

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 29 February 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Capital Strategy 2024/25 and Final Capital Programme Proposals 2024/25 to 2028/29
Purpose of Report:	The purpose of this report is to set out final proposals for Cabinet Members to consider, before making their recommendations to Full Council, in respect of the final capital budget for the financial year 2024/25 to 2028/29 and to consider the Capital Strategy for 2024/25.
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Matt Bowmer, Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Senior Leadership Team have been consulted on the initial budget proposals. External stakeholders were also consulted on the budget priorities
Policy Framework:	This report follows the procedure laid down in the constitution for the making of the budget. The final 2024/25 budget proposals will require the approval of Full Council.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report provides the Council's Capital Strategy for 2024/25 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>• This report sets out the Council's proposed Final Capital Programme for the period 2024/25 to 2028/29 at Appendix 2.</li> <li>• The Council is facing significant pressures in relation to price inflation and the cost-of-living crisis which has seen increases in the costs of materials and labour. This has had an impact on the current schemes within the Capital Programme and the funding available to fund new schemes within the Capital Programme.</li> <li>• The total value of capital schemes over the next five years is £387.582M and this is summarised in the table below. This includes £25.376M for the Band B Sustainable Communities for Learning</li> </ul>	

Programme (excluding the pipeline schemes) and £205.775M for the Housing Improvement Programme.

Table 1 – Summary of schemes in the 5-year Capital Programme

<b>Directorate</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning and Skills	25,430	2,360	3,750	4,435	2,000
Social Services	1,731	975	100	100	100
Environment	11,916	5,662	3,685	3,685	3,685
HRA	38,745	38,209	41,970	39,634	47,217
Place	4,335	1,605	1,305	1,305	1,150
Corporate Resources	992	250	569	862	862
City Deal	697	810	2,286	807	2,053
Pipeline Schemes	28,498	43,750	17,057	3,000	0
<b>Total</b>	<b>112,344</b>	<b>93,621</b>	<b>70,722</b>	<b>53,828</b>	<b>57,067</b>

Table 2 – Summary of funding of the schemes in the Capital Programme

<b>Funding</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Capital Funding	6,986	6,986	6,986	6,986	6,986
Capital Receipts	4,086	2,044	1,166	2,346	2,191
Reserves	14,744	10,249	7,862	7,460	7,262
Unsupported Borrowing	34,307	35,826	33,024	28,931	35,058
Grants and Contributions (Including S106)	52,221	38,516	21,684	8,105	5,570
<b>Total</b>	<b>112,344</b>	<b>93,621</b>	<b>70,722</b>	<b>53,828</b>	<b>57,067</b>

- Since the Draft Capital Programme proposals report in January, a number of changes have been made including the reprofile and allocation of decarbonisation schemes, City Deal reprofile, slippage from the 2023/24 Capital Programme into the 2024/25 Capital Programme and the Llanmaes match funding is no longer being removed from the five year proposals. The detail of these changes is covered later in the report.

## **Recommendations**

1. That Cabinet recommends to Full Council that the Capital Strategy 2024/25 as set out in Appendix 1 is approved.
2. That Cabinet recommends to Full Council that the final Capital Programme for the years 2024/25 to 2028/29 as set out in Appendix 2 is approved.
3. That Cabinet recommends to Full Council that the Chief Executive and the Head of Finance/Section 151 Officer, in consultation with the Executive Leader and Cabinet Member for Performance and Resources, are given delegated authority to make additions, deletions or transfers to or from the:
  - i. 2024/25 to 2028/29 Housing Improvement Programme as appropriate.
  - ii. 2024/25 to 2028/29 Asset Renewal budgets as appropriate.
  - iii. S106 funded schemes subject to Member consultation as required under the existing process.
  - iv. Energy Management Schemes
  - v. Building Strong Communities Fund schemes.
  - vi. Sustainable Communities for Learning Band B programme (Previously 21st Century Schools schemes).
  - vii. Discretionary Adaption Grant Schemes.
  - viii. Vale Regeneration Schemes.
4. That Cabinet recommends to Full Council that the Chief Executive, Head of Finance/Section 151 Officer, and Director of Learning and Skills in consultation with the Executive Leader and Cabinet Member for Performance and Resources, are given delegated authority to increase the Capital Programme for the long term solution in relation to the Successful Futures Centre at Pencoedtre High School when the feasibility studies have been concluded. £300k has been ringfenced within reserves to carry out this scheme when feasibility studies have been undertaken.
5. That the use of the urgent decision procedure as set out in Section 15.14 of the Council's Constitution is used to enable the Capital Strategy 2024/25 and Final Capital Programme Proposals 2024/25 to 2028/29 to be considered by Full Council on 6th March, 2024.

## **Reasons for Recommendations**

1. To approve the Capital Strategy for 2024/25.
2. To set and approve future capital programmes to 2028/29.
3. To enable the Housing Capital budget, Asset Renewal budgets, S106 schemes, Energy Management Schemes, Building Stronger Communities Fund, Sustainable

Communities for Learning Band B programme, Discretionary Adaption Grant Schemes, and Vale Regeneration schemes to be managed effectively.

4. To enable the long term solution to the Successful Futures Centre at Pencoedre High School to proceed when the feasibility studies have been concluded.
5. To allow the Capital Strategy 2024/25 and Final Capital Programme Proposals 2024/25 to 2028/29 to be referred to Full Council on 6th March, 2024 for consideration and approval.

## **1. Background**

### **Capital Strategy**

- 1.1 The Local Government Act 2003 sets 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 2024/25 and is attached at Appendix 1. The Strategy will also be submitted to Full Council for approval.
- 1.3 CIPFA published revised codes of Practice on 20th December, 2021 and stated that formal adoption was required for financial year 2023/24. The Council must have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. Further information can be found in the Council's Treasury Management Strategy which is on the same agenda as this report. The revised Treasury Management Code requires an authority to implement the following:
  - Adopt a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement. This is shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
  - Class Long-term treasury investments, (including pooled funds) as commercial investments unless justified by a cash flow business case.
  - Include Pooled funds in the indicator for principal sums maturing in years beyond the initial budget year.
  - Amend the knowledge and skills register for officers and Members involved in the treasury management function so that it is proportionate

to the size and complexity of the treasury management conducted by the Authority.

- Prepare quarterly reporting to Members. The Head of Finance/Section 151 Officer (HoF) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The HoF is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital, and balance sheet monitoring.
- Address Environmental, social and governance (ESG) issues within the Authority's treasury management policies and practices.
- Confirm a requirement for Local Authorities to produce an annual Capital Strategy.

**1.4** 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 and 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**

**1.5** The Council has produced a detailed five year Capital Programme, with the proposed programme for 2024/25 to 2028/29 being included in Appendix 2.

**1.6** The draft capital proposals were considered by Cabinet on 18th January, 2024, minute C207, the report was presented to Scrutiny Committees in February 2024 for comment.

**1.7** In responding to the report, the Environment and Regeneration Scrutiny Committee held on 13th February, the Homes and Safe Communities Scrutiny Committee held on 7th February and the Healthy Living and Social Care Scrutiny Committee held on 6th February, 2024 made the recommendations in relation to the requests for funding: -

- T H A T both the Cabinet reference and appended Cabinet report be noted

**1.8** The Learning and Culture Scrutiny Committee held on 8th February, 2024 made recommendations as below:

- T H A T having considered the draft Capital Programme for 2024/25 to 2028/29, the comments of this Committee regarding Pencoedtre High School be passed to the Corporate Performance and Resources Scrutiny Committee,

as the lead Scrutiny Committee, in order for the Committee's views to be forwarded to Cabinet.

- 1.9** 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 15th February 2024, this Committee recommended that:
- T H A T the Capital reference received from the Learning and Culture Scrutiny Committee and the views/comments of this Committee be forwarded to Cabinet for their consideration.
- 1.10** Senior officers have had consideration for the recommendations of the Scrutiny Committees when preparing the final 2024/25 capital programme.
- 1.11** A short term solution has been implemented in relation to the Successful Futures Centre at Pencoedtre High School. Discussions are ongoing internally to identify an appropriate longer term solution and £300k has been ringfenced within reserves to carry out this scheme when feasibility studies have been undertaken.

## **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 fifth year that the Capital Strategy has been produced in this format, it will be updated bi-annually and will evolve over future years.
- 2.2** There are several 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. Whilst the Council will strive to maximise receipts where possible there is uncertainty due to the current economic climate and this could have an impact on developments.
- 2.4** Condition surveys were completed for all Schools in early 2022; based on these surveys and further deterioration in the condition of a number of buildings since, it is estimated that capital investment of circa £30M to £35M is required over the next 5 years to finance required improvement work.
- 2.5** In the near future condition surveys are planned to be carried out on the Council's other buildings (excluding HRA). An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 5 years and this is estimated to require capital investment of between £30M to £40M.

- 2.6** 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.
- 2.7** 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.
- 2.8** The Council's appetite for risk needs to be discussed as part of the Strategy. The Council has always been prudent regarding its borrowing and does not take risks when investing; the Treasury Management Strategy for 2024/25 sets out the Council's intentions to place investment with the UK Government or other Local Authorities or AAA rated money market funds.
- 2.9** The Council has developed a Non Treasury Investment Strategy, this is intended to address opportunities identified in the Council's Recovery Strategy to support innovative business and economic regeneration, increase capital programme investment, focus on green jobs, and green infrastructure. The fund for Investment totals £12M with £200k earmarked from the Risk and Reshaping reserve for feasibility and due diligence costs and the initial costs associated with specialist Non Treasury Investment Advice. This is funded using £12M of prudential Borrowing. The Council will ensure that all the organisation's investments of this nature are covered in the capital strategy, investment strategy or equivalent and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments.
- 2.10** 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.
- 2.11** In considering this Strategy the Council will need to undertake several actions to make the most of potential funding and to meet the requirement to invest in assets. These are detailed in the Strategy.

### **Capital Resources Available**

- 2.12** Details of the different sources of funding available to finance capital expenditure are outlined in Section 3 of the Capital Strategy.
- 2.13** On 19th December, 2023, the Welsh Government (WG) announced the provisional 2024/25 General Capital Funding (GCF) settlement which was £6.986M, being made up of £3.540M grant and £3.446M of supported borrowing. This is £11k less than the allocation of general capital funding of £6.997M for 2023/24.
- 2.14** The provisional settlement advised:  
‘With next to no increase in overall capital funding and the Welsh Government capital budget 6% lower in real terms than the current year, I have maintained the general capital funding for Local Authorities at £180M, the indicative level that was set last year. With soaring inflationary costs in the construction sector, I

know this will mean that your authorities will have to look carefully at and prioritise your capital programmes to continue to invest to best effect in the provision of public services. I have also continued to provide £20 million capital in each year to enable authorities to respond to our joint priority of decarbonisation, to continue the focus on contributing to the Net Zero Wales plan.’

**2.15** As no further indication has been received from Welsh Government, it has been assumed that from 2025/26 onwards, the level of capital funding will be flatlined at £6.986M and will then remain constant for the remainder of the period of this programme.

**2.16** On this basis, the following table represents the capital funding from the Welsh Government assumed as part of the 5-year programme:

Table 3 – Assumption of Five-Year Funding from Welsh Government

<b>WG Funding</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supported Borrowing General Fund	3,446	3,446	3,446	3,446	3,446
General Capital Grant	3,540	3,540	3,540	3,540	3,540
<b>TOTAL</b>	<b>6,986</b>	<b>6,986</b>	<b>6,986</b>	<b>6,986</b>	<b>6,986</b>

**2.17** Another means of financing capital expenditure is through capital receipts resulting from the sale of assets. Capital receipts are difficult to predict albeit the Council will strive to maximise receipts where possible. The uncertainty in the current economic climate could have an impact on projections and therefore the Council needs to be prudent when allocating capital receipts to be used a capital funding.

**2.18** 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.

**2.19** 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.

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



Table 4 – The use of capital receipts in the 5-year Capital Programme

<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 2024	5,936	1,339	0
Anticipated Requirements – 2024/25	(4,086)	0	0
Anticipated Receipts – 2024/25	0	0	300
Balance as at 31st March 2025	1,850	1,339	300
Anticipated Requirements – 2025/26	(1,144)	0	(300)
Anticipated Receipts – 2025/26	0	0	0
Balance as at 31st March 2026	706	1,339	0
Anticipated Requirements – 2026/27	(166)	0	0
Anticipated Receipts – 2026/27	0	0	0
Balance as at 31st March 2027	540	1,339	0
Anticipated Requirements – 2027/28	(166)	0	(1,000)
Anticipated Receipts – 2027/28	1,000	0	1,000
Balance as at 31st March 2028	1,374	1,339	0
Anticipated Requirements – 2028/29	(11)	0	0
Anticipated Receipts – 2028/29	0	0	0
Balance as at 31st March 2029	1,363	1,339	0

- 2.21** Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves.
- 2.22** Due to the current financial situation, there is an increasing pressure upon all internal sources of funding which is resulting in a significant use of reserves within year and over the next five years. The Council needs to safeguard the remaining reserves to be able to mitigate risks should unforeseen expenditure occur. Projected reserve balances can be found in the table below:-

Table 5 – Use of Reserves

As at	Estimated Balance 31/03/2024	Estimated Balance 31/03/2025	Estimated Balance 31/03/2026	Estimated Balance 31/03/2027	Estimated Balance 31/03/2028	Estimated Balance 31/03/2029
	£000	£000	£000	£000	£000	£000
General Fund	10,177	10,177	10,177	10,177	10,177	10,177
Insurance	4,878	4,878	4,878	4,878	4,878	4,878
Service Reserves	13,038	12,302	11,391	11,314	11,314	11,314
Risk and Smoothing Reserves	23,777	18,653	16,957	16,044	15,766	15,766
Capital	5,446	3,834	4,316	5,089	5,089	5,089
Schools	403	403	403	403	403	403
Housing Revenue Account	949	1,026	1,102	1,137	1,171	1,206
<b>Total</b>	<b>58,668</b>	<b>51,273</b>	<b>49,224</b>	<b>49,042</b>	<b>48,798</b>	<b>48,833</b>

