

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Monday, 03 February 2020</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Capital Strategy 2020/21 and Final Capital Proposals 2020/21 to 2024/25
Purpose of Report:	The purpose of this report is to set out final proposals for Cabinet members to consider, before making their recommendations to Council, in respect of the final capital budget for the financial year 2020/21 to 2024/25 and to consider the Capital Strategy for 2020/21
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Carys Lord, Section 151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Corporate Management Team have been consulted on the initial budget proposals. Trade Unions have been consulted informally on the potential implications of the proposals. External stakeholders were also consulted on the budget priorities
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and needs to be referred to Council to make the final decision.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report provides the Council's Capital Strategy for 2020/21 at Appendix 1. The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability.</li> <li>• The report sets out the Council's proposed Final Capital Programme for the period 2020/21 to 2024/25 at Appendix 2.</li> <li>• The total value of capital schemes over the next 5 years is £286.295m. This includes £117.863m for the Band B 21st Century Schools Programme and £115.373m for the Housing Improvement Programme.</li> <li>• Additional grant funding for 3 years, commencing 2018/19, has been provided by Welsh Government as part of the Public Highways Refurbishment grant and together with Council funding, this will provide £1.714m for investment in highways during 2020/21.</li> </ul>	

- Welsh Government has provided additional capital funding for school's maintenance via a grant of £1.905m for 2019/20 which is due for payment to the Council during January 2020. This sum can be carried forward into the next financial year through reserves. It is proposed that as it is very late in the budget setting process the additional funding for 2019/20 is transferred into a specific reserve for further consideration in the new financial year.

### **Recommendations**

1. That Cabinet recommend to Council that the Capital Strategy 2020/21 as set out in Appendix 1 is approved.
2. That Cabinet recommend to Council that the final Capital Programme for the years 2020/21 to 2024/25 as set out in Appendix 2 is approved.
3. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2020/21 to 2024/25 Housing Improvement Programme as appropriate.
4. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2020/21 to 2024/25 Asset Renewal budgets as appropriate.
5. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.
6. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from Energy Management Schemes.
7. That Cabinet recommend to Council that the Project Fund is redesignated and that £496k is used to create a new reserve called the Capital Economic Regeneration reserve and that the remaining balance on the reserve of £2.354m be renamed as the Commercial Opportunities and Invest to Save reserve.
8. That Cabinet refer the Capital Strategy 2020/21 and Final Capital Proposals 2020/21 to 2024/25 to the Corporate Resources Scrutiny Committee for review and the comments of Scrutiny committee be referred to Cabinet.
9. That Cabinet approve the reprofiling of the Band B programme for the School Investment Strategy for the years 2019/20 to 2024/25 as shown in paragraph 2.36 of this report.

10. That Cabinet approve the reprofiling of the City Deal scheme for the years 2019/20 to 2024/25 as shown in paragraph 2.32 of this report.

### **Reasons for Recommendations**

1. To approve the Capital Strategy for 2020/21.
2. To set and approve future capital programmes to 2024/25.
3. To enable the Housing Capital budget to be managed effectively.
4. To enable the Asset Renewal budgets to be managed effectively.
5. To enable S106 schemes to be managed effectively.
6. To enable the Energy Management Schemes to be managed effectively.
7. To rename and create a new reserve.
8. In order to gain the view of Corporate Resources Scrutiny Committee.
9. To reflect the work programme for the Band B Schemes.
10. To reflect the work programme for the City Deal Scheme.

## **1. Background**

### **Capital Strategy**

- 1.1 The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.2 CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a requirement for authorities to produce a Capital Strategy. To comply with the requirements, a Capital Strategy has been produced for 2020/21 and is attached at Appendix 1. The Strategy will also be submitted to full Council for approval.
- 1.3 The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are

set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.

### **Capital Programme**

- 1.4** The Council has produced a detailed 5 year Capital Programme, with the proposed programme for 2020/21 to 2024/25 being included in Appendix 2.
- 1.5** When the initial proposals were considered by Cabinet on 18th November 2019, minute C139, the Council had not received the provisional settlement from Welsh Government for 2020/21. The consequence of the late announcement was that a draft capital programme was not included in the initial proposals report. The report therefore detailed the requests for funding that had been received from Directorates and these bids were presented to Scrutiny Committees in December 2019 for comment.
- 1.6** In responding to the report, the following recommendation in relation to the requests for funding was made by the Environment and Regeneration Scrutiny Committee as a meeting held on the 17th December 2019: -
- T H A T the Corporate Performance and Resources Scrutiny Committee recommend to Cabinet, for emphasis to be given to bid NST1 - Carriageway resurfacing/Surface treatments, which should be successful in order to maintain roads to an acceptable standard and because resurfacing is recognised as a major challenge as standards could deteriorate very quickly.
- 1.7** All other scrutiny committee's recommended: -
- T H A T the Initial Capital Programme Proposals for 2020/21 to 2024/25 be noted.
- 1.8** The recommendations of Scrutiny Committees were referred to the Corporate Performance and Resources Scrutiny Committee, which is the lead Scrutiny Committee for the budget. On 19th December 2019 this Committee recommended that: -
- T H A T the Initial Capital Programme Proposals for 2020/21 to 2024/25 were considered along with recommendations from other Scrutiny Committees and the recommendations be forwarded to Cabinet.
- T H A T the Committee recommend to Cabinet that priority be given to those capital bids that fall within the criteria for Health and Safety legislation (Priority Level A) and those of Economic Sense/Invest to Save (Priority Level Ci).
- T H A T the Committee recommend to Cabinet for emphasis to be given to bid NST1 – Carriageway resurfacing/Surface treatments, which should be successful in order to maintain roads to an acceptable standard and because resurfacing is recognised as a major challenge as standards could deteriorate very quickly.

- 1.9** The Budget Working Group (BWG) have had consideration for the recommendations of the Scrutiny Committees when preparing the 2020/21 capital programme.

## **2. Key Issues for Consideration**

### **Capital Strategy**

- 2.1** The Capital Strategy looks at a longer term view of the Council's capital investment requirements. This is the second year that the Capital Strategy has been produced in this format and it will be updated annually and will evolve over future years.
- 2.2** There are a number of factors that will influence the Council's priority areas of spend and its future capital investment. The Capital Strategy outlines the various Council strategies which identify the priority areas for capital investment and the external factors that result in the need to incur capital expenditure.
- 2.3** It is difficult to predict capital resources over a long term period as the level of general capital funding provided by Welsh Government is usually advised on a year by year basis and their priority areas of spend, which they influence by the provision of specific grants, will change over a period of time. Capital receipts are difficult to predict as while the Council will strive to maximise receipts where possible, the uncertainty in the current economic climate, particularly with regard to Britain's exit from the European Union, has an impact on developers.
- 2.4** An initial assessment however has been undertaken to identify the possible requirements for capital investment over a longer period of 10 years and also the potential funding that is available to finance such work. The funding gap could be in the region of £12m over the period. This data will be reviewed and updated on an annual basis to provide a basis for future capital strategies.
- 2.5** Unsupported borrowing could be an option to bridge any funding gap however a full financial appraisal will need to be undertaken to ensure that the financial consequences are affordable and sustainable.
- 2.6** The Strategy confirms the importance of ensuring the efficient, effective and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery.
- 2.7** The Council's appetite for risk needs to be discussed as part of the Strategy. This Council has always been prudent with regard to its borrowing and does not take risks when investing, as the Treasury Management Strategy for 2020/21 sets out the council's intentions to place investment with the UK Government or other local authorities or AAA rated money market funds.
- 2.8** As part of the Strategy, confirmation of any material commercial activities needs to be detailed. On 1st January 2020, the Council set up a Local Authority Trading

Company to deliver catering services called the Big Fresh Catering Company. The Council owns 100% of the company shares. This Council does not have any other material commercial activities.

- 2.9** In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and to meet the requirement to invest in assets. These are detailed in Section 11 of the Strategy.

### **Capital Resources Available**

- 2.10** Details of the different sources of funding available to finance capital expenditure are outlined in section 3 of the Capital Strategy.
- 2.11** On 16th December 2019, the Welsh Government (WG) announced the provisional 2020/21 General Capital Funding (GCF) settlement which was £6.796m, being made up of £3.403m grant and £3.393m of supported borrowing. This is an increase of £153k from the 2019/20 funding of £6.643m.
- 2.12** On the 20th November 2018 the Cabinet Secretary for Finance announced proposals in the Draft Budget for 2019/20 for an extra £100m of capital funding to be made available for local authorities across Wales over 3 years. The first instalment of £50m was paid in 2018/19, with £30m being paid in 2019/20 and £20m in 2020/21. This additional funding has been factored into projections going forward, however as no further indication has been received from Welsh Government, it has been assumed that from 2021/22 onwards, the level of capital funding will revert back to the same level as set out in the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this programme.
- 2.13** On this basis, the following table represents the capital funding from the Welsh Government assumed as part of the 5 year programme.

<b>WG Funding</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supported Borrowing	3,393	3,422	3,422	3,422	3,422
General Fund					
General Capital Grant	3,403	2,083	2,083	2,083	2,083
<b>TOTAL</b>	<b>6,796</b>	<b>5,505</b>	<b>5,505</b>	<b>5,505</b>	<b>5,505</b>

- 2.14** Funding will be received for the Public Highways Refurbishment Grant. This is a road refurbishment programme to cover the period 2018 to 2021 and will provide vital new investment for the Council's roads. The grant will cover 3 years. The Council's allocation for 2018/19 was £758k, £749k for 2019/20 and is £752k for 2020/21. The amount for 2020/21 has been included in Appendix 2.
- 2.15** Another means of financing capital expenditure is through capital receipts resulting from the sale of assets. Receipts from the sale of Housing Revenue Account (HRA) assets can only be spent in the HRA and cannot be used to finance General Fund capital schemes.

**2.16** The council has taken the decision to ringfence vehicle capital receipts for the vehicle replacement programme. Capital receipts would be utilised in the year that they are received to reduce the requirement to use reserves or unsupported borrowing.

**2.17** Projected use and income generated from the sale of assets for the next 5 years is shown in the following table.

<b>Capital Receipts</b>	<b>General</b>	<b>Ring-fenced Social Services</b>	<b>Ring-fenced Education</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Projected Balance as at 31st March 2020	4,739	1,339	7,509
Anticipated Requirements – 2020/21	-1,264	0	-2,453
Anticipated Receipts – 2020/21	0	0	0
Balance as at 31st March 2021	3,475	1,339	5,056
Anticipated Requirements – 2021/22	-1,425	-1,339	-5056
Anticipated Receipts – 2021/22	0	0	0
Balance as at 31st March 2022	2,050	0	0
Anticipated Requirements – 2022/23	-777	0	0
Anticipated Receipts – 2022/23	0	0	0
Balance as at 31st March 2023	1,273	0	0
Anticipated Requirements – 2023/24	0	0	0
Anticipated Receipts – 2023/24	0	0	0
Balance as at 31st March 2024	1,273	0	0
Anticipated Requirements – 2024/25	0	0	0
Anticipated Receipts – 2024/25	0	0	0
Balance as at 31st March 2025	1,273	0	0

**2.18** Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves. The Project Fund is a reserve used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate. The balance of this reserve as at 31st March 2019 was £2.850m. This reserve has not been utilised in this manner in recent

years and it is therefore proposed that the reserve is redesignated in the following way: -

- To create a new reserve with a sum of £496k called the Capital Economic Regeneration reserve which will help to deliver the key regeneration projects within the Vale of Glamorgan.

