring/ autumn time is the best time to complete the works outside of the Athletics season (which had been extended in 2020 to try and get some activities in).

6.2.14 Replacement/refurbishment of Community Facilities (£0.288M) Slippage

A number of projects initially planned to progress in the second half of 2020/21 have been delayed due to Covid-19 restrictions and delays in confirmation of funds available and in receiving quotes and tenders from contractors. Improvements at Whitchurch Town Hall are now planned to start in April 2021 once the review of tenders is concluded in January. Quotes for works at the Ridgeway Centre and Christ Church, Chineham are also being obtained following challenges in contractor availability.

6.2.15 Down Grange BMX Track (£0.045M) Slippage

Some signage and urgent tree works will be taking place before the year end. However, further works will be subject to further consultation with users of the site and therefore any works are unlikely to take place this financial year.

6.2.16 Future Cemetery Provision (£0.427M) Slippage

Discussions are currently in progress regarding the future cemetery provision and as these have not yet been finalised it is proposed to slip the £0.427M into 2021/22 pending the outcome.

6.2.17 Leisure Management Aquadrome and Tadley Pool (£0.259M) Slippage

There is circa a 4 week delay in getting the works completed on site due to the impact of the Covid19 pandemic with the manufacturing process taking longer than anticipated when the contract was let.

6.2.18 Local Infrastructure Fund (£0.907M) Slippage

Expenditure is dependent on third party delivery which has been impacted by Covid19 and as such is largely beyond BDBC officer control. The proposed programme follows an officer review of scheme progress that identified fourteen schemes are running behind previous estimates and four are progressing ahead of the budget plan.

6.2.19 Local Infrastructure Fund (S106) £0.006M Advance Spend

Expenditure is dependent on third party delivery which has been impacted by Covid-19 and as such is generally beyond BDBC officer control. The proposed programme for traffic calming in Silchester is ahead of the original budget plan.

6.2.20 Open Space Improvements (S106) £0.036M Advance Spend

Works have progressed ahead of the budget profiling for this year.

6.2.21 Play Area Improvements £0.037M Advance Spend

Improvements to the play area in War Memorial park were budgeted for 2020/21 without taking the design fees element into consideration. £0.037M was approved under delegated powers to rephase this into 2020/21.

6.2.22 Top of Town Community Facilities £0.050M Advance Spend

Following a boiler breakdown at Carnival Hall, the programme of works has been accelerated to help maintain the fabric of the building by replacing the boiler and associated old and deteriorating pipework and upgrading the electrics. This will also ensure that the hall is ready for winter bookings.

6.2.23 War Memorial Skate Park Replacement (£0.180M) Slippage

This is due to both Skate Park and Pump Track companies being delayed on other jobs due to impacts of Covid-19 and the latest lockdown. With contractors aiming to be on site mid-February, this will mean an estimated completion date in April 2021.

7 **Capital Resources Available**

7.1 The Capital Programme Strategy (Appendix 4) and the council's Investment Strategies, set out a framework for capital investment and limits for delivery of this programme and indicators which can be used to monitor the level of risk being taken with capital and investment activities.

The resources which can be used to fund the capital programme are as follows:

- Council Resources - capital receipts from the sale of assets;
- Central Government Grants and from other bodies;
- Capital contributions from third parties;
- Direct Revenue Financing (from revenue reserves);
- Council Resources – internal borrowing; and
- External Borrowing.

7.2 The current level of available resources is shown in Table 5 below:

Table 5 - Available Resources

	Balance 31/03/20	Estimated Receipts/ Contributions 2020/21- 2024/25	Funding Current Cap Prog	Removal Scheme Savings	Estimated Balance 31/03/25
Resource	£M	£M	£M	£M	£M
Capital Receipts	58.163	18.750	(23.951)	0.206	53.168
Other Capital Grants and Contributions	1.266	11.991	(12.848)	0.000	0.409
S106 Developer Contributions	10.324	5.200	(6.958)	0.000	8.566
RRCP - General/AMP	6.310	11.784	(5.945)	0.000	12.149
RRCP - Green Initiatives	0.498	(0.433)	(0.065)	0.000	0.000
RRCP - Local Infrastructure Fund	3.167	0.066	(2.353)	0.000	0.880
RRCP - Basing View	0.118	0.000	0.000	0.000	0.118
Efficiency, Transformation and Digital Revenue Reserve	3.000	2.510	(5.710)	0.200	0.000
Climate Change Reserve	0.000	0.180	(0.180)	0.000	0.000
Internal Borrowing (Invest To Grow Fund)	8.900	0.000	(8.900)	0.000	0.000
External Borrowing (M3 LEP)	0.000	2.200	(2.200)	0.000	0.000
Total Available Resources	91.746	52.248	(69.110)	0.406	75.290

- 7.3 The gross new capital receipts, grants and contributions assumed in the financial forecasts total £35.941M during 2020/21 to 2024/25. The only significant planned asset sale relates to the sale of a site in Priestley Road and an anticipated receipt from the development partner for Manydown in respect of the acquisition of the land to support the project. Other receipts include loans repaid related to service based loans for new waste vehicles and loans in respect of the Manydown development; grants from the Local Enterprise Partnership (M3 LEP) in respect of Basing View development sites; government grants to fund disabled facilities grants and S106 developer contributions.
- 7.4 Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of council owned land and property. These receipts have always had a degree of uncertainty regarding their amount and timing. Looking forward, there are no new significant capital receipts from asset disposals due to be received by the council in the period to 2024/25.
- 7.5 The Annual Property Plan for 2021/22 builds on the work of previous years and the focus has moved from property acquisitions to more active asset management of the portfolio with particular regard to continuing to meet the challenges posed by Covid-19 on the property portfolio since March 2020 and ongoing.
- 7.6 JLL have been appointed as the Council's property advisers and they will provide further expertise and additional strategic resource in implementing the Annual Property Plan, with a full refresh of the Council's overarching Property Strategy.
- 7.7 Two of the key focus areas of the investment portfolio will be:
- Rebalancing the investment portfolio, disposals funding new acquisitions to manage risk and improve value and income; and
 - Enhanced asset management.
- 7.8 The review of existing operational land and buildings could identify one-off capital receipt opportunities and/or reduce revenue costs. The council will continue to review the existing capital programme to ensure that all expenditure is essential and is supported by robust business cases.
- 7.9 Councils can opt to use new capital receipts generated from the sale of property, plant and equipment to March 2022 to fund transformation costs that lead to future efficiency savings. Currently the council has no significant future capital receipts identified that would qualify under this initiative.
- 7.10 The Medium Term Financial Strategy includes a provision to make an annual ongoing revenue contribution to capital of £1.50M in 2021/22, £2.50M in 2022/23 and £4.00M in 2023/24 and 2024/25 (£12.00M over the MTFS period).

