Capital Strategy 2019/20 – 2044/45

1. Introduction

1.1 The Capital Strategy is the policy framework that sets out the principles and procedures to be used to guide the allocation of capital investment across all the Council's services, and inform decisions on capital spending to help achieve the priorities set out in the Council's Corporate Plan. The corporate priorities are detailed in Appendix 1. The three high level objectives are:

- Delivering sustainable growth
- Developing stronger, safer, cleaner and healthier neighbourhoods
- Providing modern public services

1.2 The Capital Strategy links to a number of Strategy Documents, these are detailed in section 4 of the strategy and are summarised in the table below.

Strategy	Website Link
The Corporate Plan	https://www.kettering.gov.uk/meetings/meeting/1659/council
The Treasury Management Strategy	https://www.kettering.gov.uk/meetings/meeting/1615/executive_committee
The Medium Term Financial Strategy	https://www.kettering.gov.uk/meetings/meeting/1697/executive_committee
The Commercial Property Investment Strategy	https://www.kettering.gov.uk/downloads/file/18521/commercial_property_investment_strategy_2017_–_2022

1.3 Although this document focuses on the Council's management of its own investment in assets, the influence of wider investment throughout the Borough by both the public and private sectors, such as through the Local Enterprise Partnership, government legislation or the proposed local government reorganisation in Northamptonshire could also have a significant impact on meeting the Council's aims and objectives. The Capital Strategy covers in detail the five year period from 2019/20 to 2023/24 as this is aligned with the Medium Term Financial Strategy. The figures for the remaining 20 years up to 2044/45 are projections. The strategy will be reviewed annually in line with the Capital Programme.

1.4 Whilst there is a close link between the Capital Strategy and the Treasury Management Strategy, this document does not consider either the treasury management policy or strategy. The Treasury Management Strategy contains Capital Plans and Prudential Indicators for a five year period together with a Minimum Revenue Provision (MRP) Strategy and Policy Statement for the forthcoming year.

2 Background

2.1 The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Government when carrying out capital and treasury management activities. The Prudential Code is based on principles rather than prescription.

This places the responsibility for the success of the system on the professional judgement of practitioners themselves. Local authorities need to ensure that they have effective governance processes in place.

2.2 In February 2018 the Government issued revisions to its guidance on Local Authority Investments. In addition, both the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were last updated in December 2017. These changes were effective from 1st April 2018 and included a transition period up to April 2019.

2.3 The objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

2.4 Following on from the consultation the Government updated its Investment Guidance to local government, which came into effect from April 2018. Under this revised guidance local authorities must annually produce a Capital Strategy to be approved by full council. The objective in updating the guidance was to reflect changes in patterns of local authority behaviour.

2.5 The Capital Strategy has been prepared on the basis that Kettering Borough Council will continue to exist as a separate entity for the duration of the time that the strategy covers. With the proposed local government reorganisation in Northamptonshire within the next couple of years this could change, but it is only by making this assumption that the Capital Strategy can meet its objectives. It also serves to provide a basis for looking at the Borough's long term requirements as part of a wider North Northamptonshire Council.

3 Purpose

3.1 The Capital Strategy is a high level summary of the Council's approach to capital expenditure. It sets out the long term context in which both capital acquisition and maintenance expenditure and investment decisions are made and gives due consideration to both risk and reward, and the achievement of priority outcomes.

3.2 In broad terms the Capital Strategy will provide a framework within which the Council will:

- Apply a long-term approach to capital expenditure and investment, and to ongoing asset management.
- Take into account external influences such as Local Enterprise Partnership, local government reorganisation in Northamptonshire and joint working with other authorities etc.
- Make explicit the links to, and integration with, other strategies such as the Corporate Plan and the Commercial Property Investment Strategy.
- Set out the Council's commercial ambition and activity.
- Determine the implications of long-term investments, particularly non-financial investments.
- Take account of links between the Corporate Plan and the Capital Programme.
- Examine the available capital resources along with the Council's capacity to deliver projects.
- Assess affordability against aspirations.
- Identify capital financing principles.

- Prepare a long-term capital investment plan with actions, timescale, outputs and outcomes.
- Assess risk and mitigating factors.
- Outline governance arrangements and identify any training requirements necessary to ensure that this is effective.
- Put in place monitoring and reporting arrangements.
- Undertake post-implementation reviews for major schemes.