- That the subsequent balance of the Project Fund of £2.354m be renamed Commercial Opportunities and Invest to Save reserve. This reserve will be used for invest to save schemes where robust business cases have been brought forward for consideration.

**2.19** Schemes are also included in the programme that have funding under S106 planning obligations.

**2.20** Outside of the above, the Council is heavily dependent on specific grant funding to supplement its own resources if certain capital schemes are to be progressed. It is estimated that over the next 5 years, the level of specific grant funding for General Fund Capital Schemes is approximately £68.118m which is around £39.302m more than the level of General Capital Funding for the same period (£28.816m). The grants include Band B 21st Century Schools grant, Childcare Offer Capital Grant, Highway Refurbishment Fund, Five Mile Lane Improvement grant and the Targeted Regeneration Investment (TRI) Thematic Grants Programme.

**2.21** The Council is also able to borrow to finance capital expenditure. This can be supported where funding is received from WG to fund the cost of borrowing or unsupported where the Council has to finance the full cost of the debt. When considering options for capital financing, the ability of the Council to finance the repayment of any loan it raises for the funding of capital schemes must be evaluated. Section 3 of the Capital Strategy provided further detail regarding borrowing and Section 5 provides information and indicators regarding the Council's level of borrowing.

### **Capital Programme 2020/21 to 2024/25**

**2.22** The 2020/21 to 2024/25 Capital Proposals have been made in accordance with the principals of the Capital Strategy. Clearly, limited resources will allow only those schemes of highest corporate priority and/or risk to be pursued. Section 4 of the Capital Strategy sets out the process for prioritising capital bids.

**2.23** The initial capital proposals advised that while the evaluation process had been carried out for 2020/21 in the normal manner, the provisional settlement for 2020/21 had not been confirmed. It was therefore proposed at that point, due to the uncertainty in the level of funding to be provided, that no schemes would be approved for inclusion in the Capital Programme and further assessment would be carried out by the Budget Working Group once the level of funding was known and consultation had taken place. As the provisional capital settlement



from WG has now been received, it is proposed that new schemes are now included in the capital programme 2020/21 - 2024/25 as set out below

<b>Scheme</b>	<b>20/21</b>	<b>21/22</b>	<b>Need</b>
	<b>£000</b>	<b>£000</b>	
Expansion of Places at Ysgol Y Deri	120	0	The Local Authority has a statutory requirement to meet the needs of pupils with Additional Learning Needs (ALN). The demand for places is currently greater than capacity. Capital works are required to address this issue.
Old Hall, Cowbridge, renewal of roof coverings	0	330	Renewal of pitched roof coverings. Old Hall slate roof is in poor condition and requires complete renewal.
Albert Primary School, new classroom block	90	0	Reconfiguration of school buildings to increase capacity.
New Household Waste Recycling Centre (HWRC)	0	400	To replace the existing rented HWRC within the Llandow Industrial Trading Estate.
Replacement of existing Pay & Display Machines	99	0	Purchase of machines to replace current outdated machines at Barry Island and Ogmere to incorporate contactless payments.
Penarth Leisure Centre, Boiler Renewal	350	0	The heating and hot water boilers at Penarth Leisure Centre are beyond their planned economic life and are in a very poor condition. Regular repairs are required, and continued operation is hampered by the decreasing supply of spares.
Electric Pool Cars	215	0	This will help the Council to achieve the Welsh Government Carbon Emission target - 25% reduction in CO2 emissions by 2024.
Penarth Leisure Centre, Lift Renewal	50	0	The lift is the original and is in a very poor condition. Numerous repairs have been required in recent years. Spare parts are becoming harder to source and will soon become unavailable.
Llantwit Major Leisure Centre, Lift Renewal	50	0	The lift is the original and is in a very poor condition. Numerous repairs have been required in recent years. Spare parts are becoming harder to

			source and will soon become unavailable.
Carriageway resurfacing/Surface treatments	452	0	To support rolling programme of road improvement.
Installation of Roof Edge Protection, Contact One Vale	25	0	The installation of fall arrest/ barrier system for health and safety reasons.
Installation of Vehicle Charging Infrastructure	32	0	To procure and install electric vehicle charging points at the Civic Offices and Alps depot and associated software. The project will enable the charging of council pool cars.
Alps Depot Toilet Refurbishment	100	100	The existing toilets across the site are mainly original to the building and circa late 1970s/early 1980s and therefore in a very bad state of repair. The existing disabled toilets are not compliant or up to current standards as set down by the Equalities Act 2010.
Ventilation, Lighting & Upgrade to Contact One Vale	150	100	It is proposed that upgrade works be carried out to include an air conditioning/ventilation system together with a new lighting scheme and also the installation of light tunnels through the roof cavity in order to provide more natural light. This will assist in the wellbeing of the staff.
BSC2	200	100	The upper floor of the BSC2 has no working heating system and therefore cannot be let.
Cosmeston Play Area	240	0	Funding to avoid the play area deteriorating and falling into disrepair which would lead to the removal of equipment.
All-weather parking spaces at Porthkerry Country Park	48	0	The Country Park has limited hard standing parking, with only 85 spaces based around the café and lodge area. Additional funding will encourage the potential for third party operators and will lead to income generation from events.
All-weather parking spaces at Cosmeston Lakes Country Park	48	0	The Country Park has hard standing parking for 265 spaces around the main entrance to the Country Park,

			allowing direct access to all facilities and areas. Due to the sites continued popularity the site is continually at capacity, with the overflow car parking fields being required throughout the year. Due to the nature of the overflow fields, they are unusable after a short period of rain making it impossible to park cars within the area, this results in visitors being turned away.
Playground Refurbishment - Troes Play Area	85	0	To provide safe attractive play areas for children.
Car Park Refurbishments	70	70	Car parks in urgent need of refurbishment in order to bring them up to a safe acceptable standard.

- 2.24** The Initial Capital Proposals advised that the Asset Renewal budgets for each directorate would be reviewed and schemes would be identified prior to the approval of the Final Capital proposals for 2020/21 to ensure that funding is allocated to priority schemes. A full breakdown of the Asset Renewal budgets is now included in the 2020/21 capital programme.
- 2.25** As shown in the table above, the Budget Working Group proposes that an additional £452k is included in the 2020/21 Capital Programme for carriageway resurfacing, with £210k also being allocated to resurfacing from the 2020/21 Neighbourhood Services Asset Renewal budget. There was already £300k approved in the capital programme and therefore this brings the Council's contribution towards highway improvements in 2020/21 to £962k. When the WG grant for 2020/21 is added to the Council's funding this will bring the total road and pavement resurfacing works budget next year to £1.714m.
- 2.26** Disabled facilities grants have seen a number of recent referrals/applications be subject to full means testing, which has resulted in a rise in applicants self-funding adaptations. This has been coupled with a reduction in referrals being received. The team will monitor the situation to establish if this is a continuing trend. The £150k additional funding previously agreed for this work has therefore been removed from the 2020/21 Capital Programme.
- 2.27** School ICT Loans of £200k each year between 2020/21 - 2024/25 have been removed from the five year Capital Programme as Welsh Government have committed to a grant of £4.2m over the next 4 years to enhance the IT infrastructure and IT equipment across schools. The 2020/21 allocation has not yet been announced so will be added to the capital programme in due course.

**2.28** A School Decarbonisation Scheme of £340k has been included in the 2020/21 Capital Programme. This scheme will reduce carbon emissions by primarily installing LED lighting throughout selected schools and installing photovoltaic panels where possible. At the moment it is anticipated works will be carried out to Cadoxton Primary School, Colcot Primary School, Evenlode Primary School, Ysgol Gwaun Y Nant, Jenner Park Primary School, Llansannor CIW Primary School, St Brides Major CIW Primary School, Victoria Primary School and Peterston Super Ely Primary CIW Primary.

**2.29** Original funding for the Cowbridge Leisure Centre Roofing scheme contained £91k of Energy Commission Reinvestment Fund funding from the Energy Management reserve for the purchase and installation of photovoltaic panels. However, since the demise of the feeding tariff an agreement could not be reached with Legacy Leisure, who operate the leisure centres on behalf of the Council and therefore this budget has been reduced by £91k in the 2020/21 capital programme. Updated prices are currently being obtained for the roof scheme both with and without the panels, so options can be considered going forward.

**2.30** The revised Waste Management Strategy was presented to Cabinet on 2nd July 2018. There has been a successful capital bid to Welsh Government's Collaborative Change Programme (CCP) to financially support the new waste infrastructure required to introduce a source separated dry recycling collection service namely the 'collections blueprint'. Capital support is required to fund the purchase of vehicles, all necessary containers and the construction of a Resource Recovery Facility including all necessary plant and equipment. The Council was allocated £3.5m from Welsh Government in 2018/19 and £2.8m in 2019/20. £1.5m from reserves has been included in the 2020/21 Capital programme to help to facilitate this scheme, through the creation of a Resource Recovery Facility.

**2.31** In January 2020 the Council was awarded £1.905m of additional grant from WG to support School Maintenance. WG have agreed this can be carried forward into the next financial year through reserves therefore it is proposed that this additional funding is transferred into a specific reserve and consideration for its allocation is made early in the new financial year.

**2.32** It is requested to reprofile the City Deal budget as set out in the table below as per the latest business plan that was presented to the Cardiff Capital Region Cabinet on the 19th December 2019: -

<b>Year</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>Budget £000</b>	0	1,313	675	675	972	972

**2.33** Potential funding for 2021/22 onwards which has not been allocated to specific schemes is shown under the All Services Asset Renewal heading.

## Schools Investment Programme

**2.34** The Schools Investment Programme is a priority programme of investment in the future of the Vale of Glamorgan's schools and further background is contained in Section 2 of the Capital Strategy.

**2.35** In late November 2018, Welsh Government advised that the intervention rate for the 21st Century Schools Programme for non-faith school schemes would increase from 50% to 65%. A new intervention rate of 75% Welsh Government funding was also introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU). The St Richards/St Helen scheme will now be a Band C scheme and the options of financing the scheme as a Mutual Investment Model (MIM) are being considered.

**2.36** It is requested that the schemes contained in the programme are re-profiled as shown below in order to maximise the opportunity to draw down on the available Section 106 funding and to reflect more accurately scheme spend profiles. The total of the Band B programme is £135.356m of which £2.453m was funded in 2018/19.

