

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 10TH MARCH, 2021

REFERENCE FROM CABINET: 22ND FEBRUARY, 2021

“C488 CAPITAL STRATEGY 2021/22 AND FINAL CAPITAL PROPOSALS 2021/22 TO 2025/26 (L/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –

The report provided the Council's Capital Strategy for 2021/22 at Appendix 1. The Capital Strategy provided a framework which outlined how capital expenditure, capital financing and treasury management activity contributed to the provision of corporate objectives, along with an overview of how associated risk was managed and the implications for future financial sustainability.

The report set out the Council's proposed Final Capital Programme for the period 2021/22 to 2025/26 at Appendix 2.

The total value of capital schemes over the next five years was £249.90m. This included £69.19m for the Band B 21st Century Schools Programme and £126.88m for the Housing Improvement Programme.

Welsh Government had advised that the Public Highway's Refurbishment grant would continue and the Capital Programme would be amended accordingly when a formal award letter was issued to the Council. Council funding of £480k (£300k plus £180k of asset renewal) for investment in highways during 2021/22 had been included in the five year Capital Programme.

Appendix 2 showed a proposed spend for 2021/22 of over £107m and a total five year programme in excess of £249m.

It was understood that the Highway Refurbishment Grant from Welsh Government would continue this year, but the details were yet to be received. The Capital Programme would be updated through normal processes once the final offer letter had been received.

The Deputy Leader referred to the details concerning the School Improvement Programme as described in paragraph 2.3 of the report, noting work progressing on time and on budget at three secondary and two primary school sites. Paragraph 3.9 of the report also detailed the targeted regeneration investment which would provide support for town centres as restrictions due to the pandemic were removed in time.

This was a matter for Executive decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED TO RECOMMEND TO COUNCIL–

- (1) T H A T the Capital Strategy 2021/22 as set out in Appendix 1 to the report be approved.
- (2) T H A T the final Capital Programme for the years 2021/22 to 2025/26 as set out in Appendix 2 to the report be approved.
- (3) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the 2021/22 to 2025/26 Housing Improvement Programme as appropriate.
- (4) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the 2021/22 to 2025/26 Asset Renewal budgets as appropriate.
- (5) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.
- (6) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from Energy Management Schemes.
- (7) T H A T the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, be given delegated authority to make additions, deletions or transfers to or from the Building Strong Communities Fund schemes.

Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) To set and approve future Capital Programmes to 2025/26.
- (3) To enable the Housing Capital budget to be managed effectively.
- (4) To enable the Asset Renewal budgets to be managed effectively.
- (5) To enable S106 schemes to be managed effectively.
- (6) To enable the Energy Management Schemes to be managed effectively.
- (7) To enable the Building Stronger Communities Fund to be managed effectively.”

Meeting of:	Cabinet
Date of Meeting:	Monday, 22 February 2021
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Capital Strategy 2021/22 and Final Capital Proposals 2021/22 to 2025/26
Purpose of Report:	The purpose of this report is to set out final proposals for Cabinet members to consider, before making their recommendations to Council, in respect of the final capital budget for the financial year 2021/22 to 2025/26 and to consider the Capital Strategy for 2021/22
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Carys Lord Section S151 Officer
Elected Member and Officer Consultation:	Scrutiny Committees and Corporate Management Team have been consulted on the initial budget proposals. Trade Unions have been consulted informally on the potential implications of the proposals. External stakeholders were also consulted on the budget priorities
Policy Framework:	This report is following the procedure laid down in the Constitution for the making of the budget and needs to be referred to Council to make the final decision.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • The report provides the Council's Capital Strategy for 2021/22 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. • The report sets out the Council's proposed Final Capital Programme for the period 2021/22 to 2025/26 at Appendix 2. • The total value of capital schemes over the next 5 years is £249.90m. This includes £69.19m for the Band B 21st Century Schools Programme and £126.88m for the Housing Improvement Programme. • Welsh Government have advised that the Public Highway's Refurbishment grant will continue and the Capital Programme will be amended accordingly when a formal award letter is issued to 	

the Council. Council funding of £480k (£300k plus £180k of asset renewal) for investment in highways during 2021/22 has been included in the five year Capital Programme.

Recommendations

1. That Cabinet recommend to Council that the Capital Strategy 2021/22 as set out in Appendix 1 is approved.
2. That Cabinet recommend to Council that the final Capital Programme for the years 2021/22 to 2025/26 as set out in Appendix 2 is approved.
3. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2021/22 to 2025/26 Housing Improvement Programme as appropriate.
4. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2021/22 to 2025/26 Asset Renewal budgets as appropriate.
5. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.
6. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from Energy Management Schemes.
7. That Cabinet recommend to Council that the Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the Building Strong Communities Fund schemes.

Reasons for Recommendations

1. To approve the Capital Strategy for 2021/22.
2. To set and approve future capital programmes to 2025/26.
3. To enable the Housing Capital budget to be managed effectively.
4. To enable the Asset Renewal budgets to be managed effectively.
5. To enable S106 schemes to be managed effectively.
6. To enable the Energy Management Schemes to be managed effectively.
7. To enable the Building Stronger Communities Fund to be managed effectively.

1. Background

Capital Strategy

- 1.1** The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.2** CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a requirement for authorities to produce a Capital Strategy. To comply with the requirements, a Capital Strategy has been produced for 2021/22 and is attached at Appendix 1. The Strategy will also be submitted to full Council for approval.
- 1.3** The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.

Capital Programme

- 1.4** The Council has produced a detailed 5 year Capital Programme, with the proposed programme for 2021/22 to 2025/26 being included in Appendix 2.
- 1.5** When the initial proposals were considered by Cabinet on 30th November 2020, minute C397, the Council had not received the provisional settlement from Welsh Government for 2021/22. The consequence of the late announcement was that a draft capital programme was not included in the initial proposals report. The report therefore detailed the requests for funding that had been received from Directorates and these bids were presented to Scrutiny Committees in December 2020 for comment.
- 1.6** In responding to the report, the following recommendation in relation to the requests for funding was made by the Environment and Regeneration Scrutiny Committee at a meeting held on the 15th December 2020: -

-T H A T the Corporate Performance and Resources Scrutiny Committee pass on to Cabinet the Committee's recommendation that capital bid NST1 - Carriageway resurfacing/Surface treatments, should be funded and progressed as a priority.

1.7 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 16th December 2020 this Committee recommended that: -

- T H A T further information regarding the active travel proposals be provided to Committee.

- T H A T Committee considers the Capital report having regard to recommendation 1 above at its next meeting in order for discussions to take place to be able to fully consider the Capital Proposals going forward.

1.8 The Budget Working Group (BWG) have had consideration for the recommendations of the Scrutiny Committees when preparing the 2021/22 capital programme.

2. Key Issues for Consideration

Capital Strategy

2.1 The Capital Strategy looks at a longer term view of the Council's capital investment requirements. This is the third year that the Capital Strategy has been produced in this format and it will be updated annually and will evolve over future years.

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

2.3 It is difficult to predict capital resources over a long term period as the level of general capital funding provided by Welsh Government is usually advised on a year by year basis and their priority areas of spend, which they influence by the provision of specific grants, will change over a period of time. Capital receipts are difficult to predict as while the Council will strive to maximise receipts where possible, the uncertainty in the current economic climate, particularly with regard to the impact of the COVID 19 pandemic and Britain's exit from the European Union, could have an impact on developments.

2.4 An initial assessment however has been undertaken to identify the possible requirements for capital investment over a longer period of 10 years and also the potential funding that is available to finance such work. The funding gap could

be in the region of £12m over the period. This data will be reviewed and updated on an annual basis to provide a basis for future capital strategies.

- 2.5** Unsupported borrowing could be an option to bridge any funding gap however a full financial appraisal will need to be undertaken to ensure that the financial consequences are affordable and sustainable.
- 2.6** The Strategy confirms the importance of ensuring the efficient, effective and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery.
- 2.7** The Council's appetite for risk needs to be discussed as part of the Strategy. This Council has always been prudent with regard to its borrowing and does not take risks when investing, as the Treasury Management Strategy for 2021/22 sets out the council's intentions to place investment with the UK Government or other local authorities or AAA rated money market funds.
- 2.8** As part of the Strategy, confirmation of any material commercial activities needs to be detailed. On 1st January 2020, the Council set up a Local Authority Trading Company to deliver catering services called the Big Fresh Catering Company. The Council owns 100% of the company shares. This Council does not have any other material commercial activities.
- 2.9** In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and to meet the requirement to invest in assets. These are detailed in Section 11 of the Strategy.

Capital Resources Available

- 2.10** Details of the different sources of funding available to finance capital expenditure are outlined in section 3 of the Capital Strategy.
- 2.11** On 22nd December 2020, the Welsh Government (WG) announced the provisional 2021/22 General Capital Funding (GCF) settlement which was £6.867m, being made up of £3.438m grant and £3.429m of supported borrowing. This is an increase of £71k from the 2020/21 funding of £6.796m.
- 2.12** Within the settlement it has been advised that General Capital Funding for 2021/22 for Wales as a whole will continue to be set at £198 million. Included within this amount is £20 million for the continuation of the public highway's refurbishment grant, including support for active travel; £54 million of historic baselined general capital grant; and the continuation of an additional £35 million of general capital grant, which was announced as part of the 2019/20 and 2020/21 budgets. This additional £35m will enable Council's to start to respond to our joint priority of decarbonisation including housing and economic recovery following COVID -19.