- 2.23** Schemes are also included in the programme that have funding under s106 planning obligations.
- 2.24** 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 £89.6M which is around £54.6M more than the level of General Capital Funding for the same period (£34.9M). The grants include the Sustainable Communities for Learning programme (previously called 21st Century Schools), Community Focused Schools, Low Carbon Heat Grant, Dinas Powys Flood Resilience, Local Places for Nature and the Restore the Thaw grant.
- 2.25** The Major Repairs Allowance (MRA), which is the grant that provides capital funding to the Housing Revenue Account (HRA) has been set at £2.770M for 2023/24. As no further indication has been received for future years it has been assumed within the strategy and the initial proposals that the grant remains at £2.770m throughout the period.
- 2.26** The Council is also able to borrow to finance capital expenditure. This can be supported where funding is received from Welsh Government to fund the cost of borrowing or unsupported where the Council must 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 2024/25 to 2028/29

- 2.27** The 2024/25 to 2028/29 Capital Proposals have been made in accordance with the principles 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.
- 2.28** This year’s budget setting process has been the most collaborative and forensic the Council have ever undertaken. The budget is a regular item for update and discussion at Strategic Leadership Team, workshop sessions have been held with elected Members and senior managers, and Directors have led their own directorate level planning sessions.
- 2.29** The Draft Capital Proposals advised that Capital Bids have been considered by Insight Board and Senior Leadership Team. Given the severe limitations of funding available to progress new Capital Bids and the high level of risk for the Council associated with some of the schemes submitted the approach necessitated has been that only those schemes of highest corporate priority and/or risk could be pursued.
- 2.30** The Draft Capital Proposals advised that the below bids and additional pressures have been put forward for funding and included in Appendix 2 of this report:

Table 6 – Capital Bids and additional pressures that are proposed to be funded:-

Directorate	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
<b>Learning and Skills</b>					
Repairs & Maintenance Works Identified in the Condition Surveys (Added to Schools Asset Renewal Budget)	1,500	1,000	1,000	1,000	1,000
Band B Ysgol Iolo Morgannwg – Additional Match	0	286	0	0	0
<b>Social Services</b>					
Repair and Renewal of Fire Doors Across the Residential Homes	90	90	0	0	0
Ty Dyfan Residential Home - Boiler Renewal Works	140	0	0	0	0
Cartref Porthceri Residential Home - Boiler Renewal Work	0	160	0	0	0
<b>Environment and Housing</b>					
Carriageway resurfacing/Surface treatments	1,550	1,250	1,250	1,250	1,250

Penarth Leisure Centre - High Level Glazing & Cladding Phase 2	150	0	0	0	0
Penarth Marina Landslip - Slope Stabilisation Works	2,500	2,000	0	0	0
Tree Planting Programme	100	100	100	100	100
Cyclical Tree Maintenance	75	75	75	75	75
Windsor Road Retaining Wall	200	0	0	0	0
HWRC Llandow Improvements	100	0	0	0	0
<b>Corporate Resources</b>					
Civic Offices Replacement of Devices on Existing Fire Alarm System	33	0	0	0	0
Alps Offices Fire Alarm replacement - Block A	31	0	0	0	0
<b>Total</b>	<b>6,469</b>	<b>4,961</b>	<b>2,425</b>	<b>2,425</b>	<b>2,425</b>

- 2.31** Within Place the top ranked scheme related to the new independent living policy and additional funding for take up on the Disabled Adaptations Grants (DAG). The additional funding request related to the projected increase in costs as a result of removing means testing against elements of the grant. Strategic Insight Board was informed that for every £1 spent on DAG it has been demonstrated that £7 can be saved in Social Care. The complexity with funding this additional cost is that spend on the schemes is currently impacted by the ability to secure contractors and therefore it may be appropriate to fund this forecast potential need from reserve. Therefore, it is proposed that £1m is ringfenced in reserves to progress the Independent Living Policy DAG top up as required due to the significant impact this is projected to have on Social Care spend.
- 2.32** In order to be able to fund high priority bids that have been submitted above, a further review of the Capital Programme has been undertaken. The risks associated with not progressing some of these high priority bids is significant and there will be some opportunity cost associated with identifying this level of funding. It is considered that the risk associated with not identifying this funding could be more significant than the risk associated with some high cost schemes within the programme, and these are set out below.
- 2.33** It is not thought that removing these schemes is an easy decision to make, however, in the context of the risk associated with not providing additional funding for the high priority bid schemes and the significant pressures in the revenue budget it is felt that this is the most prudent approach for the Council at this time. The revised 2023/24 Capital Programme is detailed in the Quarter 3 Capital Monitoring report which is on the same agenda as this report.

Table 7 – Schemes proposed to be removed from the Capital Programme to fund bids

Schemes Removed	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£000
Bridge Structures	0	1,425	0	0	0	0	1,425
New household Waste Recycling Centre	750	1,205	0	0	0	0	1,955
Fleet Parking	0	2,569	0	0	0	0	2,569
Social Services Residual Schemes	15	0	0	0	0	0	15
Social Services Asset Renewal	15	0	0	0	0	0	15
Unallocated All Services Asset Renewal	0	366	1,369	1,257	1,257	1,257	5,506
<b>Total</b>	<b>780</b>	<b>5,565</b>	<b>1,369</b>	<b>1,257</b>	<b>1,257</b>	<b>1,257</b>	<b>11,485</b>

**2.34** In addition to the above the below funding had also been identified towards funding the capital bids:-

Table 8 – Additional Funding Identified

Funding Identified	£000
Neighbourhood Services Reserve	1,232
Corporate Landlord Reserve	270
Unsupported Borrowing	286
Unallocated Grant Funding	44
Capital Receipts	748
Additional General Capital Funding	4,640
<b>Total</b>	<b>7,220</b>
Add funding from bids removed above	11,485
<b>Funding Available for Capital Bids</b>	<b>18,705</b>

**2.35** The funding available of £18.705m is split £6.469m in 2024/25 and £4.961m in 2025/26 and £2.425m per annum 2026/27 to 2028/29. The detail on how this has been allocated can be found in table 6.

**2.36** A Summary of the Final Capital Programme Proposals 2024/25 to 2028/29 and how it is funded is included in the tables below:

Table 9 – Summary of the 5 Year Capital Programme with funding

<b>Directorate</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning and Skills	25,430	2,360	3,750	4,435	2,000
Social Services	1,731	975	100	100	100
Environment	11,916	5,662	3,685	3,685	3,685
HRA	38,745	38,209	41,970	39,634	47,217
Place	4,335	1,605	1,305	1,305	1,150
Corporate Resources	992	250	569	862	862
City Deal	697	810	2,286	807	2,053
Pipeline schemes	28,498	43,750	17,057	3,000	0
<b>Total</b>	<b>112,344</b>	<b>93,621</b>	<b>70,722</b>	<b>53,828</b>	<b>57,067</b>

<b>Funding</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Capital Grant	3,540	3,540	3,540	3,540	3,540
General Fund (GF) Reserves/Revenue	6,547	2,765	800	800	800
HRA Revenue/Reserves	8,197	7,484	7,062	6,660	6,462
Capital Receipts General Fund	4,086	1,444	166	166	11
Capital Receipts HRA	0	600	1,000	2,180	2,180
Grants	50,284	37,024	19,334	5,570	5,570
S106	1,937	1,492	2,350	2,535	0
<b>Total</b>	<b>74,591</b>	<b>54,349</b>	<b>34,252</b>	<b>21,451</b>	<b>18,563</b>
<b>Borrowing Requirement</b>					
Supported Borrowing	3,446	3,446	3,446	3,446	3,446
Unsupported Borrowing GF	10,000	11,871	5,286	3,807	2,053
Unsupported Borrowing HRA	24,307	23,955	27,738	25,124	33,005
<b>Total Borrowing Requirement</b>	<b>37,753</b>	<b>39,272</b>	<b>36,470</b>	<b>32,377</b>	<b>38,504</b>
<b>Total Capital Programme</b>	<b>112,344</b>	<b>93,621</b>	<b>70,722</b>	<b>53,828</b>	<b>57,067</b>

- 2.37** Since the draft Capital proposals in January, several amendments have been made to the five year Capital Programme and these are outlined in the paragraphs below: -
- 2.38** Slippage that has been requested as part of the Quarter 3 Capital Monitoring report, which is on the same agenda as this report, has been included in Appendix 2 and further details can be found within that report.
- 2.39** Between 2023/24 and 2028/29 there is £1.9m funding available for Decarbonisation schemes. Emergency powers have been used to allocate this funding which incorporates schemes including LED lighting, PV solar panels and Air Source Heat Pumps across the Council’s asset base. Further information can be found in the Quarter 3 Capital Monitoring report which is on the same agenda as this report. The breakdown of schemes between 2024/25 and 2028/29 is set out in Appendix 2.
- 2.40** The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal (CCR) which has been established between the UK Government, the Welsh Government and 10 Local Authorities in Southeast Wales. In line with a reprofiling of UK Government capital funding and likely drawdown of funding for proposed investment schemes, it is requested within the Quarter 3 Capital Monitoring report to reprofile the scheme in the 2023/24 and future year’s Capital Programme as set out in the table below and this has been reflected in Appendix 2.

Table 10 – Reprofile of City Deal

	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>Total</b>
	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>	<b>£’000</b>
<b>Current Profile</b>	301	1,069	1,117	844	0	930	1,480	1,165	<b>6,906</b>
<b>Revised Profile</b>	0	697	811	2,286	807	2,053	1,100	(848)	<b>6,906</b>

- 2.41** Funding has been secured from Welsh Government for the provision of a new childcare facility. This is being combined with a S106 funded temporary classroom replacement project to form a new stand-alone building at the Junior site of Dinas Powys Primary School. The total cost of the works is £1.230M. The Childcare element of this works is being funded from a Childcare and Early Years Capital Grant from Welsh Government in the sum of £550k. The remainder of this scheme is being funded from £680k S106 monies. £500k of this S106 money was already approved within the 2023/24 Capital Programme. The emergency powers has approved the reprofiling and inclusion of the grant and additional s106 monies as set out in the table below. This has been reflected in Appendix 2.

Table 11 – Scheme funding

<b>Funding</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
S106	296	384	680
Grant	0	550	550
<b>Total</b>	<b>296</b>	<b>934</b>	<b>1,230</b>

- 2.42** Within the Draft Capital Programme proposals for 2024/25 there was a scheme for a Reuse shop at the HWRC site in Llandow with a budget of £350k. This was a grant funded scheme approved under the Shared Prosperity Fund with a condition that this was linked to the building of a new HWRC site in Western Vale. As this scheme has been removed as part of the review of the capital programme to enable the allocation of funds to other priority bids, the £350k has been removed from the 2024/25 Capital Programme. This grant will be reallocated through the Shared Prosperity Fun Grant Panel.
- 2.43** The Council has developed a Non Treasury Investment Strategy, £12M is profiled over four years within the five year Capital Programme and was originally going to be funded from £2.2m Investment and Growth Fund Reserve (£200K earmarked for feasibility and due diligence costs) with provision for up to £10M Prudential Borrowing. As reserves have had to be reviewed and repurposed due to the current financial situation, this scheme will now be funded using £12M of prudential Borrowing, with £200k earmarked from the Risk and Reshaping reserve for feasibility and due diligence costs and the initial costs associated with specialist Non Treasury Investment Advice.
- 2.44** The match funding for Llanmaes construction was originally proposed to be removed from the 2023/24 Capital Programme within the Draft Capital Proposals report that was submitted to Cabinet in January 2024. This was proposed as following a detailed tender exercise late in 2021/early 2022 and due to cost rises in materials and fuel impacting construction schemes around the same time, the Benefits Cost Ratio (BCR) for the Llanmaes flood scheme fell below parity and grant funding seemed unlikely, therefore the funding was going to be used to fund high priority capital bids.
- 2.45** However, following ongoing liaison, the submission of various clarifications and due to the non-standard nature of the appraisal, Flood branch officers have advised that a decision on whether the scheme can progress is now awaiting consideration by the appropriate Minister with no clear indication of the likely timescales involved. In the meantime, and in consultation with Welsh Government, an application for pipeline funding for scheme construction has been submitted for 2024/25 based on the latest construction costs. Subject to a positive decision regarding the detailed economic assessment a further procurement exercise will take place in 2024/25, therefore the £518k has been



added back into the 2024/25 Capital Programme in order to match fund this scheme.