<b>Band B Schemes</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>Total</b>
	£000	£000	£000	£000	£000	£000	£000
Whitmore High School	6,073	16,818	6,039	344	0	0	29,274
Pencoedtre High School	1,465	16,469	12,994	3,657	0	0	34,585
Centre for Learning and Wellbeing	73	2,500	1,825	0	0	0	4,398
Ysgol Gymraeg Bro Morgannwg	6,424	11,165	2,844	282	0	0	20,715
Barry Waterfront	9	3,500	3,906	0	0	0	7,415
Primary Provision in the Western Vale	286	2,500	1,332	65	0	0	4,183
Cowbridge Primary Provision	200	2,800	3,417	1,000	0	0	7,417
St David's Primary School	260	2,500	1,353	71	0	0	4,184
St Nicholas	200	2,500	1,414	71	0	0	4,185
Ysgol Y Deri	50	4,500	5,450	1,000	0	0	11,000
Primary Provision in Penarth	0	0	2,477	1,708	0	0	4,185
Review Nursery Provision	0	862	500	0	0	0	1,362
<b>TOTAL</b>	<b>15,040</b>	<b>66,114</b>	<b>43,551</b>	<b>8,198</b>	<b>0</b>	<b>0</b>	<b>132,903</b>

**2.37** The revised funding for this programme is shown in the following table.

<b>Band B Schemes</b>	<b>£000</b>
WG Grant	76,183
S106	22,373
Capital Receipts	9,651
General Capital Funding	4,577
Reserves and Revenue Contribution	11,408
Prudential Borrowing	8,711
<b>TOTAL</b>	<b>132,903</b>

**2.38** It is intended that there will be a transfer of land from Education to the HRA. Under accounting rules this appropriation of land results in a transfer of debt from the Council Fund to the HRA. This allows additional replacement prudential borrowing to be raised for the 21st Century School programme and subsequently reduces the level of capital receipts required.

### **Housing Improvement Programme**

**2.39** The Council achieved Welsh Housing Quality Standard (WHQS) at the end of March 2018. The Final Capital Programme Proposals therefore reflect the level of works required to maintain WHQS and the Council's aspirations as part of the Housing Asset Management Plan, which includes the building of new houses. Further details are contained in section 2 of the Capital Strategy.

**2.40** WG requires all local authorities who retain their housing stock to submit an acceptable Housing Business Plan annually that incorporates a detailed financial forecast in the form of a 30 year financial model. The Business Plan is the primary tool for a local authority's housing landlord service to ensure that its financial plans are sustainable and affordable.

**2.41** The Plan will form the basis of the Major Repairs Allowance (MRA) grant application, which is a pivotal financing component for the Housing Improvement Programme. The MRA for 2020/21 has not yet been announced by the Welsh Government but the assumed level of grant in Appendix 2 remains at £2.760m per annum which is the sum received in 2019/20.

**2.42** The sources of funding to be used to finance HRA expenditure in 2020/21 to 2024/25 are detailed in the table below.

<b>Funding</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Revenue/Reserves	5,665	4,913	5,662	6,242	6,962
MRA Grant	2,760	2,760	2,760	2,760	2,760
Unsupported Borrowing	17,359	16,807	13,334	12,552	10,514
S106	1,263	300	0	0	0
<b>Total Budget</b>	<b>27,047</b>	<b>24,780</b>	<b>21,756</b>	<b>21,554</b>	<b>20,236</b>

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

**3.1** The Capital Strategy and Capital Programme focuses capital investment to deliver the outcomes identified as part of the Corporate Plan.

- **An Inclusive and Safe Vale** - Continued investment in housing through the Housing Improvement Programme to maintain the Welsh Housing Quality Standard and plans for new build and environment and regeneration programmes.
- **An Environmentally Responsible and Prosperous Vale** - Investing in the introduction of LED street lighting will bring environmental benefits and contributing as a partner in the Cardiff Capital Region City Deal will bring economic prosperity to the area.
- **An Aspirational and Culturally Vibrant Vale** - Further investment in schools through the School Investment Programme with Band A complete and development under Band B commencing in 2018/19.
- **An Active and Health Vale** - Investment in Leisure Centres and playgrounds will encourage more use and activity.

**3.2** The Capital Strategy and the setting of the 5 year Capital Programme are set through considering the Five Ways of Working.

**3.3** **Looking to the long term** - The development of the capital programme and the Capital Strategy is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood.

**3.4** **Taking an integrated approach** – The Capital Strategy recognises that in setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes.

**3.5** **Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.

**3.6** **Working in a collaborative way** – The Capital Strategy recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities.

**3.7** **Understanding the root cause of issues and preventing them** – The Capital Strategy and the process for setting the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

## 4. Resources and Legal Considerations

### Financial

- 4.1 The capital programme will be funded from a variety of sources. The table below details the General Capital Funding and internal resources required to fund the schemes proposed in Appendix 2 in 2020/21.

<b>Net Sources of Funding - 2020/21</b>	<b>£000</b>
<b>General Fund</b>	
<b>Welsh Government Resources:</b>	
General Capital Funding	3,403
Supported Borrowing	3,393
<b>Council Resources:</b>	
Capital Receipts	3,717
Unsupported (Prudential) Borrowing	2,718
Revenue/Reserves	12,714
<b>Net Capital Resources</b>	<b>25,945</b>
<b>Housing</b>	
<b>Council Resources:</b>	
Capital Receipts	0
Unsupported (Prudential) Borrowing	17,359
Housing Reserves	5,665
<b>Net Capital Resources</b>	<b>23,024</b>
<b>Total Net Capital Resources</b>	<b>48,969</b>

### Employment

- 4.2 Some of the schemes included in the capital programme will be undertaken by Council staff and the relevant costs will be recharged to the capital scheme.

### Legal (Including Equalities)

- 4.3 The Council is required to show that capital expenditure is covered by identified resources when developing its Final Capital Programme proposals.

## 5. Background Papers

Local Government Provisional Revenue Settlement letter dated 16th December 2019.



VALE of GLAMORGAN



BRO MORGANNWG

VALE of GLAMORGAN COUNTY BOROUGH COUNCIL

# CAPITAL STRATEGY

2020/21



# **CAPITAL STRATEGY 2020/21**

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# 1. INTRODUCTION AND AIMS OF THE CAPITAL STRATEGY

## Introduction and Aims

- 1.1 The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose of or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.
- 1.2 While the Strategy should look to the longer term, it is supported by a detailed Capital Programme for 5 years covering the period 2020/21 to 2024/25. This is the second year that the Capital Strategy has been produced in this format and it will be updated annually and evolve over future years.
- 1.3 The Council's capital expenditure is reflected in the Balance Sheet of its Statement of Accounts ensuring stewardship of assets is demonstrated. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council. The Council's assets at the 31 March 2019 have a book value of £653m, which includes £164.063m relating to housing stock.

## Definition of Capital and Capitalisation Policy

- 1.4 Capital expenditure is defined by the Code of Practice on Local Authority Accounting in the United Kingdom - A Statement of Recommended Practice (SORP) as "Expenditure on the acquisition, creation or enhancement of an asset". The Local Authorities Capital Finance and Accounting (Wales) Regulations also provides for other items to be defined as capital expenditure. These are:
- Expenditure on computer programs;
  - The making of a grant or other financial assistance to any person towards expenditure that would be capital expenditure if incurred by the authority;
  - The acquisition of share and loan capital;
  - The repayment of grant given for capital purposes; and
  - Expenditure on works on land and buildings and on assets not owned by the authority.
- 1.5 The Council also uses a deminimus level of £10,000 to classify expenditure as capital or proceeds from the sale of an asset as a capital receipt, with expenditure or income below this level being classed as revenue.

## **Prudential Code**

- 1.6 The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.7 CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a new requirement for authorities to produce a Capital Strategy. To comply with the requirements, a Capital Strategy has been produced for 2020/21 and will be updated on an annual basis. The Strategy will also need to be submitted to full Council for approval.

## 2. LINKS TO STRATEGIC PLANS AND FUTURE CAPITAL REQUIREMENTS

2.1 There are a number of factors that will influence the Council's priority areas of spend and its future capital investment. This section outlines the various Council strategies which identify the priority areas for capital investment and the external factors that result in the need to incur capital expenditure.

### Corporate Plan

2.2 The Corporate Plan effectively acts as the driver, setting the focus and direction for the delivery of all Council services. In this way, future requirements can be predicted and future areas of significant expenditure can be identified and prioritised, not only in the light of service developments and the competing demands between different services, but also in pursuit of pre-defined corporate priorities.

2.3 The Council had set out its vision for 2016-2020 in its current Corporate Plan however it is in the process of producing a new plan for the period 2020-2025 which it has recently finished consulting on. It is the intention to keep the existing vision and values however 4 new well-being objectives are being proposed. The Capital Programme should be set having regard to the Council's corporate priorities, which will be included in the Corporate Plan through the 4 objectives. These are as follows:-

- To work with and for our communities;
- To support learning, employment and sustainable economic growth;
- To support people at home and in their community; and
- To respect, enhance and enjoy our environment.

2.4 These objectives demonstrate the Council's commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own needs.

2.5 In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow and these principles will remain for the new Corporate Plan. This approach to working has been followed in developing this Capital Strategy and setting the capital programme. The 5 ways of working are :-

- **Looking to the long term** - The development of the capital programme and the Capital Strategy is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood;
- **Taking an integrated approach** – The Capital Strategy recognises that in setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes;
- **Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory;

- **Working in a collaborative way** – The Capital Strategy recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities; and
- **Understanding the root cause of issues and preventing them** – The Capital Strategy and the process for setting the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

2.6 The new Corporate Plan 2020-2025 will be published on the Council's website once approved by Council.

### **Medium Term Financial Plan (MTFP)**

2.7 The Council produces a rolling Medium Term Financial Plan as a mechanism which allows the Council to forecast the level of funding available in future years and to match this against the likely expenditure. It links both the planning process with the budget process and ensures consistency between them. The MTFP is therefore of crucial importance for the development of a plan for capital investment. The revenue consequences of any capital investment have to be determined and built into the planning process and needs to ensure that they are affordable going forward. The latest MTFP was approved by Cabinet on 7<sup>th</sup> October 2019.

2.8 Further detail can be found at [Medium Term Financial Plan](#)

### **Corporate Asset Management Plan (CAMP)**

2.9 The way the Council manages its properties and other assets has a direct impact on the services it provides and the CAMP seeks to ensure that the Council achieves the optimum use of its assets whilst supporting service delivery across the Council and achieving the aims of its Corporate Plan. Asset management is not merely about how to make financial savings, it is about ensuring that the Council achieves the maximum efficiency from its assets. Realising the CAMP's objectives requires a long term strategy and the CAMP is therefore updated regularly. The latest CAMP covers the period 2019 to 2022 and was approved by Cabinet on 29<sup>th</sup> July 2019.

2.10 The objectives of the CAMP are :-

- To ensure an efficient, effective, and sustainable use of land and buildings to deliver fit for purpose property to support the council's service delivery;
- To identify and pursue opportunities to generate capital receipts and revenue generating opportunities from surplus property;
- To ensure that Premises Managers / Duty Holders manage Council assets so that they comply with appropriate statutory, regulatory and corporate standards, and are maintained to an appropriate level;
- To ensure that all asset information held is in a user friendly form which is accessible to service providers; and
- To work in partnership and collaborate with other public sector bodies within the Vale of Glamorgan to achieve efficiencies in the use of property assets.