- 7.11 Other sources of new capital income include new capital receipts, Community Infrastructure Levy (CIL), Section 106 developers' contributions, external grants, use of New Homes Bonus Grant or use of other earmarked capital receipts. Subject to business cases, further use of invested capital receipts or borrowing may also be future options, but both would impact directly on the revenue budget as additional savings will be required to replace the lost investment income and the repayment of a principal sum in respect of borrowing.
- 7.12 One other source of funding available to the council is external borrowing. The council received £2.20M as a loan from the M3 LEP to finance part of the development at Basing View. The Council is able to borrow from the PWLB and other external bodies but it is important to note in this report that the rules for borrowing from the PWLB changed in November 2020 as the Government has implemented changes designed to prevent local authorities from borrowing to buy investment properties with the primary aim of generating yield.
- 7.13 In the event that the council determines that it would seek to borrow to finance its capital programme - and its overall programme includes the purchase or construction of assets for the purposes of generating yield - the impact of the revised PWLB rules means that funds would have to be sought from elsewhere, most likely at less preferential rates and/or a higher risk, or other sources of funds, such as capital receipts and revenue financing would be required to finance capital expenditure. It also means that the expected rate of return on any investment would need to be greater to compensate for any additional costs, including initial costs such as arrangement fees, but, principally, additional borrowing costs.
- 7.14 The Council introduced the Community Infrastructure Levy in July 2018. This is expected to be an important source of funding for future capital infrastructure with estimated annual income over the next 10 years averaging £2.00M to £3.00M per year. However, no significant income has been received at this early stage, as the levy is only payable on commencement of development and has only been applicable for applications determined after June 2018. When planning permission is granted an applicant can take three years before implementing, meaning there are delays in seeing the benefit of CIL. CIL is chargeable on development types, not all development is chargeable, and this is set out in Council's Planning Obligations for Infrastructure SPD 2018 <https://www.basingstoke.gov.uk/planning-obligations-spd>
- 7.15 As part of future budget strategy processes there will be an annual opportunity for the Council to consider, consult and agree how CIL funding is allocated to meet priority community infrastructure needs resulting from development e.g. expanded or new facilities for sport, education, transport or community facilities in line with the Regulation 123 list. This could be to address infrastructure needs due to the impact of neighbouring new development or to provide additional strategic infrastructure.

8 Overall Updated Capital Programme and Funding

8.1 Details of the updated capital programme by Priority and the use of resources to finance the capital programme for 2020/21 to 2024/25 is shown in Tables 6 to 7 below and Appendix 1.

Table 6 – Updated Capital Programme By Council Plan Priority

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Priority Area	£M	£M	£M	£M	£M	£M
Fit For The Future	3.863	5.664	2.572	1.812	1.882	15.793
Improving Safety	1.000	1.638	1.563	1.565	1.460	7.226
Planning For The Future	28.740	17.639	2.125	0.914	0.991	50.409
Protecting And Enhancing Our Environment	0.248	0.256	0.138	0.138	0.152	0.932
Strengthening Communities	3.101	6.249	3.764	1.021	1.142	15.278
Proposed Capital Programme	36.952	31.446	10.163	5.450	5.627	89.638

Table 7 - Use of Capital Resources

	2020/21	2021/22	2022/23	2023/24	2024/25	Total	
	£M	£M	£M	£M	£M	£M	%
Capital Receipts	16.827	17.321	3.640	2.715	3.407	43.910	48.99%
Capital Grants and Contributions	4.596	3.009	1.664	1.542	2.037	12.848	14.33%
S106 Developer Contributions	1.440	3.160	2.463	0.540	0.124	7.727	8.62%
RRCP - General/AMP	0.261	4.200	0.884	0.593	0.007	5.945	6.63%
RRCP - Green Initiatives	0.013	0.052	0.000	0.000	0.000	0.065	0.07%
RRCP - Local Infrastructure Fund Reserve	0.971	1.153	0.229	0.000	0.000	2.353	2.63%
Efficiency, Transformation and Digital Revenue Reserve	1.744	2.543	1.223	0.000	0.000	5.510	6.15%
Climate Change Reserve	0.000	0.008	0.060	0.060	0.052	0.180	0.20%
Internal Borrowing (Invest To Grow Fund)	8.900	0.000	0.000	0.000	0.000	8.900	9.93%
External Borrowing (M3 LEP for Eli Lilly building)	2.200	0.000	0.000	0.000	0.000	2.200	2.45%
Total Use of Resources	36.952	31.446	10.163	5.450	5.627	89.638	100.00%

8.2 The capital programme is largely resourced from within the council's own funds, capital receipts and external grants and contributions received as follows: financed from revenue reserves (15.68%), capital receipts (48.99%), along with Section 106 developer contributions and other capital grants and contributions (22.95%), internal borrowing (9.93%) and external borrowing (2.45%).

- 8.3 After financing the proposed capital programme to 2024/25 and making revenue contributions to capital allowed for in the Medium Term Financial Strategy, it is estimated that the resources available to fund the future essential rolling capital programme and asset management plan works and Local Infrastructure Fund schemes will include:
- £13.147M of unallocated Revenue Reserves for Capital Purposes
 - £33.003M unallocated Capital Receipts

9 Capital Programme Strategy and Capital Programme Board

- 9.1 In accordance with the Prudential Code for Capital Finance in Local Authorities, the council produces a Capital Programme Strategy to ensure that all of the priorities within the Council Plan are accounted for in the prioritisation and allocation of resources to the capital programme.
- 9.2 It is a requirement that the strategy is reviewed and approved annually by Council. The updated Capital Programme Strategy is attached as Appendix 4 for approval.
- 9.3 In order to oversee and co-ordinate the preparation, review and implementation of this strategy, a Capital Programme Board (CPB) was established in 2020. The CPB oversees and endorses the Capital Programme Strategy, receives new bids for prioritisation and formats a multi-year capital programme taking into account projected available resources for submission to Cabinet and Council. The CPB also oversees and monitors in-year requests for changes and scheme progress as well as receiving capital monitoring reports.
- 9.4 Through doing so, and taking a long term view, the objective is that the CPB ensures that both individual projects and the programme as a whole is affordable and fits with the council's vision, priorities and outcomes as laid out in the Council Plan and other inter linked plans and strategies.

Corporate Implications

10 Legal Implications

- 10.1 There are no legal implications other than the requirement to update the capital programme and approve strategies prior to the start of each financial year.

11 Financial Implications

- 11.1 This report principally deals with capital programme expenditure and the implications are set out in the main body of the report. The revenue implications arising from borrowing to support the capital programme are considered as part of the revenue budget and MTFS and Budget Update Report. In addition, any revenue consequences arising from new capital schemes are considered as part of the approval process for each individual scheme and where appropriate, will be included in the revenue budget.

12 Risk Management

- 12.1 The risks associated with the activities relating to this report are assessed throughout the report and appendices to this report.