- 2.46** The draft 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 2024/25 to ensure that funding is allocated to priority schemes. A full breakdown of the Asset Renewal budgets is now included in the 2024/25 capital programme in Appendix 2.
- 2.47** Vehicles will be purchased throughout the five year Capital Programme using the Vehicle Reserve. This will be replenished yearly through vehicle capital receipts and revenue provision for the replacement of vehicles as part of the scheme.
- 2.48** Potential funding for 2024/25 onwards which has not been allocated to specific schemes is shown under the All-Services Asset Renewal heading.
- 2.49** The Council's annual budget consultation exercise ran from 18th January, 2024 to 15th February, 2024. There were 299 responses to the online survey in total, this is lower than previous budget consultation exercises which have received around 600 responses, on average, over the past five years. The lower response rate could be due to other exercises that took place prior to the budget consultation, namely the Let's Talk About Life in the Vale Survey, which reached over 3,000 residents and was used to inform the draft budget proposals.
- 2.50** The Council were advised in 2023 that they had been awarded Levelling Up Funds equalling £19.785m, subject to a validation process. The validation process required the Council to submit any revisions to UK Government, including funding profiles, expenditure profiles, grant disbursement, procurement information, subsidy control advice, risks, outcomes and outputs. The Council's submission is still being considered by UK Government. Adjustments to bids are subject to acceptance from the UK Government. If approved, the Council will need to enter into a Memorandum of Understanding with UK Government, and the funding award will continue to be provisional until this has taken place. The Levelling Up grant, if approved, would be used to fund the refurbishment of the Docks Offices, the construction of a new Barry Watersports Centre, the development of a new Linear Park, and a Marina and subsequent facilities and infrastructure. The scheme will be added into the Capital Programme by Delegated Authority once the award letter has been received.
- 2.51** Western Gateway (formerly called Barry Town Centre Gateway) – In accordance with Cabinet Minute C584, the aim of the Western Gateway project is for the Council to deliver in collaboration with Cardiff & Vale University Health Board and Welsh Government, the master planned redevelopment of several key development sites at the western end of Barry Town Centre (namely the Gladstone Road Bridge Compound Site and Broad St Clinic Site) with a mix of new affordable homes (some older persons), new health use accommodation for the Broad St Clinic and the enhancement of the public realm at the Gladstone Road Roundabout junction. The circa £22m project is proposed to be funded by a mix of Welsh Government Transforming Towns grant aid and Social Housing Grant and Housing Revenue Capital funding. Subject to the availability of funding, statutory consents and community consultation, the aim is to implement the

project in three phases, with the design of project being initiated from the end of 2023/24 and it being further designed and constructed over 4 to 5 years through to 2029/30. Emergency will be used to add the general fund element of this scheme into the Capital Programme before the end of the financial, the HRA budget element of this scheme is already included within the Housing Improvement Five Year Capital Programme. A letter of comfort for £2.5m Transforming Towns grant for Phase 3 for has been received, however this will not be included in the Capital Programme until a formal award letter has been received.

### **School Investment Strategy**

- 2.52** The Sustainable Communities for Learning programme is a unique collaboration between the Welsh Government and Local Authorities, for long term strategic capital investment with the aim of creating a generation of Sustainable Communities for Learning in Wales. The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19 and there is now a move towards a rolling programme on investment in schools.
- 2.53** Considerable progress has been made to date, nine schools within the Band B Programme are now operational, this includes St David's CiW Primary, South Point Primary, Whitmore High School, Ysgol Gymraeg Bro Morgannwg, Pencoedtre High School, Ysgol St Baruc, St Nicholas Primary, Y Bont Faen (Cowbridge Primary Provision) and Derw Newydd (Centre for Learning and Wellbeing).
- 2.54** St Nicholas CiW Primary School became operational in October 2024, phase two works are currently progressing which are the demolition of the old school and external landscaping, which is due to be completed April 2024.
- 2.55** An outline planning application was submitted for the Ysgol Y Deri Scheme in late 2021. In October 2022 the outline application was changed to a full planning application based on the detail already submitted for the scheme. The application has been given consideration by the local planning authority, this led to a call in from Welsh Government by a member of the public opposing the development, the call in decision had been rejected and the project is anticipated to start on site in March 2024.
- 2.56** The last paper presented progress on the Penarth Primary Provision project, which is dependent on the housing allocation at Upper Cosmeston Farm coming forward. Currently Welsh Government have submitted an outline planning application for the residential scheme which includes land safeguarded for a primary school. A determination on this outline planning application is outstanding but is expected to be determined in spring 2024. There is no further update to report on this.
- 2.57** It should be noted that the scheme would likely be linked to the residential allocation coming forward and the release of the land would be connected to the number of dwellings developed on the site. This would reflect previous section 106 agreements relating to safeguarded education land within a development.

Therefore, it is considered this proposal will likely come forward within the rolling programme.

- 2.58** Saint Richard Gwyn Catholic High is a redevelopment of the Secondary School on the current site. The project would deliver a 1,050 capacity secondary school which has been based upon recent pupil projections. The proposal will also include a 60 SRB unit. At the moment the Council are waiting on both planning and SAAB applications which will be concluded by the end of February 2024. Then next stage will be to submit the full business case to Welsh Government.
- 2.59** A Strategic Outline Programme (SOP) Variation request was submitted to Welsh Government in October 2023 to include Ysgol Iolo Morgannwg (Cowbridge Primary Provision Phase 2) into the Band B Programme. This scheme will increase capacity from 210 places to 420 school places from September 2025. The school would move into a new school building to accommodate this increased capacity within the ‘Land to the north and west of Darren Close’ housing development. Additionally, the proposal also includes increasing nursery provision to 96 part time places and an adult education and Welsh language immersion centre for primary school aged pupils from 7 years old and above, as well as offering Adult and Community Learning Programs after school hours.
- 2.60** This would support growth in Welsh medium primary education, supporting the Council’s WESP and Welsh Governments ‘Cymraeg 2050’ strategy. A self-contained unit would provide Welsh medium immersion placements, as well as offering Welsh lessons for adults, particularly those living within the residential development.
- 2.61** The total cost for the project is £18.054m. The Council has received a Welsh Government Welsh Medium grant of £889k to deliver the immersion centre as part of the Ysgol Iolo Morgannwg Sustainable Communities for Learning scheme. It is assumed that Welsh Government will provide 65% grant funding against the remainder of the project and 100% to deliver net carbon zero costs. The proposed funding costs are shown below.

Table 12 – Funding of Ysgol Iolo Morgannwg

<b>Proposed Funding Split</b>										
<b>Project</b>	<b>LA</b>	<b>%</b>	<b>WG</b>	<b>%</b>	<b>Split Total</b>	<b>WM grant</b>	<b>%</b>	<b>NZC £’000</b>	<b>%</b>	<b>Overall Total</b>
<b>65:35 Split Projects</b>										
	<b>£’000</b>		<b>£’000</b>		<b>£’000</b>	<b>£’000</b>		<b>£’000</b>		<b>£’000</b>
Ysgol Iolo Morgannwg	5,535	35	10,280	65	15,815	889	100	1,350	100	18,054

- 2.62** This proposal has been approved by Cabinet. The consultation has ended with no objections received. The project was approved by Welsh Government to include into the Band B, Sustainable Communities for Learning Programme. The transfer of land is being sought and should be handed over within a few weeks. The SOC

was submitted in December and the Council is awaiting approval from Welsh Government.

- 2.63** The table below details the Band B Schemes and budgets that are currently approved in the Capital Programme. The table below reflects the slippage requests that have been requested as part of the Quarter 3 Capital Programme monitoring report that is on the same agenda as this report.

Table 13 – Sustainable Communities for Learning Budget

	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Band B Pencoedtre High School	664	0	0	0	0	<b>664</b>
Band B Whitmore High School	43	0	0	0	0	<b>43</b>
Band B Centre of Learning and Wellbeing	1,390	0	0	0	0	<b>1,390</b>
Band B Ysgol Y Deri	1,060	20,721	360	0	0	<b>22,141</b>
Band B Ysgol Gymraeg Bro Morgannwg	267	0	0	0	0	<b>267</b>
Band B Ysgol Sant Baruc	4,651	0	0	0	0	<b>4,651</b>
Band B St David's Primary School	4	0	0	0	0	<b>4</b>
Band B South Point Primary School	11	0	0	0	0	<b>11</b>
Band B Cowbridge Primary Provision (YBF)	1,119	110	0	0	0	<b>1,229</b>
Band B St Nicholas	4,354	0	0	0	0	<b>4,354</b>
Band B Penarth Cluster - Review Primary Provision to Include Cosmeston	0	0	0	1,750	2,435	<b>4,185</b>
Band B Contingency	46	0	0	0	0	<b>46</b>
St Richard Gwyn	564	15,427	31,719	13,855	0	<b>61,565</b>
Ysgol Iolo Morgannwg	250	8,571	9,031	202	0	<b>18,054</b>
<b>Total</b>	<b>14,423</b>	<b>44,829</b>	<b>41,110</b>	<b>15,807</b>	<b>2,435</b>	<b>118,604</b>

- 2.64** Further information can be found in section 2 of the Capital Strategy.

#### **Housing Improvement Programme**

- 2.65** The Housing Investment Programme balances developing new homes whilst remaining focused on investing in existing tenants' homes and neighbourhoods, directly contributing to maintaining compliance with the Welsh Housing Quality Standard (WHQS). As of October 2023, Welsh Government launched the new revised WHQS 2023 and therefore the current Housing Asset Management Strategy will be reviewed to set out the Council's ongoing vision for investment in the housing stock to comply with the new WHQS requirements, along with 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 Housing Asset Management Strategy to enable their views and priorities to be considered and built into the document where appropriate.

- 2.66** During 2024/25 the Housing Development Team will continue to explore opportunities to address the growing international and domestic housing crisis. This will include the acquisition and repurposing of local hotels and vacant public buildings for temporary accommodation. In April 2024, the Council will also be commissioning a 90 unit temporary accommodation facility at Eagleswell Road,

Llantwit Major, part funded by Welsh Government, primarily for use by Ukrainian people fleeing the conflict in their country. Also, the Council is hoping to have completed the purchase of 20 units of former MoD accommodation at the East Camp in St Athan, again to address the effects of the current housing crisis.

**2.67** The current Housing Business Plan also commits £119m of capital investment over the next 5 years to ensure the continued expansion and acceleration of the Council’s housebuilding ambitions. Not only will this meet the ever-growing needs of those on our waiting list but also looks to provide much needed temporary and permanent accommodation to address the current housing crisis affecting many of our residents and those who are homeless. Further details are contained in section 2 of the Capital Strategy.

**2.68** The sources of funding to be used to finance HRA expenditure in 2024/25 to 2028/29 are detailed in the table below.

Table 14 – HRA Funding

<b>Funding</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>
Revenue/Reserves	8,197	7,484	7,062	6,660	6,462
MRA Grant	2,770	2,770	2,770	2,770	2,770
Capital Receipt	0	600	1,000	2,180	2,180
Unsupported Borrowing	24,307	23,955	27,738	25,124	33,005
S106	600	600	600	100	0
Other Grant	2,871	2,800	2,800	2,800	2,800
<b>Total Budget</b>	<b>38,745</b>	<b>38,209</b>	<b>41,970</b>	<b>39,634</b>	<b>47,217</b>

**2.69** The Table below shows the projected balances on HRA reserves over the next 5 years:

Table 15 – HRA Reserve

<b>As at:</b>	<b>Year</b>	<b>Closing HRA Working Balance</b>
		<b>£000</b>
31/03/24	Current	949
31/03/25	1	1,026
31/03/26	2	1,102
31/03/27	3	1,137
31/03/28	4	1,171
31/03/29	5	1,206

## Next Steps

**2.70** The final settlement is now expected to be announced from Welsh Government late February/early March which will inform the Final Capital Proposals report.

- 2.71** Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than 29th February, 2024 and that Cabinet's final Capital Programme proposals will be considered by Full Council at a meeting to be held on 6th March, 2024 to enable the Council Tax to be set by 11th March, 2024.

### **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. Some examples are:

- **To work with and for our communities** - Consultations are carried out with the community on capital projects. Participate Vale allows the community to have their say and get involved with Council decisions and local issues in the Vale of Glamorgan.
- **To support learning, employment and sustainable economic growth** - Further investment in schools through the School Investment Programme. Contributing as a partner in the Cardiff Capital Region City Deal will bring economic prosperity to the area. There will be continued investment in environment and regeneration programmes to support economic growth and further investments supported as part of the proposed Non-Treasury Service Investment Strategy - Investment and Growth Fund.
- **To support people at home and in their community** - Investment in housing through the Housing Improvement Programme will maintain the Welsh Housing Quality Standard, consideration of alternative heating measures and new developments. Disabled Facility Grant and Enable schemes that support Vale of Glamorgan residents in their homes. Investment in leisure centres and playgrounds will encourage more use and activity.
- **To respect, enhance and enjoy our environment** - St David's CIW Primary School was designed to be low (in-use) carbon through improved building fabric, maximising renewables and its only energy source is electric. The design has been utilised for the new build for South Point Primary School which is the first net-zero carbon primary school in Wales. The Council has also successfully applied for additional Welsh Government funding to support further decarbonisation across the Sustainable Learning Communities Programme. Investing in the introduction of LED street lighting will bring environmental benefits. vehicle charging infrastructure has been installed at the Alps Depot and the Civic Offices. The school decarbonisation programme consists of a variety of energy reduction measures and renewable energy installations have been identified across several assets within the school portfolio. Recycling is now to be sorted into separate containers, the change is aimed at improving the quality of the materials that are collected for recycling which is better for the environment and will help the Council to recycle more.

**3.2** The Capital Strategy considers the Five Ways of Working.

- 3.3 Looking to the long term** - The development of the capital programme 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 and monitoring 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. Climate Change and Nature Implications**

- 4.1** 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 CO2 emissions. Several projects are included in the Capital Programme which will assist the work the Council is undertaking as part of Project Zero and commitments in the Council’s Climate Challenge Plan. Specifically, funding has been set aside for a programme of decarbonisation works and to support the delivery of the Tree Strategy. More detail can be found in the Section 6 of the Capital Strategy. All schemes progressed as part of the Capital Programme proposals set out the decarbonisation considerations that will be considered as part of progressing the bids.

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1** The total net capital expenditure of the proposed programme in Appendix 2, over the 5 years, is £261.485M. The total gross capital expenditure is £387.582M.
- 5.2** In line with the overall Financial Strategy, in order to resource the Capital Programme, £11.712M of general fund reserves will be utilised over the period of the Capital Programme 2024/25 to 2028/29, however this should be balanced

with the need to utilise reserves to support the revenue budget in the context of the current cost of living and revenue pressures.

- 5.3** Capital receipts are also utilised to fund the Capital Programme. The Education Capital Programme utilises general capital receipts in addition to capital receipts ring fenced for Education. The capital receipt balance for Social Services has been ring fenced for Social Services capital expenditure for Older Persons Accommodation.

### **Employment**

- 5.4** Some of the work 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)**

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

## **6. Background Papers**

Local Government Provisional Revenue Settlement letter dated 19th December, 2023.