- 2.11 In order to achieve these objectives, Service Asset Management Plan (SAMP) questionnaires are completed annually by each service area and provides data relating to the assets each service is allocated. They assist in aligning the Council's property assets to meet both current and future service delivery needs. They are also an integral part of informing whether assets are fit for purpose and performing as required. Performance is reviewed on a suitability and sufficiency basis, with consideration given to workforce planning requirements.
- 2.12 Forming part of the Council's accommodation strategy, the Space Project is focussed specifically on the key corporate buildings. Since its implementation it has become a key driver for achieving a more efficient use of our corporate buildings and this will continue into the future.
- 2.13 An Acquisition Protocol has been developed which will help to ensure that a co-ordinated approach is adopted for any potential acquisitions. The protocol will require the following:-
- The reason for acquisition;
  - A property search to be undertaken by Asset Management/Estates, initially undertaking a review of property already in Council ownership/control, and only if deemed appropriate should a wider search of third party properties be undertaken;
  - A completed option appraisal including an assessment on a whole life costing basis to establish the most cost effective options to provide a suitable building; and
  - An approval process, including referrals to Cabinet or relevant strategic groups.
- 2.14 Working in a collaborative way is one of the Council's 5 Ways of Working and the Council is taking opportunities to achieve this by a more effective use of its assets through collaboration and joint working initiatives with other public sector organisations. The Council's Community Asset Transfer Protocol which was reviewed and agreed by Cabinet on 16<sup>th</sup> December 2019. This protocol identifies when the Council can consider the transfer of an asset and how local communities could register an interest in taking over a Council owned property.
- 2.15 Further detail can be found at [Corporate Asset Management Plan Update](#)

### **Highways Asset Management Plan**

- 2.16 The Vale of Glamorgan Council's Highway Asset Management Plan (HAMP) is currently in the process of being finalised. When complete it will provide an integrated framework through which the Council delivers highways maintenance across the Council's road network in a manner that optimises resources for the management of the highway infrastructure.

### **Housing Improvement Programme**

- 2.17 As at 31<sup>st</sup> December 2019 the Council's housing stock stood at 3867.
- 2.18 Cabinet on 16th December 2019 approved the Housing and Property Acquisition Strategy 2020 as a draft document for consultation. With the introduction of the Welsh Housing Quality Standards (WHQS), the Housing Investment Programme has been predominantly focused on investing in tenants' homes and neighbourhoods

directly contributing to achievement of the standard. As at 31<sup>st</sup> March 2018, the Council achieved the standard and therefore the draft Housing Asset Management Strategy seeks to set out the Council's ongoing vision for investment in the housing stock and developing new homes to meet the needs of current and future tenants of the Housing service. Tenants of the Council will be consulted on the Strategy to enable their views and priorities to be considered and built into the document where appropriate.

2.19 The key areas of investment for the Council will be the maintenance of WHQS, development of new Council homes to meet increased housing demand in the social rented sector and improvement of the existing housing stock to meet the challenges of zero carbon emissions by 2050 at the latest. There will also be opportunities to undertake regeneration and environmental improvement works.

2.20 In order to support this Strategy and to comply with Welsh Government's requirements, a 30 year Housing Business Plan is produced each year. The latest Housing Business Plan will be submitted to Council for approval on 3<sup>rd</sup> February 2020. The Plan will form the basis of the Major Repairs Allowance (MRA) grant application to Welsh Government, which is a pivotal financing component for the Housing Improvement Programme. The total capital spend in the HRA over the next 5 years will be £115.373m.

2.21 Further detail can be found at [Housing Asset Management Strategy](#).

### **ICT and Digital Strategy**

2.22 The Council's ICT Strategy 2017 – 2021 was approved by Cabinet on 3<sup>rd</sup> April 2017. It has the overall aim to enable opportunities for improvement through the innovative use of ICT, now and in the future. To deliver this aim, four objectives with associated actions have been identified as follows :-

- To improve and enable greater access to services;
- To support innovation through the use of ICT;
- To maintain, support and develop resilient ICT infrastructure and systems; and
- To provide a quality ICT service.

2.23 The Council also has a Digital Strategy covering 2017-2020 which was approved by Cabinet on 31<sup>st</sup> July 2017. The strategy identifies 4 themes which will enable the Council to achieve its vision. They are Digital Customer Service, Digital Workforce, Digital Place and Digital Collaboration.

2.24 The capital programme includes a budget for ICT to provide capital investment to support the actions identified in both these strategies.

2.25 Further detail can be found at [ICT Strategy](#)

2.26 Further detail can be found at [Digital Strategy](#)



## **Waste Management Strategy**

2.27 The revised Waste Management Strategy was presented to Cabinet on 2nd July 2018. There has been a successful capital bid to Welsh Government's Collaborative Change Programme (CCP) to financially support the new waste infrastructure required to introduce a source separated dry recycling collection service namely the 'collections blueprint'. Capital support is required to fund the purchase of vehicles, all necessary containers and the construction of a Resource Recovery Facility including all necessary plant and equipment. The Council has been allocated £3.5m from Welsh Government in 2018/19, £2.8m in 2019/20. The first phase of the roll out to the Rural Vale was introduced October 2019 and Barry is scheduled for Spring 2020 and Penarth either Autumn 2020 or spring 2021. Penarth is reliant on new permanent Resource Recovery Facility being built and operational. £1.5m has been included in the 2020/21 Capital programme to help to facilitate this.

2.28 Further detail can be found at [Revised Waste Management Strategy](#)

## **School Investment Programme**

2.29 The 21st Century Schools and Education Programme is a unique collaboration between the Welsh Government and local authorities. It is a major long term strategic capital investment programme with the aim of creating a generation of 21st Century Schools in Wales.

2.30 The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19.

2.31 At the end of July 2017 the Council submitted a Strategic Outline Programme to Welsh Government for Band B.

2.32 In late November 2018, Welsh Government advised that the intervention rate i.e. the level of funding they will provide, would increase for non-faith school schemes from 50% to 65%. A new intervention rate was introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU) at 75%.

2.33 As a result of the intervention rate change, Cabinet on 7<sup>th</sup> January 2019 approved the revised 21st Century Schools Programme which took into account priorities and cost pressures around ALN provision.

2.34 At Cabinet on the 18<sup>th</sup> November 2019 Cabinet approved the re-profiling of the Band B Schemes. Re-profiling is also being requested as part of the Final Proposals report which is being taken to Council on the 26<sup>th</sup> February 2020.

2.35 The current breakdown of Band B schemes are shown in the following table.

<b>Band B Schemes</b>	<b>£000</b>
Whitmore High School	30,510
Pencoedtre High School	34,995
Centre for Learning and Wellbeing	4,400
Ysgol Gymraeg Bro Morgannwg	21,515
Barry Waterfront	7,417
Primary Provision in the Western Vale	4,185
Cowbridge Primary Provision	7,417
St David's Primary School	4,185
St Nicholas	4,185
Ysgol Y Deri Expansion	11,000
Penarth Primary Provision	4,185
Review Nursery Provision	1,362
<b>TOTAL</b>	<b>135,356</b>

2.36 Further detail can be found at [Band B 21st Century Schools.](#), however the scheme value have been updated since this report.

### **City Deal**

2.37 The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal which has been established between the UK Government, the Welsh Government and 10 local authorities in South East Wales. The agreement with the UK and Welsh Governments' provides £1.2 billion of which £734m is allocated to the Metro, with the balance of £495m being made available as the Wider Investment Fund. The Regional Cabinet has stated that the high level aims of the Wider Investment Fund are the creation of 25,000 new jobs and £4 billion of private sector investment. The Deal will cover a 20 year period.

2.38 The Vale of Glamorgan's share of the estimated total costs (8.5%) is projected to be in the order of £17.9m and will be funded by unsupported borrowing with a 20 year repayment period.

2.39 Further detail can be found at [Cardiff Capital Region City Deal](#)

### **External Influences – Welsh Government**

2.40 Capital priorities can be established by the Welsh Government which are subsequently backed by additional resources via specific grants. Some recent examples of these are the 21<sup>st</sup> Century Schools programme, flood prevention schemes and the A4226 Five Mile Lane improvement scheme. Additional funding has also recently been provided from Welsh Government for highways improvements.

### **External Influences – Legislation**

2.41 Legislative changes can also impact future capital development as the Council may need to change the way in which it provides services and this may require the purchase of additional assets or the reconfiguration of existing assets.

2.42 The Energy Efficiency (Private Rented Sector)(England and Wales) Regulations 2015 made it unlawful from April 2018 to let residential or commercial properties with an energy performance certificate (EPC) rating of 'F' or 'G'(the lowest grades of energy efficiency). The regulations are enforced by trading standards. Penalties will be based on the rateable value of the property, up to a maximum of £150,000 per property. The current requirement is triggered upon the grant of a new lease but also upon lease renewals, sub-letting and assignments. The scheme will be extended on 1<sup>st</sup> April 2023 to cover all leases, including where a lease is already in place. There are certain exemptions however the majority of the councils leased out portfolio will be within scope. The scale of the total investment required is unknown as measurement standards continue to evolve. Where a property has required upgrading work, the Property Section has worked closely with the assessor to choose measures that have helped with the compliance but also compliment the asset from a maintenance perspective moving forward. The future evolution of the scheme will be closely monitored as it is expected that further extensions or changes to the scope may be announced. The full impact will need to be assessed to identify future capital requirements and provision will need to be made in the capital programme as necessary.

2.43 The Council has a duty to ensure that buildings under its control comply with appropriate statutory, regulatory, and corporate standards. To protect both workers and the public the Council regularly inspects its premises and monitors compliance with Health & Safety legislation. Compliance legislation covers a wide range of aspects which have a service/maintenance requirement or form part of on-going risk assessments. The aim is to ensure the Council operates from fully compliant buildings and that all premises responsible officers are able to update the data held in relation to frequency testing.

### **External Influences – Collaboration**

2.44 Of growing importance both nationally and locally is collaborative and joint working as a driver to improving service delivery and reducing costs. There are a number of ways in which the Council is driving the collaborative agenda. The Community Asset Transfer (CAT) Protocol identifies when the Council can consider the transfer of an asset and how local communities could register an interest in taking over a Council owned property. The Council's CAT protocol was revised and approved by Cabinet on the 16<sup>th</sup> December 2019.

2.45 Further details can be found at [Community Asset Transfer Guidance 2019-23](#).

### 3 RESOURCES TO FINANCE CAPITAL EXPENDITURE

- 3.1 There is a variety of funding available to finance capital expenditure. This section outlines the different types of funding available, potential providers and any financial implications of that method of financing.

#### General Capital Funding – Welsh Government

- 3.2 This consists of 2 elements. Welsh Government provides the Council with a General Capital Grant. In addition the Council is advised of a level of borrowing that the Welsh Government is prepared to fund via the Revenue Support Grant settlement, this allowance is known as supported borrowing.
- 3.3 On 16th December 2019, the Welsh Government announced the provisional 2020/21 General Capital funding settlement which was £6.796m, being made up of £3.403m grant and £3.393m of supported borrowing. This is an increase of £153k from the 2019/20 funding of £6.643m.
- 3.4 The Cabinet Secretary for Finance announced on 20 November 2018 in the Draft Budget for 2019/20, proposals for an extra £100m capital funding to be made available for local authorities across Wales over 3 years. The first instalment of £50m has been paid in 2018/19, with £30m being made available in 2019/20 and £20m in 2020/21. This additional funding has been factored into projections going forward, however as no further indication has been received from Welsh Government past 2020/21, it has been assumed that from 2021/22 onwards the level of capital expenditure will revert back to the same level as the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this Strategy.

#### Major Repairs Allowance – Welsh Government

- 3.5 The Welsh Government issues a Major Repairs Allowance (MRA) to the Council as a grant which is to be used for any capital expenditure on Housing Revenue Account (HRA) assets. This has contributed to the Council's achievement of the Welsh Housing Quality Standards in March 2018. The MRA for 2020/21 has not yet been announced by the Welsh Government but for this Strategy it has been assumed that the grant remains at £2.760m per annum as received in 2019/20.

