BARNET
LONDON BOROUGH

Appendix I1:

Capital Strategy
2023 - 2030

Contents

BARNET LONDON BOROUGH

1. Purpose of the Capital Strategy

The Capital Strategy 2023/24 underpins the council's Medium-Term Financial Strategy and combined forms a key component of the council's strategic response to the financial challenges it faces and its ambitions for the borough.

It sets out the council's approach to capital investment and provides both a mechanism to ensure capital investment is driven by and aligned with the council's corporate plan and a framework by which decisions on the capital programme are made and monitored.

The objectives of the Capital Strategy are to;

- Maintain an affordable rolling multi-year capital programme;
- Ensure capital resources are aligned with the council's strategic vision and corporate priorities;
- Prioritise the use of Capital resources to maximise outcomes for Residents;
- Use the Infrastructure Delivery Plan (IDP) to inform the strategic vision of the council by prioritising Capital delivery for the next 15 years;
- Maximise available resources by actively seeking appropriate external from the Community Infrastructure Levy (CIL), Section 106 or Grant income;
- Undertake prudential borrowing only when there is enough money to meet, in full, the implications of capital expenditure, both borrowing and running costs; and
- Enable the Council to be agile and competitive in responding to strategic opportunities.

This document sets out how the council will deliver those objectives, including the governance and financing arrangements.

The Capital Strategy is aligned to the Corporate Plan that is being developed.

The draft corporate plan identifies Caring for our People, Places and Planet as key priorities, operating as an engaged and effective council. Decision making in the context of the Borough's Capital Programme will orientate around the delivery of outcomes that align with these priorities.

The Capital Strategy will be reviewed and revised annually, to ensure it reflects the needs and priorities of the council.

2. Corporate Plan

The council's corporate plan that has been developed alongside this strategy sets our vision and strategic priorities for the MTFS period. This includes outcomes we want to achieve for the borough, the priorities we will focus limited resources on, and our approach for how we will deliver these. Placing People, Place and Planet at the heart of everything we do.

The Infrastructure Delivery plan with the Capital Delivery Plan sets out the council's revised direction and purpose for Capital Delivery. This document has defined a list of developments which will meet the most critical needs and objectives on a priority basis.

The approach to delivery matches what the council wants to achieve, against a backdrop of resources available for us to deliver them. The IDP has a list of core developments that the council will deliver in due course. This list is under constant review and embraces the opportunity to push new schemes forward, to ensure that the local infrastructure matches the growth of the borough.

This section highlights the key aims and achievements of the current Capital Programme, the emphasis of which will evolve and adapt over time.

Capital Strategy Outcomes

The council has allocated over £345.677m of investment for housing matters including housing strategy, homelessness, social housing & housing grants and commissioning of environmental health functions for private sector housing from 2020/21 onwards. Initiatives include:

- Continuing open market purchases of affordable homes. Acquisition of 620 homes over the next 4 years with 250 already completed
- Development of 126 Extra Care homes at affordable rents for vulnerable older people, diversifying Barnet's accommodation to support older people and allow them to remain independent, give them security of tenure and further quality of life;
- 337 homes funded through Right to Buy receipts, GLA grant and HRA borrowing with 94 of those homes due on site by March 2023.
- £2m is supporting the development of a planning application to accelerate the regeneration the North East corner of Grahame Park

- Major repairs work on some of regeneration estates to bring them to compliant and decent home standards, where regeneration projects are not expected to start for several years, including development work to make homes lettable to increase the supply of accommodation in the area.
- Continued investment in building and fire safety improvements to council homes, with a £30m programme identified to medium and low-rise stock following delivery of the £52m programme to high-risk stock
- Continued investment in council homes to ensure the Decent Homes Standard is maintained across the stock, including targeted investment in estate improvements
- Delivering a programme of sustainability improvements to the council stock, in order to contribute to the wider aspirations of the council
- Providing adaptations for properties to make them accessible for tenants

The council has set aside a further £177.034m to continue development on completion of 341 new homes at affordable rent in the borough by 2023 of which 295 are now completed and purchase 500 residential properties in Greater London, to increase the supply of affordable housing for homeless households. 207 of these homes have been acquired.

Delivery of the Brent Cross Cricklewood Regeneration Programme continues. The council has a further £139.373m invested within the overall Brent Cross Programme. Within this total, £10.043m relates to the purchase of land to progress the scheme and £95.544m to complete the Brent Cross West Station construction inclusive of a new Waste Transfer Station. There is £16.29m to be spent on critical infrastructure, which will provide residents and visitors with improved access to the area, pedestrian, cycling and vehicle links across the railway and replace outdated waste and freight facilities. Finally, £17.496m of third-party land acquisitions funded by the Brent Cross Town Joint Venture, that will facilitate the comprehensive regeneration of the 151-hectare area including affordable homes, employment, retail, leisure and social infrastructure such as schools, public realm and green space, offering benefits to both the local population, and wider London.

The council is investing £23.085m within the Hendon Hub (The Burroughs) project, which includes strategic acquisitions and project costs to take the overall scheme forward to delivery. The funds are expected to be recovered if an investor comes on board. The project itself will provide regeneration of buildings in Hendon, and economic, social and place making benefits as well as supporting our strategic partnership with Middlesex University and creating an income stream for affordable and commercial properties. A resolution to grant planning for the scheme was received on 10th January 2022 with determination across 4 applications pending 3 new applications are being prepared to accommodate changes to the Library location. In parallel the project team are undertaking soft market engagement exploring funding opportunities.