# **FINAL CAPITAL STRATEGY 2024/25**

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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 The Strategy should look to the longer term and is supported by a detailed Capital Programme for five years covering the period 2024/25 to 2028/29. This is the fifth year that the Capital Strategy has been produced. The strategy will be updated bi-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 2023 have a net book value of £761M (excluding Infrastructure) which includes £205M 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 de minimus 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 2024/25 and will be updated on a biannual basis. This Strategy will also need to be submitted to full Council for approval.

1.8 CIPFA published revised codes of Practice on 20th December 2021 and has stated that formal adoption was required for the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Capital Strategy, Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
- address Environmental, Social & Governance (ESG) issues within the Capital Strategy;
- require implementation of a policy to review commercial property, with a view to divest where appropriate;
- create new Investment Practices to manage risks associated with non treasury investment (similar to the current Treasury Management Practices);
- ensure that any long term treasury investment is supported by a business model;
- a requirement to effectively manage liquidity and longer term cash flow requirements;
- amendment to Treasury Management Practice (TMP)1 (to address ESG policy within the treasury management risk framework);
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes, Treasury Management, Service Delivery, Commercial Return.

## 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 2020-2025 in its 'Vale of Glamorgan Council Corporate Plan 2020-25'. This plan set out a vision and values and details 4 well-being objectives. The Capital Programme should be set having regard to the Council's corporate priorities, which are 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 When developing the Corporate Plan, the Council reflected on the way it works and in particular the five ways of working as set out in the Well-being of Future Generations Act. 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. It also ensures that links between

different areas of work are made and connections understood including the impacts of decisions on different services.

- **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 Further details can be found at [Vale of Glamorgan Council Corporate Plan 2020-25](#).

2.7 To support the five year Corporate Plan the Council produces an [Annual Delivery Plan \(ADP\)](#) each year which sets out the priorities for the year ahead and how the Corporate Plan commitments will be translated into action for the year ahead. The actions in the ADP are detailed against the four Well-being Objectives and detail key activities across the organisation. The 2024-25 draft ADP includes three critical challenges, identified as significant areas of focus for Council Services, Organisational Resilience, cost of living and nature emergencies.

2.8 The Annual Delivery Plan actions are reflected in our [Service Plans](#) showing how each department will work to contribute to our four Well-being Objectives. Targets are set for delivering these actions. Service Plan sets out the specific areas of focus associated with the delivery of the council's Annual Delivery Plan as aligned to our four Corporate Well being Objectives. Progressing the ADP will help meet our statutory obligations under the Local Government & Elections (Wales) Act 2021 and the Well Being of Future Generations (Wales) Act 2015.

### **Budget Strategy and Medium Term Financial Plan (MTFP)**

2.9 The Council produces a rolling Budget Strategy and 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 is being brought to the Cabinet on the same agenda as this strategy on 29th February 2024.

## Corporate Asset Management Plan (CAMP)

2.10 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 2023 to 2028 and was taken to [Cabinet on the 27th February 2023](#).

2.11 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.

2.12 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.

2.13 Forming part of the Council's accommodation strategy, the Council has focused specifically on the key corporate buildings. This ongoing project of rationalisation previously known as the Space Project, has become a key driver for achieving a more efficient use of our corporate buildings and this will continue with the Eich Lle project which aims to reduce and rationalise the corporate office estate further by lowering desk ratios and greater use of hot desk facilities.

2.14 An Acquisition Protocol has previously been developed which will help to ensure that a coordinated approach is adopted for any potential acquisitions. The protocol requires 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 such as Strategic Insight Board.

2.15 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 was updated 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.

### **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 of 31st March 2023, the Council's housing stock stood at 3,940 dwellings and is expected to be 4,122 by 1st of April 2024.

2.18 The Housing Investment Programme balances developing new homes whilst remaining focused on investing in existing tenants' homes and neighbourhoods, directly contributing to maintaining compliance with the Welsh Housing Quality Standard (WHQS). As of October 2023, Welsh Government launched the new revised WHQS 2023 and therefore the current Housing Asset Management Strategy will be reviewed to set out the Council's ongoing vision for investment in the housing stock to comply with the new WHQS requirements, along with 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 Housing Asset Management 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 continued compliance with the new updated WHQS launched in October 2023, 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 to create neighbourhoods that provide a sense of place and community.



- 2.20 To support this Strategy and to comply with Welsh Government's requirements, a 30-year Housing Business Plan is produced each year. The current Housing Business Plan was approved at Council on the 15th of January 2024. This Plan forms the basis of the Compensation Award (formerly Major Repairs Allowance), Optimised Retrofit Programme (ORP) and Social Housing Grant (SHG) grant applications, which are pivotal financing components for the Housing Improvement Programme. The total capital spend in the HRA between 2024/25 to 2028/29 is anticipated to be £206M
- 2.21 During 2024/25 the Housing Development Team will continue to explore opportunities to address the growing international and domestic housing crisis. This will include the acquisition and repurposing of local hotels and vacant public buildings for temporary accommodation. In April 2024, the Council will also be commissioning a 90 unit temporary accommodation facility at Eagleswell Road, Llantwit Major, part funded by Welsh Government, primarily for use by Ukrainian people fleeing the conflict in their country. Also, the Council is hoping to have completed the purchase of 20 units of former MoD accommodation at the East Camp in St Athan, again to address the affects of the current housing crisis.
- 2.22 The current Housing Business Plan also commits £119m of capital investment over the next 5 years to ensure the continued expansion and acceleration of the Council's housebuilding ambitions. Not only will this meet the ever-growing needs of those on our waiting list but also looks to provide much needed temporary and permanent accommodation to address the current housing crisis affecting many of our residents and those who are homeless.
- 2.23 Further detail can be found at [Housing Asset Management Strategy](#). This strategy will now be reviewed to reflect Welsh Government's launch of the new revised WHQS 2023.

## **ICT and Digital Strategy**

- 2.24 The Council's Digital Strategy 2023-2028 was approved by Cabinet on 16<sup>th</sup> November 2023. It has the overall aim to enable opportunities for improvement through the innovative use of Digital, now and in the future. To deliver this aim, four themes have been identified as follows:

### **THEME 1 - COMMUNITY AND INVOLVEMENT**

- Commitment 1 - Listen to the community to understand their needs in order to transform digital services.
- Commitment 2 - Create accessible, inclusive and sustainable digital services for residents to support innovation using ICT

### **THEME 2 – ORGANISATION AND PROCESSES To provide a quality ICT**

- Commitment 1 - Create & embed reliable processes, so that digital projects are delivered successfully.
- Commitment 2 - Develop a digital culture, where digital is seen as a key enabler of all services in the organisation.

### **THEME 3 – PEOPLE AND SKILL**

- Commitment 1 - Equip colleagues with the tools to deliver services effectively for residents
- Commitment 2 - Support and empower colleagues to develop and use their digital skills

#### THEME 4 – DATA AND INSIGHT

- Commitment 1 - Invest in & harness data insights to inform and improve decision-making.
- Commitment 2 - Use clear standards to ensure effective data sharing

2.25 The Hwb grant was awarded to the Council from Welsh Government to renew school ICT infrastructure and equipment to bring up to the required Welsh Government standard. The terms and conditions of this grant require the Council to put in place a replacement programme so that equipment and infrastructure can continue to be replaced when it reaches the end of its useful life (estimated at five years) and to ensure standards are maintained. On an annual basis £320K from Schools delegated budget will be transferred into a reserve to fund the replacement of ICT equipment.

2.26 The Digital Reserve was allocated in order to ensure that an appropriate amount of funding was allocated to deliver the Digital Strategy and enable digitalisation of the organisation in line with its wider Reshaping strategy. This will be a key means of improving efficiency, effectiveness and delivering outcomes in ways that support our residents and colleagues, with links to service transformation, strengthening communities and a future operating model for the Council. Drawdowns against this reserve will be raised by the Head of Digital and approved via the Director of Corporate Resources with notification to Cabinet on the strategic use of this funding.

2.27 Capital expenditure is currently being reviewed in light of the organisation's commitment to both Project Zero and the Digital Strategy. Historically, capital has been utilised for the delivery of infrastructure within corporate buildings and whilst some of this will remain, i.e., the refresh of networking infrastructure, the IT function is currently evaluating a path to reducing the amount of server provision on-premise and consideration of a transition to co-located facilities and/or cloud computing.

2.28 Further detail can be found within the [Digital Strategy 2023-2028](#).

### **Waste Management Strategy**

2.1 The draft 10-year Recycling and Waste Management Strategy and Business Plan was initially presented to Cabinet, 28th March 2022 and agreed in principle subject to consultation over the summer of 2022. The results on the consultation were presented to Cabinet 19th January 2023 and they were reviewed by the Environment and Regeneration Scrutiny Committee 14th February 2023. There were no further recommendations and the Strategy was agreed. As part of this strategy is an ongoing commitment and investment into new infrastructure necessary to ensure the delivery of the new strategy and to accommodate the ongoing services changes namely the introduction of the 'collections blueprint' a

collection service that collects sustainable, high quality, recycling material separately at source.

- 2.2 As part of the service changes, grants were provided by Welsh Government's (WG) Collaborative Change Programme (CCP) to financially support the services changes, specifically for the purchase of all necessary recycling receptacles, vehicles and the construction of a Resource Recovery Facility (RRF) that prepare recycling material for resale and reuse, as well as all the necessary plant and equipment.
- 2.3 The Council was allocated £3.5M from Welsh Government in 2018/19, £2.8M in 2019/20 and the first service change was introduced to the Rural Vale in October 2019, a further roll out was undertaken across Barry in October 2020 and the final roll out was introduced to Penarth and surrounding areas, 17<sup>th</sup> April 2023.
- 2.4 Additionally, a further grant of £2.6M was awarded to the Council in 2022-23, of which £2.2M was to construct phase 2 of the RRF and £400K to fund an additional Baler. After the initial design of the RRF, construction was split into two phases as a result of Covid-19, and the global impacts of material availability and the increased costs associated with the construction industry. The plant has been operational since April 2023.
- 2.5 Additionally, there was a grant of £1.108M in 2020/21, £358K awarded to construct a reuse shop on the Household Waste Recycling Centre site in Barry, £250K for bins to introduce source separated recycling for flats and apartments and £500K to fund new recycling sorting equipment, for the RRF.
- 2.6 [Draft Recycling and Waste Strategy 2022-2032](#)

### **School Investment Programme**

- 2.7 The Sustainable Communities for Learning programme is a unique collaboration between the Welsh Government and local authorities, for long term strategic capital investment with the aim of creating a generation of Sustainable Communities for Learning in Wales.
- 2.8 The Programme is aimed at ensuring the standard of learning environments are fit for purpose, that there are sufficient places available for our learners when considering the rapid development and regeneration within the Vale, and that our priorities enable key outcomes within both the Welsh Government's national strategies and our own local strategies.
- 2.9 The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19 and there is now a move towards a rolling programme on investment in schools.
- 2.10 The following Welsh Government intervention rates should be applied to the overall programme:
  - 65% for Community Schools
  - 75% for ALN / SEN Schools

- 85% for Voluntary Aided Faith Schools

- 2.11 Considerable progress has been made to date, nine schools within the Band B Programme are now operational, this includes St David's CiW Primary, South Point Primary, Whitmore High School, Ysgol Gymraeg Bro Morgannwg, Pencoedtre High School, Ysgol St Baruc, St Nicholas Primary, Y Bont Faen (Cowbridge Primary Provision) and Derw Newydd (Centre for Learning and Wellbeing).
- 2.12 St Nicholas CiW Primary School became operational in October 2024, phase two works are currently progressing which is the demolition of the old school and external landscaping, which is anticipated to be completed April 2024.
- 2.13 An outline planning application was submitted for the Ysgol Y Deri Scheme in late 2021. In October 2022 the outline application was changed to a full planning application based on the detail already submitted for the scheme. The application has been given consideration by the local planning authority, this led to a call-in from Welsh Government by a member of the public opposing the development, the call in decision had been rejected and the project is anticipated start on site March 2024.
- 2.14 The last paper presented progress on the Penarth Primary Provision project, which is dependent on the housing allocation at Upper Cosmeston Farm coming forward. Currently Welsh Government have submitted an outline planning application for the residential scheme which includes land safeguarded for a primary school. A determination on this outline planning application is outstanding but is expected to be determined in spring 2024. There is no further update to report on this.
- 2.15 It should be noted that the scheme would likely be linked to the residential allocation coming forward and the release of the land would be connected to the number of dwellings developed on the site. This would reflect previous section 106 agreements relating to safeguarded education land within a development. Therefore, it is considered this proposal will likely come forward within the rolling programme.
- 2.16 Saint Richard Gwyn Catholic High is a redevelopment of the Secondary School on the current site. The project would deliver a 1,050-capacity secondary school which has been based upon recent pupil projections. The proposal will also include a 60 SRB unit. At the moment the Council are waiting on both planning and SAAB applications which will be concluded by the end of February 2024. Then next stage will be to submit the full business case to Welsh Government.
- 2.17 A Strategic Outline Programme (SOP) Variation request was submitted to Welsh Government in October 2023 to include Ysgol Iolo Morgannwg (Cowbridge Primary Provision Phase 2) into the Band B Programme. This scheme will increase capacity from 210 places to 420 school places from September 2025. The school would move into a new school building to accommodate this increased capacity within the 'Land to the north and west of Darren Close' housing development. Additionally, the proposal also includes increasing nursery provision to 96 part time places and an adult education and Welsh language immersion centre for primary school aged pupils from 7 years old and above, as well as offering Adult and Community Learning Programs after school hours.

2.18 This would support growth in Welsh medium primary education, supporting the Council's WESP and Welsh Governments 'Cymraeg 2050' strategy. A self-contained unit would provide Welsh medium immersion placements, as well as offering Welsh lessons for adults, particularly those living within the residential development.

2.19 The total cost for the project is £18.054m. The Council has received a Welsh Government Welsh Medium grant of £889k to deliver the immersion centre as part of the Ysgol Iolo Morgannwg Sustainable Communities for Learning scheme. It is assumed that Welsh Government will provide 65% grant funding against the remainder of the project and 100% to deliver net carbon zero costs. The proposed funding costs are shown below.