4 Strategic Context

4.1 The Capital Strategy is driven by the Corporate Plan which sets out the Council's long term priorities. It is these priorities that capital expenditure and investments are either directly or indirectly seeking to achieve. The Capital Strategy covers a twenty five year period and looks in detail at the first five years and takes a much broader view over the remaining twenty year period.

4.2 The diagram **at Appendix 2** illustrates the links between the Corporate Plan and other strategies. As and when any strategy is reviewed or renewed, consideration will be given to any capital investment implications that may arise and these will be reviewed annually as part of the overall service and financial planning framework.

5 The Council's Fixed Asset Base

5.1 The Council owns and operates a variety of assets ranging from individual dwellings, shops, industrial units and leisure centres to playing fields and community centres. The balance sheet value of these fixed assets at 31/03/18 was £289 million (excluding intangible assets which amount to around £1m) but the cost of rebuilding or replacing all of these assets could be considerably higher. Council dwellings are valued at Existing Use Social Housing (EUV-SH) which values these properties at around 42% of their market value.

5.2 The split between the major classes of fixed assets as at 31/03/18 is shown in the table below.

Class	**Value (£m)**
Property Plant and Equipment	247
Investment Property	36
Heritage Assets	6
Total Assets	289

5.3 Expenditure on the acquisition, creation or enhancement of property plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an assets potential to deliver future economic benefits or service potential is charged as an expense when it is incurred. Furthermore, expenditure needs to be in excess of the Council's de minimis limit of £5,000 before it can be recognised as capital spend. Items below this level are charged to revenue.

5.4 A full description of the types of assets, their valuation and accounting treatment is contained in the Accounting Policies section of the Council's annual Statement of Accounts. In summary these are as follows:

- **Property, Plant and Equipment** is a generic term used to cover operational buildings, land vehicles and equipment.
- **Investment properties** are those that are used solely to earn rental and / or capital appreciation. The definition of an investment property is not met if the property is used in any way to facilitate the delivery of services, the production of goods or is held for sale.
- **Heritage assets** are those that are held with the primary objective of increasing knowledge, understanding and appreciation of the history of the local area.
- **Intangible assets** are primarily software licences.

5.5 Details of each of the Council's individual assets are contained in the Asset Register. Assets that have reached the end of their useful life, or which are no longer required for the provision of services, are subject to disposal. The proceeds from sale are treated as capital receipts and are usually available to fund Capital Expenditure.

5.6 As part of the Capital Strategy the Council needs to review its asset base and is currently in the process of completing a stock condition survey. The stock condition survey will provide the Council with an assessment of the condition of the Council's corporate property portfolio, which will help to inform future years Capital and Revenue budgets. The Capital Strategy will be updated to incorporate any relevant information once the stock condition survey has been completed; it is envisaged that this will be completed in summer 2019.

6 Capital Expenditure

6.1 The Government's definition of capital expenditure is that expenditure which falls to be capitalised in accordance with proper practices (Local Government Act 2003). In support of this, the CIPFA Code of Practice on Local Authority Accounting and the CIPFA Guidance for Practitioners on Capital Finance, provides additional guidance on what constitutes capital expenditure. Officers of the Council must have regard to these sources of guidance and legislation when considering whether expenditure incurred by the Council can be capitalised.

6.2 Briefly, there are three routes by which expenditure can qualify as capital under the accounting framework for local authorities, namely:

- The expenditure results in the acquisition of, or the construction of, or the addition of subsequent costs to non-current assets (tangible e.g. buildings and intangible e.g. software);
- The expenditure meets one of the definitions specified in regulations made under the Capital Financing Regulations (England) 2003;
- The Secretary of State makes a direction that the expenditure can be treated as capital expenditure (this is sometimes permitted for non-recurring costs associated with organisational changes).

6.3 Examples of capital expenditure include expenditure on the acquisition, reclamation or enhancement of assets (e.g. buildings, land, plant and machinery). It can include grants to third parties, and incidental costs involved in a capital project (e.g. officers' salaries and professional fees). Costs will also be ineligible to the extent that they relate to activity that takes place prior to the intention to acquire or construct a fixed asset. Examples of this include the cost of option appraisals and feasibility studies that do not contribute to the scoping of the asset ultimately acquired/constructed.

7 Capital Resources

7.1 The total level of capital resources estimated for the period 2019/20 to 2023/24 are outlined in **Appendix 3**. The main sources of funding for financing capital expenditure are: -

7.1.1 **Government Grants and Non-Government Contributions -** Capital resources from Central Government can be split into two categories:
<u>Non-ring-fenced</u> – resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding
<u>Ring-fenced</u> – resources which are ring-fenced to particular areas and therefore have restricted uses.

