

THE VALE OF GLAMORGAN COUNCIL

CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE:  
16<sup>TH</sup> NOVEMBER, 2022

REFERENCE FROM CABINET: 6<sup>TH</sup> OCTOBER, 2022

**“C91 DRAFT CAPITAL STRATEGY 2023/24 AND INITIAL CAPITAL PROGRAMME PROPOSALS 2023/24 TO 2027/28 (EL/PR) (SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The report sought approval for the Initial Capital Programme Proposals for 2023/24 to 2027/28 so that they may be submitted to Scrutiny Committees for consultation and to set out the Draft Capital Strategy for Cabinet Members to consider.

The report provided the Council's Draft Capital Strategy for 2023/24 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 also set out for Members the current 5 year Capital Programme for the period 2023/24 to 2027/28 and the Capital Bids that had been submitted for the period in Appendix 2 and Appendix 3 for review by Cabinet and to be referred to Scrutiny Committees for consultation.

The total value of capital schemes over the next five years was £230.211m. This included £39.847m for the Band B Sustainable Communities for Learning Programme and £137.456m for the Housing Improvement Programme.

This was a matter for Executive and Full Council decision.

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

RESOLVED –

- (1) T H A T the Draft Capital Strategy 2023/24 as set out in Appendix 1 to the report be approved.
- (2) T H A T the Initial Capital Programme for 2023/24 to 2027/28 and Capital Bids be reviewed and submitted for consultation to all of the Scrutiny Committees.
- (3) T H A T any recommendations of Scrutiny Committees be passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee in order for their views to be forwarded to Cabinet.

### Reasons for decisions

- (1) Having regard to the contents of the report and discussions at the meeting.
- (2) In order to consult Members on the Capital Bids and Capital Programme for 2023/24 to 2027/28.
- (3) In order that Cabinet be informed of the comments of Scrutiny Committees before making a proposal on the 2022/23 Capital Programme.”

### Attached as

- Appendix 1 – Report to Cabinet: 6<sup>th</sup> October, 2022
- Appendix 2 – Amended Appendix 3 to the report tabled as supplemental information to Cabinet: 6<sup>th</sup> October, 2022

Meeting of:	<b>Cabinet</b>
Date of Meeting:	<b>Thursday, 06 October 2022</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Draft Capital Strategy 2023/24 and Initial Capital Programme Proposals 2023/24 to 2027/28
Purpose of Report:	To gain approval for the Initial Capital Programme Proposals for 2023/24 to 2027/28 so that they may be submitted to Scrutiny Committees for consultation and to set out the Draft Capital Strategy for Cabinet Member to consider.
Report Owner:	Report of the Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Matt Bowmer, Head of Finance/S151 Officer
Elected Member and Officer Consultation:	All Scrutiny Committees will be consulted on the proposals.
Policy Framework:	This report follows the procedure laid down in the constitution for the making of the budget. The final 2023/24 budget proposals will require the approval of Council.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• The report provides the Council's Draft Capital Strategy for 2023/24 at Appendix 1. The Capital Strategy provides a framework which outlines how capital expenditure, capital financing and treasury management activity contribute to the provision of corporate objectives, along with an overview of how associated risk is managed and the implications for future financial sustainability.</li> <li>• This report also sets out for Members the current 5 year Capital Programme for the period 2023/24 to 2027/28 and the Capital Bids that have been submitted for the period in Appendix 2 and Appendix 3 for review by Cabinet and to be referred to Scrutiny Committees for consultation.</li> <li>• The total value of capital schemes over the next 5 years is £230.211M. This includes £39.847M for the Band B Sustainable Communities for Learning Programme and £137.456M for the Housing Improvement Programme.</li> </ul>	

## **Recommendations**

1. That Cabinet approve the Draft Capital Strategy 2023/24 as set out in Appendix 1.
2. That the Initial Capital Programme for 2023/24 to 2027/28 and Capital Bids are reviewed and submitted for consultation with all of the Scrutiny Committees.
3. That any recommendations of Scrutiny Committees are passed to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee in order for their views to be forwarded to Cabinet.