<b>Proposed Funding Split</b>										
<b>Project</b>	<b>LA</b>	<b>%</b>	<b>WG</b>	<b>%</b>	<b>Split Total</b>	<b>WM grant</b>	<b>%</b>	<b>NZC £'000</b>	<b>%</b>	<b>Overall Total</b>
<b>65:35 Split Projects</b>										
	<b>£'000</b>		<b>£'000</b>		<b>£'000</b>	<b>£'000</b>		<b>£'000</b>		<b>£'000</b>
Ysgol Iolo Morgannwg	5,535	35	10,280	65	15,815	889	100	1,350	100	18,054

2.20 This proposal has been approved by Cabinet. The consultation has ended with no objections received. The project was approved by Welsh Government to include into the Band B, Sustainable Communities for Learning Programme. The transfer of land is being sought and should be handed over within a few weeks. The SOC was submitted in December and the Council is awaiting approval from Welsh Government

2.21 The table below details the most recent budget profiles and funding between 2024/25 and 2027/28 of the Sustainable Communities for Learning Programme:

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
<b>Project</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Band B Ysgol Y Deri	20,721	360	0	0	<b>21,081</b>
Band B Cowbridge Primary Provision (YBF)	110	0	0	0	<b>110</b>
Band B Penarth Cluster - Review Primary Provision to Include Cosmeston	0	0	1,750	2,435	<b>4,185</b>
Band B St Richard Gwyn	15,427	31,719	13,855	0	<b>61,001</b>
Band B Ysgol Iolo Morgannwg	8,571	9,031	202	0	<b>17,804</b>
<b>Total</b>	<b>44,829</b>	<b>41,110</b>	<b>15,807</b>	<b>2,435</b>	<b>104,181</b>

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
<b>Funding</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Grant	39,407	31,179	13,764	0	<b>84,350</b>

S106	619	892	1,750	2,435	<b>5,696</b>
General Capital Funding	0	0	293	0	<b>293</b>
Capital Receipts	0	978	0	0	<b>978</b>
Unsupported Borrowing	4,803	8,061	0	0	<b>12,864</b>
<b>Total</b>	<b>44,829</b>	<b>41,110</b>	<b>15,807</b>	<b>2,435</b>	<b>104,181</b>

2.22 The [Learning and Skills Investment Strategy 2022-2027](#) was presented to Cabinet on Thursday, 17<sup>th</sup> November 2022 and is linked here.

## City Deal

2.23 The Vale of Glamorgan Council is a participant in the Cardiff Capital Region City Deal (CCR) 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 ringfenced for Metro development.

2.24 CCRD has four key objectives - 5% Gross Value Added growth, 25,000 high-order jobs, £4 billion leverage of public and private sector investment and demonstration of economic inclusion. To date, approved projects have the potential of achieving up to £1.5bn of leverage. Projects now coming to the fore such as Strength in Places, bring new public and private leverage through sources such as the UKRI Strength in Places Fund. CCR will continue to leverage both public and private funds and will build the partnerships and R&D intensity to continue generating successively high levels of private leverage.

2.25 Key highlights showing investment to date are set out below.

- £6.6m programme to drive business and economic development across South East Wales
- £4.73m Cluster Development and Growth Programme to nurture priority skills, vital Academic/Industry Partnerships and bespoke Business Growth Programmes.
- £50m Strategic Premises Fund launched and first investment crystalized in Ebbw Vale for £1.7m for Pulse Plastics.
- £36.4m purchase and remediation of Aberthaw.
- £7m investment in Cyber Innovation Hub.
- £3m investment into the Media Cymru consortium.
- Unveiling of the CCR Unleash Ambition and Growth conference.
- Creation of £50m Innovation Investment Capital fund and launch at Principality Stadium.
- £2.6m Food Sustainability Challenge launched in conjunction with Cardiff and Monmouth.

- £2m Investment in MedTech company Jellagen, £4m into Yoello and £3m for Apex.
- CCR Climate Coalition launched.
- Venture Graduate launched new Accelerator Programme.
- Cyber Masters cohort successfully graduate, and funding agreed for a second year.

For more detail on 2023/24 news and events please see the following link:

[Latest News - Cardiff Capital Region](#)

- 2.26 The Corporate Joint Committee meeting on 29th January 2024 set out the proposed CCR Annual Business Plan for 2024/25 which constitutes Year 4 of the 5-year Strategic Business Plan approved in December 2020. The Business Plan recognises the continuing set of global headwinds that directly affect the UK economy and impact the work, ambitions, and output at a regional level. From a set of challenging geo-political conditions, to increasing global conflict, resultant impacts on world trade, inflation, energy, pressure on public finances and rising costs – the cost of doing business as translated to the cost of living – continue to present both change and challenge.
- 2.27 Against this backdrop, growing the UK economy has emerged as a consistent goal across all political parties. Economic growth that is place-based, sensitive to the need for inclusion and shared prosperity, is acknowledged as a powerful instrument for reducing poverty, improving quality of life and making faster progress towards sustainable development.
- 2.28 The need to tackle the challenge of low growth and high inequality is embedded in key aims of the Regional Economic and Industrial Plan (2023-2028). Investing in the model of city-region development to intervene and operate at the right scale to achieve a bigger, fairer and greener economy, that is resilient to shocks is a long term endeavour. Through ambitions to be MORE COMPETITIVE, MORE CONNECTED and MORE RESILIENT, the region can navigate an effective way forward that is attentive to addressing issues for the long-term.
1. COMPETITIVE - Enable businesses within our priority sectors and public services to achieve higher levels of productivity through innovation-led growth.
  2. CONNECTED - Invest in cutting-edge digital and physical infrastructure and grow the green economy through investing in and promoting companies, technologies and community initiatives that are embracing the decarbonisation agenda.
  3. RESILIENT - Maximise 'good growth' by ensuring prosperity is shared and spread across the Region and take direct steps to reduce the economic and social disparities between our places
- 2.29 Following the approval of the SEW Corporate Joint Committee 2023/25 Business Plan, the Vale of Glamorgan have reprofiled the City Deal Scheme in the Capital Programme. The Vale of Glamorgan's share of the estimated total costs (8.5%) is projected to be in the order of £10.171m and will be funded by unsupported borrowing with a 25 year repayment period.

2.30 Total expenditure to date for CCR by Local Authorities is £38.518M. The Vale of Glamorgan's contribution to date has been £3.265M, with our next expected contribution of £697k in 2024/25

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

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

2.32 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 Sustainable Communities for Learning programme, flood prevention schemes Transport schemes and SPF schemes.

### **External Influences – Legislation**

2.33 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.

2.34 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, assignments and sales. The scheme was extended on 1st April 2023 to cover all leases, including where a lease is already in place. There are certain exemptions however the majority of the Council's leased out portfolio will be within scope. The main relevant exemption is that the regulations don't apply to leases 99 years and over. 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.

2.35 The Council has a duty to ensure that buildings under its control comply with appropriate statutory, regulatory and corporate standards. The Council has a dedicated Corporate Compliance Service whose role is to monitor building compliance across the corporate estate and to highlight any non-compliance issues to the relevant Premise Managers 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 ongoing risk assessments. The aim is to ensure the Council operates from fully compliant buildings and that all



premises responsible officers can update the data held in relation to frequency testing.

### **External Influences – Collaboration**

2.36 Of growing importance both nationally and locally is collaborative and joint working as a driver to improving service delivery and reducing costs. There are several 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 16<sup>th</sup> December 2019.

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

### **External Influences – Consultation**

2.38 The Council's annual budget consultation exercise ran from 18th January 2024 to 15th February, 2024. There were 299 responses to the online survey in total, this is lower than previous budget consultation exercises which have received around 600 responses, on average, over the past five years. The lower response rate could be due to other exercises that took place prior to the budget consultation, namely the Let's Talk About Life in the Vale Survey, which reached over 3,000 residents and was used to inform the budget proposals.

### **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 two 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 the 19th December 2023, the Welsh Government announced the Provisional 2024/25 General Capital funding settlement which was £6.986M, being made up of £3.540M grant and £3.446M of supported borrowing. This is a decrease of £11K from the 2023/24 funding of £6.997M.
- 3.4 The provisional settlement advised:

‘With next to no increase in overall capital funding and the Welsh Government capital budget 6% lower in real terms than the current year, I have maintained the general capital funding for local authorities at £180m, the indicative level that was set last year. With soaring inflationary costs in the construction sector, I know this will mean that your authorities will have to look carefully at and prioritise your capital programmes to continue to invest to best effect in the provision of public services. I have also continued to provide £20 million capital in each year to enable authorities to respond to our joint priority of decarbonisation, to continue the focus on contributing to the Net Zero Wales plan.’

- 3.5 As no further indication has been received from Welsh Government, it has been assumed that from 2025/26 onwards, the level of capital funding will be flatlined at £6.986M and will then remain constant for the remainder of the period of this programme.

#### **Compensation Award – Welsh Government**

- 3.6 The Welsh Government issues a Compensation Award (formally Major Repairs Allowance) 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 Compensation Award for 2023/24 is £2.770M. As no further indication has been received for future years it has been assumed within the strategy that the grant remains at £2.770M per annum as awarded in 2023/24.

#### **Specific Grants – Welsh Government**

- 3.7 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.

3.8 It is estimated that over the next five years the Council will receive grant funding from Welsh Government and other bodies for Sustainable Communities for Learning Programme, Community Focused Schools, Flood Defence work, Local Places for Nature, Restore the Thaw and Shared Prosperity Fund grant. 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

3.9 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, Salix Street Lighting Energy Reduction Strategy, City Deal, the Non Treasury Investment Strategy 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>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</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>	3,446	3,446	3,446	3,446	3,446	17,230
Sustainable Communities for Learning Programme (Inc Pipeline projects)	4,804	8,061	0	0	0	12,865
City Deal	697	810	2,286	807	2,053	6,653
Buttrills Changing Rooms Pipeline Project	1,500	0	0	0	0	1,500
<b>Non Treasury Investment Strategy</b>	3,000	3,000	3,000	3,000	0	12,000
<b>Total General Fund</b>	13,447	15,317	8,732	7,253	5,499	50,248
Housing Revenue Account	24,307	23,955	27,738	25,124	33,005	134,129
<b>Total New Borrowing</b>	<b>37,754</b>	<b>39,272</b>	<b>36,470</b>	<b>32,377</b>	<b>38,504</b>	<b>184,377</b>

3.10 After allowing for repayments, the balance of Prudential Borrowing as at 31<sup>st</sup> March 2023 was £35.818M of which £22.754M is HRA. At the end of the Capital Programme period (31st March 2029) the outstanding prudential borrowing taking into account repayments is expected to be £38.693M for the General Fund and £158.283M for the Housing Revenue Account.

## Contributions from Revenue and Reserves

- 3.11 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. The Council has recently undertaken a review of its reserves, this has resulted in fewer reserves but a greater alignment to key risks of the Council.
- 3.12 A number of reserves are used to fund the Capital Programme, it is anticipated that over the next five years (2024/25 to 2028/29) reserves of circa £11.712M (excluding HRA reserves) will be used to fund capital expenditure.
- 3.13 Over recent years substantial funding has been transferred into the Schools Investment Strategy reserve in order to fund the Band B Sustainable Communities for Learning programme however as the scheme progresses this reserve will be utilised.
- 3.14 A Non Treasury service investment programme to support regeneration and recovery through economic development and green infrastructure schemes has been developed which is intended to address opportunities identified in the Council's Recovery Strategy to support innovative business and economic regeneration, increase capital programme investment and focus on green jobs and green infrastructure. This is to be funded using up to £12M of Prudential Borrowing. £200K is earmarked for feasibility and due diligence costs and the initial costs associated with specialist Non Treasury Investment Advice and this is being funded from the Risk and Reshaping reserve.
- 3.15 The current profile and funding is set out below. Depending on the nature of the scheme the split of borrowing and reserves allocated within the year may change but the overall total will remain the same. The split of schemes will be brought to Cabinet at a later date once known.

	2024/25	2025/26	2026/27	2027/28	Total
	£000	£000	£000	£000	£000
<b>Non-Treasury Investment Strategy</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>12,000</b>
<b>Funding</b>					
Prudential Borrowing	3,000	3,000	3,000	3,000	12,000
<b>Total</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>12,000</b>

## Capital Receipts

- 3.16 Capital expenditure is also financed through receipts resulting from the sale of Council assets.
- 3.17 Receipts from the sale of HRA assets can only be spent within the HRA and cannot be used to finance General Fund capital schemes. The Abolition of the Right to

Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018 and the provisions in the Act came into force on 26 January 2019 but there are some exceptions. HRA receipts have been assumed in the Housing Business Plan in relation to open market sales and the share of the sale of new build schemes. However, any HRA capital receipts received in year are used to fund capital expenditure in that year and therefore as at 31<sup>st</sup> March 2023 the Council did not hold a balance of HRA receipts. The reason for this is to reduce the level of borrowing within the HRA.

3.18 Currently, the Council only uses receipts from the sale of vehicles to fund the purchase of other vehicles. Any capital receipts from the sale of vehicles 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. Therefore as at 31<sup>st</sup> March 2023 the balance of vehicle capital receipts was zero.

3.19 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.

3.20 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. 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.

### **Other External Contributions**

3.22 The current Capital Programme includes various sources of external funding which are not from UK Government or Welsh Government, the main being contributions received via s106 agreements. Funding and contributions to capital schemes can also be made available from other bodies including Natural Resources Wales, Sports Wales, Community Councils and Lottery.