2.13 As no further indication has been received from Welsh Government, it has been assumed that from 2022/23 onwards, the level of capital funding will revert back to the same level as set out in the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this programme.

2.14 On this basis, the following table represents the capital funding from the Welsh Government assumed as part of the 5 year programme.

WG Funding	21/22	22/23	23/24	24/25	25/26
	£000	£000	£000	£000	£000
Supported Borrowing General Fund	3,429	3,422	3,422	3,422	3,422
General Capital Grant	3,438	2,083	2,083	2,083	2,083
TOTAL	6,867	5,505	5,505	5,505	5,505

2.15 Funding is expected to be received for the Public Highways Refurbishment Grant. This is a road refurbishment programme and will provide vital new investment for the Council's roads. The Council has received this funding since 2018. The Council's allocation for 2018/19 was £758k, £749k for 2019/20 and £752k for 2020/21. The Council's allocation for 2021/22 is yet to be announced.

2.16 Another means of financing capital expenditure is through capital receipts resulting from the sale of assets. Receipts from the sale of Housing Revenue Account (HRA) assets can only be spent in the HRA and cannot be used to finance General Fund capital schemes.

2.17 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.

2.18 Within the general capital receipts balance £212k is ringfenced for match funding for the Llanmaes Flood Risk Management scheme. This is subject to the approval of grant funding from Welsh Government for the scheme and the Capital Programme will be amended accordingly once the Council receives approval of the funding.

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

Capital Receipts	General	Ring-fenced Social Services	Ring-fenced Education
	£000	£000	£000
Projected Balance as at 31st March 2021	5,737	1,339	4,810
Anticipated Requirements – 2021/22	(3,703)	0	(4,867)
Anticipated Receipts – 2021/22	0	0	57
Balance as at 31st March 2022	2,034	1,339	0
Anticipated Requirements – 2022/23	0	(1,339)	(300)
Anticipated Receipts – 2022/23	300	0	300
Balance as at 31st March 2023	2,334	0	0
Anticipated Requirements – 2023/24	0	0	0
Anticipated Receipts – 2023/24	0	0	0
Balance as at 31st March 2024	2,334	0	0
Anticipated Requirements – 2024/25	0	0	0
Anticipated Receipts – 2024/25	0	0	0
Balance as at 31st March 2025	2,334	0	0
Anticipated Requirements – 2025/26	0	0	0
Anticipated Receipts – 2025/26	0	0	0
Balance as at 31st March 2026	2,334	0	0

- 2.20** Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves.
- 2.21** Schemes are also included in the programme that have funding under S106 planning obligations.
- 2.22** 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 £32.56m which is around £3.67m more than the level of General Capital Funding for the same period (£28.89m). The grants include Band B 21st Century Schools grant, the Childcare Offer Capital Grant and the Local Places for Nature grant.

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

Capital Programme 2021/22 to 2025/26

2.24 The 2021/22 to 2025/26 Capital Proposals have been made in accordance with the principals of the Capital Strategy. Clearly, limited resources will allow only those schemes of highest corporate priority and/or risk to be pursued. Section 4 of the Capital Strategy sets out the process for prioritising capital bids.

2.25 The initial capital proposals advised that while the evaluation process had been carried out for 2021/22 in the normal manner, the provisional settlement for 2021/22 had not been confirmed. It was therefore proposed at that point, due to the uncertainty in the level of funding to be provided, that no schemes would be approved for inclusion in the Capital Programme and further assessment would be carried out by the Budget Working Group once the level of funding was known and consultation had taken place. As the provisional capital settlement from WG has now been received, it is proposed that new schemes are now included in the capital programme 2021/22 - 2025/26 as set out below:-

Scheme	21/22	22/23	23/24	Need
	£000	£000	£000	
Roofing Old Hall Cowbridge	15	0	0	This capital scheme was submitted as part of the 2020/21 process and has already been approved for capital funding however the amount previously estimated is now higher due to inflation. This capital bid is to increase the capital allocation by £15k.
New Household Waste Recycling Centre (HWRC)	1,000	0	0	This is an additional bid to the budget already approved within the programme. Costs have increased due to the requirement of purchasing land, and additional design and drainage costs associated with the site.

Atlantic Trading Estate- Operations Fleet Parking	1000	1000	0	To develop land on ATE Barry to accommodate Neighbourhood Services operations waste and recycling collection vehicles.
Wales Coast Path - Penarth to Lavernock	49	0	0	The cliff line between Lavernock Point and Penarth has recently been affected by two large cliff falls. This has had the effect of bringing the Wales Coast Path within 2.0m of the cliff edge. It has further been advised that the geology of the effected section is such that it is likely that further falls could be anticipated at this section. The path is also in significant disrepair.
Cosmeston Works Programme	120	165	157	Provision of a unique, sustainable, multi-use community hub overlooking the lake. Available to a wide range of user groups and providing a wide range of activities for residents, whilst extending tourism and educational opportunities whilst highlighting the sites cultural / natural heritage. To replace the existing roof structure and thatched roof covering to the Byre at Cosmeston Medieval village as it has deteriorated and is in a poor state of repair. The structure will need to be closed on health and safety grounds if works are not undertaken. To improve the existing gateway access into the lakeside area of the Country park and improve facilities for users. To replace the main arterial wooden boardwalks at Cosmeston that traverse through a protected S.S.S.I wetland, linking up with the visitor centre / café, Medieval village and Bridleway running through the centre of the country park.
Barry Leisure Centre Boiler Renewal	175	175	0	The heating and hot water boilers at Barry Leisure Centre are

				beyond their planned economic life being approximately 30 years old and are in a very poor condition. Regular repairs are required to ensure their continued operation which is hampered by the decreasing supply of spares.
Penarth Leisure Centre Water Heaters Renewal	75	0	0	The water heaters at Penarth Leisure Centre are beyond their planned economic life being approximately 30 years old and are in a very poor condition. Regular repairs are required to ensure their continued operation which is hampered by the decreasing supply of spares.
Penarth Leisure Centre High Level Glazing	45	0	0	The bid was for £60k, however £15k has now been profiled in the 2020/21 Capital Programme so that the scheme can commence as soon as possible. Isolated emergency repairs have been carried out, but further remedial works to the remaining glazing at this level are urgently required.
Penarth Esplanade Highway Infrastructure Improvements	250	0	0	This scheme is proposed to incorporate key improvements to existing features including kerb lines, build-outs, pedestrian crossings, signage and footways as well as resurfacing of the Esplanade carriageway. (Bid was £400k of which £150k was brought forward to 2020/21 via emergency powers)

2.26 The Initial Capital Proposals advised that the Asset Renewal budgets for each directorate would be reviewed and schemes would be identified prior to the approval of the Final Capital proposals for 2021/22 to ensure that funding is allocated to priority schemes. A full breakdown of the Asset Renewal budgets is now included in the 2021/22 capital programme.

2.27 £180k is being allocated to resurfacing from the 2021/22 Neighbourhood Services Asset Renewal budget. There was already £300k approved in the capital programme and therefore this brings the Council's contribution towards highway improvements in 2021/22 to £480k. WG has indicated that the Highways

Refurbishment grant will continue and the Capital Programme will be amended accordingly when a formal offer letter has been received.

- 2.28** The original scheme for the replacement staffroom building at St Brides Primary School was originally designed by school appointed Architects and did not consider buildability in terms of location of underground services. This was identified as an issue by the Council's in-house Architectural team, which has resulted in a delay to the detailed design process. The underground camera survey investigation works are now complete and the Council's Consultant Structural Engineer has provided detailed proposals for drainage diversion works necessary to allow construction of the new staffroom building. Due to the above the scheme is now anticipated to cost £201k. £116k is already approved within the Capital Programme. It is requested to increase the budget in the 2021/22 Capital Programme by £85k, of which £60k is to be funded by a revenue contribution from the school and £25k from a revenue contribution from the Policy budget. This has been reflected in Appendix 2.
- 2.29** The Llansannor extension scheme went out to tender however came back over budget. The scheme was value engineered and put out to tender again but still came back over budget. At Cabinet on the 16th November 2020 £100k was approved to be carried forward into 2021/22. This budget is being increased with £40k from the 2021/22 School's Asset Renewal budget and £17k from the Schools Rationalisation Reserve giving a total budget in 2021/22 of £157k. This has been reflected in Appendix 2.
- 2.30** The Old Hall Cowbridge, renewal of roof coverings scheme anticipated cost has increased by £15k due to inflation. £15k of the Economic Stimulus scheme budget in 2020/21 is unallocated and it has been approved that the £15k is slipped into the 2021/22 Capital Programme and vired to the Old Hall Cowbridge, renewal of roof coverings scheme. This has been reflected in Appendix 2.
- 2.31** The reprofiling of the Disabled Facilities Grants scheme budget as shown in the table below has been approved by Cabinet on 8th February 2021 and is reflected in Appendix 2. The monies released due to the reprofiling have been used to part fund 2021/22 capital bids.

Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Current Budget £000	726	1,650	1,150	1,150	1,150	1,150
Revised Budget £000	300	1,250	1,150	1,150	1,150	1,150

- 2.32** The Council has received an award of funding in relation to the Local Places for Nature Capital Funding 2021/22 from Wales Council for Voluntary Action. The funding is for the following schemes:-

-Nature on your doorstep £64,739
 -Greening the public services estate £36,511
 This grant has been included in Appendix 2 of this report.

2.33 The reprofile of the City Deal budget as set out in the table below has been approved by Cabinet on 8th February 2021: -

Year	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Current Budget £000	1,313	675	675	972	972	1,235
Revised Budget £000	356	2,240	4,480	0	0	0

2.34 Potential funding for 2022/23 onwards which has not been allocated to specific schemes is shown under the All Services Asset Renewal heading.

Schools Investment Programme

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

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

2.37 As a result of the intervention rate change, Cabinet on 15th July 2019 approved the revised 21st Century Schools Programme which took into account priorities and cost pressures around ALN provision.

2.38 In October 2020 Welsh Government advised the Council that there could be the potential to increase the programme envelope for schemes supporting decarbonisation. In order to ensure the Council is able to invest additional funding to deliver other projects as net-zero, the Council requested that the overall programme envelope was increased by £1,050,000 to include the additional funding allocated to deliver decarbonisation which would be 100% funded by Welsh Government. This was approved by the Minister for Education as set out below and the Capital Programme was increased accordingly via Emergency Powers in December 2020.

Scheme	Additional Funding £000
St David's Primary School	50
Primary Provision in the Western Vale	500
St Nicholas	500
Total	1,050

2.39 This grant has released £1,050,000 of Council resources and it is proposed that the £1,050,000 is reallocated; £400k to Cowbridge Primary Provision, £150k to St David's Primary School, £170k to Primary Provision in the Western Vale, with £330k remaining unallocated. The £330k has now been profiled below; £100k to the Centre of Learning and Wellbeing scheme and £200k to the Ysgol Y Deri scheme, this will be match funding for a business case that the Council will put forward to Welsh Government for additional funding for Net Zero carbon for those schools. £30k has been allocated to address other small pressures within the programme.

2.40 The schemes contained in the programme have been re-profiled and approved by Cabinet on 8th February as shown below in order to maximise the opportunity to draw down on the available Section 106 funding and to reflect more accurately scheme spend profiles. The total of the Band B programme is £136.055m of which £2.453m was funded in 2018/19 and £15.316m in 2019/20.

Band B Schemes	20/21	21/22	22/23	23/24	24/25	Total
	£000	£000	£000	£000	£000	£000
Whitmore High School	16,604	5,655	565	0	0	22,824
Pencoedtre High School	14,918	14,546	3,657	0	0	33,121
Centre for Learning and Wellbeing	496	2,100	1,825	0	0	4,421
Ysgol Gymraeg Bro Morgannwg	11,156	2,552	348	0	0	14,056
Barry Waterfront	50	5,242	2,593	0	0	7,885
Primary Provision in the Western Vale	2,391	2,446	76	0	0	4,913
Cowbridge Primary Provision	192	3,547	1,600	0	0	5,339
St David's Primary School	2,482	1,703	90	0	0	4,275
St Nicholas	250	4,098	400	0	0	4,748
Ysgol Y Deri	509	5,650	4,000	1,000	0	11,159
Primary Provision in Penarth	0	977	1,708	1,500	0	4,185
Review Nursery Provision	50	1,210	100	0	0	1,360
TOTAL	49,098	49,726	16,962	2,500	0	118,286

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

Band B Schemes	£000
WG Grant	65,164
S106	21,418
Capital Receipts	8,790
General Capital Funding	3,583
Reserves and Revenue Contribution	11,326
Prudential Borrowing	8,005
TOTAL	118,286

Housing Improvement Programme

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

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

2.44 The Plan will form the basis of the Major Repairs Allowance (MRA) grant application, which is a pivotal financing component for the Housing Improvement Programme. The MRA for 2021/22 has not yet been announced by the Welsh Government but the assumed level of grant in Appendix 2 remains at £2.764m per annum which is the sum received in 2020/21.

2.45 The sources of funding to be used to finance HRA expenditure in 2021/22 to 2025/26 are detailed in the table below. The reprofiling of the Housing Improvement Programme as detailed below was approved by Cabinet on 8th February 2021 and has also been reflected in Appendix 2.

Funding	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Revenue/Reserves	6,392	5,763	5,532	6,227	6,210
MRA Grant	2,764	2,764	2,764	2,764	2,764
Unsupported Borrowing	26,298	19,233	14,447	13,092	8,562
S106	1,300	0	0	0	0
Total Budget	36,754	27,760	22,743	22,083	17,536

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.

- **To work with and for our communities** - Consultations are carried out with the community on capital projects e.g. Band B and park schemes. Building Stronger Communities capital grants are being issued to support projects being carried out by members of the community.
- **To support learning, employment and sustainable economic growth** - Further investment in schools through the School Investment Programme with Band A complete and development under Band B which commenced in 2019/20. 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.
- **To support people at home and in their community** - Investment in housing through the Housing Improvement Programme will maintain the Welsh Housing Quality Standard and there is a new build programme. Disabled Facility Grants are also issued to residents. Investment in leisure centres and playgrounds will encourage more use and activity. The core active travel fund allocation grant from Welsh Government is used to implement active travel schemes.
- **To respect, enhance and enjoy our environment** - In response to the climate emergency, the Council launched a project to explore how construction practices could be adapted to support decarbonisation as part the 21st Century Schools Programme. 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. This model was further developed to deliver net-zero (in-use) carbon school buildings for Llancarfan Primary School and St Nicholas CIW Primary School. The Llancarfan Primary School scheme is due to be completed in 2021 which will make it the first net-zero carbon primary school building in Wales. Investing in the introduction of LED street lighting will bring environmental benefits. Funding has been made available for the installation of vehicle charging infrastructure and for the purchase of electric pool cars. The school decarbonisation programme consists of a variety of energy reduction measures and renewable energy installations have been identified across a number of 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 and the setting of the 5 year Capital Programme considers the Five Ways of Working.
- 3.3 Looking to the long term** - The development of the capital programme and the Capital Strategy is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood.
- 3.4 Taking an integrated approach** – The Capital Strategy recognises that in setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes.
- 3.5 Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.
- 3.6 Working in a collaborative way** – The Capital Strategy recognises that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities.
- 3.7 Understanding the root cause of issues and preventing them** – The Capital Strategy and the process for setting the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

4. Resources and Legal Considerations

Financial

- 4.1** The capital programme will be funded from a variety of sources. The table below details the General Capital Funding and internal resources required to fund the schemes proposed in Appendix 2 in 2021/22.

Net Sources of Funding - 2021/22	£000
General Fund	
Welsh Government Resources:	
General Capital Funding	3,438
Supported Borrowing	3,429
Council Resources:	
Capital Receipts	8,570
Unsupported (Prudential) Borrowing	5,821
Revenue/Reserves	14,507
Net Capital Resources	35,765
Housing	
Council Resources:	
Capital Receipts	0
Unsupported (Prudential) Borrowing	26,298
Housing Reserves	6,392
Net Capital Resources	32,690
Total Net Capital Resources	68,455

Employment

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

Legal (Including Equalities)

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

5. Background Papers

Local Government Provisional Revenue Settlement letter dated 22nd December 2020.

VALE of GLAMORGAN



BRO MORGANNWG

VALE of GLAMORGAN COUNTY BOROUGH COUNCIL

CAPITAL STRATEGY

2021/22



CAPITAL STRATEGY 2021/22

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1. INTRODUCTION AND AIMS OF THE CAPITAL STRATEGY

Introduction and Aims

- 1.1 The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability. It therefore outlines the Council's need to acquire, dispose of or enhance assets such as land, buildings, roads, vehicles & plant to provide sustainable service provision to support its objectives. As resources available to meet the capital requirements of the Council are limited, the Strategy explains how priorities are set and outlines the sources of funding available, including the level of borrowing it will need and can afford to undertake and its investment strategy.
- 1.2 While the Strategy should look to the longer term, it is supported by a detailed Capital Programme for 5 years covering the period 2021/22 to 2025/26. This is the third year that the Capital Strategy has been produced in this format and it will be updated annually and evolve over future years.
- 1.3 The Council's capital expenditure is reflected in the Balance Sheet of its Statement of Accounts ensuring stewardship of assets is demonstrated. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council. The Council's assets at the 31 March 2020 have a book value of £691.5m, which includes £162.4m relating to housing stock.

Definition of Capital and Capitalisation Policy

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

Prudential Code

- 1.6 The Local Government Act 2003 set out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.7 CIPFA released an updated version of the Prudential Code in December 2017. The revised code includes a new requirement for authorities to produce a Capital Strategy. To comply with the requirements, a Capital Strategy has been produced for 2021/22 and will be updated on an annual basis. The Strategy will also need to be submitted to full Council for approval.