13 Climate Change Implications

- 13.1 This proposal should have a positive carbon impact.
- 13.2 A proportion of the capital funding is for proposed improvement works, usually resulting in improved energy efficiency and a reduced carbon footprint, for example, lower heating or lighting requirements.
- 13.3 However, it is vital that individual schemes also consider how to maximise the funding available to achieve carbon reduction, where possible. This is particularly the case with any new projects receiving funding. Mitigating and adapting to climate change is being increasingly embedded within Council decision-making but we will continue to work to ensure spending decisions take account of the carbon impact.

14 Equalities Implications

- 14.1 An equality impact assessment has been undertaken to consider the impact of the proposals for new capital funding requests on the protected characteristics groups and the implications for the Public Sector Equality Duty (Equality Act 2010).
- 14.2 This assessment concluded that the proposed new capital schemes and extensions of existing capital rolling programme schemes will be positive for a range of communities and groups. For example, maintaining and improving community and sports facilities will support people's health and wellbeing and work to improve the environment (e.g. Council vehicles) and green spaces will be positive for all local communities. The proposed work to enhance play park provision will also benefit children, young people and their families. If approved, the changes being proposed should be monitored and communicated through a range of channels.

15 Consultation and Communication

- 15.1 There is no formal consultation required however Senior Leadership Team, Heads of Services and Project Managers have been consulted in preparing the reasons for variations contained in this report.
- 15.2 Once the capital programme has been approved by councillors, communication will take place using channels such as press releases, social media, the Council's website and engagement with stakeholders, including parish councils and partner organisations.

16 HR Implications

- 16.1 There are no HR implications.

17 Alternative options considered

- 17.1 The update of the capital programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of the budget setting process in the light of the funding available and the overall financial position.

Date: 9 February 2021
Decision taken by: Cabinet

Lead officer	Executive Director of Corporate Services (S151 Officer) – Sue Cuerden
Report author	Sue Cuerden – Executive Director of Corporate Services (S151 Officer) Tel No: 01256 845513 Email: sue.cuerden@basingstoke.gov.uk Head of Financial Services and Commercialisation – Suzanne Jones 01256 845730 Email: suzanne.jones@basingstoke.gov.uk Sarah Finch – Accountancy Services Manager Tel No: 01256 845330 Email: sarah.finch@basingstoke.gov.uk
Version	Cabinet
Dated	January 2021
Status	Open
Confidentiality	It is considered that information contained within this report (and appendices) do not contain exempt information under the meaning of Schedule 12A of the Local Government Act 1972, as amended, and therefore can be made public.

Appendix 1

Updated Capital Programme 2020/21 to 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£M	£M	£M	£M	£M	£M
Fit For The Future						
AMP Works (various sites)	0.261	1.883	0.949	1.093	0.600	4.786
Digital Programme	1.288	0.999	1.223	0.000	0.000	3.510
Down Grange Depot Enhancements	0.277	0.000	0.000	0.000	0.000	0.277
ICT Replacement Programme	0.808	0.331	0.157	0.313	0.582	2.191
Replacement of Council Owned Vehicles	0.560	0.306	0.243	0.360	0.700	2.169
Replacement of Vehicles (Hart shared service)	0.076	0.601	0.000	0.046	0.000	0.723
Smarter Ways of Working	0.477	1.544	0.000	0.000	0.000	2.021
Wade Road Mess Facilities	0.050	0.000	0.000	0.000	0.000	0.050
Wade Road Wash Down Facility	0.066	0.000	0.000	0.000	0.000	0.066
Fit For The Future Total	3.863	5.664	2.572	1.812	1.882	15.793
Improving Safety						
CSPO vehicles	0.000	0.052	0.000	0.000	0.000	0.052
Home Improvement Financial Assistance	1.000	1.586	1.563	1.565	1.460	7.174
Improving Safety Total	1.000	1.638	1.563	1.565	1.460	7.226
Planning For The Future						
2 & 3 Viables Cottages	0.000	0.090	0.000	0.000	0.000	0.090
Basing View - Plot J - Norden House	0.172	0.145	0.000	0.000	0.000	0.317
Basing View 5G Living Lab	2.884	0.961	0.000	0.000	0.000	3.845
Basing View Hotel (Plot W)	0.078	0.309	0.000	0.000	0.000	0.387
Basing View Plot K - K1	14.404	0.000	0.000	0.000	0.000	14.404
Communication Improvement and Technology Infrastructure	0.050	0.048	0.000	0.000	0.000	0.098
Homelessness Initiatives and Affordable Housing Delivery	0.000	0.075	0.000	0.000	0.000	0.075
Low Cost Home Ownership Scheme	0.000	0.580	0.000	0.000	0.000	0.580
Manydown Development	1.565	1.808	1.475	0.371	0.391	5.609
Manydown Land and Infrastructure funding	0.000	12.500	0.000	0.000	0.000	12.500
Park Heights, Wella Road	0.196	0.000	0.000	0.000	0.000	0.196
Parking And Access Schemes	0.244	0.537	0.500	0.500	0.500	2.281
Property Investments Strategy	8.900	0.000	0.000	0.000	0.000	8.900
Re-Letting Works	0.100	0.100	0.100	0.043	0.100	0.443
The Beresford Centre - First floor office suite refurbishment	0.000	0.005	0.050	0.000	0.000	0.055
Town Centre Car Park Improvements	0.147	0.474	0.000	0.000	0.000	0.621
Town Centre Improvements	0.000	0.007	0.000	0.000	0.000	0.007
Planning For The Future Total	28.740	17.639	2.125	0.914	0.991	50.409
Protecting and Enhancing Our Environment						
CCTV cameras for fly-tipping surveillance	0.000	0.013	0.000	0.000	0.000	0.013
Eastlands Car Park Lighting Scheme	0.100	0.000	0.000	0.000	0.000	0.100
Environmental Renewal Schemes	0.110	0.108	0.078	0.078	0.100	0.474
Green Initiatives	0.038	0.135	0.060	0.060	0.052	0.345
Protecting and Enhancing Our Environment Total	0.248	0.256	0.138	0.138	0.152	0.932

Appendix 1 (continued)

