BARNET
LONDON BOROUGH

Appendix I1:

Capital Strategy

2024 - 2025

Contents

1. Purpose of the Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

In light of the requirements of the 2021 Prudential and Treasury Codes, the Council is reviewing its governance framework around decision making and monitoring relating to capital projects.

The Capital Strategy 2024/25 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 funding from 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;
- ➢ 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. The corporate plan identifies Caring for People, our Places and the Planet as key priorities, operating as an engaged and effective council. Decision making in the context of the council'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 adopted in March 2023 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 our places and the 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

Quality, Affordable Homes

The council has allocated over £696.89m of capital investment for housing matters including housing strategy, homelessness, social housing & housing grants and commissioning of adaptations to private sector housing from 2023/24 for the next 5 years.

Initiatives in the HRA include:

- Major repairs work and investment in council homes to ensure the Decent Homes Standard is maintained across the stock, including targeted investment in estate improvements and mechanical, electrical and gas related component replacements.. Capitalised expenses related to council estate regeneration programmes are also accounted for.(£154.7m)
- Capital works on tackling Damp and Mould related problems in Council dwellings (£6.1m over the next 5 years), this is in addition to the £6m revenue works on Damp and Mould repairs.
- Continued investment in building and fire safety improvements to council homes (£31.7m)
- Delivering a retrofit programme of sustainability improvements to the council stock, in order to contribute to the wider aspirations of the council (£16.2m)
- Providing adaptations for properties to make them accessible for tenants (£6.6m).

Investment in new supply in the HRA includes;

- Purchase of 249 new affordable homes in Colindale Gardens for immediate rental (£75m).
- 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. 51 of these homes are now complete (Atholl House) Burnt Oak and a further 75 units in Hendon are due for completion in 2025/26.

- Acceleration of estate regeneration at the Grahame Park North East site, with potential joint-venture to provide over 500 new homes in the borough including an estimated 166 affordable homes (£65.3m).
- Continuing open market purchases of affordable homes, funded through Right to Buy receipts, GLA grant and HRA borrowing.
- The original GLA programme is delivering up to 78 new homes over three sites, with completions expected over 25/26.
- Three separate developments under the original HRA 250 programme are at different stages, with two on site. The programme could deliver up to and over 250 new affordable homes, subject to further capital bids.
- New investment in provision of 6 Modular Homes, to be completed in 24/25 (£2.5m).

Capital investment in the General Fund include;

- Completion of the 341 new build affordable homes in the borough (forecast £7.42m to complete).
- Spend on new acquisitions by Opendoor providing further affordable homes. Acquisitions to 300 are expected to be completed by 23/24 with a further 300 to be acquired over the next 3 years, funded from grant, housing receipts and borrowing (£135m).
- New investment to address the risks to timber framed properties in the borough, following the fire outbreak at Moss Hall (£13m).
- A new Modular Homes programme to provide 34 new affordable homes by 24/25 (£10.3m).
- Accessible adaptations of several void properties to meet growing demand for more accessible properties

Delivery of the Brent Cross Cricklewood Regeneration Programme continues, with Brent Cross West Station now open providing critical links to the wider community and the delivery of replacement new homes for the residents of Whitefields estate, who will be moving in throughout 2024. The council has a further £86.5m invested within the Programme, £5.970m of which relates to the purchase of land and £56.046m to close out the Brent Cross West Station and Waste Transfer Station projects. The £7.675m for critical infrastructure will provide residents and visitors with improved access to the area with a focus on pedestrian and cycling routes. Finally, £16.809m of third-party land acquisitions funded by the Brent Cross Town Joint Venture is facilitating the comprehensive regeneration of the 151-hectare area including affordable homes, employment, retail, leisure and social infrastructure.

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.

Family Friendly Barnet

The council's Education and Families portfolio delivers infrastructure 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 is committed to sourcing funding and investing in its provision of school facilities for children with Special Educational Needs. The number of children requiring SEN provision in the borough is projected to increase in the coming years, and this commitment will ensure continued access to good quality education for all children in the borough, as well as reducing the dependence on costly out of borough provision.

The Journey to Net Zero

The Council will explore funding opportunities to enable the continued investment in the retrofitting programme. Making existing buildings more energy efficient and enabling a transition to green energy.

The Council is continuing to invest in the delivery of electric vehicle charging points across the borough.

Enhancing the Local Environment and Green Spaces

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:

- £102m 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
- £7m (made up of CIL, Section 106 and grants) for Connecting Colindale which will deliver highways and public realm improvements around the Colindale area
- £1.2m of CIL per year to support Road Safety and Parking initiatives
- Further funding allocated from TfL (in 2023/24 this included £1.8m Local Implementation Funding, £150k Bus Priority Funding, £553k Cycleways Network Development Funding)

The council is spending a further £27.1m 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.