The council is spending £9.304m on Disabled Facilities and £3.471m on Assistive Technology for residents, which will also ensure the council meets its statutory duties and prescribed timescales under the Housing Grants, Construction and Regeneration Act 1996.

The council's Children, Education & Safeguarding Committee oversees a capital programme with a budget of £46.787m. The Committee has a wide range of responsibilities for all matters relating to children, schools, and education. Initiatives include;

- Modernisation programme which will oversee improvements to Community school infrastructure;
- Special Educational Need (SEN) Schemes have enabled an additional 126 SEN places to be created since July 2019 as well as the rebuild of the Pupil Referral Unit, and
- The creation of new nursery places and a new children's home.

The Council has delivered a successful Primary and Secondary School Places Capital Investment programme over previous years. This has largely resolved the need across the borough. There remains predicted need in the Colindale area. The Council will be working with partners to agree this need being met.

The Council aspires to source funding and invest in its provision of school facilities for those with Special Educational Needs. This will enable access to good quality education for all children in the borough and avoid the need for dependance on out of borough provision.

The council continues to spend on our Network Recovery Programme, to improve the boroughs highway infrastructure, parking, environment, air quality and traffic flow. Additionally, we are investing a further £5.7m to upgrade the borough wide street lighting, replacing them with LED powered columns which are more environmentally efficient and provide a better night perception.

Barnet's highway network is our largest and most visible community asset and is probably the most used of all our services. It is vital to the economic, social and environmental well-being of our community. The council continues to spend on our Highways Portfolio with:

- £42m on our Network Recovery Programme to maintain and enhance our highway assets- including footways, carriageways, drainage and structures
- £1m of Strategic CIL on a Healthy Routes to Schools Programme to deliver the role out of School Streets
- £1m of Strategic CIL to support and facilitate the delivery of the Barnet Loop- a walking a cycling circular route around the borough
- £450k of CIL per year to support Road Safety and Parking initiatives

The council has established a Strategic Opportunities fund of £13.185m to enable strategic purchases which will help to deliver outcomes that align with the corporate plan and can generate a return to the council.

The council is spending a further £26.8m as part of our Parks and Open Spaces Strategy, which has been developed to guide future investment in parks, ensuring that they are practical and are part of the well-used fabric of the local community. Including planned provision of modern facilities and enhanced outdoor space, contribution to council's strategic commitments to provide additional sports and playing pitches with increased usage by residents and users.

The council has already invested £45m on the creation of two new leisure centres at Barnet Copthall and Victoria Park in New Barnet.

The Council has prioritised £23.5m of investment to transform our town centres, developing great partnerships with local residents and businesses, that will help to shape the design.

The council spent £2.83m upgrading our Waste and Street cleansing vehicles to more fuel-efficient vehicles enabled with routing software to support smarter route planning and execution. The Council is also investing in its facilities to maintain and operate the streetscene services, positioning the service within borough to strengthen continuity and effectiveness of the service to residents.

3. Capitalisation Policy and Investment Programme

Capital expenditure comprises the purchase, construction or improvement of physical assets, such as buildings, land, vehicles and other property, including streetlights and road signs. It also includes grants and advances that the council may make to other bodies for capital purposes. Full details of the council's capitalisation policy are disclosed within the Accounting Policies. These can be found within the Statement of Accounts.

Barnet has an ambitious capital investment strategy. The capital programme anticipates investment of more than £1,034.129m over the next five years. This is summarised in the following table, with full detail included with the council's accounts.

Theme Committee	2022-23	2023-24	2024-25	2025-26	2026-27	Total
	£000	£000	£000	£000	£000	£000
Adults and Safeguarding	4,860	5,000	3,762	0	0	13,621
Housing and Growth (Brent Cross)	73,894	39,597	25,882	0	0	139,373
Children, Education & Safeguarding	13,282	12,173	9,374	5,431	5,821	46,082
Community Leadership and Libraries	461	2,013	0	0	0	2,474
Environment	26,866	30,843	17,864	12,960	0	88,533
Housing and Growth Committee	53,319	135,688	67,911	45,936	860	303,713
Policy & Resources	20,475	18,767	4,770	0	0	44,012
Total - General Fund	**193,157**	**244,081**	**129,562**	**64,327**	**6,681**	**637,808**
Housing Revenue Account	97,969	110,188	76,941	63,848	47,376	396,321
Total - All Services	**291,125**	**354,269**	**206,504**	**128,175**	**54,057**	**1,034,129**

4. Capital Financing

As mentioned in the previous sections, the council's Capital programme is dynamic and will develop over time; based on priority need and resource availability. For example, CIL funding will be further enabled in future years, as council services communicate with external developers for increased contributions towards infrastructural growth around the local area.

The financing of the capital programme set out in section 3 is summarised as follows:

Theme Committee	Grants	S106	Capital Receipts	RCCO/ MRA	CIL	Borrowing (Mayor's Energy Efficiency Fund)	Borrowing (PWLB)	Total
Adults and Safeguarding	9,752	155	38	0	3,471	0	205	13,621
Housing and Growth (Brent Cross)	109,566	0	17,517	1,011	0	0	11,280	139,374
Children, Education & Safeguarding	39,931	2,809	158	0	363	0	2,822	46,082
Community Leadership and Libraries	0	0	0	0	2,363	0	111	2,474
Environment	3,795	6,354	395	0	42,290	0	35,698	88,532
Housing and Growth Committee	54,369	7,938	13,676	491	38,841	11,700	176,698	303,713
Policy & Resources	1	45	166	0	4,183	0	39,617	44,012

Total - General Fund	**217,415**	**17,301**	**31,949**	**1,502**	**91,510**	**11,700**	**266,430**	**637,808**
Housing Revenue Account	25,819	3,700	10,989	53,586	0	0	302,228	396,322
Total - All Services	**243,234**	**21,001**	**42,939**	**55,088**	**91,510**	**11,700**	**568,867**	**1,034,129**

The council seeks to maximise external funding opportunities, such as grants or section 106, and limiting internal sources, such as revenue funding. Capital funding sources are described below.