Updated Capital Programme 2020/21 to 2024/25

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£M	£M	£M	£M	£M	£M
Strengthening Communities						
Allotment Improvements	0.047	0.110	0.000	0.075	0.075	0.307
Athletics Track and Field Surface Refurbishment at Down Grange	0.000	0.350	0.000	0.000	0.000	0.350
Developers Contributions for Replacement/Refurbishment of Community Facilities	0.160	0.638	0.279	0.000	0.000	1.077
Down Grange - Artificial grass surface replacement	0.000	0.000	0.350	0.000	0.000	0.350
Down Grange BMX Track	0.005	0.045	0.025	0.000	0.000	0.075
Down Grange Sports Complex	0.095	0.000	0.000	0.000	0.000	0.095
Eastrop Park Loddon Bridge Replacement	0.000	0.065	0.000	0.000	0.000	0.065
Future Cemetery Provision	0.000	0.427	0.000	0.000	0.000	0.427
Infrastructure / Asset Renewals	0.097	0.100	0.100	0.100	0.100	0.497
Kempshott Public Conveniences	0.020	0.000	0.000	0.000	0.000	0.020
Leisure Management Aquadrome and Tadley Pool	0.182	1.156	0.000	0.000	0.000	1.338
Leisure Recreation Needs Assessment - Improvements to pavilion and sports facilities at Stratton Park	0.000	0.000	0.250	0.000	0.000	0.250
Local Infrastructure Fund	0.971	1.153	0.229	0.000	0.000	2.353
Local Infrastructure Fund (S106)	0.024	0.000	0.000	0.000	0.000	0.024
Norden Community Project	0.040	0.220	0.200	0.000	0.000	0.460
Open Space Improvements (S106)	0.200	0.719	0.734	0.284	0.124	2.061
Play Area Improvements	0.599	0.571	0.823	0.320	0.243	2.556
Play Council Site	0.000	0.026	0.000	0.000	0.000	0.026
Sport & Rec Improvements (S106)	0.371	0.254	0.559	0.242	0.000	1.426
Street Lighting	0.100	0.000	0.000	0.000	0.000	0.100
Tadley Pool Fitness Suite	0.000	0.037	0.000	0.000	0.000	0.037
Tadley Public Conveniences	0.016	0.000	0.000	0.000	0.000	0.016
Tennis Clubhouse - War Memorial Ground	0.000	0.000	0.000	0.000	0.600	0.600
Top of Town Community Facilities	0.075	0.171	0.176	0.000	0.000	0.422
Town Centre Litter Bins	0.000	0.010	0.040	0.000	0.000	0.050
War Memorial Park Skate Park Replacement	0.100	0.179	0.000	0.000	0.000	0.279
Waste Contract Vehicle Financing	0.000	0.019	0.000	0.000	0.000	0.019
Strengthening Communities Total	3.101	6.249	3.764	1.021	1.142	15.278
Grand Total	36.952	31.446	10.163	5.450	5.627	89.638

Appendix 2

Additions and Savings To Current Approved Capital Programme

	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	Total £M
Additional New One-Off Schemes						
Improving Safety						
CSPO vehicles	0.000	0.017	0.000	0.000	0.000	0.017
Planning for the Future						
Manydown Development	0.000	1.129	0.912	0.000	0.000	2.041
Manydown Land and Infrastructure Funding*	0.000	12.500	0.000	0.000	0.000	12.500
The Beresford Centre - First floor office suite refurbishment	0.000	0.005	0.050	0.000	0.000	0.055
Protecting and Enhancing Our Environment						
CCTV cameras for fly-tipping surveillance	0.000	0.013	0.000	0.000	0.000	0.013
Strengthening Communities						
Down Grange - Artificial grass surface replacement	0.000	0.000	0.350	0.000	0.000	0.350
Leisure Recreation Needs Assessment - Improvements to pavilion and sports facilities at Stratton Park	0.000	0.000	0.250	0.000	0.000	0.250
Tennis Clubhouse - War Memorial Ground*	0.000	0.000	0.000	0.000	0.600	0.600
Total Additional New One-Off Schemes	0.000	13.664	1.562	0.000	0.600	15.826
Additions to the Rolling Programme						
Fit for the Future						
AMP Works (various sites)	0.000	0.000	0.000	0.000	0.600	0.600
ICT Replacement Programme	0.000	0.000	0.000	0.000	0.446	0.446
Replacement of Council Owned Vehicles	0.000	0.000	0.000	0.000	0.700	0.700
Improving Safety						
Home Improvement Financial Assistance*	0.000	0.000	0.000	0.000	1.400	1.400
Planning for the Future						
Parking and Access Schemes	0.000	0.000	0.000	0.000	0.500	0.500
Re-letting works	0.000	0.000	0.000	0.000	0.100	0.100
Protecting and Enhancing Our Environment						
Environmental Renewal Schemes	0.000	0.000	0.000	0.000	0.100	0.100
Strengthening Communities						
Allotment Improvements	0.000	0.000	0.000	0.075	0.075	0.150
Infrastructure / Asset Renewals	0.000	0.000	0.000	0.000	0.100	0.100
Play Area Improvements	0.000	0.000	0.000	0.000	0.243	0.243
Total Additions to the Rolling Programme	0.000	0.000	0.000	0.075	4.264	4.339
Additions to Section 106 Schemes						
Planning for the Future						
2 & 3 Viables Cottages	0.000	0.090	0.000	0.000	0.000	0.090
Homelessness Initiatives and Affordable Housing Delivery	0.000	0.075	0.000	0.000	0.000	0.075
Strengthening Communities						
Open Space Improvements	0.000	0.019	0.140	0.077	0.125	0.361
Play Area Improvements	0.000	0.015	0.000	0.014	0.000	0.029
Tadley Pool Fitness Suite	0.000	0.037	0.000	0.000	0.000	0.037
Developers Contributions for Replacement/Refurbishment of Community Facilities	0.000	0.177	0.000	0.000	0.000	0.177
Total Additions to Section 106 Schemes	0.000	0.413	0.140	0.091	0.125	0.769
Additions Externally Funded*						
From New Capital Receipts, Grants and Contributions						
Improving Safety						
Home Improvement Financial Assistance	0.000	0.000	0.000	0.000	1.330	1.330
Strengthening Communities						
Tennis Clubhouse - War Memorial Ground	0.000	0.000	0.000	0.000	0.600	0.600
Planning For The Future						
Manydown Land and Infrastructure funding	0.000	12.500	0.000	0.000	0.000	12.500
Total Externally Funded Changes	0.000	12.500	0.000	0.000	1.930	14.430

Appendix 2

Additions and Savings To Current Approved Capital Programme

	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	Total £M
Scheme Savings						
Fit for the Future						
Digital Programme	0.000	(0.200)	0.000	0.000	0.000	(0.200)
Planning For The Future						
Chineham House	(0.035)	0.000	0.000	0.000	0.000	(0.035)
Manydown Development	(0.166)	0.000	0.000	0.000	0.000	(0.166)
Protecting and Enhancing Our Environment						
Eastlands Car Park Lighting Scheme	(0.005)	0.000	0.000	0.000	0.000	(0.005)
Total Scheme Savings	(0.206)	(0.200)	0.000	0.000	0.000	(0.406)