## **Reasons for Recommendations**

1. To approve the Draft Capital Strategy for 2023/24.
2. In order to consult Members on the Capital Bids and Capital Programme for 2023/24 to 2027/28.
3. In order that Cabinet be informed of the comments of Scrutiny Committees before making a proposal on the 2022/23 Capital Programme.

## **1. Background**

- 1.1 Council on the 7<sup>th</sup> March, 2022 (minute no 904) approved the Capital Programme for 2022/23 onwards.
- 1.2 The Local Government Act 2003 sets out a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) as a professional code of practice to support local authorities' decision making in the areas of capital investment and financing. Authorities are required by regulation to have regard to the Prudential Code.
- 1.3 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 was produced for 2022/23 and was approved at Council on the 7<sup>th</sup> March 2022. The Draft Capital Strategy has been produced and can be found at Appendix 1 to this report.
- 1.4 CIPFA published revised codes of Practice on 20<sup>th</sup> December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. The Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. The implications of the revised code are detailed in the Treasury Management Strategy which will be on the same agenda to the Final Capital Strategy and Capital Programme.
- 1.5 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.

## 2. Key Issues for Consideration

### Capital Strategy

**2.1** A Summary of the 2023/24 to 2027/28 Capital Programme and how it is funded is included in the tables below. Any changes made to 2023/24 onwards that have been requested in the April to August 2022 Capital Monitoring report, which is on the same agenda as this report, have been reflected in the programme which is detailed in full in Appendix 2.

<b>Directorate</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning and Skills	32,381	9,506	600	600	600
Social Services	100	100	100	100	100
Environment and Housing	64,266	26,536	19,941	22,432	21,323
Place	2,525	1,606	1,605	1,605	1,605
Corporate Resources	3,777	3,934	2,769	2,769	2,669
City Deal	4,373	2,289	0	0	0
<b>Total</b>	<b>107,422</b>	<b>43,971</b>	<b>25,015</b>	<b>27,506</b>	<b>26,297</b>

<b>Funding</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
General Capital Grant	2,853	2,853	2,378	2,378	2,378
General Fund (GF) Reserves/Revenue	10,860	900	900	900	800
HRA Revenue/Reserves	6,891	7,035	7,139	8,179	8,764
Capital Receipts	5,583	243	155	155	155
Grants	24,306	8,259	4,933	4,273	2,773
S106	5,707	2,840	0	0	0
<b>Total</b>	<b>56,200</b>	<b>22,130</b>	<b>15,505</b>	<b>15,885</b>	<b>14,870</b>

<b>Borrowing Requirement</b>					
Supported Borrowing	4,141	4,141	3,451	3,451	3,451
Unsupported Borrowing GF	5,281	5,282	0	0	0
Unsupported Borrowing HRA	41,800	12,418	6,059	8,170	7,976
<b>Total Borrowing Requirement</b>	<b>51,222</b>	<b>21,841</b>	<b>9,510</b>	<b>11,621</b>	<b>11,427</b>
<b>Total Capital Programme</b>	<b>107,422</b>	<b>43,971</b>	<b>25,015</b>	<b>27,506</b>	<b>26,297</b>

## Capital Strategy

- 2.2** The Capital Strategy looks at a longer term view of the Council's capital investment requirements. This is the fourth year that the Capital Strategy has been produced in this format, however the first year that a Draft Capital Strategy has been produced and it will be updated biannually and will evolve over future years.
- 2.3** 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.
- 2.4** 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 it will influence by the provision of specific grants, will change over a period of time. Capital receipts are difficult to predict albeit 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.
- 2.5** Condition surveys have recently been completed for all Schools, based on these it is estimated that capital investment of circa £25M to £30M is required over the next 5 years to finance improvement work. In the near future condition surveys are planned to be carried out on the Council's other buildings (excluding HRA). An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 5 years and this is estimated to require capital investment of circa £20M to £30M. The funding gap could be in the region of £38M over the period
- 2.6** Unsupported borrowing could be an option to bridge any funding gap however a full financial appraisal will need to be undertaken to ensure that the financial consequences are affordable and sustainable.