External Capital Grants - Grant funding is one of the largest sources of financing for the Capital Programme. Most grants are awarded by Central Government departments, but some are received from external bodies, including The Lottery Fund or Sport England.
Grants can be specific to a scheme, have conditions attached (such as time and criteria restrictions), or for general use.

Capital receipts - The income received over the value of £10,000 from the disposal of Fixed Assets or the repayment of loans for capital purposes is defined as a capital receipt. They can normally only be used to fund capital expenditure or repay debt. Some capital receipts have additional restrictions on their use. The council seeks to obtain the highest possible receipt achievable from each disposal after considering wider community or service benefits. The council ring-fences receipts generated from the disposal of HRA assets to fund HRA projects.

Section 106 (s106) and Community Infrastructure Levy (CIL)
Planning Obligations, commonly referred to as Section 106 agreements, are used to mitigate the impact of unacceptable developments, making them acceptable in planning terms. Section 106 agreements can require the developer to pay money to the council, to address these impacts. For example, by providing funding to mitigate parking or highways impacts.

Community Infrastructure Levy is a fixed charge levied on new development to fund infrastructure. The money can be used to support development by funding infrastructure that the council, local community, and neighbourhoods want.

Private finance initiative (PFI) / Public private partnerships (PPP)
The council makes use of additional Government support through PFI and PPP and has dedicated resources to manage schemes that are funded via this source. The council currently has a street lighting programme that is funded this way.

Borrowing (known as prudential borrowing)
The council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding; the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance. Borrowing levels for the Capital Programme are therefore, constrained by this assessment and by the availability of the revenue budget to meet the cost of this borrowing which is built into the council's Medium-Term Financial Strategy (MTFS).

Particularly in the case of capital that requires borrowing, there is a need for strong business cases and decision making that is observant of prudential code and investments that potentially leave the Council exposed to debts that cannot be serviced.

The Council will investigate potential use of alternative funding structures such as short-term borrowing and development finance. This could bring forward projects that would otherwise be unachievable under current financing models. At present there is no decision on feasibility or legality and this will require careful consideration.

Revenue Funding - The council can use revenue resources to fund capital projects on a direct basis. However, given the pressures on the revenue budget of the council, it is unlikely that the council will choose to undertake this method of funding if other sources are available.

5. Governance

Oversight and decision making

The Capital Strategy Board (CSB) has oversight of the council's capital programme. The CSB is an officer body with a remit to discuss capital strategy at a senior director cross cutting level. It takes any decision-making power from the delegated authority of officers attending as set out in the Financial Regulations and the council's Constitution. It makes decisions solely in accordance with the existing priorities agreed in the budgetary framework. It also ensures that necessary consultation is carried out with the council Management Team (CMT) and (P&R) and relevant directors as part of the decision- making process. Any decision or policy that is outside the agreed budget or policy framework is referred to P&R Committee and/or council in accordance with the Constitution.

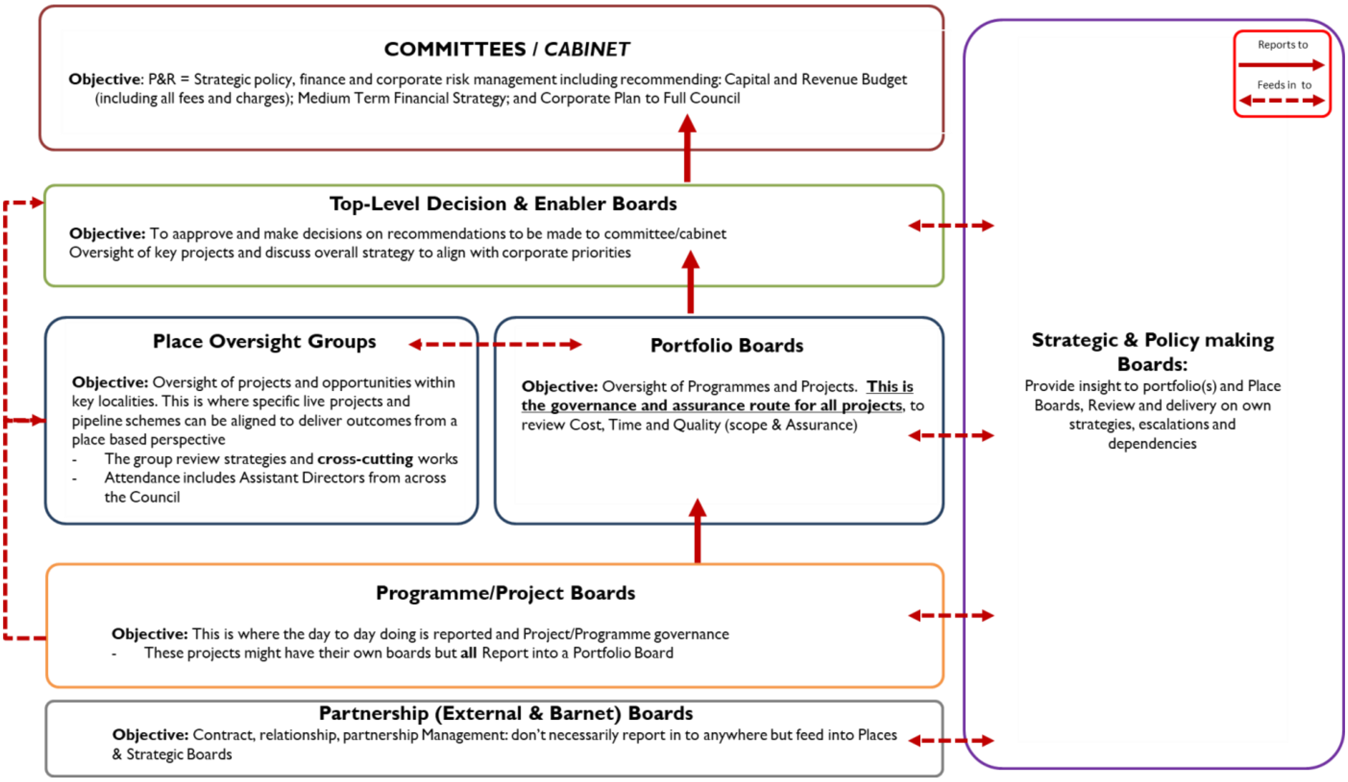
The role of the Capital Strategy Board (CSB) is as follows:

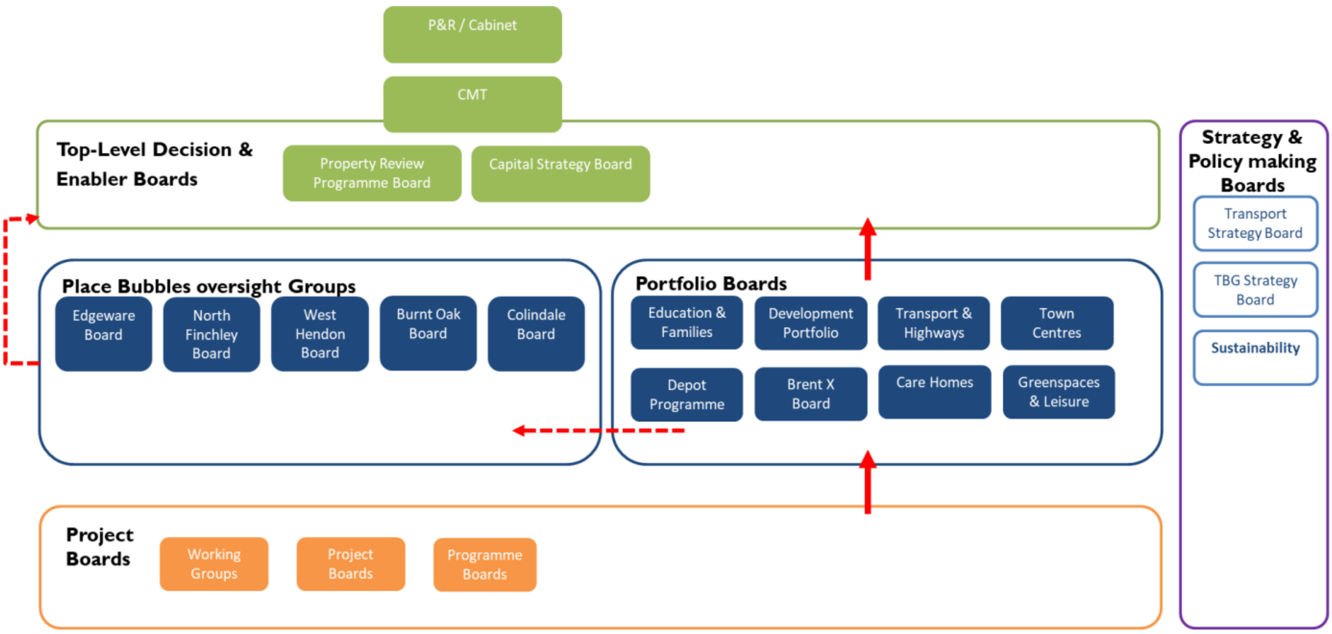
- lead on the development and maintenance of a Capital Strategy that is consistent with council priorities;
- identify and monitor the resources available to fund the capital programme ensuring all approved schemes are fully funded;
- within this framework, develop and manage the Capital Programme; and,
- monitor the progress of the capital programme and key variances between plans and performance.

The CSB reports to the Council Management Team. Decisions are recommended to Policy & Resource Committee who are responsible for strategic policy, finance and corporate risk management including recommending the Capital and Revenue Budget, Medium Term Financial Strategy and Corporate Plan to Full Council.

On occasions, there is a need for decisions that are urgent and opportunistic in nature. On these occasions the decisions will route through the appropriate Council governance in consultation with key Council Officers ensuring there is a sound justification for the decision. Subsequently these decisions will be reported through the channels above retrospectively for audit and record keeping purposes. This more commonly relates to acquisitions and principle of use of the strategic opportunities fund.

An overview of the CSB's governance role and its place in the council's structure is provided in the below diagram:





Additions to the Capital Programme

Throughout the financial year, business areas put forward proposals for new projects that are required to meet the needs of their services for consideration at the Capital Strategy Board.

Service areas must ensure that proposed additions to the Capital Programme go through the following vital steps to ensure their programmes can be presented and approved at Capital Strategy Board.