Appendix 3

Current Capital Programme Rephasing and Slippage

Rephasing and Slippage

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£M	£M	£M	£M	£M	£M
Fit For The Future						
AMP Works (various sites)	(1.132)	0.760	(0.594)	0.966	0.000	0.000
Digital Programme	(0.362)	0.139	0.223	0.000	0.000	0.000
ICT Replacement Programme	(0.031)	(0.049)	(0.098)	0.042	0.136	0.000
Replacement of Council Owned Vehicles	(0.079)	0.079	0.000	0.000	0.000	0.000
Replacement of Vehicles (Hart shared service)	(0.571)	0.571	0.000	0.000	0.000	0.000
Smarter Ways of Working	(1.045)	1.045	0.000	0.000	0.000	0.000
Fit For The Future Total	(3.220)	2.545	(0.469)	1.008	0.136	0.000
Improving Safety						
Home Improvement Financial Assistance	(0.587)	0.185	0.170	0.172	0.060	0.000
Improving Safety Total	(0.587)	0.185	0.170	0.172	0.060	0.000
Planning For The Future						
Basing View - Plot J - Norden House	(0.090)	0.090	0.000	0.000	0.000	0.000
Basing View Hotel (Plot W)	0.048	(0.048)	0.000	0.000	0.000	0.000
Low Cost Home Ownership Scheme	(0.435)	0.435	0.000	0.000	0.000	0.000
Manydown Development	(0.394)	(0.236)	(0.057)	0.297	0.390	0.000
Town Centre Car Park Improvements	(0.474)	0.474	0.000	0.000	0.000	0.000
Planning For The Future Total	(1.345)	0.715	(0.057)	0.297	0.390	0.000
Protecting and Enhancing Our Environment						
Green Initiatives	(0.051)	(0.009)	(0.052)	0.060	0.052	0.000
Protecting and Enhancing Our Environment Total	(0.051)	(0.009)	(0.052)	0.060	0.052	0.000
Strengthening Communities						
Athletics Track and Field Surface Refurbishment at Down Grange	(0.350)	0.350	0.000	0.000	0.000	0.000
Developers Contributions for Replacement/Refurbishment of Community Facilities	(0.288)	0.288	0.000	0.000	0.000	0.000
Down Grange BMX Track	(0.045)	0.045	0.000	0.000	0.000	0.000
Future Cemetery Provision	(0.427)	0.427	0.000	0.000	0.000	0.000
Leisure Management Aquadrome and Tadley Pool	(0.259)	0.671	(0.412)	0.000	0.000	0.000
Local Infrastructure Fund	(0.907)	0.678	0.229	0.000	0.000	0.000
Local Infrastructure Fund (S106)	0.006	(0.006)	0.000	0.000	0.000	0.000
Open Space Improvements (S106)	0.036	(0.243)	0.000	0.207	0.000	0.000
Play Area Improvements	0.037	(0.037)	0.000	0.000	0.000	0.000
Top of Town Community Facilities	0.050	(0.050)	0.000	0.000	0.000	0.000
War Memorial Park Skate Park Replacement	(0.180)	0.180	0.000	0.000	0.000	0.000
Strengthening Communities Total	(2.327)	2.303	(0.183)	0.207	0.000	0.000
Total Rephasing and Slippage	(7.530)	5.739	(0.591)	1.744	0.638	0.000

***Basingstoke and Deane
Borough Council***

Capital Programme Strategy

February 2021

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1 Introduction to the Capital Programme Strategy

The purpose of this strategy is to provide an important link between the ambitions set out in the council's longer term vision and Council Plan and the important investment in infrastructure that will help turn that vision into a reality.

The strategy looks at how the council will finance, allocate and manage capital investment into services that are vital to supporting the development of a successful and vibrant place.

The economic climate is challenging. However, the council is committed to investing now for the longer term. Financing that commitment is made possible by the council's unique finances and the council's track record of strong financial resilience and management.

Through this strategy the council will aim to make every capital investment count by co-ordinating and prioritising all available funding to achieve the council's goals.

This strategy sets out the measures to ensure the best results. These include:

- A balanced programme of capital investment. It is recognised that smaller scale projects can have a significant impact on the quality of life and quality of services in the borough, so the programme is designed and managed to achieve a balanced portfolio of capital investment that covers on-going rolling programmes as well as large scale strategic projects that deliver the council's priorities; and
- Long-term capital investment and planning. The council has for a number of years had a five-year rolling programme that provides greater certainty for financial and resource planning. This is particularly critical for the largest projects with long lead-in and delivery periods. For the largest projects longer-term forecasts up to 20 years have been developed to assist with the planning of financing and resources. There will be a constant flow of projects being completed as well as new projects entering into the programme, all designed to achieve the council's priorities and goals.

2 Aims of the Strategy

The overarching aim of the Capital Programme Strategy is to provide a framework within which the council's capital investment plans will be prioritised and delivered. These plans are driven by the Council Plan and the borough's Horizon 2050 Vision which was adopted by the Council and partners in March 2019, including the Climate Change agenda.

Achieving the council's vision within this context requires significant up-front capital investment and co-ordination. That investment has to be well planned, co-ordinated and focused on the most important priorities.

With this capital investment strategy, the council is taking a strategic approach to securing and directing additional capital investment in the council's assets to turn the council's vision into a reality.

The climate emergency, maintaining and enhancing the borough's natural environment, and sustainability are key issues in the borough's Horizon 2050 Vision. It consists of eight themes developed through extensive consultation and engagement with residents, partners and stakeholders. The themes are:

- Homes and housing;
- Healthy, safe and inclusive communities;
- Natural environment;
- Sustainability;
- Transport;
- Education;
- Economy and entrepreneurship; and
- A borough with heritage and distinction.

Whilst the vision provides a road map to inform policy making, to plan for the future development of the borough and to make Basingstoke and Deane a great place to live, the Council Plan lays the foundation for delivery of the vision.

The council's capital investment programme will focus on the four main Council Plan themes of:

- Strengthening communities;
- Protecting and enhancing our environment;
- Improving safety; and
- Planning for the future.

The capital programme will also include projects to deliver additional income, improved asset management and efficiency savings in accordance with the multi strand approach set out in the council's Medium-Term Financial Strategy.

3 Aligning the Capital Programme Strategy with Council Priorities and the role of the Capital Programme Board

Alongside the approval of the capital programme by Council in February 2020, Council approved the establishment of a Capital Programme Board (CPB). The CPB oversees and co-ordinates the preparation, review and implementation of the Council's Capital Programme Strategy which is approved by Council and reviewed annually.

The CPB receives new bids for prioritisation and proposes a multi-year capital programme, taking into account projected available resources, for submission to

Cabinet and Council. The CPB also oversees and monitors in-year requests for changes to the approved capital programme and scheme progress. The CPB also receives quarterly capital monitoring reports.

By delivering its responsibilities, and taking a long-term view, the CPB has been established to ensure that both individual projects and the programme as a whole is affordable and fits with the council's vision, priorities and outcomes as laid out in the Council Plan and other interlinked plans and strategies.