2. LINKS TO STRATEGIC PLANS AND FUTURE CAPITAL REQUIREMENTS

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

Corporate Plan

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

2.3 The Council had set out its vision for 2020-2025 in its 'Vale of Glamorgan Council Corporate Plan 2020-25'. This updated plan has kept the existing vision and values of the previous plan however 4 new well-being objectives have been included. 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 In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow and these principles will remain for the new Corporate Plan. This approach to working has been followed in developing this Capital Strategy and setting the capital programme. The 5 ways of working are :-

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

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

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

Medium Term Financial Plan (MTFP)

2.7 The Council produces a rolling Medium Term Financial Plan as a mechanism which allows the Council to forecast the level of funding available in future years and to match this against the likely expenditure. It links both the planning process with the budget process and ensures consistency between them. The MTFP is therefore of crucial importance for the development of a plan for capital investment. The revenue consequences of any capital investment have to be determined and built into the planning process and needs to ensure that they are affordable going forward. The latest MTFP was approved by Cabinet on 30th November 2020.

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

Corporate Asset Management Plan (CAMP)

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

2.10 The objectives of the CAMP are :-

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

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

Highways Asset Management Plan

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

Housing Improvement Programme

- 2.17 As at 31st December 2020 the Council's housing stock stood at 3,894.
- 2.18 Cabinet on 16th December 2019 approved the Housing and Property Acquisition Strategy 2020. With the introduction of the Welsh Housing Quality Standards (WHQS), the Housing Investment Programme has been predominantly focused on

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

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

2.20 In order to support this Strategy and to comply with Welsh Government's requirements, a 30 year Housing Business Plan is produced each year. The latest Housing Business Plan will be submitted to Council for approval on 10th March 2021. The Plan will form the basis of the Major Repairs Allowance (MRA) grant application to Welsh Government, which is a pivotal financing component for the Housing Improvement Programme. The total capital spend in the HRA over the next 5 years will be £126.88m.

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

ICT and Digital Strategy

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

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

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

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

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

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

2.27 Both of these strategies are currently being updated and consolidated into a single Digital Strategy and will be taken to Cabinet in the next couple of months.

Waste Management Strategy

- 2.1 The revised Waste Management Strategy was presented to Cabinet on 2nd July 2018. There is also a new 10-year waste strategy being developed and this will be presented to Cabinet for consideration during 2021. There has been a successful capital bid to Welsh Government's Collaborative Change Programme (CCP) to financially support the new waste infrastructure required to introduce a source separated dry recycling collection service namely the 'collections blueprint'. Capital support is required to fund the purchase of vehicles, all necessary containers and the construction of a Resource Recovery Facility including all necessary plant and equipment. The Council was allocated £3.5m from Welsh Government in 2018/19, £2.8m in 2019/20. The first phase of the roll out to the Rural Vale was introduced in October 2019, a further roll out to Barry was undertaken in October 2020 and the final roll out will be introduced in Penarth by Spring 2022. The Penarth roll out is reliant on a new permanent Resource Recovery Facility (RRF) being built and being operational. Provision has been made within the capital programme to fund this. In addition, there has been an additional grant of £1.108m to construct a reuse shop (£358k) on the HWRC site in Barry, to introduce source separated recycling for flats and apartments (£250K) and to fund new recycling sorting equipment for the permanent RRF (£500k).
- 2.2 Further detail can be found at [Revised Waste Management Strategy](#)

School Investment Programme

- 2.3 The 21st Century Schools and Education Programme is a unique collaboration between the Welsh Government and local authorities. It is a major long term strategic capital investment programme with the aim of creating a generation of 21st Century Schools in Wales.
- 2.4 The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19.
- 2.5 At the end of July 2017 the Council submitted a Strategic Outline Programme to Welsh Government for Band B.
- 2.6 In late November 2018, Welsh Government advised that the intervention rate i.e. the level of funding they will provide, would increase for non-faith school schemes from 50% to 65%. A new intervention rate was introduced for facilities for those pupils with additional learning needs (ALN) and those in pupil referral units (PRU) at 75%.
- 2.7 As a result of the intervention rate change, Cabinet on 15th July 2019 approved the revised 21st Century Schools Programme which took into account priorities and cost pressures around ALN provision.
- 2.8 In October 2020 Welsh Government advised the Council that there could be the potential to increase the programme envelope for schemes supporting decarbonisation. In order to ensure the Council is able to invest additional funding to deliver other projects as net-zero, the Council requested that the overall

programme envelope was increased by £1,050,000 to include the additional funding allocated to deliver decarbonisation which would be 100% funded by Welsh Government. This was approved by the Minister for Education as set out below and the Capital Programme was increased accordingly via Emergency Powers in December 2020.

Scheme	Additional Funding £000
St David's Primary School	50
Primary Provision in the Western Vale	500
St Nicholas	500
Total	1,050

2.9 This grant has released £1,050,000 of Council resources and it was proposed that the £1,050,000 would be reallocated; £400k Cowbridge Primary Provision, £150k St David's Primary School, £170k Primary Provision in the Western Vale, with £330k remaining unallocated. The £330k has now been requested to be allocated as part of the Final Capital Proposals report 2021/22; £100k to the Centre of Learning and Wellbeing scheme and £200k to the Ysgol Y Deri scheme, this will be match funding for a business case that the Council will put forward to Welsh Government for additional funding for Net Zero carbon for those schools. £30k has been allocated to address other small pressures within the programme.

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

Band B Schemes	£000
Whitmore High School	30,504
Pencoedtre High School	34,689
Centre for Learning and Wellbeing	4,500
Ysgol Gymraeg Bro Morgannwg	21,515
Barry Waterfront	7,895
Primary Provision in the Western Vale	5,210
Cowbridge Primary Provision	5,400
St David's Primary School	4,585
St Nicholas	5,010
Ysgol Y Deri Expansion	11,200
Penarth Primary Provision	4,185
Review Nursery Provision	1,362
TOTAL	136,055

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

City Deal

- 2.12 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 allocated to the Metro.
- 2.13 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.
- 2.14 The CCR has the following projects with approved Full Business Cases (FBC) and in delivery. CSC Foundry, Metro Plus, Outline Business Case-FBC work on Metro Central, Homes for all the Region, the Local Wealth Building Challenge Fund, the Graduate Scheme and Plasma Technology project. CCR also have a number of projects at OBC stage moving towards FBC stages: Pharma Data Technology, Outdoor Adventure Project, Strategic Premises Fund, Life Sciences Park Project, the SME Finance Fund (Housing), the SIFP Front of House Project and the Innovation Investment Fund. In addition to this, there are a number of other projects at early stages of Strategic Outline Case – examples of which include a Full Fibre to the Premise Project and battery technology development Project AMP, as well as cluster development projects for Fintech, Creative Industries and Cyber Wales – the latter for which are in the Strength in Places Fund final business plan preparation at this time. All of these projects and wider programmes of activity are likely to be deliberated on and where approved by Regional Cabinet – in delivery over the five year period.
- 2.15 At its Cabinet meeting on 7th December the latest Strategic Business Plan set out 5 main priorities to guide progress in the next 5 years and as CCRCD begins the process of becoming a full functioning City Region:
1. Build Back Better – playing our part in economic recovery and building resilience;
 2. Becoming a City Region – strengthening regional economic governance;
 3. Scaling-up and delivering the City Deal 'peak' Wider Investment Fund pipeline and programme;
 4. Making the case for Levelling-up CCR;
 5. Developing the plan for industrial-scale clusters and innovation-led growth.
- 2.16 The total expenditure for the CCR 2021/22 Annual Business Plan is £53.247 Million. It is proposed that this level of expenditure is funded as follows:
- Draw down of HM Treasury Revenue Grant: £4.819 Million
 - Draw down of HM Treasury Capital Grant: £22.000 Million
 - Draw down of Council Contributions: £26.428 Million (The Vale of Glamorgan's Contribution in 2021/22 is £2.240m).

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

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

External Influences – Welsh Government

2.19 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 21st Century Schools programme, flood prevention schemes and the A4226 Five Mile Lane improvement scheme. Additional funding has also recently been provided from Welsh Government for highways improvements and is expected to continue in 2021/22.

External Influences – Legislation

2.20 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.

2.21 The Energy Efficiency (Private Rented Sector)(England and Wales) Regulations 2015 made it unlawful from April 2018 to let residential or commercial properties with an energy performance certificate (EPC) rating of 'F' or 'G'(the lowest grades of energy efficiency). The regulations are enforced by trading standards. Penalties will be based on the rateable value of the property, up to a maximum of £150,000 per property. The current requirement is triggered upon the grant of a new lease but also upon lease renewals, sub-letting and assignments. The scheme will be extended on 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 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.

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

External Influences – Collaboration

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

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

3 RESOURCES TO FINANCE CAPITAL EXPENDITURE

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

General Capital Funding – Welsh Government

- 3.2 This consists of 2 elements. Welsh Government provides the Council with a General Capital Grant. In addition the Council is advised of a level of borrowing that the Welsh Government is prepared to fund via the Revenue Support Grant settlement, this allowance is known as supported borrowing.
- 3.3 On 22nd December 2020, the Welsh Government announced the provisional 2021/22 General Capital funding settlement which was £6.867m, being made up of £3.438m grant and £3.429m of supported borrowing. This is an increase of £71k from the 2020/21 funding of £6.796M.
- 3.4 Within the settlement it has been advised that General Capital Funding for 2021/22 for Wales as a whole will continue to be set at £198 million. Included within this amount is £20 million for the continuation of the public highway's refurbishment grant, including support for active travel; £54 million of historic baselined general capital grant; and the continuation of an additional £35 million of general capital grant, which was announced as part of the 2019/20 and 2020/21 budgets. This additional £35m will enable Councils to start to respond to our joint priority of decarbonisation including housing and economic recovery following COVID -19.
- 3.5 As no further indication has been received from Welsh Government, it has been assumed that from 2022/23 onwards, the level of capital funding will revert back to the same level as set out in the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this programme.