#### Specific Grants – Welsh Government

- 3.6 The Welsh Government provides the Council with specific grants for priority areas. These grants are allocated to the Council either as a result of submission of specific bids or via a formula allocation. New grants to be received into the programme are as follows:-
- 3.7 **Highway Refurbishment Fund** - This is a road refurbishment programme to cover the period 2018 to 2021. The Council was provided with a grant in 2019/20 of £749k with and has been advised that the allocation for 2020/21 will be £752k. This grant will provide vital new investment for the Council's roads.

**Targeted Regeneration Investment (TRI)** - On 20th October 2017 the Welsh Government launched this new capital regeneration programme. Investment will be

for the three year period 2018/19-2020/21. Under the new programme local authorities, along with their partner organisations, are able to apply for capital funding for projects that promote economic regeneration and serve the aims of wider sustainable development with activities focussed at individuals and areas of need. The Minister for Housing and Regeneration and the Cabinet Secretary for Local Government and Public Services approved the South East Wales Regional Plan for Regeneration on 19th September 2018. South East Wales (comprises of 10 local authorities) has a notional funding allocation of £44 million for the period 2018/19-2020/21. The budget is to be managed as a rolling programme to allow a mix of strategic and thematic projects to come forward at an appropriate time. The Regional Plan for Regeneration identifies the settlement of Barry as a Regeneration Area for TRI. On 21<sup>st</sup> March 2019, following the submission of a joint application, Rhondda Cynon Taff (as Lead Authority) was awarded £10m for a Thematic Grants Programme targeting key town/urban centres in all ten Local Authority areas of the Cardiff Capital Region. The Council's allocation of £970k will be spent as follows: £40k in 2019/20 and £930k in 2020/21. The Council may need to provide match funding for the TRI grant and it is intended that the Barry Regeneration Partnership budget which is included in the capital programme can be used for this purpose.

- 3.8 **SALIX** - Work can be undertaken through the use of the Welsh Governments interest free SALIX funding which has allowed the Council to procure a preferred contractor to implement various energy saving projects.
- 3.9 It is estimated that over the next 5 years the Council will received grant funding from WG for Band B 21st Century Schools grant, Flood Defence and Structures work, Waste Initiative and Highways Refurbishment, including Five Mile Lane Improvement. Some of these schemes may require a match funding contribution to be made by the Council which is built into the capital programme. It is not possible to predict and plan for any other grants beyond this period.

### **Unsupported/Prudential Borrowing**

- 3.10 If the Council decides to borrow in excess of the amount specified by the Welsh Government then it may do so and this type of borrowing is known as unsupported or "Prudential Borrowing". The cost of this borrowing must be funded through the Council's revenue budget and therefore will need to be identified prior to the approval and inclusion of a scheme into the capital programme. The Council currently uses unsupported borrowing to fund the Schools Investment Programme, Housing Improvement Programme, the purchase of specialist vehicles and City Deal and the schemes financed under the Local Government Borrowing Initiative. The table below sets out the anticipated new Prudential Borrowing the Council will undertake over the next 5 years.

<b>Scheme</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Fund</b>						
21st Century Schools Band B	1,100	5,711	1,900	0	0	<b>8,711</b>
City Deal	1,313	675	675	972	972	<b>4,607</b>
Vehicles	305	1,102	1,372	264	0	<b>3,043</b>
<b>Total General Fund</b>	<b>2,718</b>	<b>7,488</b>	<b>3,947</b>	<b>1,236</b>	<b>972</b>	<b>16,361</b>
Housing Revenue Account	17,359	16,807	13,334	12,552	10,514	<b>70,566</b>
<b>Total New Borrowing</b>	<b>20,077</b>	<b>24,295</b>	<b>17,281</b>	<b>13,788</b>	<b>11,486</b>	<b>86,927</b>

3.11 After allowing for repayments, the balance of Prudential Borrowing as at 31<sup>st</sup> March 2020 is expected to be £92.865m of which £78.970m is HRA. At the end of the Capital Programme period (31st March 2025) the outstanding prudential borrowing taking into account repayments is expected to be £24.382m for the General Fund and £138.748m for the Housing Revenue Account.

### **Contributions from Revenue and Reserves**

3.12 Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves. Reserves are sums of money that have been set aside by the Council for a specific purpose. A number of reserves are used to fund the Capital Programme and the main ones are shown in the table below.

<b>Reserve</b>	<b>Purpose</b>	<b>Balance as at 31<sup>st</sup> March 2019 £000</b>
Schools Investment Strategy	To fund Band B and other school investment	9,038
Council Building Fund	To maintain Council buildings	5,475
IT Fund	To allow investment in the Council's IT infrastructure	3,446
Project Fund	To be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate.	2,850
Vehicle Repairs and Renewal Fund	To replace the Council's vehicle fleet	2,944
City Deal	To fund the Council's contribution towards the City Deal	1,898

3.13 The Project Fund has not been utilised in recent years for its designated purpose and as part of this report it is being requested that £496k of the Project Fund be used to create a new reserve called the Capital Economic Regeneration reserve and that the Project Fund reserve with a balance of £2.354m be renamed the Commercial Opportunities Invest to Save reserve. The Commercial Opportunities Invest to Save reserve will be used for invest to save/commercial revenue and capital schemes

where robust business cases have been brought forward for consideration. Due to the reductions in WG settlements and the subsequent savings that need to be met within the Local Authority there is an increasing need for the Council to be more innovative and to consider invest to save/commercial projects. These projects will help to generate income for the Council and will save money over the longer term. Generating income from these schemes will also help to keep the level of Council Tax rises to a minimum.

3.14 Over recent years substantial funding has been transferred into the Schools Investment Strategy reserve in order to fund the Band B 21<sup>st</sup> Century Schools programme however as the scheme progresses this reserve will be utilised. It is anticipated that over the next 5 years reserves of over £23m will be used to fund capital expenditure.

### **Capital Receipts**

3.15 Capital expenditure is also financed through receipts resulting from the sale of Council assets.

3.16 Receipts from the sale of HRA assets can only be spent within the HRA and cannot be used to finance General Fund capital schemes. However, the Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act means abolition of the rights came into force on 26 January 2019 however there are some exceptions. No HRA receipts have therefore been assumed in the Housing Business Plan. Any HRA capital receipts received in a year were previously used to fund capital expenditure in that year and therefore as at 31<sup>st</sup> March 2019 the Council did not hold a balance of HRA receipts. The reason for this is to reduce the level of borrowing within the HRA.

3.17 Currently, the Council only uses receipts from the sale of vehicles to fund the purchase of other vehicles. From 2019/20, any capital receipts from the sale of vehicles already held within the capital receipt account and any receipts received in year will be used to part fund the purchase of vehicles within that financial year. The reason for this is to reduce the level of borrowing used to fund the purchase of vehicles. As at 31<sup>st</sup> March 2019 the balance of vehicle capital receipts was £31k, but as of the 31<sup>st</sup> March 2020 the balance will be utilised and reduced to zero.

3.18 Council Fund receipts are normally held for use across all non HRA service areas however they may be approved by Cabinet to be ringfenced for specific purposes. Receipts have been specifically ring fenced for Social Services and the School Improvement Programme.

3.19 In order to support the generation of capital receipts, the Council has a Disposal Protocol which sets out the key determinants for identifying an asset as surplus which are :-

- Evidence that a higher value for an alternative use can be achieved;
- The asset no longer contributes to service delivery; and
- The asset has no potential for a regeneration use.

3.21 It is a challenging time to dispose of surplus assets, and predicting future capital receipts remains a difficult and uncertain process, especially with the current economic uncertainty surrounding Britain's exit from Europe. This is particularly the case with higher value development sites which require property expertise to exploit the potential a site may offer and ensure we achieve best consideration in line with our statutory and fiduciary duties. No significant Council Fund or ring-fenced Social Services capital receipts have been anticipated going forward. Work will however be undertaken to dispose of surplus assets when they become available.

3.22 No capital receipts are estimated from Education assets between 2020/21 and 2024/25, however any received will be ring fenced for the School Investment Programme.

### **Other External Contributions**

3.23 The current Capital Programme includes various sources of external funding which are not from Welsh Government, the main being contributions received via S106 agreements. Funding and contributions to capital schemes can also be made available from the Arts Council of Wales and Natural Resources Wales.



## **4 PRIORITISATION OF CAPITAL REQUIREMENTS**

4.1 The requirement for capital investment will always be greater than the funding available to the Council, particularly in times of reducing funding. This section outlines the process the Council has adopted to prioritise funding so that it is directed to support the key priorities of the Council.

### **Capital Programme Approval Process**

4.2 By the end of September each year, services are asked to confirm any amendments/reprofiling of approved capital schemes. In addition, services can submit capital bids for new schemes that may be required over the next 5 years for consideration and these bids are evaluated and prioritised by the Insight Board. The Insight Board is a group of senior officers covering all service areas who oversee the delivery of the Council's range of integrated planning activity. The Insight Board uses a number of criteria to prioritise the capital bids as outlined below. The recommendations of the Insight Board are then reviewed by the Budget Working Group which comprises the Leader and Deputy Leader, the Managing Director and the Head of Finance. Initial capital proposals are usually presented to Cabinet in November and are then submitted to Scrutiny Committees for consultation. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and considers both the initial capital proposals and any recommendations that other Scrutiny Committees have made.

4.3 Consultation regarding budget issues is also undertaken with the Vale's residents and other partners e.g. Town and Community Councils.

4.4 After taking into account the results of consultation and the Final Settlement from Welsh Government, Cabinet will make its final proposals during February, which will then be presented to full Council for final approval prior to the 11<sup>th</sup> March of that year.

### **Assessment of Capital Bids**

4.5 When setting the capital programme the following principals are applied.

- Only capital bids that are deemed to meet the criteria of higher corporate priority and/or risk should be progressed;
- All bids need to reflect full costs including purchase costs and a level of fees as appropriate;
- Bids need to include all lifetime revenue implications e.g. maintenance, management costs and potential income;
- The Capital Programme is set with regard to the key themes as outlined in the Corporate Plan
- The Capital Programme proposals should maximise the availability of resources to address the Council's priorities; and
- Only bids that are for specific schemes will be included into the Capital Programme, general bids will not be included. This will help to reduce the slippage within the programme.

## Risk

4.6 A risk assessment is undertaken for each bid, in line with the Council's Corporate Risk Management Strategy using the following matrix.

<b>Possible Impact or Magnitude of</b>	Catastrophic	MEDIUM	MEDIUM/HIGH	HIGH	VERY HIGH
	High	MEDIUM/LOW	MEDIUM	MEDIUM/HIGH	HIGH
	Medium	LOW	MEDIUM	MEDIUM	MEDIUM/HIGH
	Low	VERY LOW	LOW	MEDIUM/LOW	MEDIUM
<b>Risk Matrix</b>		<b>Very Unlikely</b>	<b>Possible</b>	<b>Probable</b>	<b>Almost Certain</b>
<b>Likelihood/Probability of Risk Occurring</b>					

## Corporate Priority

4.7 The bids are then reviewed against the following criteria to assess corporate priority. Where bids are rated an A or B on the criteria listed below there would clearly be a legal obligation to ensure that works are progressed in a timely manner within the confines of the funding available. Schemes that represent an invest to save opportunity or support the achievement of corporate priorities are also prioritised using the criteria.