When considering initial proposals for new schemes, the CPB will ensure that only after a positive contribution to one or more of the objectives has been demonstrated, will a project be recommended for resource allocation by Council.

The terms of reference for the CPB are noted in Annex 1.

The following principles will enable the council to make sound capital investment decisions based on scrutiny and the evaluation of projects and programmes:

- All capital programmes and projects will be subject to comprehensive but proportional appraisal in line with the Government 5 Case Business Model and related HM Treasury Green Book guidance. In accordance with this, a capital project sponsor must be able to demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing. Capital investment proposals which will result in a revenue cost saving or efficiency are encouraged;
- The appraisal process will be universally applied, rigorous, transparent and focus on a clear decision;
- All projects will be appraised and approved before any expenditure is committed (other than preliminary expenditure necessary for preparation of a business case);
- Scrutiny at every gateway stage will include consideration of necessity, value for money, viability, affordability and achievability; and
- All major projects will be subjected to a post project review that focuses on the benefits achieved, all obligations being met and lessons that can be learned.

Annex 2 further details the scheme approval reports process.

Achieving high quality results from capital investment is the most important aspect of the Capital Programme Strategy. The increased scale of capital investment over the coming years requires a shift in the quality of project management, planning and delivery. In recognition of this the corporate Project Management Office (PMO) has been established. The Vision of the PMO is:

- Align programmes and projects with strategic direction;

- Create best practice for consistent programme and project management throughout the organisation;
- Effectively prioritise and manage programmes and projects to a successful completion;
- Collaborative provision of resource, capability and resilience through centralisation; and
- Enhance reporting capability through modernisation of processes.

4 Governance Arrangements and Monitoring

Governance should not be unnecessarily bureaucratic, but must put the right controls in place to manage a multi-million pound programme of projects. An effective and proportionate governance structure will enable the council to make timely and responsive decisions based on sound business cases. It will follow principles of risk management, escalation of issues and regular reporting.

The council's governance arrangements are set out in the Constitution, Contract Standing Orders and Financial Regulations and Financial Procedures. These set out roles and responsibilities and the decision making process.

Financial monitoring of the capital programme – this will be undertaken monthly with quarterly reporting to the Strategic Leadership Team, Performance Panel and Cabinet. The Audit and Accounts Committee reviews the Annual Statement of Accounts of the Authority.

Monitoring delivery at key stages – this will be undertaken by the CPB and cover tracking and reporting progress towards delivery of outcomes as well as the realisation of the benefits and lessons to be learned, during and after completion of the projects. This process will be part of an emphasis on continuous improvement and embedded into a gateway approval system.

5 Financial Policies

The Council's financial policies are set out in the Medium Term Financial Strategy. Those which relate to the capital programme are as follows:

5.1 New Homes Bonus (NHB)

New Homes Bonus

- The first £0.25M of new homes bonus in each year will be used to support the revenue budget.
- New homes bonus income received in excess of £0.25M will be allocated as follows:
 - 20% of the new homes bonus will be allocated to support the general fund revenue position;
 - 55% of the new homes bonus will be allocated to the Manydown Reserve to provide funding for the development of Manydown; and
 - 25% of the new homes bonus will be allocated to the MTFS Risk Reserve.

- The first £0.25M of any allocation to the Manydown Reserve will be reallocated to the Efficiency, Transformation and Digital Reserve.
- For 2021/22 only, a further allocation will be used to support the general fund revenue position and to provide an additional allocation to the MTFS risk reserve to meet unknown direct and indirect consequences of Covid-19.

5.2 Community Infrastructure Levy (CIL)

CIL income can be spent on “the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area”.

In aligning CIL spending with Council Plan priorities, project approval will be based on the following eligibility criteria and sufficient CIL funding being in place:

- Included in the Infrastructure Development Plan and covered by the scope of the Regulation 123 list;
- Have a local or wider community benefit, particularly those areas which may be impacted by nearby developments;
- Linked to the delivery of homes or jobs in the borough and with clear delivery plans; and
- Able to either lever in funds that would not otherwise be available or provide funding for those that would not otherwise be delivered.

The agreed policy for the allocation of CIL is as follows:

- 25% to parishes with a neighbourhood plan;
- 15% to areas with no plan including town areas (capped at £100.00 per Council Tax dwelling);
- Town area allocation to be considered alongside with LIF to maximise benefits of funding;
- 5% allocation to cover administration costs; and
- 70% to 80% for strategic schemes identified on Regulation 123 list to support development.

Further information can be obtained from the original reports linked below:

<https://democracy.basingstoke.gov.uk/ieListDocuments.aspx?CId=131&MIId=1017>

5.3 Property Investment Strategy

Applies to capital expenditure only within budget allocation agreed by Council.

Property Investment Strategy:

- All investments will need to demonstrate a positive risk based financial return in excess of the medium term cash investment return as currently invested capital receipts (the interest on which is supporting the base budget) will be used to fund the schemes approved under the strategy;

- All investments will require a robust business case to ensure that the investment is affordable, sustainable and provides value for money; and
- The investment must meet other agreed criteria set out in the Property Investment Strategy.

6 Wider Contextual Drivers

In respect of capital investment there are a number of global, national and local contextual drivers, which, together with the council's vision set the scene for this strategy. These drivers are:

6.1 Regeneration

There is a need to transform and improve some of the borough's infrastructure and built environment. The council wants its neighbourhoods to be places to be proud of and the town centre needs to be an attractive place to do business. Investing in infrastructure will transform the borough and boost economic productivity and competitiveness. Work on developing a regeneration strategy is in progress.

6.2 Affordable Housing

The council's Housing and Homelessness Strategy identifies requirements for affordable housing delivery up to 2024. This is supported by the council's equity loan scheme to enable people to purchase existing properties on the open market and for new properties the Help to Buy South Scheme is operated by Radian Housing.

6.3 Local Plan

The plan covers all types of development, from housing to employment, schools, roads, parks, shops and community facilities. The current adopted Local Plan covers the period 2011 to 2029 but is now being reviewed in line with national planning requirements. The updated plan will cover the period up to at least 2038 and the published timetable outlines an adoption date for the new plan of 2023. As the council's primary planning document, the Local Plan will build upon other council strategies to direct growth and change to appropriate locations and therefore achieve sustainable development to create places people want to live, work and locate their businesses. Tackling climate change will be a central focus for the new Plan.

6.4 Manydown

Development of land at Manydown is a key strategic scheme for the council in delivering the Local Plan and communities for the future. Manydown provides the opportunity to attract external funding into the borough for delivery of improved infrastructure, make ecology improvements and use land not for development as local carbon off-setting.