Major Repairs Allowance – Welsh Government

- 3.6 The Welsh Government issues a Major Repairs Allowance (MRA) to the Council as a grant which is to be used for any capital expenditure on Housing Revenue Account (HRA) assets. This has contributed to the Council's achievement of the Welsh Housing Quality Standards in March 2018. The MRA for 2021/22 has not yet been announced by the Welsh Government but for this Strategy it has been assumed that the grant remains at £2.764m per annum as received in 2020/21.

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. New grants to be received into the programme are as follows:-
- 3.8 **Highway Refurbishment Fund** - This is a road refurbishment programme. The Council was provided with a grant of £749k in 2019/20 and £752k in 2020/21. The Council has been informed that we will receive a grant in 2021/22 and is waiting to

be advised of our allocation. This grant will provide vital new investment for the Council's roads.

- 3.9 **Targeted Regeneration Investment (TRI)** - TRI is a Welsh Government capital regeneration programme and is a regionally-focused model of investment for economic development and regeneration. Working together at a regional level, local authorities, along with their partner organisations, can apply for capital funding for projects that promote economic regeneration and serve the aims of wider sustainable development with activities focussed at individuals and areas of need.
- 3.10 In September 2018, the Welsh Government approved the South East Wales Regional Plan for Regeneration and a notional TRI funding allocation for the ten local authorities for the period 2018/19-2020/21 of £44 million. The budget is managed as a rolling programme to allow a mix of 'strategic' and 'thematic' projects to come forward at an appropriate time. The Regional Plan for Regeneration identifies the settlement of Barry as a priority location for TRI investment. In March 2019, following the submission of a joint application, Rhondda Cynon Taff (as Lead Authority) was awarded £10m for a thematic grants programme targeting key town/urban centres in all ten local authority areas of South East Wales. The Council's allocation of £970k was profiled £40k in 2019/20 and £930k in 2020/21.
- 3.11 In June 2020, the Welsh Government asked the South East Wales local authorities to consider re-purposing elements of the 2020/21 thematic budget allocation to allow a much greater degree of flexibility in adapting to the changes required in town centres because of the COVID-19 pandemic. Following this exercise, the Welsh Government issued a Variation to Award of Funding letter, which enables the Council to use £350k of the 2020/21 budget allocation to deliver measures which support the recovery of town centres. Furthermore, the Council can choose to deliver the COVID-19 recovery measures in priority locations outside of the agreed areas identified in the Regional Plan. The Council is therefore prioritising its share of this investment to deliver town centre recovery measures in Barry, Cowbridge, Llantwit Major and Penarth. The Council may need to provide match funding for the TRI grant and it is intended that either the Barry Regeneration Partnership budget (which is included in the capital programme) or the Capital Economic Regeneration Reserve can be used for this purpose.
- 3.12 In October 2020, the Welsh Government announced that it will be using the single brand 'Transforming Towns' to bring together the support offered through investments such as TRI. Welsh Government also confirmed that £15.84 million is available to the South East Wales local authorities in 2021/22 for town centre regeneration projects. This 'Transforming Towns' funding builds upon the current grant funding offered through TRI and will continue to be allocated to both larger 'strategic' projects and smaller 'thematic' projects.
- 3.13 **SALIX** - Work can be undertaken through the use of the Welsh Governments interest free SALIX funding which to implement various energy saving projects.
- 3.14 It is estimated that over the next 5 years the Council will received grant funding from WG for Band B 21st Century Schools grant, Flood Defence and Structures work, Highways Refurbishment, including Five Mile Lane Improvement. Some of these schemes may require a match funding contribution to be made by the Council which

is built into the capital programme. It is not possible to predict and plan for any other grants beyond this period.

Unsupported/Prudential Borrowing

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

Scheme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£000	£000	£000	£000	£000	£000
General Fund						
21st Century Schools Band B	3,581	4,424	0	0	0	8,005
City Deal	2,240	4,480	0	0	0	6,720
Vehicles	0	1,236	364	0	0	1,600
Total General Fund	5,821	10,140	364	0	0	16,325
Housing Revenue Account	26,298	19,233	14,447	13,092	8,562	81,632
Total New Borrowing	32,119	29,373	14,811	13,092	8,562	97,957

3.16 After allowing for repayments, the balance of Prudential Borrowing as at 31st March 2021 is expected to be £33.324m of which £17.789m is HRA. At the end of the Capital Programme period (31st March 2026) the outstanding prudential borrowing taking into account repayments is expected to be £24.338m for the General Fund and £93.483m for the Housing Revenue Account.

Contributions from Revenue and Reserves

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

Reserve	Purpose	Balance as at 31st March 2020 £000
Schools Investment Strategy	To fund Band B and other school investment	9,090
Council Building Fund	To maintain Council buildings	5,777
IT Fund	To allow investment in the Council's IT infrastructure	2,893
Capital Economic Regeneration Reserve	To finance capital economic regeneration schemes.	489
Commercial Opportunities Reserve	This fund is to be used to finance capital and revenue projects, with repayment of such advances being credited back to the fund where appropriate.	2,354
Vehicle Repairs and Renewal Fund	To replace the Council's vehicle fleet	3,361
City Deal	To fund the Council's contribution towards the City Deal	1,898

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

3.19 Over recent years substantial funding has been transferred into the Schools Investment Strategy reserve in order to fund the Band B 21st Century Schools programme however as the scheme progresses this reserve will be utilised. It is anticipated that over the next 5 years reserves of over £18.14m will be used to fund capital expenditure.

Capital Receipts

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

3.21 Receipts from the sale of HRA assets can only be spent within the HRA and cannot be used to finance General Fund capital schemes. However, the Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act means abolition of the rights came into force on 26 January 2019 however there are some exceptions. No HRA receipts have therefore been assumed in the Housing Business Plan. Any HRA capital receipts received in a year were previously used to fund capital expenditure in that year and therefore as at 31st March 2020 the Council did not hold a balance of HRA receipts. The reason for this is to reduce the level of borrowing within the HRA.

3.22 Currently, the Council only uses receipts from the sale of vehicles to fund the purchase of other vehicles. From 2020/21, any capital receipts from the sale of vehicles already held within the capital receipt account and any receipts received in year will be used to part fund the purchase of vehicles within that financial year. The reason for this is to reduce the level of borrowing used to fund the purchase of vehicles. As at 31st March 2020 the balance of vehicle capital receipts was £42k, but as of the 31st March 2021 the balance will be utilised and reduced to zero.

3.23 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.

3.24 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 following Britain's exit from Europe and the impact of the COVID-19 pandemic. This is particularly the case with higher value development sites which require property expertise to exploit the potential a site may offer and ensure we achieve best consideration in line with our statutory and fiduciary duties. No significant Council Fund or ring-fenced Social Services capital receipts have been anticipated going forward. Work will however be undertaken to dispose of surplus assets when they become available.

3.22 Two capital receipts are estimated to be received for Education assets between 2021/22 and 2025/26, however any received will be ring fenced for the School Investment Programme.

Other External Contributions

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

4 PRIORITISATION OF CAPITAL REQUIREMENTS

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

Capital Programme Approval Process

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

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

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

Assessment of Capital Bids

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

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

Risk

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

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

Corporate Priority

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

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

Future Generations Act

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

Sustainability

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

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

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

5 TREASURY MANAGEMENT

- 5.1 Treasury Management is the management of an organisation's borrowing, investments and cashflows, its banking, money and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. This section outlines the governance process followed by the Council, a long term projection of the required level of borrowing, both internal and external and the assessment of its affordability.
- 5.2 The Council's Treasury Management and Investment Strategy for 2021/22 is to be presented to Cabinet on 22nd February 2021 and will provide further details to those contained in this section of the Capital Strategy.

Treasury Management Governance

- 5.3 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.
- 5.4 Decisions on Treasury Management are made daily and therefore delegation is given to the Section 151 Officer. Under the Council Constitution delegated authority has been granted to the Section 151 Officer to :-
- Take all Executive decisions on borrowing, investment or financing in accordance with the Council's Treasury Management policy;
 - To borrow and lend money to maintain the Council's bank balance within the overdraft limit agreed with the Council's bankers;
 - The use of supported and unsupported borrowing; and
 - The amount of money to be charged to revenue, above the minimum required, relating to the repayment of debt, and to finance capital expenditure.