Borough of Fun

The council has already invested £45m in delivering two new leisure centres; Barnet Copthall Leisure Centre and New Barnet Leisure Centre located within Victoria Recreation Ground. Funding opportunities will be explored for the replacement of Finchley Lido Leisure Centre.

Safe, Attractive Neighbourhoods and Town Centres

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

The Council is 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 £1.237b over the next five years. This is summarised in the following table, with full detail included with the council's accounts.

Cabinet	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	Total
	£000	£000	£000	£000	£000	£000	£000
Adults and Social Care	5,760	4,882	3,885	3,885	3,885	1,000	23,295
Homes and Regeneration (Brent Cross)	47,419	89,379	43,202	6,500	0	0	186,500
Family Friendly Barnet	9,215	16,623	5,431	5,821	0	0	37,091
Culture, Leisure, Arts and Sports	1,837	508	0	0	0	0	2,345
Environment and Climate Change	39,940	49,549	29,382	20,145	20,237	19,400	178,653
Homes and Regeneration	88,879	91,513	50,498	49,987	1,837	8,617	291,332
Resources and Effective Council	16,380	9,293	816	310	0	0	26,799
Total - General Fund	**209,430**	**261,746**	**133,215**	**86,648**	**25,958**	**29,017**	**746,014**
Housing Revenue Account	172,026	115,700	75,229	65,333	53,020	9,798	491,108
Total - All Services	**381,456**	**377,446**	**208,444**	**151,981**	**78,979**	**38,815**	**1,237,122**

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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:

Cabinet	Grants	S106	Capital Receipts	RCCO/ MRA	CIL	Borrowing (MEEF)	Borrowing (PWLB)	Total
Adults and Social Care	15,681	0	0	0	7,471	0	143	23,295
Homes and Regeneration (Brent Cross)	59,476	0	17,517	1,011	0	0	108,496	186,500
Family Friendly Barnet	32,517	1,644	116	0	268	0	2,546	37,091
Culture, Leisure, Arts and Sports	387	118	38	0	1,745	0	57	2,345
Environment and Climate Change	16,383	7,525	382	0	116,157	0	38,206	178,653
Homes and Regeneration	58,341	7,093	9,144	0	30,953	4,720	181,079	291,332
Resources and Effective Council	1	45	54	0	0	0	26,699	26,799
Total - General Fund	**182,786**	**16,426**	**27,251**	**1,011**	**156,595**	**4,720**	**357,225**	**746,014**
Housing Revenue Account	42,015	3,550	44,145	74,798	0	0	326,599	491,108
Total - All Services	**224,802**	**19,976**	**71,396**	**75,810**	**156,595**	**4,720**	**683,825**	**1,237,122**

The council seeks to maximise external funding opportunities, such as grants or section 106, and reduce dependency on internal sources, such as revenue funded interest payments. 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 investment.

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. The Council will use Community Infrastructure Levy for both the delivery of Capital Projects and to support revenue expenditure that meets the eligibility for CIL funding

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.

As previously mentioned, in light of the requirements of the 2021 Prudential and Treasury Codes, the Council is reviewing its governance framework around decision making and monitoring relating to capital projects.

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 cross cutting level. Any decisions are made by officers using their delegated authority as set out in the Financial Regulations and the council's Constitution. Decisions are made 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 (Cabinet) 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 Cabinet 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 Cabinet 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 typically relates to acquisitions.

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 demonstrate a clear business justification with strategic, economic and financial cases clearly presented. This will consider the full financial implications of the proposal. These will be scrutinized at officer level including finance prior to being submitted to cabinet.

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 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 Cabinet.

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 has access to the capital necessary to fulfill the council's capital strategy as at an efficient cost as possible based on prevailing interest rates (and expected changes to interest rates). 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.]

Details of the Councils Capital Financing Requirements, Borrowing Activity Operational Boundary and Authorised Limit can be found in the Treasury Management Strategy.

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 excluding the Highway Network 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. 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. 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.

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, investment in roads and pavements, parks and statutory duties are currently prioiritised.

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 should be agile and competitive when striving to acquire sites.

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.

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 investment is to facilitate the agile acquisition of sites for future housing and non-housing developments and / or to help unlock existing development opportunities.
- 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 for any reimbursement necessary. There may be exceptions in special circumstances that will need to be made clear in advance of the council entering into any commitment.
- 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.

The Council is developing 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 non-financial 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 economic development -** Investment on projects whose primary aim is economic development. 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.