6.5 Climate Emergency

The council has committed to its activities being carbon neutral by 2025 and the entire borough being carbon neutral by 2030. Mitigating and adapting to climate change is now embedded within the council's decision making and it is important that capital investments make a positive contribution to the delivery of the Climate Emergency Plan.

A Climate Change and Air Quality Strategy is to be considered by Council in March 2021 and sets out a framework to take action to tackle climate change and air quality issues to meet the ambitious targets set out in the climate emergency declaration. All capital schemes will consider how to maximise the funding available to achieve carbon reduction where possible.

Capital investment plans will be important in delivering this through a range of initiatives including reducing vehicle emissions when purchasing replacement council owned vehicles, use of electric vehicles and installing electric charging points in the borough, making buildings more energy efficient and providing grants for green initiatives. The council will also be actively looking at opportunities to invest capital in revenue generating green energy schemes or similar and also the opportunities to draw in external grant funding. Particular opportunities may exist with large warehouse roofs where the generated electricity can supply the occupants rather than going into the grid.

6.6 Green Infrastructure

The Green Infrastructure Strategy 2018 to 2029 covers landscape, heritage, sense of place, biodiversity, water resources, trees and woodland, parks and open spaces, health and wellbeing and access and recreation, delivering on Local Plan policies and incorporating governing legislation, standards and land management requirements. This is supported by the Living Landscapes Natural Environment Strategy and is aligned to the Local Plan to 2029.

6.7 Public Spending Pressures

Locally the council aims to ensure that the maximum benefit is obtained from capital investment in terms of achieving Council Plan priorities. Capital investment also provides the opportunity to generate additional income and to make savings through invest to save schemes.

6.8 Technology

This continues to rapidly evolve, profoundly affecting many parts of our lives - technology is changing the way people communicate and the way customers can access information and the council's services. Technology also enables the council to provide some services more efficiently and effectively.

A fundamental review has been undertaken of the council's use of technology, with the objective of positioning this not merely as an essential tool for the delivery

of services, but rather an intrinsic part of the council's future smarter ways of working.

The council aims for its customers to have an increased and better ability to self-serve, online, at a time that suits them, while ensuring that the requisite support is available for customers who do not have the skills or means to interact with us digitally. This has been accelerated by the Covid-19 pandemic with sharp increase in digital interactions which will need to be retained in the ongoing technology project in the programme.

The council's Digital Programme will enable the council to operate a leaner structure, whilst also delivering savings in third party spend (with contractors and suppliers) and assets (such as property and office accommodation). These will be through enabled reductions in facility requirements, customer contact structures, consolidation of back office and corporate service functions and retirement of old IT legacy.

6.9 Customer Demand and Demographic Pressures

Demographic changes are driving up the overall demand for services and customers' expectations are high including expectations of services and the quality of the place in which they work and do business.

The impact of the Covid-19 pandemic has been to change the nature of the demand for services and the way in which these are accessed by customers. This may have a permanent change that will need to be taken into account in determining and delivering the capital programme.

6.10 Economic Development

The Economic Growth Strategy 2018 to 2033 and Economic Masterplan - linked to the Enterprise M3 Strategic Plan, these strategies deliver on local priorities - 'Growing our talent, supporting our entrepreneurs and supporting our sectors'. Skills, broadband and 5G and an "inclusive growth" approach are key issues. The Transport Strategy developed during 2018/2019 is focussed on six themes including access to and within Basingstoke town centre (and the emerging Town Centre Strategy), creating new developments that are integrated within the existing transport network, improving public transport, developing better walking and cycling corridors, managing journey times and reliability, maintaining strong transport connections and forward planning to meet future needs.

The council is working with key partners including the M3 LEP, HCC, business organisations, private sector partners, local schools and colleges, government departments and training providers to generate economic growth in the borough.

The council's Economic Recovery Framework adopted in October 2020 also recognises the need to support the economy in the shorter term to recover from the recession arising from the Covid-19 pandemic and this will influence the ongoing development of the capital programme to ensure that investment and external funding is used to the best advantage.

The current focus is on supporting the attraction and retention of businesses, providing property solutions for business, sector development and facilitating businesses' support services to maximise the potential of the borough through the enhanced cultural, retail and hospitality offer, improving productivity, and ensuring that all residents can benefit from, and contribute to growth. The Economic Development team has an active programme for working with developers and occupiers to ensure that residents of the city are given the opportunity to gain employment created by major development schemes. It also levers significant external funding for labour market interventions.

6.11 Commercialisation

Local authorities face a difficult financial climate with ever decreasing funding from Central Government. This has necessitated councils looking at innovative ways to generate regular revenue streams so they can reduce reliance on Central Government funding.

To enable the council to continue to deliver the same very high level of resident satisfaction the council will focus on opportunities that may exist to become more commercial in their approach.

This will include defining what being commercial means for the council along with a full update of the Commercialisation Strategy working with managers to deliver cost effective services across the organisation.

Training and support will be provided to officers to ensure that they are more commercially aware and that this approach is extended into our contract management to building strong and resilient relationships with our suppliers and clients.

Through a commercialisation academy, opportunities to develop new income streams will be identified which support the Medium Term Financial Strategy, whilst continuing to drive efficiency in existing services.

The current key area of focus is to deliver a commercial vision and maximising income from existing and potential advertising revenue streams. The income created from this activity should not only contribute to the MTFS but also finance the necessary structure required to deliver the outcomes of this work in the longer term.

Alongside this consideration is being given to further development of options for 'trading services' with other local authority partners.

6.12 Property Investment Strategy

Many Local Authorities have made the decision to expand their investment property portfolios, which provides an important and substantial revenue income stream, in order to generate a higher level of income by acquiring additional

properties.

The council's Property Investment Strategy was approved by Council in February 2017. This has now successfully committed the investment of over £32.49M which will deliver additional income of £2.31M per annum. In addition to new investment the strategy covers a review of existing property investments and the development of a revolving fund approach to new investment which will be considered by the Capital Programme Board.

The Annual Property Plan underpins the Property Investment Strategy. Preparation of the Annual Property Plan is intended to directly support the council's Medium Term Financial Strategy. With total new investments of £32.49M, the priority is now to consider the wider property strategy under which the investment strategy will sit, in order to bring specific focus on key outputs from operational property, community assets and investment with proposed amendments to be brought forward for formal consideration under a new Property Strategy during 2021/22.

As part of the review of the Medium Term Financial Strategy it is proposed that no further investment is made in property from additional treasury management funds. However, investment will occur through the asset management of the portfolio, disposing of assets that no longer meet the council's requirements and using funds generated from disposals to reinvest in new strategic investment assets.

Further diversified investment in property has also been achieved through investment in the CCLA Property Fund and forms part of the Treasury Management Strategy.

Note: In November 2020, HM Treasury issued revised terms for borrowing from the PWLB, having carried out consultation aimed at implementing measures to prevent the "to develop a proportionate and equitable way [to] prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they do now."