- 2.7** The Strategy confirms the importance of ensuring the efficient, effective and sustainable use of land and buildings to deliver fit for purpose property to support the Council's service delivery.
- 2.8** The Council's appetite for risk needs to be discussed as part of the Strategy. This Council has always been prudent with regard to its borrowing and does not take risks when investing. The Treasury Management Strategy for 2022/23 sets out the Council's intentions to place investment with the UK Government or other local authorities or AAA rated money market funds. £12M has been set aside for the Non-Treasury Investment Strategy. The Council will ensure that all the organisation's investments of this nature are covered in the Capital Strategy, Investment Strategy or equivalent and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments.
- 2.9** The Council is currently developing a Non-Treasury Investment Strategy, this is intended to address opportunities identified in the Council's Recovery Strategy to support innovative business and economic regeneration, increase capital programme investment and focus on green jobs and green infrastructure. The Investment and Growth Fund is to be funded using £2.2M of the Commercial Opportunities Reserve and Invest to Save Fund and with provision for up to £10M Prudential Borrowing. The fund for Investment totals £12M with £200K earmarked for feasibility and due diligence costs and the initial costs associated with specialist Non-Treasury Investment Advice.
- 2.10** As part of the Strategy, confirmation of any material commercial activities needs to be detailed. On 1st January, 2020, the Council set up a Local Authority Trading Company to deliver catering services called the Big Fresh Catering Company. The Council owns 100% of the company shares. This Council does not have any other material commercial activities.
- 2.11** In considering this Strategy the Council will need to undertake 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 and the 2023/24 to 2027/28 Capital Programme**

- 2.12** Details of the different sources of funding available to finance capital expenditure are outlined in section 3 of the Capital Strategy.
- 2.13** On the 1st March, 2022, the Welsh Government announced the Final 2022/23 General Capital funding settlement which was £5.829M, being made up of £2.378M grant and £3.451M of supported borrowing. This is a decrease of £1.038M from the 2021/22 funding of £6.867M.
- 2.14** Within the settlement it has been advised that General Capital Funding for 2022/23 for Wales as a whole will be set at £150M. This will increase to £200M

for the following two years, including £20M in each year to enable authorities to respond to the joint priority of decarbonisation. The 2023/24 and 2024/25 settlement figures provided in the table below have been estimated using the above data and adjusted to exclude the £20M for decarbonisation as this element may be in the form of a specific grant.

**2.15** As no further indication has been received from Welsh Government, it has been assumed that from 2025/26 onwards, the level of capital funding will revert back to the same level as set out in the 2022/23 Provisional Settlement and will then remain constant for the remainder of the period of this programme.

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

<b>WG Funding</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Supported Borrowing General Fund	4,141	4,141	3,451	3,451	3,451
General Capital Grant	2,853	2,853	2,378	2,378	2,378
<b>TOTAL</b>	<b>6,994</b>	<b>6,994</b>	<b>5,829</b>	<b>5,829</b>	<b>5,829</b>

**2.17** 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.

**2.18** 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.

**2.19** The Major Repairs Allowance (MRA), which is the grant that provides capital funding to the Housing Revenue Account (HRA) has been set at £2.773M for 2022/23. As no further indication has been received for future years it has been assumed within the strategy and the initial proposals that the grant remains at £2.773M throughout the period.

**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 £21.519M which is around

£9.956M less than the level of General Capital Funding for the same period (£31.475M). The grants include the Sustainable Communities for Learning programme grants.

**2.23** The Council is also able to borrow to finance capital expenditure. This can be supported where funding is received from Welsh Government to fund the cost of borrowing or unsupported where the Council 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 Bids 2023/24 to 2026/27**

**2.24** New capital bids were invited for return by 9th September, 2022. In total 39 bids were received - 6 from Learning and Skills, 20 from Environment & Housing, 8 from Place, 2 from Social Services and 3 from Resources. Departments were requested to assess and rank their own bids in order of importance before submission and bids from each Directorate will be forwarded to the Strategic Insight Board for evaluation on 7<sup>th</sup> October, 2022. A summary of the gross Capital Bids are set out in the table below and are detailed in full in Appendix 3