<b>Priority Level</b>	<b>Criteria</b>
A	Health and Safety legislation
B	Other Legislation/Statutory Requirement
Ci	Economic Sense/Invest to Save
Cii	Corporate Plan
Ciii	Sufficiency
D	Condition/Suitability
E	Welsh Government Requirements
F	Low Priority

## Future Generations Act

4.8 Bids are also reviewed for the contribution they make towards the 5 ways of working to demonstrate commitment to the Well-being of Future Generations Act. Each scheme is awarded one point for every one of the outcomes that it meets to a maximum of 5.

## Sustainability

4.9 Sustainability is one of the main strands of the financial strategy for capital and bids are also evaluated by the Insight Board for Sustainable Development, with a view to ensuring that wherever possible the sustainable targets are addressed. The four areas of Sustainable Development considered are :

- Living within environmental limits;
- Ensuring a strong, healthy and just society;
- Achieving a sustainable economy; and
- Promoting good governance.

4.10 The Council will ensure that all large Council Capital Projects are BREEAM (the design and assessment method for sustainable buildings) excellent rated.

## **5 TREASURY MANAGEMENT**

- 5.1 Treasury Management is the management of an organisation's borrowing, investments and cashflows, its banking, money and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This section outlines the governance process followed by the Council, a long term projection of the required level of borrowing, both internal and external and the assessment of its affordability.
- 5.2 The Council's Treasury Management and Investment Strategy for 2020/21 is to be presented to Cabinet on 3<sup>rd</sup> February 2020 and will provide further details to those contained in this section of the Capital Strategy.

### **Treasury Management Governance**

- 5.3 Before 31<sup>st</sup> March each year the Section 151 Officer presents to Audit Committee, Cabinet and full Council, the Treasury Management Strategy, which includes the Treasury Management Prudential Indicators for the forthcoming three years, the Annual Investment Strategy for the following year and monitoring as at 31<sup>st</sup> December. A mid-year review report is also presented to Cabinet during November. As soon as possible after the end of the financial year a report outlining the out-turn for the previous year is presented to Audit Committee, Cabinet and full Council.
- 5.4 Decisions on Treasury Management are made daily and therefore delegation is given to the Section 151 Officer. Under the Council Constitution delegated authority has been granted to the Section 151 Officer to :-
- Take all Executive decisions on borrowing, investment or financing in accordance with the Council's Treasury Management policy;
  - To borrow and lend money to maintain the Council's bank balance within the overdraft limit agreed with the Council's bankers;
  - The use of supported and unsupported borrowing; and
  - The amount of money to be charged to revenue, above the minimum required, relating to the repayment of debt, and to finance capital expenditure.

### **Borrowing Strategy**

- 5.5 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 5.6 Capital expenditure will be funded from a mixture of internal and external borrowing. The Council had a balance of internal borrowing of £42.617m as at 31<sup>st</sup> March 2019, with external borrowing at that point being £155.145m. The balance of the Authority's usable reserves and working capital can be utilised for internal borrowing or investment. As these reserves start to be spent over the coming years in line with forecasts, the position will need to be monitored carefully and the level of external borrowing will increase. The Council's Treasury Management advisors, Link Asset Services, state that given the current, low investment yields, internal borrowing

should be utilised. The Treasury Management Strategy outlines the sources the Council can borrow from but borrowing would usually be from the Public Works Loan Board (PWLB).

5.7 The UK Government announced plans to lift the HRA borrowing cap and agreed for the cap to be fully abolished in Wales. This agreement came into force from 29<sup>th</sup> October 2018.

### Prudential Indicators

5.8 In setting the Capital Programme, the Council must ensure that the Prudential Code is complied with, which has been developed by CIPFA as a professional code of practice.

5.9 To comply capital investment plans should be :-

- Affordable;
- All external borrowing and long term liabilities are within a prudent and sustainable level; and
- Treasury management decisions are taken in accordance with good professional practice.

5.10 To demonstrate the Council has fulfilled these objectives, the Code sets out prudential indicators that should be used and the factors that must be taken into account.

### Capital Expenditure

5.11 A 5 year capital programme has been proposed covering 2020/21 to 2024/25 as shown in the following table.

<b>Capital Expenditure</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning & Skills	71,022	44,401	8,878	600	600
Social Services	100	1,439	100	100	100
City Deal	1,313	675	675	972	972
Environment & Transport	9,608	3,482	3,282	2,174	1,910
Resources & Managing Director	4,785	1,980	3,764	3,995	3,995
HRA	27,047	24,780	21,756	21,554	20,236
<b>Total</b>	<b>113,875</b>	<b>76,757</b>	<b>38,455</b>	<b>29,395</b>	<b>27,813</b>

## Capital Financing Requirement

5.12 The Capital Finance Requirement (CFR) is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure, which has not immediately been paid for through a revenue or capital resource, will increase the CFR. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used. The table below shows that the Council's CFR is expected to increase over the next 5 years.

<b>CFR at 31st March</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Non HRA CFR	122,002	129,108	132,271	132,373	132,044
HRA CFR	94,737	109,635	120,759	130,875	138,748
<b>Total CFR</b>	<b>216,739</b>	<b>238,743</b>	<b>253,030</b>	<b>263,248</b>	<b>270,792</b>

5.13 The Council should ensure that gross external debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. The table below shows the projected Gross External Debt.

<b>Gross External Debt</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Brought forward 1 April</b>	<b>153,910</b>	<b>174,122</b>	<b>208,212</b>	<b>225,509</b>	<b>235,671</b>
<b>Carried forward 31 March</b>	<b>174,122</b>	<b>208,212</b>	<b>225,509</b>	<b>235,671</b>	<b>243,114</b>
In Year Requirement	20,212	34,090	17,297	10,162	7,443

5.14 The following table shows the projections for the level of internal borrowing for the coming years.

<b>Internal Borrowing</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Brought forward 1 April</b>	<b>44,529</b>	<b>42,617</b>	<b>30,532</b>	<b>27,522</b>	<b>27,578</b>
<b>Carried forward 31 March</b>	<b>42,617</b>	<b>30,531</b>	<b>27,521</b>	<b>27,578</b>	<b>27,677</b>
In Year Requirement	(1,912)	(12,086)	(3,011)	56	99

## Affordable Borrowing Limits

5.15 The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003 and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit. It will also set limits on its exposure to changes in interest rates and limits on the maturity structure of its borrowing in the Treasury Management strategy report each year. The Council must

set its authorised limit for external debt each year and also a lower Operational Boundary.

5.16 The proposed Operational Boundary for external debt is based upon estimates of the most likely, prudent, but not worst case scenario. The Operational Boundary links to the authority's plans for capital expenditure, estimates of capital financing requirement and the estimate of cashflow requirements for the year. This is the expected maximum limit for external debt. It acts as a warning level should debt start approaching this limit. The Operational Boundary for external debt is shown in the following table.

<b>Operational Boundary</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Borrowing	221,461	246,087	264,667	277,020	281,782
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>221,461</b>	<b>246,087</b>	<b>264,667</b>	<b>277,020</b>	<b>281,782</b>

5.17 The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. It is not a limit that the Council will expect to borrow up to on a regular basis and provides headroom over and above the Operational Boundary.

<b>Authorised Limit</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Borrowing	228,394	255,520	271,600	283,953	288,715
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>228,394</b>	<b>255,520</b>	<b>271,600</b>	<b>283,953</b>	<b>288,715</b>

### **Minimum Revenue Provision (MRP)**

5.18 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge which is known as the Minimum Revenue Provision (MRP). Additional voluntary payments can also be made above this level. The MRP can be calculated in a variety of ways. Welsh Government regulations have been issued which require the full Council to approve an MRP Statement in advance of each year and this is achieved as part of the Treasury Management Strategy.

5.19 The Council's method for calculating MRP differs depending on whether the borrowing is supported or unsupported.

5.20 For supported capital expenditure the Council will implement the "Asset Life Method". MRP will be determined by charging the expenditure over the expected useful life of the average asset lives (40 years) of the (Non HRA) Council Assets in equal instalments, starting in the year after the asset becomes operational.

5.21 For unsupported capital expenditure incurred after 31st March 2008, the Council will also implement the "Asset Life method". MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational.

5.22 Further detail is contained in the Council's Treasury Management and Investment Strategy for 2020/21.

### **Investment Strategy**

5.23 The Council's Investment Strategy is low risk, the priorities being security first, portfolio liquidity second and then yield (return). The Investment Strategy sets criteria to determine suitable organisations with which cash may be invested and limits on the amount of cash that may be invested with any one organisation. In 2020/21 the Council will continue to place investments with the Debt Management Account Deposit Facility (DMADF) of the Bank of England which are guaranteed by the UK Government, UK Government Treasury Bills and with UK Local Authorities. The Council will continually review the financial stability of all local authorities with whom it places investments.

5.24 The Council will continue to review the use of other investment tools in consultation with Link Asset Management Ltd and the Council are currently in the process of introducing Money Market Funds during 2019/20. However the ongoing uncertainty in the financial markets will continue to dictate that capital security will still outweigh the importance of financial performance at present.

5.25 As at 31<sup>st</sup> March 2019 the Council's investments totalled £89.100m.

### **IFRS 16 Leasing**

5.26 From 1<sup>st</sup> April 2020 IFRS 16, which deals with the way the Council accounts for its lease arrangements, will be introduced. The revised accounting code requires significant changes for how the Council accounts for contracts that convey the right of use of an asset for a period of time. Whereas the Council currently accounts for all its lessee lease arrangements through revenue income and expenditure, under the new arrangement the Council will be required to calculate a right of use asset and a corresponding liability which will be included on its balance sheet. The liability will increase the Council's CFR and the Council will need to charge MRP which will in practice be equivalent to the principal of the lease. Despite the extensive accounting requirements and disclosures, this change of accounting policy will not impact the bottom line of the accounts. It will however have an impact on the Prudential indicators and MRP estimates included in this Strategy. An assessment of the likely right of use assets and liabilities associated with the Council's leases and embedded lease arrangements is currently being undertaken and it is intended that revised indicators that incorporate these estimates are reported as part of the Mid Year Treasury Management report.

5.42 Further detail can be found at Treasury Management Strategy.



## 6 DECARBONISATION

- 6.1 The Council understands the importance of decarbonisation to help protect and sustain the Environment over the long term and in line with its Climate Emergency declaration is working and investing in measures to reduce its CO<sub>2</sub> emissions. The Council is carrying out the following measures to take steps towards decarbonisation:-
- 6.2 All of the new school buildings within the 21st Century Schools Programme are designed and built to meet BREEAM Excellent standard. A number of low carbon measures are integrated to meet this standard, which includes orientating the buildings to maximise passive solar gain, insulating the buildings to a high U-value and air-tightness to maximise energy efficiency, and installing low carbon energy generation solutions like Photovoltaic Panels or Combined Heat and Power. On site carbon sequestration is also improved via nature-based solutions like tree planting, Swales, and ongoing habitat management. Going forward the programme is also working with the private sector to take sustainability and decarbonisation further, including by considering how to lower the embodied carbon and energy in material choices and how to decarbonise gas through technological solutions such as air sourced heat pumps.
- 6.3 Included in 2020/21 Final Capital Proposals is £215k for the purchase of 10 Electric pool cars and £32k for the installation of vehicle charging infrastructure. The 10 vehicles will at first be in addition to the existing diesel pool cars. The Council has been working with the Welsh Government Energy Service, Carbon Trust and Energy Saving Trust to evaluate the integration of electric vehicles into the pool car fleet and the best methods and specifications for the charging infrastructure. Although the report is not yet finalised the draft conclusions and recommendations show that electric vehicles can be used to pick up over 90% of the Council's pool car journeys if implemented correctly. Other than the savings in CO<sub>2</sub> and fuel costs, the switch to EV is driven by Welsh Government policy. The Council has a duty under the current Welsh Government Carbon reduction Plan Prosperity for All: A Low Carbon Plan which states: "All new cars and light goods vehicles in the Public Sector fleet are ultra-low emission by 2025 and where practicably possible, all heavy goods are ultra-low emission by 2030". This approach will give the Council an opportunity to introduce the electric vehicles on a phased basis and lessons can be learnt on how best to arrange the systems and processes regarding maintenance, charging, use and administration in advance of the full switch over in 2024.
- 6.4 Stanwell Comprehensive School has received a number of energy saving improvements including a lighting upgrade to LED, a school boiler optimiser, upgrade of heating control to an online Building Management System, a hot water control system, fridge freezer optimisers and boiler replacements. The effect of all these measures has resulted in the site electricity consumption for Stanwell School being reduced by 30% with savings in emissions of approximately 75 Tonnes of CO<sub>2</sub>.
- 6.5 School Decarbonisation Programme - A variety of energy reduction measures and renewable energy installations have been identified across a number of assets within the school portfolio. A bid for an interest free loan from the Welsh Governments Salix scheme is being prepared for submission.