## **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 Services were asked to submit capital bids for new schemes that may be required over the next five years in October. A risk assessment is undertaken for each bid, in line with the Council's Corporate Risk Management Strategy. The bids are then reviewed to assess corporate priority, schemes that are required on a statutory or health and safety basis are prioritised alongside any invest to save schemes. All bids are also assessed for the contribution they make towards the 5 ways of working to demonstrate commitment to the Well-being of Future Generations Act. The Sustainability of the scheme proposals are also self assessed as part of the capital bid process and reviewed by Strategic Insight board in November. The Strategic 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 Strategic Insight Board uses a number of criteria to prioritise the capital bids as outlined below.
- 4.3 The recommendations of the Strategic Insight Board will then be reviewed by the Senior Leadership Team and also the Budget Working Group which comprises the Leader and Deputy Leader, the Chief Executive and the Head of Finance. A draft Capital Programme 2024/25 to 2028/29 inclusive of proposed successful bids has been taken to Cabinet in January 2024 and have been submitted to Scrutiny Committees for consultation. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and considers the capital proposals and any recommendations that other Scrutiny Committees have made.
- 4.4 Consultation regarding budget issues is also undertaken with the Vale's residents and other partners e.g., Town and Community Councils.
- 4.5 After considering 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 in March 2024.

### **Assessment of Capital Bids**

- 4.6 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

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

		Likelihood/Probability of Risk Arising			
		Very Unlikely	Possible	Probable	Almost Certain
Possible Impact or magnitude of risk	Catastrophic	Medium	Medium/High	High	Very High
	High	Medium/Low	Medium	Medium/High	High
	Medium	Low	Medium/Low	Medium	Medium/High
	Low	Very Low	Low	Medium/Low	Medium

## Corporate Priority

4.8 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.

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

## **Future Generations Act**

4.9 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**

4.10 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.

4.11 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 2024/25 will be presented to Cabinet in February 2024, on the same agenda as this Strategy.
- 5.3 CIPFA published revised codes of Practice on 20th December 2021 and formal adoption was required in 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. The implications of the revised code are set out in the Treasury Management Strategy.

### Treasury Management Governance

- 5.4 Before 31st 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 31st 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.
- 5.5 Quarterly Reporting to Members now also required. The Head of Finance/Section 151 Officer is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The Head of Finance is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital, and balance sheet monitoring.
- 5.6 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**

- 5.7 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 medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate remains elevated through to the second half of 2024.
- 5.8 Capital expenditure will be funded from a mixture of internal and external borrowing. The Council had a balance of internal borrowing of £47.140M as at 31st March 2023, with external borrowing at that point being £148.482M. 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, however, given the current rising PWLB rates and Bank rate this approach will be kept under review. The Treasury Management Strategy outlines the sources the Council can borrow from, but borrowing would usually be from the Public Works Loan Board (PWLB).
- 5.9 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 29th October 2018, additional HRA indicators are required to be completed annually and submitted to WG.

## **Prudential Indicators**

- 5.10 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.
- 5.11 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.
- 5.12 To demonstrate the Council has fulfilled these objectives, the Code sets out prudential indicators that should be used and the factors that must be considered.

## Capital Expenditure

5.13 A five year capital programme has been proposed covering 2024/25 to 2028/29 as shown in the following table.

Capital Expenditure	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
Learning & Skills	25,430	2,360	3,750	4,435	2,000
Social Services	1,731	975	100	100	100
City Deal	697	810	2,286	807	2,053
Environment	11,916	5,662	3,685	3,685	3,685
Place	4,335	1,605	1,305	1,305	1,150
Resources	992	250	569	862	862
Pipeline Schemes	28,498	43,750	17,057	3,000	0
HRA	38,745	38,209	41,970	39,634	47,217
<b>Total</b>	<b>112,344</b>	<b>93,621</b>	<b>70,722</b>	<b>53,828</b>	<b>57,067</b>

## Capital Financing Requirement

5.14 The Capital Finance Requirement (CFR) is the total historical 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 asset's 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 five years.

CFR at 31st March	2024/25	2025/26	2026/27	2027/28	2028/29
	£M	£M	£M	£M	£M
Non HRA CFR	127.907	138.889	143.056	145.454	146.070
HRA CFR	108.346	129.967	154.728	176.314	205.278
<b>Total CFR</b>	<b>236.253</b>	<b>268.856</b>	<b>297.784</b>	<b>321.768</b>	<b>351.348</b>

5.15 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.

Gross External Debt	2024/25	2025/26	2026/27	2027/28	2028/29
	£M	£M	£M	£M	£M
<b>Brought forward 1 April</b>	<b>155.411</b>	<b>199.607</b>	<b>233.964</b>	<b>262.977</b>	<b>286.997</b>
<b>Carried forward 31 March</b>	<b>(199.607)</b>	<b>(233.964)</b>	<b>(262.977)</b>	<b>(286.997)</b>	<b>(325.196)</b>
In Year Requirement	(44.196)	(34.357)	(29.013)	(24.020)	(38.199)

5.16 The Council expects to maintain some internal borrowing during the period of this strategy when affordable and the Council will take advice from the independent Treasury Management advisors as required.

### Affordable Borrowing Limits

5.17 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.

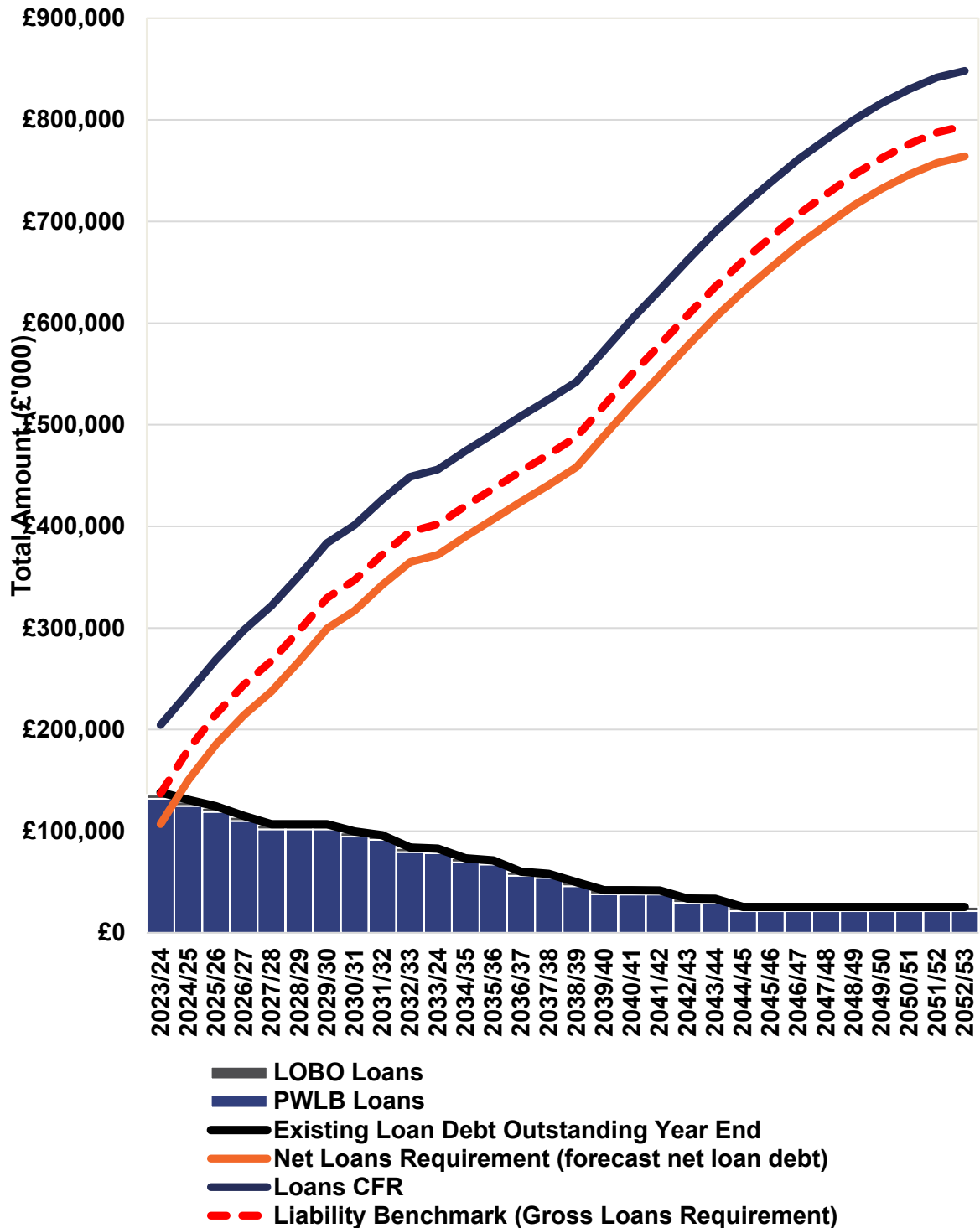
5.18 The proposed Operational Boundary for external debt is based upon estimates of the most likely, prudent, but not worst case scenario. The Operational Boundary links to the authority's plans for capital expenditure, estimates of capital financing requirement and the estimate of cashflow requirements 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>2024/25 £M</b>	<b>2025/26 £M</b>	<b>2026/27 £M</b>	<b>2027/28 £M</b>	<b>2028/29 £M</b>
Borrowing	255.687	287.406	320.338	343.737	356.652
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>255.687</b>	<b>287.406</b>	<b>320.338</b>	<b>343.737</b>	<b>365.652</b>

5.19 As part of the new Prudential Code there is a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement. The Council is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that it has a strong grasp of both its existing debt maturity profile and how MRP and other cash flows affect the future debt requirement. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of resources available for investment on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day to day cash flow.

5.20 The chart below shows the long term borrowing impact of the current 30 year capital programme. For illustration, the assumption here is that no new external borrowing is undertaken during this period under review which would not be the case.

### Liability Benchmark



5.21 The chart above illustrates the 30 year projection of the Authority’s Liability Benchmark. In year 1 the Council’s external debt (the shaded area) exceeds the liability benchmark (the dotted line). This shows the Council is borrowing in excess of the benchmark and not offsetting as much cash as the CIPFA approach suggests. This can be explained as follows:

- The Council has reserves that are ringfenced and cannot be used to fund capital expenditure.
- Some Council reserves need to be cash backed e.g. Housing Revenue Account (HRA)
- Higher than forecast reserve balances as the use of reserves in recent years was less than projected due to the slippage of the capital programme.
- The Council took PWLB funding in the last two years at favourable rates to mitigate interest rate risk with the Council's borrowing need.

5.22 From year 2 onwards the chart shows that external borrowing (the shaded area) falls below the Liability Benchmark (the dotted line). For as long as usable reserve balances are available the Council will maintain an under borrowed position, i.e., the capital borrowing need of the Council will not be being fully financed with external loan debt as cash supporting the Council's reserves, balances and cash flow will be used as an interim measure to finance the Council's borrowing requirement. This is considered prudent as interest rates are predicted to fall over the short term. Council reserve balances are projected to reduce over the period under review and the Council will need to borrow externally up to and above the Liability Benchmark (as not all reserve balances can be used to finance capital expenditure) in order to finance the capital programme, it has committed to throughout the 30 year period.

5.23 The chart shows the Capital Financing Requirement from the Council rising from an estimated £205m in year 1 to £849m in year 30. The majority of this new borrowing need relates to the proposals outlined in the HRA 30 year Business Plan that was approved by Council in January 2024. Whilst this is clearly a significant sum it should be noted that all HRA expenditure proposals are subject to stringent affordability requirements, detailed sensitivity analysis and require a pay back over a maximum 60 year period.

5.24 The Council currently holds significant investments, but these are expected to reduce as reserves are spent. The Council will maintain a £30m investment buffer as part of the treasury management liquidity benchmark, the value of this buffer will need to be kept under review in the context of the current inflationary factors.

5.25 The Authorised Limit is the affordable borrowing limit determined in compliance with section 3 (1) of the Local Government Act 2003. 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. These authorised limits set out below are consistent with the Council's current commitments and proposals for capital expenditure and financing and with its Treasury Management Policy. The estimates are based on most likely prudent but not the worst-case scenario for external debt with sufficient headroom over and above this to allow for operational management (e.g. unusual cash movement).

<b>Authorised Limit</b>	<b>2024/25 £M</b>	<b>2025/26 £M</b>	<b>2026/27 £M</b>	<b>2027/28 £M</b>	<b>2028/29 £M</b>
Borrowing	271.200	303.939	336.893	360.698	382.892

Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>271.200</b>	<b>303.939</b>	<b>336.893</b>	<b>360.698</b>	<b>382.892</b>

### Minimum Revenue Provision (MRP)

5.26 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.

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

5.28 MRP will be charged at 2% of the outstanding Housing Revenue Account (HRA) Capital Financing Requirement in respect of housing assets. For debt incurred from 2021/22 onwards the HRA will move to an Asset Life method (50 years) for calculating the Minimum Revenue Provision.

5.29 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.

5.30 Loans advanced for Affordable Housing, Band B Schools and the Highway Net Resurfacing Programme under LGBI schemes are the exception where MRP is calculated on an annuity basis.

5.31 For the Pipeline schemes it has been assumed that MRP will not be charged until the schemes have completed.

5.32 As part of the draft Revenue Budget Proposals for 2024/25 there are plans to review the MRP policy with potential resulting savings. Work is ongoing to refine these proposals and a report outlining the proposed change will be brought to Governance and Audit Committee in the coming months following discussions with our Treasury Management Advisors and Audit Wales to ensure the revised policy is prudent. This can then be reflected in the revised Strategy presented as part of the Mid Year Report.

5.33 Further detail is contained in the Council's Treasury Management and Investment Strategy for 2024/25.

### Investment Strategy

- 5.34 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 2023/24 the Council has placed investments with the Debt Management Account Deposit Facility (DMADF) of the Bank of England and UK Treasury Bills which are guaranteed by the UK Government, with UK Local Authorities (including Police and Fire Authorities), in Money Market Funds and in Instant Access Accounts. The Council may consider the use of other deposit arrangements in accordance with the investment limits and counterparties set out within this strategy will continually review the financial stability of all parties with whom it places investments.
- 5.35 The Council will seek to maintain a minimum £30m investment balance in addition to any working capital surplus during the period. Should this not be possible it is intended that any shortfall would be rectified in the following financial year. Investments across the portfolio as at 31st March 2023 totalled £93.920M.