<b>Directorate</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning and Skills	4,175	20,280	40,140	16,644	0
Social Services	520	0	0	0	0
Environment and Housing	9,892	3,760	3,860	3,960	4,060
Place	1,334	546	0	0	0
Corporate Resources	797	0	0	0	0
<b>Total Gross Capital Bids</b>	<b>16,718</b>	<b>24,586</b>	<b>44,000</b>	<b>20,604</b>	<b>4,060</b>
<b>Less Available s106</b>	<b>(385)</b>	<b>(1,020)</b>	<b>(2,830)</b>	<b>(360)</b>	<b>0</b>
<b>Less Specific Grant</b>	<b>(1,800)</b>	<b>(14,060)</b>	<b>(31,540)</b>	<b>(16,250)</b>	<b>0</b>
<b>Total Net Capital Bids</b>	<b>14,533</b>	<b>9,506</b>	<b>9,630</b>	<b>3,994</b>	<b>4,060</b>

**2.25** The available funding approved in the Capital Programme that could potentially be used to fund the capital bids is set out in the table below:

<b>Available Funding</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Rolling Asset Renewal Allocations</b>					
Schools Asset Renewal	550	550	550	550	550
Education Asset Renewal - contingency	50	50	50	50	50
Social Services Asset Renewal	100	100	100	100	100
Neighbourhood Services and Transport Asset Renewal	500	500	500	500	500
Resurfacing Asset Renewal	300	300	300	300	300
Barry Regeneration Partnership Project Fund	300	300	300	300	300
Cosmeston Works Project	157	0	0	0	0
Flood Risk Management and Coast Protection and Land Drainage	210	210	210	210	210
Disabled Facility Grants	1,150	1,150	1,150	1,150	1,150
Building Stronger Communities	30	30	30	30	30
ICT Allocation	200	200	200	200	200
All Services Asset Renewal	3,447	3,604	2,439	2,439	2,439
<b>Total</b>	<b>6,994</b>	<b>6,994</b>	<b>5,829</b>	<b>5,829</b>	<b>5,829</b>

**2.26** Other internal sources of funding that could be used towards funding the bids include capital receipts, reserves and borrowing. The projected capital receipts and capital reserve balances as at 31<sup>st</sup> March 2028 are detailed below:-

<b>Source of funding</b>	<b>Projected Balance as at 31/03/2028</b>
	<b>£'000</b>
Capital Receipts	1,721
<b>Reserves</b>	
School Investment Strategy Reserve	1,385
Capital Economic Regeneration Reserve	366
Miscellaneous Buildings Reserve	1,110
Coastal Schemes	215
Capital Schemes Reserve	209
<b>Total</b>	<b>5,006</b>

- 2.27** Vehicles will be purchased throughout the five-year Capital Programme using the Vehicle Reserve. This will be replenished yearly through vehicle capital receipts and revenue provision for the replacement of vehicles as part of the scheme.
- 2.28** The balance would need to be funded through redirecting existing reserves or borrowing. The gross total of bids for 2023/24 is £16.718M, after deducting s106 and specific grant that could potentially be available for these bids the net value is £14.533M. If all of the available funding is used as detailed above (£6.994M general capital funding and £5.006m of capital receipts and reserves) the shortfall is £2.533M. If the Council borrowed to fund this shortfall, then the revenue cost associated with this borrowing would be £144k per annum over 40 years. This would mean every £1m of borrowing would have an impact of circa £56.8k on the revenue budget.
- 2.29** The process for analysing capital bids is detailed in section 4 of the Draft Capital Strategy.
- 2.30** The value of capital bids received totalled a gross amount of £16.718M (£14.533m net) in 2023/24 and £109.968M (£41.723M net) over the 5-year period. As the bids have yet to be evaluated by Strategic Insight Board and the settlement for 2023/24 has not been confirmed, it is proposed that at this point, due to the uncertainty in the level of funding that will be provided, no schemes will be approved for inclusion in the Capital Programme and further assessment will be carried out by the Budget Working Group once the level of funding is known and consultation has taken place. A list of all the capital bids received is detailed in Appendix 3.
- 2.31** Various allocations for Asset Renewal have currently been included in Appendix 2 over the 5-year period of the programme. Asset Renewal budgets for each Directorate will be reviewed and schemes will be identified prior to the approval of the Final Capital proposals for 2023/24 to ensure that funding is allocated to priority schemes.
- 2.32** There have been a number of changes approved by Cabinet since the final budget proposals 2022/23 to 2026/27 were approved in March 2022. These changes including capital sums carried forward have been included in Appendix 2.