Business cases

Prior to being presented at CSB, it is essential, especially for large infrastructural projects, that all proposed schemes requiring capital investment prepare a Strategic Outline Case (SOC). There are some council schemes which may not need to do so, as they are of a reactive nature. For example, urgent maintenance and improvements to Care Homes or Borough Highways. For all other Capital Investment, an SOC should be prepared.

As each detailed business case stage is completed it is key to ensure the economic and financial cases are clearly presented. To ensure a reflective presentation of the impact to Barnet as an area and to the council, an investment appraisal, prepared to Her Majesty's Treasury (HMT) Green Book Guidance will be undertaken. It is recommended that this approach be taken on all projects that require procurement through the Find a Tender scheme due to their anticipated cost of works (for 2023 this is £2m). For the year 2023/24, it will be a requirement that capital projects in excess of £10m will need a full investment appraisal and business case approach.

Officers through their knowledge and experience may identify lower value schemes that also require a full investment appraisal, and will recommend this to Policy & Resources Committee accordingly.

The appraisal will include, at a minimum, a full Net Present Value (NPV) calculation as well as modelling the General Fund (GF) and/or Housing Revenue Account (HRA) revenue implications. Additionally, the appraisal will provide added information that will inform the council's position in relation to taxes and levies to ensure there is no breach of partial exemption rules.

For a project to be deemed viable the minimum requirement would be a positive NPV and a net nil impact to the GF / HRA post borrowing costs as a minimum. In instances where this is not the case clearly defined additional community benefits would need to be considered by officers prior to a decision being recommended to the relevant committee or cabinet.

Where the council is acquiring assets the specific criteria for acceptance, over and above an investment appraisal, are identified under the Asset Acquisition Strategy.

Property Review Board

Preparation of Strategic Outline Cases and presentation at the Property Review Board (PRB). This will ensure that:

- There is advanced knowledge of potential Capital investment;
- Communication across the appropriate channels;
- PRB aims to determine best use of assets, property opportunities, endorsing the use of resources or the re-purposing of existing assets.

- Improve the discipline of including proposed additions into the CSB Forward Plan, having already produced documentation which has been reviewed and overseen.

CIL/S106 Review Board

Advanced knowledge of programmes and inclusion into the IDP is crucial. This will enable council services to use the IDP to search for external opportunities for funding. This includes discussions with external developers for additional CIL/S106.

There is a quarterly CIL/S106 board, which is will meet to review and make recommendations relating to;

- The current Infrastructure Delivery Plan (IDP), specifically opportunities to negotiate s106 agreements
- S106 funding and ensuring timely allocation and expenditure
- CIL funding utilisation:
  - Strategic CIL approved by Policy & Resources Committee with subsequent Business Case approval by Theme Committee for the Capital Programme
  - Neighbourhood CIL approved by Policy & Resources Committee with subsequent allocation through Area Committees
- CIL forecast revenues by financial quarter over the funding utilisation period (to review potential cashflow mis-matches)
- CIL charging schedule and rates

Capital Strategy Board

Once a scheme has gone through the appropriate channels, it can be included onto the CSB Forward Plan. This will provide board members knowledge that a bid will be presented, well in advance and provide opportunity to collaborate, including necessary due diligence. Significantly, CMT members will then have ample time to review the SOC's and properly consider the viability, risk, and potential of Capital Investments.

CSB can also approve CIL/S106 Revenue funding to aid the development of Strategic Outline Cases before the capital programmes progress. Where S106 or Grant funding is acquired that is targeted to a specific deliverable, this may be added to the programme in advance of CSB to enable outcomes to be achieved sooner. In these cases CSB will be notified at the next meeting as there is no opportunity cost and therefore no strategic decision required.

Service Areas will include a bid form supporting Capital additions. This should fulfil the following minimum information requirements:

- Description of the scheme,
- The estimated financial implications, both capital and revenue,
- The expected outputs, outcomes, and contribution to the council's Priorities,
- Risk assessment and appraisal with potential mitigations, and
- Any urgency considerations (e.g. statutory requirements or health and safety issues).

Service areas should also consider the opportunity cost of pursing a scheme as a key consideration within their bid forms, especially for schemes involving property.

Business cases are scrutinised by the Capital Strategy Board where representatives will discuss and appraise the schemes based on reference to the capital strategy, corporate priorities, and evaluation criteria contained within the capital bid form. Recommendations are then put to CMT for consideration.

These proposals along with the officer approved Capital Programme are then presented as part of the Budget Report to Policy & Resources Committee each quarter, with the February Budget referred to Full Council for approval; thereby setting the full capital programme for future years.

Schemes that have not been recommended for prioritisation for use of strategic CIL from CSB, can be notified to area committees through the area representatives and may be considered as part of prioritisation of the Neighborhood Portion of CIL expenditure. The budgets for Area committees are currently set at £150k per year for each committee.

Monitoring and Reviewing the Capital Programme

The decision-making framework and monitoring arrangements support effective delivery of the programme by ensuring projects are and continue to be realistic, not only financially but also regarding timescales for delivery and benefits realisation. Quarterly reports are developed based on the outcome of reviews at Finance Business Partner level and additional review and challenge at the Capital Strategy Board. The reports are scrutinised by elected members through the P&R Committee (to be amended to Cabinet) on an annual basis and provide a basis for the CSB to understand and address risks, and change forecasts where appropriate.