7.1.2 **Borrowing -** Borrowing decisions take into account the revenue implications of projects, both the benefits arising from efficiency savings, and the cost of interest payment and repayment of principal. The Council's ability to borrow is determined by the revenue budgets capacity to pay borrowing costs. Borrowing is therefore likely to be more viable where the schemes will generate savings or additional income streams. However, there may be occasions borrowing is required to maintain service delivery. The Prudential Code requires the Council to annually set a number of statutory prudential indicators that set potential borrowing parameters and provide an estimate of the impact of these on the level of Council Tax. The indicators are a technical accounting requirement and are based upon a range of different external borrowing scenarios. These are reported to the Executive and Council as part of the budget setting process on an annual basis. There are currently two limits approved each year. The first is the Operational Boundary for External Debt which is the limit beyond which external debt is not normally expected to exceed. The second is the Authorised Limit for External Debt. This represents the limit beyond which external debt is prohibited and can only be set or revised by the full Council.

7.1.3 **Capital Receipts**

- Section 9 (1) of the Local Government Act 2003 defines a capital receipt as *a sum received by the authority in respect of the disposal by it of an interest in a capital asset.*

- Section 9 (2) of the Act defines a capital asset as *if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure.*

Capital receipts are usually restricted to use for:

- Financing new capital investment.
- Reducing borrowing under the Prudential Framework.
- Paying a premium charged in relation to any amounts borrowed.
- Meeting any liability in respect of credit arrangements.
- Meeting disposal costs.

Following the 2015 Spending Review, in March 2016 MHCLG published statutory guidance on the flexible use of capital receipts for a three year period covering 2016/17 to 2018/19. This guidance allows local authorities to use capital receipts to offset the revenue costs of transformational projects which are expected to deliver future ongoing savings. As part of the 2018/19 Local Government Finance Settlement an extension of this flexibility was permitted for the three years until 2021/22. To date the Council have not had to make use of this provision.

7.1.4 Capital receipts arising from the disposal of housing assets and for which account is made in the Housing Revenue Account (HRA), are governed by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003).

- Right to Buy (and similar) sales may be retained to cover the cost of transacting the sales and to cover the debt on the properties sold, but a proportion of the remainder must be surrendered to Central Government;
- As part of the Government's announcement to increase the RTB discounts they also announced the introduction of a scheme referred to as 1-4-1 whereby every additional home sold under the new RTB scheme was to be replaced by a new home for affordable rent.
- The new homes for affordable rent will be financed from receipts from sales, after stipulated deductions, retained by the LA under signed agreement with the Government, limited to funding up to 30% of the cost of the replacement home.
- A time limit of 3 years is given for the replacement homes after which the receipts will have to be paid back to MHCLG at 4% above base rate from the date the receipts arose.
- All other disposals may be retained in full.

7.1.5 Where the sale of an asset leads to a requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and repaid any remaining capital receipts will be available to support the capital programme.

7.1.6 The level of capital receipts is dependent upon market conditions. The property market impacts on the:

- Ability of the Council to sell assets and the
- Level of receipts from the asset sale.

7.2 Revenue Contribution

7.2.1 Revenue funds and balances are under pressure as a result of the need to identify further savings in forthcoming years. The General Fund Medium Term Financial Strategy does not assume that there will be any further revenue contributions to fund small scale capital schemes.

7.2.2 The Housing Revenue Accounts (HRA) minimum revenue contribution to capital is equivalent to the level of depreciation being charged in year. The Government recognised that some authorities' revenue contribution to capital was less than the amount of depreciation being charged to the Housing Revenue Account, this was not the case for Kettering Borough Council. However, for authorities in this situation the government provided a transitional period of 5 years between 2012/13 and 2016/17 whereby the revenue contribution and the Major Repairs Allowance as a minimum must equal depreciation. The two key variables in determining depreciation are the value of the property and the percentage that is applied when determining the EUV-SH (Set by MHCLG). Therefore, movements in property values impact directly on the revenue resources required to fund the HRA capital programme.

7.3 **Leasing**

Some of the assets used by the Council are financed by a lease arrangement, the most significant being the vehicle fleet. There may however be other instances where leasing could offer value for money and it will remain a consideration when options are being appraised.