### **IFRS 16 Leasing**

- 5.36 The CIPFA LAASAC Local Authority Accounting Code Board set the much-delayed implementation of IFRS16 which deals with the way the Council accounts for its lease arrangements for 1st April 2024, the 2024/25 financial year. IFRS16 is an accounting standard that will bring the assets and liabilities associated with the Council's lease assets on balance sheet. In the context of this delay the Council continues to undertake an assessment of the likely right of use assets and liabilities associated with the Council's leases and embedded lease arrangements. Work is underway to value know leases that meet the criteria set out in the standard and identify and assess the value of embedded leases within the Council's contractual arrangements, the Treasury Management Strategy for 2024/25 will be revised in year to include the impact of these long term liabilities as part of the Mid Year Report. 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 the 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 projects detailed below reflect the work the Council is undertaking as part of Project Zero and commitments in the Council's Climate Challenge Plan. The Plan details eighteen challenges and eighty underlying steps framed around the need to demonstrate strong leadership, fulfil our responsibility to current and future generations and to make a difference now, including transport, planning and regeneration, our land and buildings, housing and schools.

6.2 The Council is carrying out the following measures to take steps towards decarbonisation:

6.3 The Council has continued to improve the energy efficiency of its housing stock to meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS). Welsh Government recently launched the revised WHQS 2023, which contribute towards governmental climate change goals laid out in the Net Zero Wales plan published in 2021 (and updated in 2022). The council will now be working towards the following decarbonisation targets set out in the revised standard i.e. Carrying out a whole stock assessment and producing Target Energy 12 Pathways for our homes to reach SAP 92 -EPC A by 31 March 2027, in the interim, we are working towards all our homes meeting a minimum of SAP 75 – EPC C by 31st March 2030. This investment is further outlined in the Housing Business Plan that was reported to Cabinet on the 11th of January 2024.

6.4 The Sustainable Communities for Learning programme is committed to contributing to the decarbonisation agenda. Prior to Welsh Government's declaration that all new schools would be Net Zero Carbon, the Sustainable Communities for Learning programme was delivering carbon reduction measures as part of its projects. To ensure the programme can continue to deliver net zero carbon schools following the Welsh Government announcement in November 2021, the Council has produced a Sustainability Framework and identified the following key processes and enabling structures to ensure the programme can deliver low and net zero carbon school buildings:

- Project structure and contractual process.
- Soft Landings and Commissioning
- Performance in Use measurement
- Operational management and measurement

6.1 Welsh Government announced in November 2021 that all new school projects within the Sustainable Communities for Learning Programme will be required to meet net zero carbon (in operation) from January 2022 onwards. This excluded projects which had already received Outline Business Case approval at the time of the announcement. Following this announcement Welsh Government committed to fund 100% of all net zero carbon costs on projects within Band B of the

programme. The Council has created a net zero carbon in operation school building model which has built upon the low carbon model previously implemented on projects in Band B. South Point Primary School was the first project in the Authority and in Wales to achieve net zero carbon in operation. This design supports the Welsh Government's Low Carbon Delivery Plan and achieving a net-zero public sector by 2030. To achieve net zero school designs have been amended to maximise solar gain, improve insulation, increase use of renewables (including battery storage), and install air source heat pumps. Following the implementation of the net zero carbon school model at South Point Primary, the model has been implemented on all new schemes including Cowbridge School Primary building, Centre for Learning and Wellbeing (Derw Newydd) and St Nicholas CiW Primary School. There is an additional cost associated with the delivery of net zero carbon. The uplift in costs range between £500,000 to £1,000,000 for new primary schools depending upon the scale of the development. These costs are currently 100% funded by Welsh Government and will continue to be funded at this rate in the rolling programme. This commitment has been announced on the Welsh Government Sustainable Communities for Learning webpage as seen in the link: [Sustainable Communities for Learning rolling programme](#).

6.2 The Council has organised a decarbonisation sub-group to drive the reduction of carbon emissions as part of the Sustainable Communities for Learning Programme and wider Education investments. This group has created a Sustainable Building Project - Materials Elements to monitor costs for carbon reduction measures, undertaking a school energy review to identify where carbon reduction measures would be of most benefit and the costs required to implement the measures and a Schools Sustainability Forward Plan has been created to help direct progress on carbon reduction measures which focuses on the following key themes: Energy, Community Benefits, Ecology and Transportation. A report has been developed recommending target areas for improvements - including potential funding requirements.

6.3 Decarbonisation Programme - A variety of energy reduction measures and renewable energy installations have been identified across several assets within the council's portfolio. A delivery programme which complements the Welsh Government zero carbon by 2030 target and the council's own Climate Change Challenge Plan is being prepared which will lever in as much funding as possible from various external sources including Salix funding. £362k has been included in the 2023/24 Capital Programme, funded £201k from General Capital funding £9kk from reserves and £152k from the Salix Recyclable funding. Schemes totalling £538k have been identified and included in the 2024/25 Capital Programme and £250k of schemes each year from 2025/26 to 2028/29. Some of the schemes are highlighted below:

- Penarth Learning Community 3G Pitch LED
- Dinas Powys Junior LED
- Alps Garages LED

- Pen y Garth Primary LED
- Cogan Primary PV
- Llangan Primary PV
- Ty Dewi Sant Residential Home PV

The schemes have been presented to and approved by the Project Zero Board.

- 6.4 The UK Government Shared Prosperity Fund has specific allocations to address decarbonisation schemes in the local community and the programme will develop schemes to deliver against this commitment over the three-year period of the funding envelope.
- 6.5 [Restore the Thaw Landscape Project](#) has begun, a three-year programme of work to make biodiversity improvements along the River Thaw, its tributaries, and surrounding landscapes. Alongside monies from the Vale of Glamorgan Council's Project Zero reserves, the project received funding from the Waterloo Foundation and Nature Networks, a fund delivered by the National Lottery Heritage Fund.
- 6.6 A cyclical program of tree maintenance is being introduced to our mature highway street trees within the urban environment to reduce the decline in canopy cover within our towns and to optimise the life expectancy of these mature trees. This scheme will run alongside a program of tree planting. Through appropriate management of existing trees and targeted tree planting programmes, the Council will seek to reverse the trend of the continuing loss of tree canopy cover. The Council will protect and enhance the tree stock while remaining sympathetic to the interests of residents. The tree stock will be managed in such a way that continuity of tree cover will be safe-guarded, and improved, for future generations. Tree planting locations will be based on the lower canopy cover urban areas as identified in the i-tree surveys carried out. It is recognised that the continued maintenance and tree planting of trees is an essential aspect of sustainable development and will assist in reduction in carbon emission.
- 6.7 The Council continues to work with the Welsh Government Energy Service to support the introduction of electric vehicle into its fleet, specifically applying for grants to pay the difference between diesel and electric. Unfortunately, the price parity between petrol/diesel and electric has not been met, which was forecast a number of years ago. Indeed, the cost of electric is still way above that of a petrol or diesel vehicle and with the current budget position and the way the vehicle replacement budget has been set up to fund diesel "like for like" replacements mean a large additional financial contribution is required.
- 6.8 In 2022/23 a grant was awarded to the Council by Welsh Government to cover 80% of the difference in cost between a diesel and electric recycling vehicle. Two Romaquip recycling vehicles are currently in production and due to be delivered before the end of the financial year. In January 2024, the Welsh Government Energy Service have also funded the difference in cost between a diesel and

electric small van. We have three vans currently on order. The match funding for these vehicles is from the Council's vehicle replacement budget.

- 6.9 These 5 vehicles - 2 Romaquip Recycling Vehicles and 3 Vauxhall Combos – will replace current diesel vehicles. Further additions of electric vehicles will be undertaken as Energy Service Wales make further grant available or other funding becomes available.
- 6.10 BSC2 – The council has installed its first air source heat pump at the BSC2 in order to reduce its carbon footprint by shifting away from fossil fuels. Air source heat pumps are powered using electricity and are considered a form of low carbon or renewable heat source offering efficiencies of up to 300% depending on conditions. The systems use larger radiators which operate at lower temperatures to heat the building more efficiently. Further air source heat pumps will be installed over the next few years within some education.
- 6.11 Schemes to replace the ageing inefficient boilers at Leisure Centre sites have been completed at Barry, Penarth and Llantwit Major. Newer high efficiency boilers have been installed which have increased operating efficiencies. The scheme at Cowbridge Leisure Centre will complete in 2024.
- 6.12 The Council has a number of earmarked reserves that can be utilised to support the delivery of Project Zero as set out below.
- Energy Management Reserve – This reserve is the Salix recyclable fund.
  - Project Zero Reserve - Any spends committed from reserve has to be approved by the Project Zero Board.
  - Energy Pressures Reserve – this includes the budget for decarbonisation schemes.
- 6.13 All schemes progressed as part of the Capital Programme proposals set out the decarbonisation considerations that will be taken into account as part of progressing the bids. The Council now includes explicit consideration of the impact on climate and nature emergencies as part of all Cabinet reports.
- 6.14 A Non-Treasury service investment programme sets out a £12M investment fund over four years focussed on developing property and infrastructure in the Vale of Glamorgan. The funding would be made up of £12M Prudential Borrowing via the PWLB. A further £200K will be ringfenced to procure specialist advice and fund due diligence costs from the Risk and Reshaping Reserve. The schemes progressed under this scheme should comply with the PWLB permitted borrowing purposes and generate a return that covers the costs of borrowing. The key principles for this service investment fund are to:
- 1) Deliver economic growth
  - 2) Tackle inequality
  - 3) Improve our environment, and
  - 4) Create change in the area to benefit all residents, businesses and visitors.

6.15 All of these will have positive impacts for communities across the Vale of Glamorgan and should all be in line with the Council's Climate Emergency declaration and carbon reduction plans. Investment decisions should align with Council Priorities as set out in the Corporate Plan. Some examples of the resultant activity could include Renewable Energy schemes and support for development which will help the Council reach net zero emissions by 2030 (Project Zero); and use of Council land for environmental, green infrastructure or other biodiversity issues connected to either the declared climate or nature emergencies.

6.16 More detail can be found within the [Project Zero update report](#)

## **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 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
- 7.3 The Council currently has no other material commercial activity however it is looking to explore proportionate regeneration and green infrastructure opportunities as appropriate through the Non Treasury Investment Strategy. The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans, supporting service outcomes, investments in subsidiaries and investment property portfolios. The Council will ensure that all the organisation's investments of this nature are covered in the capital strategy, investment strategy or equivalent and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non treasury investments.

## **8 OTHER LONG TERM LIABILITES**

- 8.1 The Council has discretion to make loans for several 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 updated its Procurement Policy & Strategy which seeks to ensure its objectives for the delivery of social value, equality, supporting the local economy and climate action are all met as well having effective and efficient practices. It is intended to encourage everyone to think about their actions in support of the corporate vision of being a greener Council. The Council has a Procurement Code of Practice and Contract Procedure Rules which will be reviewed following approval of the new Policy & Strategy. These documents support effective and sustainable procurement throughout the 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 considers 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, virements 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 in September 2018 the Council appointed Link Asset Services as its Treasury Management advisor and their contract was renewed in September 2023.

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 (CIPFA Over 10 years), Finance Support Manager (CIPFA over 8 years), Capital Accountant (ACCA 3 years) and Senior Accountancy Technician (AAT over 30 years).

9.11 It is a requirement of the CIPFA Code of Practice that the Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Head of Finance/Section 151 Officer will recommend and implement the necessary arrangements, including the specification of the expertise, knowledge and skills required by each role or member of staff. The Head of Finance/Section 151 Officer will ensure that members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities. Those charged with governance must recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively. The Council's treasury advisor Link Asset Management provides training for members where appropriate but at least annually. The training needs of treasury management officers are periodically reviewed and are assessed as part of the staff appraisal process and from the frequent in house meetings between the Treasury Management Team and the Section 151 Officer. Link Asset Management and CIPFA also provide regular online training seminars to ensure that changes to

the Codes of Practice are implanted and adhered to and were appointed to deliver the Treasury Management induction training for Members in February this year.

- 9.12 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 Commercial and Consultancy Manager (over 30 years) and they are both members of the Royal Institute of Chartered Surveyors. The Operational Manager is also a registered valuer. When required, external support would be sourced e.g., external valuers.
- 9.13 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.
- 9.14 The Council establishes project teams from all the professional disciplines as and when required to deliver specific projects.
- 9.15 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 Environmental, Social & Governance (ESG)

- 10.1 Project Zero is the Vale of Glamorgan Council's response to the climate change emergency. Project Zero brings together the wide range of work and opportunities available to tackle the climate emergency, reduce the Council's carbon emissions to net zero by 2030 and encourage others to make positive changes. In July 2019, The Council joined Welsh Government and other Local Authorities across the UK in declaring a Climate Emergency in response to the United Nations' Intergovernmental Panel on Climate Change report into the impact of global warming. Since then, the Council has continued to make changes across the organisation embarking on ambitious projects to reduce the Council's carbon emissions and to send a clear message that we must all work together to adapt to and mitigate the effects of climate change.
- 10.2 Further information on the Council's decarbonisation schemes within the capital strategy can be found in section 6.
- 10.3 Ethical investing is a topic of increasing interest to members, and one that is also being raised through officers. However, investment guidance, both statutory and from CIPFA, makes clear that all investment activities must adopt the principles of security, liquidity and yield and therefore ethical issues must play a subordinate role to those priorities. Most of the Council's investments are placed with the UK Government or Local Authorities. As the majority have declared a climate and nature emergency, the Council are accepting that they are following ESG principles and therefore will continue to place investments with them. Should the Council become aware of any Local Authority that goes against these principles the Council will no longer consider the organisation for investment purposes.
- 10.4 The remainder of the Council's investments are placed with the CCLA & Federated Hermes money market funds domiciled in the UK. Both are AAA rated by the three main credit rating agencies. Credit rating agencies now incorporate ESG risks alongside more traditional financial risk metrics when assessing counterparty ratings Both money market funds recognise their responsibilities concerning ESG and their approach to and policies for ESG are summarised in the Treasury Management Policy Statement in Appendix 2 to the Treasury Management Strategy on the same agenda as this strategy.
- 10.5 The Council's appointed banker is Lloyds Bank PLC and has two interest yielding deposit accounts. Lloyds Bank's approach to ESG is as follows:
- 'Lloyd's strategy focuses on building an inclusive society and supporting the transition to a low carbon economy as this is where we can make the biggest difference, whilst creating new avenues for our future growth. It is only by doing right by our customers, colleagues, and communities that we can achieve higher, more sustainable returns for investors, and generate value for all our stakeholders. ESG performance measures to continue to drive progress towards our environmental sustainability and our diversity and inclusion ambitions.'
- 10.6 The Procurement and Policy Strategy 2022/23 to 2026/27 seeks to ensure the Council's procurement decisions are consistent with its Project Zero commitments and take account of the climate and nature emergencies and to make procurement

spend more accessible to local small businesses and the third sector by stimulating the local economy and promote the attainment of social and environmental benefits through the procurement process.