What this means in practice, therefore, is that any plan to buy investment assets for yield (and to buy can be defined to mean construct assets), regardless of whether or not there are plans to borrow from the PWLB for that specific investment, would mean that PWLB funds could not be accessed. The impact of that this that funds would have to be sought from elsewhere, most likely at less preferential rates and/or a higher risk, or other sources of funds, such as capital receipts and revenue financing would be required to finance capital expenditure. It also means that the expected rate of return on any investment would need to be greater to compensate for any additional costs, including initial costs such as arrangement fees, but, principally, additional borrowing costs.

Capital Programme Board (CPB) – Terms of Reference

When considering initial proposals for new schemes, the CPB will ensure that only after a positive contribution to one or more of the objectives has been demonstrated, will a project be recommended for resource allocation by Cabinet.

The CPB will be chaired by the Cabinet Member for Finance and Service Improvement and lead officers responsible for the strategic direction of capital investment for the council.

The CPB will consider the best approach to delivering capital schemes in order to enable funding to be better aligned with other partners and funding sources and ensure a borough wide approach is taken.

All applications/bids for external capital grant funding will be presented to the CPB ensure they are in line with agreed priorities and outcomes and that all capital and revenue consequences have been considered.

Capital resources will also be managed by the CPB and it will review and evaluate all capital bids for resources along with need for external borrowing¹ and levels of voluntary 'Minimum Revenue Provision' (MRP). It will then recommend to Cabinet/Council a prioritisation of resources to ensure alignment with other spending plans and the maximisation of benefits to the council and achievement of council outcomes, priorities and Executive commitments

The CPB will recommend the use of both non-ring fenced and ring-fenced resources and also the general prioritisation of resources so that Cabinet/Council can make well informed final decisions on the utilisation of resources.

The CPB will also undertake an annual review of the individual capital schemes which are included in the capital programme to:

- Ensure that schemes still meet strategic priorities and outcomes via a capital appraisal process;
- Review their continued relevance in the context of a dynamic and constantly developing organisation;
- Consider the progress of schemes including any reasons for delayed starts or variations to approved budgetary allocations and re-phasing of planned expenditure; and
- Identify any unutilised or underutilised resources.

It will consider any reallocation of resources.

¹ Note In November 2020, HM Treasury issued revised terms for borrowing from the PWLB, having carried out consultation aimed at implementing measures to prevent the “to develop a proportionate and equitable way [to] prevent local authorities from using PWLB loans to buy commercial assets primarily for yield, without

impeding their ability to pursue service delivery, housing, and regeneration under the prudential regime as they do now.”

The Capital Programme Board will be made up of the following members:

- Cabinet Member for Finance and Service Improvement (Chair);
- Leader of the Council;
- Cabinet Member for Regeneration and Property
- Chief Executive;
- Executive Director Corporate Services (S151 Officer);
- Executive Director Borough Development (Deputy Chief Executive);
- Head of Financial Services and Commercialisation; and
- Head of Property and Assets

By Invite:

- Cabinet Members (as relevant to schemes to be considered);
- Executive Director Residents' Services;
- Heads of Service; and
- Project/Programme Managers

GUIDANCE ON CAPITAL SCHEME APPROVAL REPORTS

In future all additions to the council's capital programme will require a robust business case that identifies the total cost of the scheme, that it is affordable, and funding requirement identifying any specific funding sources i.e. grant funding.

It should be noted, that if the need to borrow is identified as part of funding the scheme, the council has legal maximum limits on its ability which are agreed by council annually as part of the Treasury Management Strategy.

Process of Approval

All proposed schemes to be considered for capital investment must follow a two stage process.

Stage one: Outline Business Case

- A high level option appraisal should be undertaken covering, justification and links to council priorities, options, achievability, risks and a financial summary, agreed with the Chief Financial Officer, demonstrating a positive return on investment. This should be completed in consultation with the relevant Executive Director and Portfolio Holder; and
- The scheme request will then be reviewed by the Capital Programme Board. Once reviewed, the Capital Programme Board will then recommend whether a further detailed business case is required in order for the scheme to be fully assessed.

Stage two: Detailed Business Case

All schemes progressing to stage two must be supported by a detailed business case using the standard template maintained by the Corporate Programme Management Office. The business case must cover the following;

Business need

- **A summary of what the scheme is and why it is required.**

Scheme objectives

- Description of how the scheme will contribute to the council priorities;
- Outline the main benefits to be produced by the scheme;
- Define the key success factors and how success will be measured; and

- Outline main stakeholder groups and their contribution to the scheme.

Option appraisal

- Outline all options considered, the general approach taken (refer to Council's option appraisal guidance) and identify the preferred option;
- Include financial and non-financial benefits;
- Outline the risk assessment and mitigation (link to corporate risk policy); and
- Provide a sensitivity analysis showing the effect of changes in critical factors.

Achievability

- Provide a high level plan for achieving the desired outcome with key milestones;
- Should demonstrate the period of time over which the scheme will be implemented; and
- Provide outline contingency plans.

Financial Summary

- Identify the whole life cost of the scheme including both revenue and capital costs and how any recurring revenue cost implications will be met; and
- Provide financial analysis that demonstrates the preferred option provides a positive return on investment and that where external borrowing is proposed, how would this be repaid from scheme benefits.

Key Assessment Criteria

The assessment will involve consideration of the business case areas using the following criteria;

Non-Financial Areas

- How well does the proposal meet council priorities?;
- Are key stakeholders supportive?;
- Have a range of options been considered?;
- Have innovative approaches been considered?;
- Have alternative delivery options been considered?;
- Can the scheme be delivered with the council's current capability and capacity?;
- Can the risks be managed?; and
- Does the scope or timescale need to change?

Financial Assessment

- The preferred option must demonstrate a positive return on investment and be affordable. Higher scheme returns may need to be required depending on the risk assessment and level of benefits, both financial and non financial;
- A reasonable assessment of whole life costs of the scheme should be used in the evaluation but avoid spurious accuracy;
- How sensitive are the key assumptions; and
- Consider alternative funding sources.

Scheme sign off and approval

The proposed process for assessing and gaining formal approval for new schemes is as follows;

- The Business Case must have been approved by the Executive Director and Portfolio Holder;
- The resource sections of the business case must have been cleared with the relevant corporate service area e.g. legal;
- The financial summary in the detailed business case must be signed off by the Chief Financial Officer;
- The Capital Programme Board will assess the business case and make a recommendation to Cabinet and Council as relevant;
- If the capital programme contains a scheme budget (or a general budget) then approval to spend will be subject to the virement delegations set out in 2.13 of the Financial Procedures; and
- If there is no funding in the approved capital programme then a Council decision would be required.

Post scheme review and ongoing monitoring

A post scheme review should be completed in accordance with best practice and Capital Programme Board will agree which of these reviews it wishes to see.