Changes to the Capital Programme

Any slippages or accelerated spending or deletions to the capital programme are approved by the Policy and Resources Committee.

a) Deletions

Regular formal challenge of capital schemes is provided throughout the capital programme from multiple sources such as, Finance Business Partners (FBPs) and CSB members.

Scrutiny is applied when expenditure has not yet been incurred or is lower than the anticipated profile of payments. Consequently, deletions are identified which remove projects which are recognised as no longer being required. Removing unnecessarily planned capital expenditure not only reduces the revenue requirement but also supports good financial management in accurately forecasting project costs and reducing slippage.

b) Slippage & Accelerated Spend

In addition to the process of challenge of continued inclusion within the capital programme, scrutiny by Finance Business Partners or CSB members has been provided to the profiling assumptions of every scheme. As major capital works can span many financial years, there is a need to plan over a longer time horizon. Expanding the planning period enables existing schemes to spread the cost over a more reasonable delivery period.

6. Treasury Management

The council's Treasury Management Strategy supports the Capital Investment Strategy by ensuring that the council's capital investment and associated borrowing is financially sustainable. It includes:

- New borrowing requirements and debt management arrangements,
- A Minimum Revenue Provision Policy Statement,
- The Annual Investment Strategy,
- The Treasury Management Policy Statement, and
- Prudential Indicators for Capital and Treasury Management.

Capital Financing Requirement

This council's capital expenditure plans are set out in section 3, with section 4 showing how this will be financed, including the amounts that need to be financed by borrowing.
Expenditure which is financed by borrowing (be it internal or external) gives rise to an increase in the council's Capital Financing Requirement (CFR). The CFR is therefore a measure of the council's indebtedness and represents its underlying borrowing need; it will increase with unfunded capital expenditure and decrease through the application of revenue resources to fund the borrowing (MRP).

The table shows external debt projections (the treasury management operations) against the underlying capital borrowing need (the Capital Financing Requirement):

Capital Financing Requirement £m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Non-HRA	587.361	659.458	752.378	787.136	803.646
Housing	246.984	316.135	386.120	440.203	492.848
Total CFR	**834.345**	**975.593**	**1,138.498**	**1,227.339**	**1,296.494**
Movement in CFR	**97.679**	**141.248**	**162.905**	**88.841**	**69.155**

Movement in CFR represented by					
Net financing need for the year (above)	94.678	152.314	174.882	102.318	83.495
Less MRP/VRP and other financing movements	3.001	11.067	11.978	13.477	14.341
Movement in CFR	**97.679**	**141.247**	**162.904**	**88.841**	**69.155**

The CFR distinguishes between the amounts relating to the Housing Revenue Account (HRA) and those that do not. This reflects the statutory requirement for the HRA to be a ring-fenced account that is self-sufficient and does not subsidise nor is subsidised by other council financing arrangements.

Borrowing Activity

The council's forward projections for borrowing are summarised below. The table shows the actual external debt against the CFR, highlighting any over or under borrowing.

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
External Debt					
Debt at 1 April (excl OLTL)	490.168	589.093	689.093	719.107	807.948
Expected change in Debt	98.925	100.000	30.014	88.841	69.155
Other long-term liabilities (OLTL)	13.619	12.825	11.925	10.905	9.748
Expected change in OLTL	(0.701)	(0.794)	(0.900)	(1.020)	(1.156)
Actual gross debt at 31 March	**602.011**	**701.124**	**730.132**	**817.833**	**885.695**
The Capital Financing Requirement	**834.345**	**975.593**	**1,138.498**	**1,227.339**	**1,296.494**
Under / (over) borrowing	**232.334**	**274.469**	**408.366**	**409.506**	**410.799**

As part of ensuring the financial sustainability of the council and its investment the council sets a series of prudential indicators, including limits on levels of borrowing.

The operational boundary – This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund "under borrowing" by other cash resources. The limits below are based on projected CFR with a reduction of £100 million to reflect retained reserves.

Operational Boundary £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Expected Borrowing at start of period	589.093	689.093	719.107	807.948
New Loans Requirement during period (if negative indicates no borrowing required)	100.000	30.014	88.841	69.155
Expected Borrowing at end of period	689.093	719.107	807.948	877.103
Operational Boundary Borrowing (Expected Borrowing plus following year's New Loans Requirement)	**719.107**	**807.948**	**877.103**	**923.729**
Other long-term liabilities (OLTL)	12.825	11.925	10.905	9.748
Operational Boundary OLTL	**12.825**	**11.925**	**10.905**	**9.748**
Total Operational Boundary	**731.932**	**819.873**	**888.008**	**933.477**

The authorised limit for external debt represents the maximum level of external borrowing. It reflects the level of external debt that could be afforded in the short term but may not be sustainable in the longer term. The authorised limit is presented to Full Council for consideration and approval, as part of the Treasury Management Strategy Statement.

Authorised Limit £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt	819.107	907.948	977.103	1,023.729
Other long-term liabilities	12.825	11.925	10.905	9.748
Total	**831.932**	**919.873**	**988.008**	**1,033.477**

HRA Debt Limit

Until October 2018, the council was limited to a maximum HRA CFR through the HRA self- financing regime. This limit was £240.043 million. The council has now set a voluntary limit of £350 million.