- 6.6 BSC2 – The Council is in the process of replacing the existing gas fired system with a fully electric renewable heat pump system, feeding low temperature radiators. The aim of the scheme is to heat the office space with the most efficient form of heating without the direct use of fossil fuels (gas).
- 6.7 Barry LC Boilers – Barry Leisure Centre already benefits from a combined heat and power unit which generates electricity whilst contributing to the heating demand at the property which was installed in 2011. This has been a very successful addition to the building and has lowered the buildings running costs. However, the main boilers are inefficient and have regular maintenance issues so have been scheduled for replacement. When the boiler scheme is specified, options to use renewable low carbon technologies will be considered.

## **7 COMMERCIAL ACTIVITIES**

- 7.1 The Prudential Code has expressed concern that an authority's approach to commercial activities should be proportional to its overall resources.
- 7.2 On 1<sup>st</sup> January 2020, the Council set up a Local Authority Trading Company to deliver Catering services called the Big Fresh Catering Company. The Council owns 100% of the company shares.
- 7.3 The Council currently has no other material commercial activity however it is looking to explore proportionate commercial opportunities as appropriate. As part of this report the Council is reclassifying the purpose of the Project Fund to be renamed the Commercial Opportunities and Invest to Save Fund with a balance of £2.354m.

## **8 OTHER LONG TERM LIABILITES**

- 8.1 The Council has discretion to make loans for a number of reasons, primarily for economic development. These loans should be treated as capital expenditure. In making loans the Council would be exposing itself to the risk that the borrower defaults on repayments. The Council, in making loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. All such loans would require the approval of Cabinet.
- 8.2 The Council currently has no soft loans. A soft loan is made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

## **9 MAKING THE BEST USE OF RESOURCES**

- 9.1 Given the financial constraints currently facing the Council, it is of fundamental importance that the best use is made of its resources. This section outlines the ways in which the Council is achieving value for money, monitoring performance and ensuring that it has access to appropriate knowledge and skills for decision making.

### **Procurement Strategy**

- 9.2 The Council recognises the need to have efficient and effective methods of procurement. The Council has developed a Procurement Code of Practice and Contract Management procedure. These documents support effective and sustainable procurement throughout the Council whilst the updated Procurement Strategy aims to ensure that procurement planning supports the Council's objectives as set out in the Corporate Plan. It also sets out the process by which all Council procurement will have regard to environmental, social and ethical factors as well as financial and economic considerations. It is intended to encourage everyone to think about their actions in support of the corporate vision of being a greener Council.

### **Project Management Methodology**

- 9.3 The Council recognises that all major projects must be led by an officer with appropriate project management and technical skills. As such a Project Management Methodology is in place to ensure that all projects are correctly managed. The methodology follows the principles of PRINCE2 (Projects in Controlled Environments) and takes into account the capital bidding process and sustainability considerations.

### **Programme Monitoring**

- 9.4 Once the Capital Programme is approved, managers are advised of their successful bids and each project is allocated to a named responsible Project Manager and Project Sponsor. On a monthly basis monitoring statements showing expenditure to date are sent to managers and meetings are held with Heads of Service, Operational Managers and other relevant officers to discuss progress on schemes.
- 9.5 Monitoring reports are presented to Cabinet and Scrutiny Committee on a regular basis to advise members of progress on each approved scheme. The reports also identify any changes to the programme to reflect additions, variations and rescheduling of schemes.

### **Performance Indicators**

- 9.6 The Council subscribes to a number of benchmarking schemes and produces annual returns, which are evaluated by the Welsh Government.

## **Performance Management Framework**

- 9.7 The Council utilises its Performance Management Framework to help realise the aspirations that it identifies in the Corporate Plan and Services Plans. This includes the management of the Capital programme. The Council achieves this by monitoring performance against targets, comparing performance against others, identifying actions for improvement and delivering change. This approach helps to measure how the Council is meeting its vision and objectives and demonstrates accountability to the Council's stakeholders.

## **Knowledge and Skills**

- 9.8 In order for the Council to make the best use of its resources, it must ensure that it has in place robust decision making and effective management of its assets and capital investment. This can only be achieved by employing suitably qualified and experienced staff with up to date knowledge and by engaging with members who have the necessary skills and understanding.
- 9.9 The Council employs professionally qualified and experienced staff across the Council to make capital expenditure, borrowing and investment decisions. However, where the Council requires specialist advice it procures external support and during 2019 the Council appointed Link Asset Services as its Treasury Management advisor.
- 9.10 The Accountancy Section has a range of professionally qualified staff in key positions who are involved in Capital and Treasury Management roles. They have had many years local government experience including the Head of Finance (CIPFA over 30 years), Operational Manager Accountancy (FCCA over 25 years), Principal Accountant (CIPFA over 10 years), Capital Accountant (CIPFA over 5 years) and Senior Accountancy Technician (AAT over 30 years). The needs of the Council's Treasury Management staff for training are assessed as part of the staff appraisal process and from the frequent inhouse meetings between the Treasury Management Team and the Section 151 Officer. In addition Link Asset Services and CIPFA offer training courses, seminars etc. Staff also undertake Continuing Professional Development (CPD) as a requirement of retaining their professional qualifications.
- 9.11 The Strategic Property Section is responsible for providing strategic property advice and the preparation and implementation of the Corporate Asset Management Plan. Staff have again had many years local government experience including the Operational Manager Property (over 20 years) and the Strategic Estates Manager (over 10 years) and they are both members of the Royal Institute Of Chartered Surveyors and are also both registered valuers. When required, external support would be sourced e.g. external valuers.
- 9.12 As part of the Council's contract with the external Treasury Management Advisor, the provision of training for members of Audit Committee is included to ensure they have the required knowledge and skills and that these are kept up to date. This training is also attended by Accountancy staff.

- 9.13 The Council establishes project teams from all the professional disciplines as and when required to deliver specific projects.
- 9.14 Members also gain knowledge of the strategic decision making process for asset management as members of various project boards, which would cover the use and disposal of surplus property and other key asset management issues.

## **10 RISKS TO THE STRATEGY**

10.1 An important part of any strategy is the assessment of risk. This section outlines the Council's attitude to risk, identifies potential risks when producing the Capital Strategy and possible means of mitigation.

### **Risk Strategy**

10.2 As part of the Council's integrated planning framework, the Council has a Risk Strategy. Effective Risk Management allows the Council to make the most of its opportunities, make the right decisions and achieve its objectives once those decisions are made. The Council embeds risk management in every aspect of the organisation. A knowledge and awareness of risks creates an environment in which continuous improvement can be achieved and where the Council takes informed decisions. Corporate risks need to be taken into account in judgements about the medium to long-term goals and objectives of the Council.

### **Resource Risks**

10.3 As part of this Strategy future capital resources have been projected. However, Welsh Government has not provided an indication of the future General Capital Funding they will provide and therefore this does not provide certainty for planning for the future. This is particularly problematic as capital projects may need substantial planning prior to work commencing on site and schemes can take several years to complete.

10.4 Capital schemes which are reliant on capital receipts for funding need to be carefully profiled as the timing and value of receipts could vary significantly, particularly with the affect that the uncertainty created by the exit from the European Union is having on the development sector.

### **Treasury Management Risks**

10.5 The Council has borrowed and invested significant sums of money and is therefore exposed to financial risks such as the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's Treasury Management Strategy.

### **Expenditure Risks**

10.6 Due to the nature of capital works it is sometimes difficult to project the final costs of the scheme and they can outturn at a higher cost than planned. Adverse weather conditions are increasing the cost of maintaining the Council's infrastructure and increasing the risk of natural disasters such as flooding. The Council is also at this time preparing for large scale capital investment in the 21<sup>st</sup> Century Schools Band B projects and also through the Cardiff Capital Region City Deal. These capital schemes will require significant investment and the Council needs to ensure that it has allocated and has access to sufficient funding to see these schemes through to completion.



10.7 The uncertainty created by the exit from the European Union also brings risk to the cost of future capital schemes as there may be changes to the value of contracts due to staffing issues and the terms of trading with European suppliers. Also any legislative changes could affect the procurement of goods and services and also may affect the service provision regulations e.g. waste, environmental issues, which may have an impact on assets.

### **Mitigating Risk**

10.8 With scarce capital resources, funding will only be allocated to priority capital schemes that meet corporate priorities or meet legal obligations, with schemes being fully evaluated prior to approval.

10.9 If capital projects overspend, the capital programme will be reviewed to identify other schemes that could be postponed or cancelled until further funding is identified. It is therefore important that capital projects are adequately planned and are effectively project managed and the Council needs to prudently reflect the future capital funding that will be available. The use and level of reserves will be critical to ensure that committed capital projects can be delivered. When costing major or complex capital projects risk analysis should be undertaken to inform the adjustments for optimism bias and identification of risk management. A Risk Register, which identifies each relevant risk and compares how it impacts should be completed.

10.10 Commissioning and procuring for capital schemes must comply with the requirements set out in the Council's Constitution, Financial Regulations and Contract Standing Orders.

10.11 In the past, the Council has taken a prudent view with regard to unsupported borrowing. It is therefore considered that the Council will be able to maintain the currently approved levels of borrowing.

10.12 The Council does not currently invest beyond 364 days to minimise the investment risk and only invests with Debt Management Office (DMO), in Treasury Bills or other local authorities. The DMO is an Executive Agency of Her Majesty's Treasury. The Council may consider the use of AAA rated Money Market Funds going forward as the risk has been assessed as the same as investing in the DMO.

10.13 The Council has not undertaken any material commercial activities.

## 11 CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS

11.1 This section summarises the key issues arising from the Capital Strategy and also provides recommendations to be taken forward.

### Priority Areas for Capital Spend

11.2 The Council's ability to deliver its priorities has been impacted by increasing demographic and funding changes which have placed increasing pressure on budgets. This underlying theme of resource constraints has had a major influence on the Council's strategies and delivery plans and is reflected in its financial planning activities. The Council's financial framework therefore aims to balance expenditure with current levels of funding and has a robust method of prioritisation and allocation of capital resources to key schemes.