- 10.7 Procurement has an important role to play in strengthening and growing the local economy and supporting local employment. As a major procurer in the county, the Vale of Glamorgan Council recognises the need to leverage its purchasing power to support residents to secure good employment and to help local businesses and voluntary and community organisations to thrive.
- 10.8 Contractors, suppliers and service providers engaged to work for the Council must show a commitment to the county, its residents and businesses. Suppliers are encouraged to support the local economy through the use of local businesses in their supply chains and by building social value into their contracts, including using local labour wherever possible to fulfil contract obligations.

## **11 RISKS TO THE STRATEGY**

11.1 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**

11.2 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 considered in judgements about the medium to long term goals and objectives of the Council.

### **Resource Risks**

11.3 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.

11.4 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, together with the instability across many parts of Eastern Europe is having on the development sector.

### **Treasury Management Risks**

11.5 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**

11.6 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 carrying out large scale capital investment in the Sustainable Communities for Learning projects and also through the Cardiff Capital Region City Deal and the Council's Housing Improvement Programme. 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.

- 11.7 The uncertainty created by current economic climate instability and conflicts ongoing globally also bring risk to the cost of future capital schemes as there may be changes to the value of contracts due to staffing issues and supply and pricing of materials. 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.
- 11.8 In the current economic climate capital schemes are encountering significant inflationary pressures on construction costs which can necessitate scheme re-engineering or re-tendering. Project officers are also reporting long lead time on the delivery of materials and a shortage of skills in some areas. This impact will be monitored closely as part of the regular monitoring arrangements with project managers and sponsors.

### **Mitigating Risk**

- 11.9 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.
- 11.10 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.
- 11.11 Commissioning and procuring for capital schemes must comply with the requirements set out in the Council's Constitution, Financial Regulations and Contract Standing Orders.
- 11.12 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.
- 11.13 The Council does not currently invest beyond 364 days to minimise the investment risk and invests with Debt Management Office (DMO), in Treasury Bills and other local authorities. The DMO is an Executive Agency of Her Majesty's Treasury. The Council introduced the use of AAA rated Money Market Funds during 2020/21 as the risk has been assessed as the same as investing in the DMO. The Council also introduced the use of deposit accounts with Lloyds Bank (the Council's bankers) up to a maximum value of £10M. These arrangements will be kept under review in consultation with Link Asset Managers the Council's Treasury Management Advisers.

11.14 The Council has not undertaken any material commercial activities.

## 12 CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS

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

### Priority Areas for Capital Spend

12.2 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.

12.3 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 wellbeing objectives:-

<b>To work with and for our communities</b>
• Sustainable Communities for Learning programme
• Highways improvement
• Building Stronger Communities
• UK Government Shared Prosperity Fund
<b>To support learning, employment and sustainable economic growth</b>
• Sustainable Communities for Learning programme
• Cardiff Capital Region City Deal
• UK Government Shared Prosperity Fund
<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
• Disabled Facilities Grants
• Investment in Leisure Centres
• Empty Homes Grant
<b>To respect, enhance and enjoy our environment</b>
• Supporting decarbonisation as part of the Sustainable Communities for Learning Programme.
• Investment in Electric Pool Cars and charging points
• Investing in the introduction of LED street lighting
• 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**

- 12.4 Condition surveys were completed in early 2022 have previously indicated that capital investment of circa £25M to £30M is required over the next 5 years to Schools in order to finance improvement work. In the near future condition surveys are planned to be carried out on the Council's other buildings (excluding HRA). An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 5 years across the remainder of the Council's non HRA assets and it is estimated further investment of circa £30M to £40M may be required. 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.
- 12.5 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.
- 12.6 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 Sustainable Communities for Learning Programme.
- 12.7 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.
- 12.8 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**

- 12.9 The Council's current Corporate Plan covers the period 2020 to 2025.
- 12.10 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

Sustainable Communities for Learning programme and the Cardiff Capital Region City Deal which all cover a longer term need for investment.

12.11 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

12.12 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> </ul>

<ul style="list-style-type: none"><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></ul>
<ul style="list-style-type: none"><li>• Use of reserves where appropriate to finance capital investment.</li></ul>
<ul style="list-style-type: none"><li>• Develop partnerships with the public and private sectors as a means of unlocking additional resources.</li></ul>
<ul style="list-style-type: none"><li>• Provide support for invest to save initiatives where it is appropriate.</li></ul>

Schemes	2024/25		2025/26		2026/27		2027/28		2028/29	
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Learning and Skills	4,588	25,430	2,360	2,360	2,000	3,750	2,000	4,435	2,000	2,000
Social Services	1,672	1,731	975	975	100	100	100	100	100	100
Environment	9,712	11,916	5,662	5,662	3,685	3,685	3,685	3,685	3,685	3,685
HRA	32,504	38,745	32,039	38,209	35,800	41,970	33,964	39,634	41,647	47,217
Place	2,602	4,335	1,330	1,605	1,305	1,305	1,305	1,305	1,150	1,150
Resources	992	992	250	250	569	569	862	862	862	862
City Deal	697	697	810	810	2,286	2,286	807	807	2,053	2,053
Pipeline Schemes	7,356	28,498	11,679	43,750	3,292	17,057	3,000	3,000	0	0
<b>TOTAL CAPITAL PROGRAMME</b>	<b>60,123</b>	<b>112,344</b>	<b>55,105</b>	<b>93,621</b>	<b>49,037</b>	<b>70,722</b>	<b>45,723</b>	<b>53,828</b>	<b>51,497</b>	<b>57,067</b>

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

	Net £000	Gross £000		General £000	SS £000	Ed £000
<b>Resources from Welsh Government</b>			<b>Balance as at 31st March 2023</b>	<b>7,502</b>	<b>1,339</b>	<b>1,790</b>
Supported Borrowing - General Fund	3,446	3,446	Anticipated Required in 2023/24	-1,566	0	-2,340
General Capital Grant	3,540	3,540	Anticipated Receipt in 2023/24	0	0	550
<b>Total Resources from Welsh Government</b>	<b>6,986</b>	<b>6,986</b>	<b>Balance as at 31st March 2024</b>	<b>5,936</b>	<b>1,339</b>	<b>0</b>
			Anticipated Required in 2024/25	-4,086	0	0
<b>Other Available Resources</b>			Anticipated Receipt in 2024/25	0	0	300
General Fund Revenue/Reserves	6,547	6,547	<b>Balance as at 31st March 2025</b>	<b>1,850</b>	<b>1,339</b>	<b>300</b>
Housing Reserves/Revenue	8,197	8,197				
Housing Capital Receipts	0	0	Anticipated Required in 2025/26	-1,144	0	-300
Education Capital Receipts	0	0	Anticipated Receipt in 2025/26	0	0	0
General Fund Capital Receipts	4,086	4,086	<b>Balance as at 31st March 2026</b>	<b>706</b>	<b>1,339</b>	<b>0</b>
S106	0	1,936				
Other External Grants	0	47,512	Anticipated Required in 2026/27	-166	0	0
Major Repairs Allowance	0	2,773	Anticipated Receipt in 2026/27	0	0	0
Unsupported (Prudential) Borrowing	33,610	33,610	<b>Balance as at 31st March 2027</b>	<b>540</b>	<b>1,339</b>	<b>0</b>
City Deal Borrowing	697	697				
<b>TOTAL RESOURCES</b>	<b>60,123</b>	<b>112,344</b>	Anticipated Required in 2027/28	-166	0	-1,000
			Anticipated Receipt in 2027/28	1,000	0	1,000
			<b>Balance as at 31st March 2028</b>	<b>1,374</b>	<b>1,339</b>	<b>0</b>

Anticipated Required in 2028/29	-11	0	0
Anticipated Receipt in 2028/29	0	0	0
<b>Balance as at 31st March 2029</b>	<b>1,363</b>	<b>1,339</b>	<b>0</b>



Schemes	2024/25		2025/26		2026/27		2027/28		2028/29	
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Slippage</b>										
Various Schools Boiler Pressurisation Valves	20	20	0	0	0	0	0	0	0	0
Victoria Primary Boundary Wall	14	14	0	0	0	0	0	0	0	0
Jenner Primary – External doors and window refurbishment – phase one	25	25	0	0	0	0	0	0	0	0
Holton Primary – Drainage	50	50	0	0	0	0	0	0	0	0
<b>Total Education and Schools</b>	<b>4,588</b>	<b>25,430</b>	<b>2,360</b>	<b>2,360</b>	<b>2,000</b>	<b>3,750</b>	<b>2,000</b>	<b>4,435</b>	<b>2,000</b>	<b>2,000</b>
<b>Total Learning and Skills</b>	<b>4,588</b>	<b>25,430</b>	<b>2,360</b>	<b>2,360</b>	<b>2,000</b>	<b>3,750</b>	<b>2,000</b>	<b>4,435</b>	<b>2,000</b>	<b>2,000</b>







Schemes	2024/25		2025/26		2026/27		2027/28		2028/29	
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2023/24 and 2024/25 Capital Bids</b>										
Retaining Wall Windsor Road	600	600	0	0	0	0	0	0	0	0
HWRC Llandow Improvements	0	100	0	0	0	0	0	0	0	0
<b>Slippage</b>										
Review Alterations of Parking Permit Schemes	55	55	0	0	0	0	0	0	0	0
Llanmaes Construction	518	518	0	0	0	0	0	0	0	0
Residential Parking schemes & permits	21	21	0	0	0	0	0	0	0	0
Dimming of Street Lighting/Fitting of LED lanterns	100	100	0	0	0	0	0	0	0	0
Boverton Retaining Wall	100	100	0	0	0	0	0	0	0	0
<b>Leisure &amp; Tourism</b>										
Penarth Leisure Centre, High Level Glazing	1,171	1,266	0	0	0	0	0	0	0	0
<b>Slippage</b>										
Air Handling Unit, Llantwit Major Leisure Centre	8	85	0	0	0	0	0	0	0	0
<b>S106</b>										
Celtic Way park and play area, Rhoose	0	146	0	0	0	0	0	0	0	0
Llantwit Major Leisure Centre - improvements to toilets and changing rooms	0	88	0	0	0	0	0	0	0	0
<b>Parks and Grounds Maintenance</b>										
Allotment Grant	0	29	0	0	0	0	0	0	0	0
<b>Capital Bids 2024/25</b>										
Tree Planting	100	100	100	100	100	100	100	100	100	100
Cyclical Tree Maintenance	65	75	75	75	75	75	75	75	75	75
<b>Total Neighbourhood Services &amp; Transport</b>	<b>9,712</b>	<b>11,916</b>	<b>5,662</b>	<b>5,662</b>	<b>3,685</b>	<b>3,685</b>	<b>3,685</b>	<b>3,685</b>	<b>3,685</b>	<b>3,685</b>
<b>HRA</b>										
<b>Housing Improvement Programme</b>										
<b>Total Housing Improvement Programme</b>	<b>32,504</b>	<b>38,745</b>	<b>32,039</b>	<b>38,209</b>	<b>35,800</b>	<b>41,970</b>	<b>33,964</b>	<b>39,634</b>	<b>41,647</b>	<b>47,217</b>





Schemes	2024/25		2025/26		2026/27		2027/28		2028/29	
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Total Resources</b>	<b>992</b>	<b>992</b>	<b>250</b>	<b>250</b>	<b>569</b>	<b>569</b>	<b>862</b>	<b>862</b>	<b>862</b>	<b>862</b>
<b>City Deal</b>										
City Deal	697	697	810	810	2,286	2,286	807	807	2,053	2,053
<b>Total City Deal</b>	<b>697</b>	<b>697</b>	<b>810</b>	<b>810</b>	<b>2,286</b>	<b>2,286</b>	<b>807</b>	<b>807</b>	<b>2,053</b>	<b>2,053</b>
<b>Pipeline Schemes</b>										
St Richard Gwyn Redevelopment	2,084	15,427	5,259	31,719	90	13,855	0	0	0	0
Extension to Cowbridge Primary Phase 2 (Iolo)	772	8,571	3,420	9,031	202	202	0	0	0	0
Changing Rooms, Ancillary facilities and replacement boxing club at the Buttrills playing field	1,500	1,500	0	0	0	0	0	0	0	0
Non-Treasury Investment Strategy	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	0	0
<b>Total Pipeline Schemes</b>	<b>7,356</b>	<b>28,498</b>	<b>11,679</b>	<b>43,750</b>	<b>3,292</b>	<b>17,057</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>	<b>0</b>
<b>Total Value of Capital Programme</b>	<b>60,123</b>	<b>112,344</b>	<b>55,105</b>	<b>93,621</b>	<b>49,037</b>	<b>70,722</b>	<b>45,723</b>	<b>53,828</b>	<b>51,497</b>	<b>57,067</b>