HRA Debt Limit £'000	2019/20 Actual	2020/21 Prior Year TMSS	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
HRA debt cap	240,043	350,000	350,000	350,000	350,000	350,000
HRA CFR	212,807	243,982	285,140	329,888	367,434	398,572
HRA headroom	27,236	106,018	64,860	20,112	-17,434	-48,572

Minimum Revenue Provision

The Minimum Revenue Provision (MRP) is an annual charge to the revenue accounts that is applied to reduce the council's Capital Financing Requirement (CFR). The council is required to determine a methodology that represents a prudent and sustainable reduction in the CFR over the life of which the assets are utilised. This is set out in the MRP Policy Statement, which is included within the Treasury Management Strategy Statement. Key features are: .

- For any capital expenditure incurred prior to 1 April 2008 or financed from supported borrowing, the Authority will be charging MRP over 50 years on an annuity basis.
- For any capital expenditure carried out after 1 April 2008 being financed by unsupported borrowing the Authority will be adopting the asset life method. This is where MRP will be based on the capital expenditure divided by a determined asset life or profile of benefits to give annual instalments. The annual instalment may be calculated by the equal instalment method, annuity method or other methods as justified by the circumstances of the case at the discretion of the s151 Officer. With effect from 1 April 2020 all repayments will be calculated on an annuity basis.
- The annuity method has the advantage of linking MRP to the flow of benefits from an asset where the benefits are expected to increase in later years and is particularly relevant in connection with projects promoting regeneration or administrative efficiencies or schemes where revenues will increase over time.
- There is no requirement on the HRA to make a minimum revenue provision as this is expected to be met by the depreciation charge. However, the council is currently applying transitional arrangements that substitute depreciation for Major Repairs Allowance (MRA) estimate.
- MHCLG Guidance also allows local authorities to choose to charge more MRP than they consider prudent in any given year via a Voluntary Revenue Provision (VRP). If it does so, this will be disclosed in the Authority's Statement of Accounts.

7. Corporate Asset Management and Disposal Plans

The council holds property to sustain and support its corporate objectives as set out in the Corporate Plan, and other strategies. At the last valuation date, the council's property portfolio's estimated value was ￼ £1.776.9 bn, £0.8 bn of which is non-housing. The aim of the latest Corporate Asset Management Plan is to set out the council's short-term vision, aspirations and objectives for its land and property assets portfolio, and to outline a longer-term plan for how it intends to achieve these outcomes.

The Corporate Asset Management Plan (CAMP) is a key tool, which sets out the London Borough of Barnet's property objectives, focusing on how the council intends to utilise its asset base to deliver its Corporate Plan.

As defined in the 2020 CAMP, the priorities for the estate are to remain flexible and to accommodate the evolving needs of the council. This will be especially important during the recovery from Covid 19, and Estates will therefore continue to engage with directorates to understand their objectives and how the estate can best support them, whilst still exploiting asset optimisation, savings and income generating opportunities. The team has developed a consistent approach to decision making via an internal Property Review Programme Board, to ensure that demands on space are being prioritised, and diverse stakeholders' needs managed well. Providing flexible office space, whilst ensuring that business continuity can be maintained, also remains a priority and maintaining robust operational resilience to external incidents that may occur in the borough is vital. Physical property and safety procedures clearly form part of this resilience.

Central Government is consulting on setting EPC building rating to a 'B' by 2030 (the minimum is currently 'E'), which will affect the non-domestic buildings the Council can lease – consultation came to an end in June 2021. The outcome of the consultation will impact the Estate as investment in buildings may be required prior to agreeing new leases. The council is coincidentally developing a Sustainability Strategy which will set out the council's aims and ambitions in relation to sustainability so the approach to reaching EPC B will be fundamental to it.

We continue to realise savings from exiting the leases for Barnet House (vacated March 2021) and North London Business Park Building 2 (vacated June 2020), we will also be reviewing energy contracts and delivering de-carbonisation projects that should result in further savings in 23/24. Additional income will be generated by renting out space in existing buildings, including the Colindale office, where it is appropriate to do so, and lease renewals and rent reviews will be carried out promptly. Work to drive forward development schemes and site disposals will continue to be a priority, building on some excellent progress made in 20/21. These schemes, if successful, will result in a combination of short-term receipts and longer-term revenue that can be cycled back into council services. The Council will also continue to review the Community Benefit Assessment Tool (CBAT) arrangements and will present recommendations for potential improvements, to Policy and Resources Committee or Cabinet, once ready.

Responsible asset management will continue. Statutory building compliance remains a top priority and spending to improve the condition of buildings will take place, where it is prudent to do so. Repairs will be conducted promptly, and the implementation of a comprehensive corporate landlord management function will continue. This will centralise maintenance and utility budgets over time, so releasing directorates from the burden of managing buildings and increasing the opportunity to make savings through bulk contracts etc.

Infrastructure Delivery Plan

The council expects a significant number of new homes to be developed within the borough within the next 15 years and needs to ensure that the appropriate infrastructure is in place to support the growth.

- The council is continuing to develop and review its Infrastructure Delivery Plan which sets out the identified requirements expected in terms of infrastructure delivery, to meet the expected growth across the borough.
- The plan will be utilised to prioritise future capital projects and to identify opportunities to deliver maximum benefit from the resources available.
- The plan will also be utilised to assist in discussions with developers to evidence the requirement for contributions such as S106.
- Prioritised schemes from the Infrastructure delivery plan will be developed as part of the council's Capital Delivery Plan.
- The Council has planned for the projects that could be delivered with Community Infrastructure Levy receipts generated from future developments in the borough over the next 5 years. Further allocations will be considered in future years on monitoring of actual project costs and actual CIL receipts generated. While project costs and CIL receipts are regularly monitored it is likely that CIL allocations will be considered in 2023 particularly in light of rising costs of borrowing, rising project delivery costs, potential reprofile of CIL receipts and new priorities within the Council's new Corporate Plan.