### **Schools Investment Programme**

- 2.33** The Sustainable Communities for Learning programme is a unique collaboration between the Welsh Government and local authorities, for long term strategic capital investment with the aim of creating a generation of Sustainable Communities for Learning in Wales.

- 2.34** The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19 and there is now a move towards a rolling programme on investment in schools.
- 2.35** Great progress has been made in the Sustainable Communities for Learning Programme, five schools within the Band B Programme are now operational. Since the last update, the Council has submitted a Strategic Outline Programme (SOP) Variation request to Welsh Government which sought to address inconsistencies in the programme relating to intervention rates on projects. It also reviewed the scope of the programme. The SOP Variation has been approved and the Council has received the formal decision letter from the Minister. Further details regarding the Sustainable Communities for Learning Programme can be found in Section 2 of the Capital Strategy.
- 2.36** The schemes contained in the programme have been requested to be re-profiled in the Capital Monitoring Report April 2022 to August 2022 on the same agenda as this report. The revised profiles are shown below and are also reflected in Appendix 2. The total of the Band B programme is currently £153.013M of which £2.453M was funded in 2018/19, £15.316M in 2019/20, £44.460M in 2020/21 and £30.109M in 2021/22.

<b>Band B Schemes</b>	<b>2018/19- 2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Total</b>
	£000	£000	£000	£000	£000
Whitmore High School	29,592	446	0	0	30,038
Pencoedtre High School	29,151	3,038	1,700	0	33,889
Centre for Learning and Wellbeing	426	4,900	2,419	223	7,968
Ysgol Gymraeg Bro Morgannwg	21,182	274	0	0	21,456
Barry Waterfront	314	3,960	3,691	490	8,455
South Point Primary School	5,399	28	0	0	5,427
Cowbridge Primary Provision	408	4,957	1,842	110	7,317
St David's Primary School	4,759	34	0	0	4,793
St Nicholas CiW Primary School	841	2,000	4,294	0	7,135
Ysgol Y Deri	251	800	15,245	5,648	21,944
Primary Provision in Penarth	0	0	1,750	2,435	4,185
Review Nursery Provision	15	0	0	0	15
Band B Contingency	0	391	0	0	391
<b>TOTAL</b>	<b>92,338</b>	<b>20,828</b>	<b>30,941</b>	<b>8,906</b>	<b>153,013</b>

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

<b>Funding Analysis Band B Schemes</b>	<b>£000</b>
WG Grant	101,062
Grant Displacement	1,138
S106	20,768.5
Capital Receipts	8,717
General Capital Funding	8,302
Reserves and Revenue Contribution	9,573
Prudential Borrowing	3,452.5
<b>TOTAL</b>	<b>153,013</b>

### **Housing Improvement Programme**

**2.38** The Council achieved Welsh Housing Quality Standard (WHQS) at the end of March 2018. The five-year Capital Programme therefore reflects 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. This is further detailed in the 30 year Housing Improvement Plan, the revised version of which will be brought to Cabinet in January 2023. The Housing Improvement Programme is reviewed annually and as part of this process the expenditure will be re-profiled in line with the revised work programme. Further details are contained in section 2 of the Capital Strategy.

**2.39** The sources of funding to be used to finance HRA expenditure in 2022/23 to 2026/27 are detailed in the table below.