7.4 **Section 106 Agreements**

In considering an application for planning permission, the Council may seek to secure benefits to an area or restrict uses or activities related to a proposed development through the negotiation of a 'planning obligation' with the developer. Such obligations, authorised by Section 106 of the Town and Country Planning Act 1990, generally either improve the quality of the development, or overcome difficulties which would otherwise result in planning permission being refused.

7.4.1 As such, therefore, the Council may in some instances receive funds to enable it to undertake works arising from these planning obligations. Examples of the use of planning obligations are the:

- Provision of affordable housing.
- Improvement to community facilities - Public open space/play areas, educational facilities.
- Improved transport facilities
- Public art.
- Renewable energy measures.
- Specific measures to mitigate impact on a local area - parking restrictions, landscaping or noise insulation.

7.5 **Disposal of Assets**

7.5.1 Historically the Council's main source of capital receipts has been from the sale of Council dwellings.

7.6 **External Investment**

7.6.1 The Council depends almost entirely on capital receipts, revenue contributions and borrowing to finance its capital programme. Capital receipts are increasingly difficult to realise and the revenue position of the Council is such that there is a restricted scope for revenue contributions or to meet the future costs of borrowing.

This lack of internally generated finance emphasises the need to look more widely at ways of bringing capital funding into the Borough. Where feasible the Council will look to access and optimise external funding streams. The Council is currently developing a Commercial Strategy which will incorporate guidance on the approach to external funding.

8 External Influences

8.1 In view of the resources available to the Council, it continues to work in partnership with other organisations to lever in capital investment to the Borough.

8.2 In recent years the Council has worked with the following partners on capital schemes:

- Arts Council – improvements to the Museum Gallery,
- Housing and Community Agency and Westleigh Homes – affordable homes.
- WREN – Play area equipment,
- Kettering Town Harriers – Leisure facilities.
- England Athletics – leisure facilities.
- Football Foundation – leisure facilities.
- Joint commercial investment with Corby Borough Council

8.3 The proposed local government reorganisation in Northamptonshire, highlighted in Section 2.5 of this strategy could have a significant impact on the how this capital strategy is delivered in the future but nonetheless sets out the levels of capital investment required by the Council.

9 Commercial Property Investment Strategy

9.1 In 2017 the Council recognised that with ever increasing pressure on its resources and reducing Central Government financial support it needed to move towards a more commercial way of operating and developed its Commercial Property Investment Strategy The Council has an Asset Management Board and the evaluation criteria for individual investment opportunities was approved by Executive in April 2017.

9.2 The Commercial Property Investment Strategy has been developed with the following key objectives:

- Acquire properties that provide long term investment in accordance with the Council's corporate and financial objectives.
- Maximise return whilst minimising risk through the management processes outlined in the strategy.
- Prioritise properties that yield optimal rental growth and stable income.
- Develop a governance framework that enables the Council to move at a timely pace in line with the market.
- Build a balanced property investment portfolio.

This Strategy can be viewed at:

https://www.kettering.gov.uk/downloads/file/18521/commercial_property_investment_strategy_2017_–_2022

10 Revenue Budget

10.1 One of the requirements of the Capital Strategy is that it sets out the long term context in which both capital expenditure and investment decisions are taken and when individual capital schemes or investments are approved members are aware of any longer term budgetary implications. Capital schemes will have revenue consequences beyond the completion of the scheme and the capital funding.

10.2 The capital business case should include an estimate of the revenue implications associated with capital expenditure to ensure that it is affordable, and that these are aligned to the various Council strategies as outlined **in Appendix 2**. The revenue consequences of capital schemes should also be linked in to the Medium Term Financial Strategy. The scheme appraisal process should also set out any expected revenue savings or operational efficiencies.

11 Capital Planning

11.1 Business cases are required for capital proposals. One of the purposes of the Capital Strategy is to ensure that the capital schemes that are implemented secure the Council's corporate priorities as set out in its Corporate Plan.

11.2 The Corporate Plan includes the following three high level objectives:

- Delivering sustainable growth
- Developing stronger, safer, cleaner and healthier neighbourhoods
- Providing modern public services

The Corporate Plan can be viewed at:

https://www.kettering.gov.uk/meetings/meeting/1659/council

11.3 In order to select schemes for inclusion in the Capital Programme the Council has incorporated a capital appraisal process within the broader Procurement Guidance. This guidance is a suite of spreadsheets that leads the user through the various stages of the appraisal and procurement process. For each scheme it requires the identification of the Corporate Priorities that the scheme helps to meet. Whole life revenue costs are also required. The appraisal forms are considered by Strategic Management Team with the selected schemes being approved by the Executive and Council (where required).