Development Portfolio

Many assets owned by the council do not currently maximise the potential of the land upon which they are built. Such assets generally offer the potential for redevelopment of the land to provide a mixture of uses.

The council's Housing Strategy 2019-2024 sets out the intent to deliver homes that people can afford by increasing housing supply, regeneration, and growth. The strategy sets out how a continuing pipeline of developing on council Land will secure a range of tenures, including mixed tenure housing with affordable homes funded by private sales, new affordable homes to rent on existing council housing land, extra care and wheelchair accessible homes to reduce demand for care, and private housing for rent.

8. Asset Acquisition Strategy & Strategic Opportunities

The council could be agile and competitive when striving to acquire sites. The council has therefore established a Strategic Opportunities Fund of £13.185 to enable strategic purchases which can generate a return to the council.

Due to the inherent nature of acquisition opportunities, these initiatives adopt a unique set of governance arrangements and requirements as defined in the Asset Acquisition Strategy and Principle for Use for the Strategic Opportunities Fund.

In advance of entering any such investment the council will explicitly assess the risk of any loss and will observe the following principles:

- The purpose of the fund is to facilitate the agile acquisition of sites for future housing and non-housing developments and / or to help unlock existing development opportunities.
- The available fund will vary, depending on in-year expenditure but any expenditure will be returned to the fund, once a dedicated budget has been created, recognising that reimbursing the fund may not be possible in all cases, e.g. where the council acquires land because it has wider social benefits but doesn't bring a net gain
- The real estate must be suitable for development in its own right or must add value to an adjacent development.
- There must be a professional valuation, justifying the purchase cost, in line with the council's extant strategic objectives.
- There must be a financial model, approved by the Section 151 Officer, that demonstrates that the proposed acquisition results in a positive impact on the General Fund, unless other benefits, such as wider social or economic impacts, provide sufficient justification.
- Once an acquisition has been made, at the next opportunity in the budget setting cycle, a dedicated capital budget is to be created and a recharge actioned to reimburse the SOF. Exceptions to this recharging process are highlighted above.
- There needs to be a clear exit strategy for any acquisition e.g. should a scheme not progress then the site could be resold on the open market. Should this be the case, the aim will be to ensure that the proceeds of disinvestment are to be at least equal to those the council expended in acquiring the asset.

The council will adopt a balanced portfolio approach to investment, management and turnover of properties in order to ensure risk is balanced across its investments. This will consider the type of properties acquired and their location.

9. Highways & Transport Strategies

In addition to funding from internal sources, the Highways and Transport area receives grants from funders such as Transport for London and the Environment Agency.

In 2023/24 the Council will develop a new Transport Strategy that will set Council's overall approach to ensuring sustainable transport choices for all to help meet net zero, tackle exclusion and improve quality of life for everyone. Alongside this a Highway Investment Strategy will set out how we will improve the quality of our highways and footways and to support more sustainable forms of travel to help deliver Council priorities.

10. Risk Identification and Management

The major risks concerning the Capital Programme are around funding of the current and future projects, variations in the cost from agreed budgets and the projects not delivering the planned outcomes. These risks are minimised by the processes that have been incorporated into the council's normal practices.

Funding – All projects included within the Programme are fully funded. Where external sources of funding are being used, these will only be relied upon when the council is in receipt of funding agreements or where the funds are received in advance. Where conditions apply, careful monitoring will be in place to ensure the terms are met to prevent possible loss. Where borrowing is required, the revenue costs will be built into the MTFS.

Cost Variation – These fall into two categories;

a. Where the timing of expenditure changes from the budget set; This may result in a change to the borrowing profile of the council and therefore have revenue implications. It may also affect the overall outcome of the project. Delays may require value engineering decisions to ensure the project can be completed or adjustments to benefits delivered.

b. Where the overall cost of the project changes from the approved budget, Managers are required to ensure adequate budget is in place prior to the commencement of projects. Budget should include a contingency sum to allow for possible anticipated variations where prices are not fixed with contractors.

Careful monitoring and timely reporting is required to reduce the effects of cost variations. Budgets will be re-profiled to ensure timing changes are captured. Managers are required to identify alternative funding sources where overall cost variations occur during the delivery, to contain them before sums are committed.

Delivery of Outcomes – Outcomes must be measured and compared against original objectives to ensure value for money and to reduce risk. Objectives fall broadly into three main categories:

c. **To support core service delivery -** Risk may increase if project delays cause disruption to the service and require interim solutions, with both financial and nonfinancial consequences. The Capital Strategy Board will meet regularly throughout the year to discuss progress on projects and make decisions to minimise risk.

d. **To produce savings -** If planned savings are not produced from the investment, the revenue budgets may have a shortfall which will have to be addressed. It is therefore essential to carry out careful evaluation and approval of business cases and financial models, prior to the projects commencing.

e. **To generate income or economic development -** Investment on projects whose primary aim is income generation. Investment portfolio's will be balanced to reduce impact of market changes in an individual sector.

11. Knowledge and Skills

The council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The council also has a training and development programme to support staff to study towards relevant professional qualifications.

Where council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. This approach ensures that the council has ready access to knowledge and skills commensurate with its ambition and risk appetite.

Member training was undertaken as part of the induction programme following the last local elections and commencement of current member's term, with training and advice provided to relevant cabinet portfolio members as necessary.