Borrowing Strategy

- 5.5 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.
- 5.6 Capital expenditure will be funded from a mixture of internal and external borrowing. The Council had a balance of internal borrowing of £45.168m as at 31st March 2020, with external borrowing at that point being £153.910m. The balance of the Authority's usable reserves and working capital can be utilised for internal borrowing or investment. As these reserves start to be spent over the coming years in line with forecasts, the position will need to be monitored carefully and the level of external borrowing will increase. The Council's Treasury Management advisors, Link Asset Services, state that given the current, low investment yields, internal borrowing

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

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

Prudential Indicators

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

5.9 To comply capital investment plans should be :-

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

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

Capital Expenditure

5.11 A 5 year capital programme has been proposed covering 2021/22 to 2025/26 as shown in the following table.

Capital Expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Learning & Skills	51,942	17,492	3,100	600	600
Social Services	100	1,439	100	100	100
City Deal	2,240	4,480	0	0	0
Environment & Transport	11,846	4,257	2,174	1,810	1,810
Resources & Managing Director	4,662	2,589	3,795	3,795	3,995
HRA	36,754	27,760	22,743	22,083	17,536
Total	107,544	58,017	31,912	28,388	24,041

Capital Financing Requirement

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

CFR at 31st March	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Non HRA CFR	126,943	136,275	135,257	133,740	132,102
HRA CFR	104,078	121,202	133,183	143,546	149,166
Total CFR	231,021	257,477	268,440	277,286	281,268

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

Gross External Debt	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Brought forward 1 April	158,049	198,382	229,220	242,265	252,176
Carried forward 31 March	198,382	229,220	242,265	252,176	268,968
In Year Requirement	40,333	30,838	13,045	9,911	16,792

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

Internal Borrowing	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Brought forward 1 April	45,168	32,639	28,257	26,175	25,110
Carried forward 31 March	32,639	28,257	26,175	25,110	12,300
In Year Requirement	(12,529)	(4,382)	(2,082)	(1,065)	(12,810)

Affordable Borrowing Limits

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

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

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

Operational Boundary	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Borrowing	239,140	268,091	280,847	291,828	291,929
Other long term liabilities	0	0	0	0	0
Total	239,140	268,091	280,847	291,828	291,929

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

Authorised Limit	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Borrowing	251,843	275,794	288,550	299,531	299,632
Other long term liabilities	0	0	0	0	0
Total	251,843	275,794	288,550	299,531	299,632

Minimum Revenue Provision (MRP)

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

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

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

5.21 For unsupported capital expenditure incurred after 31st March 2008, the Council will also implement the "Asset Life method". MRP will be determined by charging the

expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational.

5.22 Further detail is contained in the Council's Treasury Management and Investment Strategy for 2021/22.

Investment Strategy

5.23 The Council's Investment Strategy is low risk, the priorities being security first, portfolio liquidity second and then yield (return). The Investment Strategy sets criteria to determine suitable organisations with which cash may be invested and limits on the amount of cash that may be invested with any one organisation. In 2021/22 the Council will continue to place investments with the Debt Management Account Deposit Facility (DMADF) of the Bank of England which are guaranteed by the UK Government, UK Government Treasury Bills and with UK Local Authorities. The Council will continually review the financial stability of all local authorities with whom it places investments.

5.24 The Council introduced the use of Money Market Funds with Federated and CCLA and Deposit accounts with Lloyds Bank as part of the investment portfolio during 2020/21. Investments totalled £98m at 31st March 2020.

IFRS 16 Leasing

5.25 From 1st April 2022 IFRS 16, which deals with the way the Council accounts for its lease arrangements, will be introduced. The revised accounting code requires significant changes for how the Council accounts for contracts that convey the right of use of an asset for a period of time. Whereas the Council currently accounts for all its lessee lease arrangements through revenue income and expenditure, under the new arrangement the Council will be required to calculate a right of use asset and a corresponding liability which will be included on its balance sheet. The liability will increase the Council's CFR and the Council will need to charge MRP which will in practice be equivalent to the principal of the lease. Despite the extensive accounting requirements and disclosures, this change of accounting policy will not impact the bottom line of the accounts. It will however have an impact on the Prudential indicators and MRP estimates included in this Strategy. An assessment of the likely right of use assets and liabilities associated with the Council's leases and embedded lease arrangements is currently being undertaken and it is intended that revised indicators that incorporate these estimates are reported as part of the Treasury Management Strategy for 2022/23.

5.42 Further detail can be found at Treasury Management Strategy.

6 DECARBONISATION

- 6.1 The Council understands the importance of decarbonisation to help protect and sustain the Environment over the long term and in line with its Climate Emergency declaration is working and investing in measures to reduce its CO₂ emissions. The Council is carrying out the following measures to take steps towards decarbonisation:-
- 6.2 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). With original targets being set to reduce the carbon footprint by 80% by 2030 this has now been revised to a target of EPC A by 2030 for all social homes following the recommendations of the “Better Homes, Better Wales, Better World” report in July 2019.
- 6.3 All of the new school buildings within the 21st Century Schools Programme are designed and built to meet BREEAM Excellent standard. A number of low carbon measures are integrated to meet this standard, which includes orientating the buildings to maximise passive solar gain, insulating the buildings to a high U-value and air-tightness to maximise energy efficiency, and installing low carbon energy generation solutions like Photovoltaic Panels or Combined Heat and Power. On site carbon sequestration is also improved via nature-based solutions like tree planting, Swales, and ongoing habitat management. In response to the climate emergency, the Council launched a project to explore how construction practices could be adapted to support decarbonisation as part the 21st Century Schools Programme. St David’s CIW Primary School was designed to be low (operational) carbon through improved building fabric, maximising renewables and its only energy source is electric. This model was further developed to deliver net-zero (operational) carbon school buildings for Llancarfan Primary School and St Nicholas CIW Primary School. The Llancarfan Primary School scheme is due to be completed in 2021 which will make it the first net-zero carbon primary school building in Wales. This model can be adapted and delivered for future schemes as part of the Council’s 21st Century Schools Programme.
- 6.4 £215k is being held in the Carbon Vehicles Reserve for the purchase of 10 Electric pool cars while further internal discussions take place regarding a decision being taken on pool car requirements moving forward. There is a budget of £32k in the 2020/21 Capital Programme for the installation of vehicle charging infrastructure at the Civic offices and Alps Depot which is due to be complete by the end of 2020/21 financial year.
- 6.5 The 10 vehicles will at first be in addition to the existing diesel pool cars. The Council has been working with the Welsh Government Energy Service, Carbon Trust and Energy Saving Trust to evaluate the integration of electric vehicles into the pool car fleet and the best methods and specifications for the charging infrastructure. The report’s conclusions and recommendations show that electric vehicles can be used to pick up over 90% of the Council’s pool car journeys if implemented correctly. Other than the savings in CO₂ and fuel costs, the switch to EV is driven by Welsh Government policy. The Council has a duty under the current Welsh Government Carbon reduction Plan Prosperity for All: A Low Carbon Plan which states: “All new

cars and light goods vehicles in the Public Sector fleet are ultra-low emission by 2025 and where practicably possible, all heavy goods are ultra-low emission by 2030". This approach will give the Council an opportunity to introduce the electric vehicles on a phased basis and lessons can be learnt on how best to arrange the systems and processes regarding maintenance, charging, use and administration in advance of the full switch over in 2024.

- 6.6 Stanwell Comprehensive School has received a number of energy saving improvements including a lighting upgrade to LED, a school boiler optimiser, upgrade of heating control to an online Building Management System, a hot water control system, fridge freezer optimisers and boiler replacements. The effect of all these measures has resulted in the site electricity consumption for Stanwell School being reduced by 30% with savings in emissions of approximately 75 Tonnes of CO₂.
- 6.7 Decarbonisation Programme - A variety of energy reduction measures and renewable energy installations have been identified across a number of assets within the councils portfolio. A delivery programme which complements the Welsh government zero carbon by 2030 target and the councils own Climate Emergency Declaration is being prepared which will lever in as much funding as possible from various external sources including Interest free Salix loans.
- 6.8 BSC2 – The council has installed its first air source heat pump into the building 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 uses larger radiators which operate at lower temperatures to heat the building more efficiently. The system became operational in September 2020 and commissioning was completed in January 2021. This installation offered an opportunity to prove that the new technology works and for council officers and contractors to build expertise in installation, operation and maintenance, as the scheme has been a success air source heat pumps will now be rolled into future projects.
- 6.9 Penarth Leisure Centre Boiler Renewal – A scheme to replace the ageing inefficient boilers at the site is due for completion by March 2021. Newer high efficiency boilers have been installed which have increased operating efficiencies from 60% to 90%. The system was also redesigned in order to better utilise heat which is produced from the existing combined heat and power unit (CHP). Alongside this better controls are being installed to allow for the buildings occupation and outside temperatures to be accounted for.
- 6.10 Barry Leisure Centre Boilers – The current installation at Barry Leisure Centre already benefits from a combined heat and power unit (CHP) which generates electricity whilst contributing to the heating demand at the property which was installed in 2011. This has been a very successful addition to the building and has lowered the buildings running costs. However, the main boilers are inefficient and have regular maintenance issues, so a scheme has been designed with more efficient boilers and better controls which will be completed by March 2023.
- 6.11 More detail can be found at [Developing a Climate Change Action Plan](#).

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 commercial opportunities as appropriate. The Commercial Opportunities and Invest to Save Fund can be used for schemes where robust business cases are brought forward. This reserve currently has a balance of £2.354m.

8 OTHER LONG TERM LIABILITES

- 8.1 The Council has discretion to make loans for a number of reasons, primarily for economic development. These loans should be treated as capital expenditure. In making loans the Council would be exposing itself to the risk that the borrower defaults on repayments. The Council, in making loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the Council is proportionate and prudent. The Council will ensure that a full due diligence exercise is undertaken and adequate security is in place. All such loans would require the approval of Cabinet.