11.4 Individual Schemes are considered within the wider strategic context ensuring the revenue implications, organisational capacity to deliver, funding envelope and wider capital programme implications are understood.

11.5 The culmination of the capital appraisal process is the presentation of a suggested Capital Programme to members during the annual budget cycle. This presentation will project forward any capital or revenue consequences for years subsequent to that being considered.

11.6 **Appendix 4** shows the draft forecast capital programme for the years 2019/20 to 2023/24.

12 Governance

12.1 It is important given the risks surrounding capital schemes and investments that the appropriate governance framework is in place for monitoring and review. The Capital Strategy itself will be presented to the Executive annually alongside the Medium Term Financial Strategy and Treasury Management Strategy. All schemes are subject to approval by the Executive and Council (where required) with due diligence paid to the availability of capital resources and the associated risks.

12.2 Members will also be kept fully appraised of progress on schemes and investments by regular monitoring reports.

12.3 Full details of the Council's governance arrangements are contained in the Annual Governance Statement that is updated annually and is published alongside the Council's Statement of Accounts. Seven key principles underpin the Council's governance arrangements:

1. Behaving with integrity demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the intervention necessary to optimise the achievement of the intended outcomes.
5. Developing the Council's capacity, including the capacity of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and showing public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

13 Procurement

13.1 The Council has an established procurement process which includes a user friendly procurement toolkit. This guides the user through the process. The toolkit is based on the Council's Financial Procedure Rules and Contract Standing Orders. The procurement process itself establishes a framework governing the procedure and principles for awarding contracts which;

- Ensures that contracts are awarded fairly, transparently and without discrimination
- Treats all bidders equally
- Provides protection to the Council and its staff
- Mitigates any legal challenge or complaints
- Establishes accountability

13.2 The capital appraisal process provides a mechanism for identifying and reviewing a procurement route for individual schemes. It should also identify the resources required to comply with existing procurement legislation particularly those that require OJEU notifications as a result of the tendering exercise.

13.3 The Council's Financial Procedure Rules and Contract Standing Orders provide the frameworks and detail against which goods and services are procured including reference to the relevant legislation and guidance. The Council's procurement policy will continue to provide specific references to legislation and best practice as appropriate.

14 Risks and Risk Management

14.1 Whilst every effort is made to ensure that estimates of capital expenditure are accurate, members should be aware that there is a risk from both internal and external factors that may have an impact on the Council's ability to deliver the capital programme. To minimise and control this the Council constitution provides a framework for financial and contract procedure rules.

14.2 Any overspend on projects within the capital programme may affect the delivery of other schemes, which may have to be delayed until a future date.

14.3 Capital receipts are dependent upon the Council's ability to sell surplus assets and should sales not proceed or receipts fall short of the expected sale price this will have an adverse impact on the Council's ability to finance schemes.

14.4 Any new borrowing to finance capital schemes increases the Council's overall liabilities that will need to be repaid in the future. This is a greater risk as the volume of borrowing increases. The Council's Treasury Management Strategy and Commercial Property investment strategy ensures that due regard is paid to the identification, monitoring and control of risk.

14.5 Finally the Council has to keep under review the amount of exempt VAT input tax associated with capital schemes to ensure that overall the Council does not exceed the 5% de minimis limit which would impact on the revenue budget.

14.6 With commercial investments undertaken to provide revenue income there are additional risks connected to the commercial nature of the arrangement, such as bad debts, tenants business failure, failure to attract suitable tenants, and unexpected landlord obligations for repairs. All these risks are considered as part of the acquisition through the Commercial Property Investment Matrix and the due diligence process.

15 Monitoring and Measurement

15.1 Each capital scheme has a budget holder assigned who is responsible for the successful delivery of the project. Larger schemes may also have a project sponsor from the Strategic Management Team. The Council has a strong system of performance management across all projects, budgets and approved performance indicators. Every month capital projects that fall within the remit of a service unit are reported as part of a performance clinic to the Strategic Management Team.

15.2 Each scheme is required to be delivered on time and within budget. The specific milestones and targets set for schemes are used to monitor progress. These targets include:

- The percentage of the scheme delivered within the time parameters set out in the project plan.

- The percentage of spend compared to the estimate.