11.3 Key priority areas currently identified where funding is available over the life of this Plan are shown in the following table and also how they contribute to the Council's well being objectives:-

<b>To support learning, employment and sustainable economic growth</b>
• Band B 21 <sup>st</sup> Century Schools programme
• Targeted Regeneration Investment for Barry
• Cardiff Capital Region City Deal
• Highways improvement
<b>To support people at home and in their community</b>
• Maintenance of WHQS in Council houses
• Building new homes in the Vale for social rent
• Investment in Leisure Centres
<b>To respect, enhance and enjoy our environment</b>
• Investment in Electric Pool Cars and charging points
• Carbon Management reduction using SALIX
• Revised Waste collection service and new Transfer Station
<b>Council Wide</b>
• Implementation of ICT and Digital Strategy
• Ensuring properties are fit for purpose for delivering services
• Requirements of external factors such as legislation changes

### Closing the Funding Gap

11.4 An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 10 years and also the potential funding that is available to finance such work. The funding gap could be in the region of £12m over the period. However as this is over a long period with many uncertainties, this data will be reviewed and updated on an annual basis to provide a basis for future capital strategies. Any reduction in resources in the future will restrict the number and size of capital schemes that the Council is able to fund. It can be seen that there is

significant requirement for capital investment which will not be possible to fund. This includes the backlog of school, highway and buildings repairs which in time could expand beyond issues associated with repairs and maintenance to those of 'fit for purpose' considerations. This risk will have to be managed and funding identified as a priority for service critical works.

- 11.5 A significant sum in the Capital Programme relates to Asset Renewal items which may be viewed as essential areas of spend if the existing portfolio of Council assets, including its infrastructure, is to be maintained to even a basic level to prevent further deterioration.
- 11.6 The Council will continue to assess its assets to identify whether any are surplus and can achieve a capital receipt. Certain properties have already been identified where the receipt will be used to fund the Band B 21<sup>st</sup> Century Schools programme.
- 11.7 Where possible the Council will try to identify grant funding and will strive to provide match funding if the grant can be used to finance Council priorities.
- 11.8 The Council has previously undertaken unsupported borrowing for investment in Schools, vehicles, Housing stock and the Cardiff Capital Region City Deal. This decision has been taken after a full assessment of the affordability of taking on such debt and as part of a full business plan. The Council could consider using unsupported borrowing to close the future funding gap, however, given the expected reduction in revenue budgets the potential for servicing debt not funded by Welsh Government from existing revenue budget going forward is extremely limited. The Council will therefore need to ensure that capital spending plans are affordable and decisions do not place additional pressure on the level of Council Tax or the Medium Term Financial Plan.

### **Longer Term Planning**

- 10.13 The Council's current Corporate Plan covers the period 2016-2020 and a new Corporate Plan will be in place for the period 2020 - 2025.
- 10.14 For major projects and investment that cover a longer term period the funding and financial implications need to be planned well in advance. Long term planning has been undertaken for projects such as the Housing Business Plan, the Band B 21<sup>st</sup> Schools Programme and the Cardiff Capital Region City Deal which all cover a longer term need for investment.
- 10.15 Long-term forecasts are not easily predicted and the accuracy of all financial estimates will be limited however it is an invaluable tool in consideration future issues and anticipating the necessary requirements. It will also allow time for funding to be identified for key priorities and projects.

### **Actions**

- 10.16 In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and the requirement to invest. Some

of these actions will be taken forward as part of other approved strategies and will need to be continually monitored and assessed.

<b>CAPITAL STRATEGY ACTION POINTS</b>
<b>Setting the Capital Programme</b>
<ul style="list-style-type: none"> <li>• Only capital bids that are deemed to meet the criteria of highest corporate priority and/or risk should be progressed.</li> <li>• Robust project appraisal and understanding of full life costs and risk are required for large capital investment.</li> </ul>
<b>Review Process</b>
<ul style="list-style-type: none"> <li>• Maintain comprehensive and robust procedures for managing and monitoring the Capital Programme.</li> <li>• Continue to review the Corporate and Service Asset Management Plans.</li> <li>• Update Condition Survey data to ensure the Council is fully aware of future commitments.</li> <li>• The Council will strive to reduce carbon emissions and improve energy efficiency and positively encourage waste reduction initiatives.</li> <li>• In line with the Reshaping Services Programme, the Council's assets and Capital Programme will be reviewed to ensure they support the implementation of the programme objectives and are suitable for alternative delivery models if required, including exploring options for Community Asset Transfer.</li> <li>• Ensure staff involved in the capital and Treasury Management process and the delivery of capital projects have the relevant experience and training.</li> <li>• Ensure members involved in the capital and Treasury Management process receive relevant training.</li> </ul>
<b>Maximising Capital Funding</b>
<ul style="list-style-type: none"> <li>• Maximising grant-funding opportunities for capital schemes, where such schemes are compatible with Council objectives.</li> <li>• The identification of underperforming / inefficient assets and prioritising the sale of surplus land and properties as a means of generating capital receipts to fund capital schemes.</li> <li>• Reviewing the options for unsupported borrowing under the Prudential Code in the light of future financial projections for capital funding and expenditure in line with the Medium Term Financial Plan.</li> <li>• Use of the Commercial Opportunities and Invest to Save Fund, IT Fund, Building Fund, Energy Management Fund, School Investment Strategy Reserve and Schools Rationalisation Reserve where appropriate to finance capital investment.</li> <li>• Develop partnerships with the public and private sectors as a means of unlocking additional resources.</li> <li>• Provide support for invest to save initiatives where it is appropriate.</li> </ul>

Schemes	2020/21		2021/22		2022/23		2023/24		2024/25		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills	13,685	71,022	19,737	44,401	3,994	8,878	600	600	600	600	
Social Services	100	100	1,439	1,439	100	100	100	100	100	100	
Environment and Housing	30,722	36,655	25,202	28,262	22,278	25,038	20,968	23,728	19,386	22,146	
Managing Director and Resources	3,149	4,785	1,980	1,980	3,764	3,764	3,995	3,995	3,995	3,995	
City Deal	1,313	1,313	675	675	675	675	972	972	972	972	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>48,969</b>	<b>113,875</b>	<b>49,033</b>	<b>76,757</b>	<b>30,811</b>	<b>38,455</b>	<b>26,635</b>	<b>29,395</b>	<b>25,053</b>	<b>27,813</b>	

**RESOURCES USED TO FINANCE PROGRAMME****GENERAL FUND CAPITAL RECEIPTS POSITION**

	Net	Gross		General	Ringfenced	Ed
	£000	£000		£000	SS	£000
					£000	
<b>Resources from Welsh Government</b>			<b>Balance as at 31st March 2019</b>	<b>7,213</b>	<b>1,339</b>	<b>6,541</b>
Supported Borrowing - General Fund	3,393	3,393	Anticipated Required in 2019/20	-2,798	0	-93
General Capital Grant	3,403	3,403	Anticipated Receipt in 2019/20	324	0	1,061
<b>Total Resources from Welsh Government</b>	<b>6,796</b>	<b>6,796</b>	<b>Balance as at 31st March 2020</b>	<b>4,739</b>	<b>1,339</b>	<b>7,509</b>
<b>Other Available Resources</b>			Anticipated Required in 2020/21	-1,264	0	-2,453
General Fund Revenue/Reserves	12,714	12,714	Anticipated Receipt in 2020/21	0	0	0
Housing Reserves/Revenue	5,665	5,665	<b>Balance as at 31st March 2021</b>	<b>3,475</b>	<b>1,339</b>	<b>5,056</b>
Housing Capital Receipts	0	0	Anticipated Required in 2021/22	-1,425	-1,339	-5,056
Education Capital Receipts	2,453	2,453	Anticipated Receipt in 2021/22	0	0	0
General Fund Capital Receipts	1,264	1,264	<b>Balance as at 31st March 2022</b>	<b>2,050</b>	<b>0</b>	<b>0</b>
S106	0	12,554	Anticipated Required in 2022/23	-777	0	0
Other External Grants	0	49,592	Anticipated Receipt in 2022/23	0	0	0
Major Repairs Allowance	0	2,760	<b>Balance as at 31st March 2023</b>	<b>1,273</b>	<b>0</b>	<b>0</b>
Unsupported (Prudential) Borrowing	18,764	18,764	Anticipated Required in 23/24	0	0	0
City Deal Borrowing	1,313	1,313	Anticipated Receipt in 2023/24	0	0	0
<b>TOTAL RESOURCES</b>	<b>48,969</b>	<b>113,875</b>	<b>Balance as at 31st March 2024</b>	<b>1,273</b>	<b>0</b>	<b>0</b>
			Anticipated Required in 2024/25	0	0	0
			Anticipated Receipt in 2024/25	0	0	0
			<b>Balance as at 31st March 2025</b>	<b>1,273</b>	<b>0</b>	<b>0</b>









Schemes	2020/21		2021/22		2022/23		2023/24		2024/25		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Private Sector Housing</b>											
Disabled Facility Grants	1,152	1,152	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Additional Disabled Facility Grants	0	0	150	150	150	150	150	150	150	150	
<b>Total Private Sector Housing</b>	<b>1,152</b>	<b>1,152</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	<b>1,150</b>	
<b>Resources</b>											
Building Strong Communities Fund (CASH Grants)	30	30	30	30	30	30	30	30	30	30	
Penarth Heights Public Arts	0	323	0	0	0	0	0	0	0	0	S106
<b>2020/21 Capital Bids</b>											
Installation of Roof Edge Protection, Contact One Vale	25	25	0	0	0	0	0	0	0	0	New Capital Bid
Ventilation & Lighting Upgrade to Contact One Vale	150	150	100	100	0	0	0	0	0	0	New Capital Bid
Installation of Vehicle Charging Infrastructure	32	32	0	0	0	0	0	0	0	0	New Capital Bid
Alps Depot Toilet Refurbishment	100	100	100	100	0	0	0	0	0	0	New Capital Bid
All Services Asset Renewal	122	122	0	0	2,084	2,084	2,315	2,315	2,315	2,315	
<b>ICT Schemes</b>											
ICT allocation	200	200	200	200	200	200	200	200	200	200	Future years IT projects.
<b>Total Resources</b>	<b>659</b>	<b>982</b>	<b>430</b>	<b>430</b>	<b>2,314</b>	<b>2,314</b>	<b>2,545</b>	<b>2,545</b>	<b>2,545</b>	<b>2,545</b>	
<b>Total Managing Director &amp; Resources</b>	<b>3,149</b>	<b>4,785</b>	<b>1,980</b>	<b>1,980</b>	<b>3,764</b>	<b>3,764</b>	<b>3,995</b>	<b>3,995</b>	<b>3,995</b>	<b>3,995</b>	
<b>City Deal</b>											
City Deal	1,313	1,313	675	675	675	675	972	972	972	972	
<b>Total City Deal</b>	<b>1,313</b>	<b>1,313</b>	<b>675</b>	<b>675</b>	<b>675</b>	<b>675</b>	<b>972</b>	<b>972</b>	<b>972</b>	<b>972</b>	
<b>Total Value of Capital Programme</b>	<b>48,969</b>	<b>113,875</b>	<b>49,033</b>	<b>76,757</b>	<b>30,811</b>	<b>38,455</b>	<b>26,635</b>	<b>29,395</b>	<b>25,053</b>	<b>27,813</b>	