- 8.2 The Council currently has no soft loans. A soft loan is made interest free or at a rate less than the market rate, usually for policy reasons. Such loans are often made to individuals or organisations that the Council considers benefits the local population.

9 MAKING THE BEST USE OF RESOURCES

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

Procurement Strategy

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

Project Management Methodology

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

Programme Monitoring

- 9.4 Once the Capital Programme is approved, managers are advised of their successful bids and each project is allocated to a named responsible Project Manager and Project Sponsor. On a monthly basis monitoring statements showing expenditure to date are sent to managers and meetings are held with Heads of Service, Operational Managers and other relevant officers to discuss progress on schemes.
- 9.5 Monitoring reports are presented to Cabinet and Scrutiny Committee on a regular basis to advise members of progress on each approved scheme. The reports also identify any changes to the programme to reflect additions, 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 during 2019 the Council appointed Link Asset Services as its Treasury Management advisor.
- 9.10 The Accountancy Section has a range of professionally qualified staff in key positions who are involved in Capital and Treasury Management roles. They have had many years local government experience including the Head of Finance (CIPFA over 30 years), Operational Manager Accountancy (FCCA over 25 years), Principal Accountant (CIPFA over 10 years), Capital Accountant (CIPFA over 5 years) and Senior Accountancy Technician (AAT over 30 years). The needs of the Council's Treasury Management staff for training are assessed as part of the staff appraisal process and from the frequent inhouse meetings between the Treasury Management Team and the Section 151 Officer. In addition Link Asset Services and CIPFA offer training courses, seminars etc. Staff also undertake Continuing Professional Development (CPD) as a requirement of retaining their professional qualifications.
- 9.11 The Strategic Property Section is responsible for providing strategic property advice and the preparation and implementation of the Corporate Asset Management Plan. Staff have again had many years local government experience including the Operational Manager Property (over 20 years) and the Strategic Estates Manager (over 10 years) and they are both members of the Royal Institute Of Chartered Surveyors and are also both registered valuers. When required, external support would be sourced e.g. external valuers.
- 9.12 As part of the Council's contract with the external Treasury Management Advisor, the provision of training for members of Audit Committee is included to ensure they have the required knowledge and skills and that these are kept up to date. This training is also attended by Accountancy staff.

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

10 RISKS TO THE STRATEGY

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

Risk Strategy

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

Resource Risks

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

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

Treasury Management Risks

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

Expenditure Risks

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

- 10.7 The uncertainty created by the exit from the European Union also brings risk to the cost of future capital schemes as there may be changes to the value of contracts due to staffing issues and the terms of trading with European suppliers. Also any legislative changes could affect the procurement of goods and services and also may affect the service provision regulations e.g. waste, environmental issues, which may have an impact on assets.
- 10.8 The COVID-19 pandemic has made delivering capital schemes more problematic with contractors having to introduce new ways of working to ensure social distancing and also with disruption to supply chains. This situation is likely to continue in the short term and could result in increased costs in delivering capital schemes.

Mitigating Risk

- 10.9 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.
- 10.10 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.
- 10.11 Commissioning and procuring for capital schemes must comply with the requirements set out in the Council's Constitution, Financial Regulations and Contract Standing Orders.
- 10.12 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.
- 10.13 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.
- 10.14 The Council has not undertaken any material commercial activities.

11 CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS

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

Priority Areas for Capital Spend

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

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

To work with and for our communities
• Band B 21 st Century Schools programme
• Targeted Regeneration Investment for Barry
• Highways improvement
• Building Stronger Communities
To support learning, employment and sustainable economic growth
• Band B 21 st Century Schools programme
• Cardiff Capital Region City Deal
• Targeted Regeneration Investment for Barry
To support people at home and in their community
• Maintenance of WHQS in Council houses
• Building new homes in the Vale for social rent
• Disabled Facilities Grants
• Investment in Leisure Centres
To respect, enhance and enjoy our environment
• Supporting decarbonisation as part of the 21 st Century Schools 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
Council Wide
• Implementation of ICT and Digital Strategy
• Ensuring properties are fit for purpose for delivering services
• Requirements of external factors such as legislation changes

Closing the Funding Gap

- 11.4 An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 10 years and also the potential funding that is available to finance such work. The funding gap could be in the region of £12m over the period. However as this is over a long period with many uncertainties, this data will be reviewed and updated on an annual basis to provide a basis for future capital strategies. Any reduction in resources in the future will restrict the number and size of capital schemes that the Council is able to fund. It can be seen that there is significant requirement for capital investment which will not be possible to fund. This includes the backlog of school, highway and buildings repairs which in time could expand beyond issues associated with repairs and maintenance to those of 'fit for purpose' considerations. This risk will have to be managed and funding identified as a priority for service critical works.
- 11.5 A significant sum in the Capital Programme relates to Asset Renewal items which may be viewed as essential areas of spend if the existing portfolio of Council assets, including its infrastructure, is to be maintained to even a basic level to prevent further deterioration.
- 11.6 The Council will continue to assess its assets to identify whether any are surplus and can achieve a capital receipt. Certain properties have already been identified where the receipt will be used to fund the Band B 21st Century Schools programme.
- 11.7 Where possible the Council will try to identify grant funding and will strive to provide match funding if the grant can be used to finance Council priorities.
- 11.8 The Council has previously undertaken unsupported borrowing for investment in Schools, vehicles, Housing stock and the Cardiff Capital Region City Deal. This decision has been taken after a full assessment of the affordability of taking on such debt and as part of a full business plan. The Council could consider using unsupported borrowing to close the future funding gap, however, given the expected reduction in revenue budgets the potential for servicing debt not funded by Welsh Government from existing revenue budget going forward is extremely limited. The Council will therefore need to ensure that capital spending plans are affordable and decisions do not place additional pressure on the level of Council Tax or the Medium Term Financial Plan.

Longer Term Planning

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

and anticipating the necessary requirements. It will also allow time for funding to be identified for key priorities and projects.

Actions

10.16 In considering this Strategy the Council will need to undertake a number of actions in order to make the most of potential funding and the requirement to invest. Some of these actions will be taken forward as part of other approved strategies and will need to be continually monitored and assessed.

CAPITAL STRATEGY ACTION POINTS
Setting the Capital Programme
<ul style="list-style-type: none"> • Only capital bids that are deemed to meet the criteria of highest corporate priority and/or risk should be progressed. • Robust project appraisal and understanding of full life costs and risk are required for large capital investment.
Review Process
<ul style="list-style-type: none"> • Maintain comprehensive and robust procedures for managing and monitoring the Capital Programme. • Continue to review the Corporate and Service Asset Management Plans. • Update Condition Survey data to ensure the Council is fully aware of future commitments. • The Council will strive to reduce carbon emissions and improve energy efficiency and positively encourage waste reduction initiatives. • 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. • Ensure staff involved in the capital and Treasury Management process and the delivery of capital projects have the relevant experience and training. • Ensure members involved in the capital and Treasury Management process receive relevant training.
Maximising Capital Funding
<ul style="list-style-type: none"> • Maximising grant-funding opportunities for capital schemes, where such schemes are compatible with Council objectives. • 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. • 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. • Use of the Commercial Opportunities and Invest to Save Fund, IT Fund, Building Fund, Energy Management Fund, School Investment Strategy

Reserve and Schools Rationalisation Reserve where appropriate to finance capital investment.

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| <ul style="list-style-type: none">• Develop partnerships with the public and private sectors as a means of unlocking additional resources. |
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| <ul style="list-style-type: none">• Provide support for invest to save initiatives where it is appropriate. |
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Schemes	2021/22		2022/23		2023/24		2024/25		2025/26		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills	20,988	51,942	5,365	17,492	600	3,100	600	600	600	600	
Social Services	100	100	1,439	1,439	100	100	100	100	100	100	
Environment and Housing	41,755	48,600	29,253	32,017	22,153	24,917	21,129	23,893	16,582	19,346	
Managing Director and Resources	3,372	4,662	2,589	2,589	3,795	3,795	3,795	3,795	3,995	3,995	
City Deal	2,240	2,240	4,480	4,480	0	0	0	0	0	0	
TOTAL CAPITAL PROGRAMME	68,455	107,544	43,126	58,017	26,648	31,912	25,624	28,388	21,277	24,041	