<b>Funding</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Revenue/Reserves	6,891	7,035	7,139	8,179	8,764
MRA Grant	2,773	2,773	2,773	2,773	2,773
Unsupported Borrowing	41,800	12,418	6,059	8,170	7,976
Other Grant/S106	4,000	1,500	2,160	1,500	0
<b>Total Budget</b>	<b>55,464</b>	<b>23,726</b>	<b>18,131</b>	<b>20,622</b>	<b>19,513</b>

### **Next Steps**

**2.40** The next stage is for the capital bids to be reviewed by Strategic Insight Board during October and for the programme to be submitted to Scrutiny Committees for consultation. Each Scrutiny Committee will be asked to first consider the Initial Capital Programme proposals as shown in Appendix 2 and to make any recommendations for changes and to consider the capital bids shown in Appendix 3. If changes are requested or specific bids are supported, then the reasons need to be recorded in order to assist the Cabinet and the Budget Working Group in drawing up the final proposals. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider

both the Initial Capital Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committees must be referred to Corporate Performance and Resources Scrutiny Committee and made no later than the 16th November 2022.

- 2.41** Senior officers will also be reviewing and prioritising the bids as part of the programme of work to balance the budget. This work will also be part of the internal challenge process.
- 2.42** The Council is currently working to balance the revenue budget for 2023/24, it is a very challenging year due the current economic climate and the cost of living crisis and significant cost pressures have been submitted and are currently being reviewed. The level of acceptable borrowing will be dependent on the resources that are available within the revenue budget which will not be known until January. No further unsupported borrowing will be added to the Capital Programme until this time and consideration will need to be made of the revenue costs associated with any proposed borrowing.
- 2.43** The Treasury Management mid-year report is due to be taken to Cabinet in November 2022. The Treasury Management Strategy will be updated to reflect the budget proposals and reported to Audit Committee, Cabinet and Council before the 11<sup>th</sup> March, 2023 deadline.
- 2.44** Managers will be asked to revisit the recommended schemes contained in the final proposals prior to presentation to Cabinet and to confirm final costs and spend profiles.
- 2.45** Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than the 16th February, 2023 and that Cabinet's final Capital Programme proposals will be considered by Council at a meeting to be held on 6th March, 2023 to enable the Council Tax to be set by 11th March, 2023.
- 2.46** Dependent on the announcement of the final settlement it is possible that the approved timetable will need to be reviewed to ensure decisions regarding the budgets for 2023/24 can be fully informed by the funding levels available.

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

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

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

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

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

**3.5 Involving the population in decisions –** As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to

the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.

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

## **4. Climate Change and Nature Implications**

- 4.1** The Council understands the importance of decarbonisation to help protect and sustain the environment over the long term and in line with its Climate emergency declaration is working and investing in measures to reduce its CO2 emissions. The Draft Capital Strategy details the work the Council is undertaking as part of Project Zero and commitments in the Council’s Climate Challenge Plan and this can be found in section 6.

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

### **Financial**

- 5.1** The total net capital expenditure of the proposed programme in Appendix 2, over the 5 years, is £177.119M. The total gross capital expenditure is £230.211M.
- 5.2** The capital bids set out in Appendix 3 are unfunded and if progressed will utilise the Council’s General Capital Funding. The Council can utilise Prudential Borrowing to fund Capital Expenditure, however, the revenue costs associated with borrowing would further increase revenue cost pressures and exacerbate the Council’s challenging revenue funding position reflected in the Financial Strategy and Medium-Term Financial Plan.
- 5.3** In line with the overall Financial Strategy, in order to resource the Capital Programme, reserves will be utilised over the period of the Capital Programme 2023/24 to 2027/28, however this should be balanced with the need to utilise reserves to support the revenue budget in the context of the current cost of living and revenue pressures.
- 5.4** Capital receipts are also utilised to fund the Capital Programme. The Education Capital Programme utilises general capital receipts in addition to capital receipts ring fenced for Education. The capital receipt balance for Social Services has been ring fenced for Social Services capital expenditure for Older Persons Accommodation.

5.5 The projected movements on General Fund useable capital receipts based on the current 2023/24 to 2027/28 Capital programme are shown in the following table.