15.3 The Council ensures that the implementation of significant capital schemes are subsequently reviewed in order to inform the implementation of future capital schemes. An important part of this review is to assess the extent to which the outcomes identified in the capital appraisal process have actually been met. The reviews generally include officers who have not been directly responsible for the initial implementation

16 Capital Requirements - The Next Twenty Five years

16.1 The Council produces a Medium Term Financial Strategy which projects forward the annual revenue budget for a 5 year period. The Capital Strategy has a far more long term focus as it seeks to project the capital expenditure requirements over a 25 year period and also consider how these requirements might be financed.

16.2 In the current financial climate there is considerable uncertainty even in projecting forward over the 5 years of the Medium Term Financial Strategy. A 25 year projection therefore comes with caveats. Despite this it is good practice for long term planning that these projections are made, however a number of assumptions have been made in projecting the capital requirements over a 25 year period.

16.3 During the period 1991 – 2014 the population of Kettering grew at a rate of 26.6%, faster than that of England as a whole (12.3%). The Office for National Statistics projection for England for the period 2016 – 2041 is an increase of 11.1%. However, the projection for the Borough for 2041 is a population of 125,000 which would be an increase of nearly 25% over the current level, significantly greater than the national average, which will clearly present growth pressures on service provision.

16.4 Kettering has outline planning permission for a Sustainable Urban Extension at Hanwood Park (East Kettering). Work started on site in 2014 and it is envisaged that by 2030 up to 5,500 new homes will have been built. The development also comprises a new secondary school and 4 new primary schools, businesses of mixed use including shops and community buildings, a health centre, parks and open spaces, and a hotel and leisure facilities.

16.5 The developments at Hanwood Park will increase the housing stock of the Borough by 12%. This could have a major impact on the provision of Council services, particularly the following:

- Leisure, recreation and open spaces
- Street cleansing
- Waste collection
- Highways and roads
- Fleet management
- Development and building control

16.6 In addition, it will also impact indirectly on a large number of other Council services such as community safety, crime reduction, trade waste, community development, pest control, pollution reduction, council tax administration and local elections.

16.7 Further commercial and economic developments will also take place at Cransley Business Park, Roxhill Business Park, North Kettering Business Park and Kettering Energy Park. All of these developments will require the construction of roads and other infrastructure assets. The infrastructure in the new developments will be funded by the developers.

16.8 Most of the increased cost of providing these services will fall on the revenue budgets, but there is potentially some capital investment that the Council will have to fund. **Appendix 5 projects** forward an estimate of the likely capital investment requirements over the period 2019 – 2044. This totals £684 million, although £525 million of this relates to the Commercial Property Investment Strategy which will only be undertaken if the three elements of prevailing interest rates, property prices and rental yields are favourable.

17 Capital Resources - The Next Twenty Five Years

17.1 As with the capital requirements, the available resources over such a long time period is difficult to predict.

17.2 The infrastructure on new developments will be undertaken by the developers, who will also contribute money through Section 106 agreements for community facilities. However, ongoing revenue costs, such as waste collection and street cleansing, will have to be met by the Council. The additional houses will increase the amount of revenue that the Council can raise through council tax, while the industrial and commercial premises will increase the non-domestic rates yield, some of this may be retained by the Council through the Business Rates Retention Scheme.

17.3 **Appendix 6** projects forward an estimate of the capital resources that may be available over the period 2019 – 2044.

18 Proposed Action Plan

18.1 This is the first draft of the Council's Capital Strategy. Paragraph 1.4 of the Capital Strategy states that it will be reviewed annually because the environment in which the Council is operating is continually changing and the Council needs to react to revised priorities resulting from Government legislation and the needs of the residents of the Borough.

Further work will be undertaken to enhance the following areas:

- Develop and enhance the proposed action plan.
- Ensuring that the Capital strategy is seen as a corporate responsibility
- Undertake a Stock Condition Survey and review the Council's asset base
- Expanding the substantive Capital Programme over a longer time period
- Develop further the Capital Investment ambition of the Authority.
- The external influences on the Council's investment requirements and funding
- The capital appraisal process particularly making the links with Corporate Priorities more evident
- Strengthening the links between the Capital strategy and other relevant corporate strategies
- Include a capital specific risk register as an appendix to the Risks and Risk Management Section.

Appendices: -

Appendix 1 – Corporate Plan priorities
Appendix 2 – The Link between the Corporate Plan and Other Strategies
Appendix 3 – Capital Resources for the Period 2019/20 to 2023/24
Appendix 4 – Capital Programme 2019/20 to 2023/24
Appendix 5 – Draft Capital Requirements for the Period 2019/20 to 2043/44
Appendix 6 – Draft Capital Resources Available for the Period 2019/20 to 2043/44