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

	Net	Gross		General	Ringfenced	Ed
	£000	£000		£000	SS	£000
					£000	
Resources from Welsh Government			Balance as at 31st March 2020	7,539	1,339	7,598
Supported Borrowing - General Fund	3,429	3,429	Anticipated Required in 2020/21	-1,815	0	-2,788
General Capital Grant	3,438	3,438	Anticipated Receipt in 2020/21	13	0	0
Total Resources from Welsh Government	6,867	6,867	Balance as at 31st March 2021	5,737	1,339	4,810
Other Available Resources			Anticipated Required in 2021/22	-3,703	0	-4,867
General Fund Revenue/Reserves	14,507	14,507	Anticipated Receipt in 2021/22	0	0	57
Housing Reserves/Revenue	6,392	6,392	Balance as at 31st March 2022	2,034	1,339	0
Housing Capital Receipts	0	0	Anticipated Required in 2022/23	0	-1339	-300
Education Capital Receipts	4,867	4,867	Anticipated Receipt in 2022/23	300	0	300
General Fund Capital Receipts	3,703	3,703	Balance as at 31st March 2023	2,334	0	0
S106	0	13,177	Anticipated Required in 2023/24	0	0	0
Other External Grants	0	23,148	Anticipated Receipt in 2023/24	0	0	0
Major Repairs Allowance	0	2,764	Balance as at 31st March 2024	2,334	0	0
Unsupported (Prudential) Borrowing	29,879	29,879	Anticipated Required in 24/25	0	0	0
City Deal Borrowing	2,240	2,240	Anticipated Receipt in 2024/25	0	0	0
TOTAL RESOURCES	68,455	107,544	Balance as at 31st March 2025	2,334	0	0
			Anticipated Required in 2025/26	0	0	0
			Anticipated Receipt in 2025/26	0	0	0
			Balance as at 31st March 2026	2,334	0	0

Schemes	2021/22		2022/23		2023/24		2024/25		2025/26		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills											
Education and Schools											
Schools Investment Programme											
21st Century School Improvement Programme											
Band B Whitmore High School	5,000	5,655	0	565	0	0	0	0	0	0	
Band B Pencoedtre High School	9,095	14,546	3,277	3,657	0	0	0	0	0	0	
Band B Centre of Learning and Wellbeing	100	2,100	441	1,825	0	0	0	0	0	0	
Band B Ysgol Y Deri	1,568	5,650	0	4,000	0	1,000	0	0	0	0	
Band B Ysgol Gymraeg Bro Morgannwg	1,795	2,552	0	348	0	0	0	0	0	0	
Band B Barry Waterfront	0	5,242	386	2,593	0	0	0	0	0	0	
Band B Primary Provision in the Western Vale	320	2,446	0	76	0	0	0	0	0	0	
Band B Cowbridge Primary Provision (YBF)	303	3,547	697	1,600	0	0	0	0	0	0	
Band B St David's Primary School	597	1,703	0	90	0	0	0	0	0	0	
Band B St Nicholas	484	4,098	0	400	0	0	0	0	0	0	
Band B Penarth Cluster - Review Primary											
Provision to Include Cosmeston	0	977	0	1,708	0	1,500	0	0	0	0	
Band B Review Nursery Provision	391	1,210	34	100	0	0	0	0	0	0	
St David's Highway Works s106	0	111	0	0	0	0	0	0	0	0	
Childcare Offer Capital Grant	0	770	0	0	0	0	0	0	0	0	
2021/22 Capital Bids											
Old Hall, Cowbridge, renewal of roof coverings	265	265	80	80	0	0	0	0	0	0	Capital Bid approved February 2020
Asset Renewal											
Schools Asset Renewal/Other	0	0	450	450	550	550	550	550	550	550	
DDA	50	50	0	0	0	0	0	0	0	0	
St Josephs Primary WC Refurbishment	35	35	0	0	0	0	0	0	0	0	
Ysgol Sant Curig Security Lobby	60	60	0	0	0	0	0	0	0	0	
Gladstone Primary Water Mains Replacement	25	25	0	0	0	0	0	0	0	0	
Palmerston Primary Window Renewal Phase 2	60	60	0	0	0	0	0	0	0	0	
Cogan Primary WC Refurbishment	40	40	0	0	0	0	0	0	0	0	
Y Bont Faen Primary Flat Roof Renewal Phase 2	90	90	0	0	0	0	0	0	0	0	
Romilly Primary (KS2) Boiler Renewal	100	100	0	0	0	0	0	0	0	0	
Dinas Powys Primary KS1 Lighting Upgrade	50	50	0	0	0	0	0	0	0	0	
Education Asset Renewal - contingency	0	0	0	0	50	50	50	50	50	50	
Slippage											
Llansannor Extension	157	157	0	0	0	0	0	0	0	0	£100k slippage was requested at Cabinet on the 16th November 2020, £40k top up from 2021/22 asset renewal budget. £17k top up from Schools Rationalisation reserve.
St Brides	191	191	0	0	0	0	0	0	0	0	Requested at Cabinet on the 16th November 2020
Peterston Super Ely Primary Suspended Ceiling Renewal Phase 1	80	80	0	0	0	0	0	0	0	0	Requested at Cabinet on the 16th November 2020
St Illtyds Primary Doors	40	40	0	0	0	0	0	0	0	0	Requested at Cabinet on the 16th November 2020
Llanfair Primary Playground Repairs	10	10	0	0	0	0	0	0	0	0	
Albert Primary new classroom block	54	54	0	0	0	0	0	0	0	0	
Albert Primary External Repairs	28	28	0	0	0	0	0	0	0	0	
Total Education and Schools	20,988	51,942	5,365	17,492	600	3,100	600	600	600	600	
Total Learning and Skills	20,988	51,942	5,365	17,492	600	3,100	600	600	600	600	

Schemes	2021/22		2022/23		2023/24		2024/25		2025/26		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
S106											
Dinas Powys Sustainable Transport	0	183	0	0	0	0	0	0	0	0	
S106 Slippage											
Rhoose Sustainable Transport	0	470	0	0	0	0	0	0	0	0	
Parks											
Gladstone Park Interpretation Scheme	12	23	0	0	0	0	0	0	0	0	
Waste Recycling and Coastal Management Slippage											
Resource Recovery Facility	1,498	1,498	0	0	0	0	0	0	0	0	
Waste grant WG 1920	0	2,117	0	0	0	0	0	0	0	0	
New Household Waste Recycling Centre (HWRC)	530	530	0	0	0	0	0	0	0	0	
Total Neighbourhood Services & Transport	8,720	11,501	4,257	4,257	2,174	2,174	1,810	1,810	1,810	1,810	
Community Safety Slippage											
Upgrade of CCTV system	345	345	0	0	0	0	0	0	0	0	Requested at Cabinet on the 16th November 2020
Total Community Safety	345	345	0	0	0	0	0	0	0	0	
HRA											
Housing Improvement Programme											
Total Housing Improvement Programme	32,690	36,754	24,996	27,760	19,979	22,743	19,319	22,083	14,772	17,536	Revised for Business Plan
Total Environment and Housing	41,755	48,600	29,253	32,017	22,153	24,917	21,129	23,893	16,582	19,346	
Managing Director & Resources											
Regeneration & Planning											
Barry Regeneration Partnership Project Fund	900	900	300	300	300	300	300	300	300	300	
Local Places for Nature Grant	0	101	0	0	0	0	0	0	0	0	
2021/22 Capital Bids											
Wales Coast Path - Penarth to Lavernock	49	49	0	0	0	0	0	0	0	0	New Capital Bid
Cosmeston Works Programme	120	120	165	165	157	157	0	0	0	0	New Capital Bid
S106											
The Knap Gardens – water and biodiversity project	0	97	0	0	0	0	0	0	0	0	Approved via Delegated Authority
Central Park – play area improvements	0	88	0	0	0	0	0	0	0	0	Approved via Delegated Authority
Belle Vue Pavilion in Penarth	0	667	0	0	0	0	0	0	0	0	Approved via Delegated Authority
S106 Slippage											
Penarth Heights Public Art	0	292	0	0	0	0	0	0	0	0	
North Penarth Open Space	0	45	0	0	0	0	0	0	0	0	
2020/21 Capital Bids											
BSC2	393	393	0	0	0	0	0	0	0	0	Capital Bid approved February 2020
Total Regeneration & Planning	1,462	2,752	465	465	457	457	300	300	300	300	

Schemes	2021/22		2022/23		2023/24		2024/25		2025/26		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Private Sector Housing											
Disabled Facility Grants	1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	Reprofiled as part of this report
Additional Disabled Facility Grants	0	0	150	150	150	150	150	150	150	150	
Total Private Sector Housing	1,250	1,250	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	
Resources											
Building Strong Communities Fund (CASH Grants)	30	30	30	30	30	30	30	30	30	30	
2020/21 Capital Bids											
Ventilation & Lighting Upgrade to Contact One Vale	245	245	0	0	0	0	0	0	0	0	0 Capital Bid approved February 2020
Alps Depot Toilet Refurbishment	100	100	0	0	0	0	0	0	0	0	0 Capital Bid approved February 2020
All Services Asset Renewal	0	0	744	744	1,958	1,958	2,115	2,115	2,315	2,315	
Slippage											
Toilet Refurbishment Civic Offices	85	85	0	0	0	0	0	0	0	0	0 Requested at Cabinet on the 16th November 2020
ICT Schemes											
ICT allocation	200	200	200	200	200	200	200	200	200	200	0 Future years IT projects.
Total Resources	660	660	974	974	2,188	2,188	2,345	2,345	2,545	2,545	
Total Managing Director & Resources	3,372	4,662	2,589	2,589	3,795	3,795	3,795	3,795	3,995	3,995	
City Deal											
City Deal	2,240	2,240	4,480	4,480	0	0	0	0	0	0	
Total City Deal	2,240	2,240	4,480	4,480	0	0	0	0	0	0	
Total Value of Capital Programme	68,455	107,544	43,126	58,017	26,648	31,912	25,624	28,388	21,277	24,041	