<b>Capital Receipts</b>	<b>General</b>	<b>Ring-fenced Social Services</b>	<b>Ring-fenced Education</b>
	£'000	£'000	£'000
Balance as at 31st March 2022	7,333	1,339	3,173
Anticipated Requirements – 2022/23	-2,717	0	-693
Anticipated Receipts – 2022/23	616	0	0
Balance as at 31st March 2023	5,232	1,339	2,480
Anticipated Requirements – 2023/24	-3,103	0	-2,480
Anticipated Receipts – 2023/24	0	0	0
Balance as at 31st March 2024	2,129	1,339	0
Anticipated Requirements – 2024/25	-243	0	0
Anticipated Receipts – 2024/25	0	0	0
Balance as at 31st March 2025	1,886	1,339	0
Anticipated Requirements – 2025/26	-155	0	0
Anticipated Receipts – 2025/26	0	0	0
Balance as at 31st March 2026	1,731	1,339	0
Anticipated Requirements – 2026/27	-155	0	-300
Anticipated Receipts – 2026/27	300	0	300
Balance as at 31st March 2027	1,876	1,339	0
Anticipated Requirements – 2027/28	-155	0	0
Anticipated Receipts – 2027/28	0	0	0
Balance as at 31st March 2028	1,721	1,339	0

### **Employment**

5.6 Some of the work included in the capital programme will be undertaken by council staff and the relevant costs will be recharged to the capital scheme

### **Legal (Including Equalities)**

5.7 There are no legal implications

## **6. Background Papers**

Local Government Final Revenue Settlement letter dates 1<sup>st</sup> March, 2022.



VALE of GLAMORGAN COUNTY BOROUGH COUNCIL

# DRAFT CAPITAL STRATEGY

2023/24



# **DRAFT CAPITAL STRATEGY 2023/24**

## **CONTENT**

	<b>Page No.</b>
<b>1. INTRODUCTION AND AIMS OF THE CAPITAL STRATEGY</b>	<b>2</b>
<b>2. LINKS TO STRATEGIC PLANS AND FUTURE CAPITAL REQUIREMENTS</b>	<b>5</b>
<b>3. RESOURCES TO FINANCE CAPITAL EXPENDITURE</b>	<b>17</b>
<b>4. PRIORITISATION OF CAPITAL REQUIREMENTS</b>	<b>22</b>
<b>5. TREASURY MANAGEMENT</b>	<b>25</b>
<b>6. DECARBONISATION</b>	<b>32</b>
<b>7. COMMERCIAL ACTIVITIES</b>	<b>38</b>
<b>8. OTHER LONG TERM LIABILITIES</b>	<b>39</b>
<b>9. MAKING THE BEST USE OF RESOURCES</b>	<b>40</b>
<b>10. RISKS TO THE STRATEGY</b>	<b>43</b>
<b>11. CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS</b>	<b>46</b>

# 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 2023/24 to 2027/28. This is the fourth year that the Capital Strategy has been produced, however this is the first year that a Draft Capital Strategy has been produced and it will be now be updated bi-annually and evolve over future years.
- 1.3 The Council's capital expenditure is reflected in the Balance Sheet of its Statement of Accounts ensuring stewardship of assets is demonstrated. The Statement of Accounts is externally audited at the end of each financial year to certify that it presents a true and fair view of the financial position of the Council. The Council's assets at the 31 March 2021 have a net book value of £737M which includes £162M 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 2022/23 and will be updated on a biannual basis. The Strategy produced in February for 2023/24 will also need to be submitted to full Council for approval.
- 1.8 CIPFA published revised codes of Practice on 20th December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Capital Strategy, Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. The revised codes will have the following implications:
- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement;
  - clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment;
  - address Environmental, Social & Government (ESG) issues within the Capital Strategy;
  - require implementation of a policy to review commercial property, with a view to divest where appropriate;
  - create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices);
  - ensure that any long term treasury investment is supported by a business model;
  - a requirement to effectively manage liquidity and longer term cash flow requirements;
  - amendment to Treasury Management Practice (TMP)1 ( to address ESG policy within the treasury management risk framework;

- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council;
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

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

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

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

### Corporate Plan

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

- 2.3 The Council had set out its vision for 2020-2025 in its 'Vale of Glamorgan Council Corporate Plan 2020-25'. This 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 is being brought the Cabinet on the same agenda as this strategy, 6<sup>th</sup> October 2022.

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

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

2.9 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.

- 2.10 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.
- 2.11 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.
- 2.12 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.
- 2.13 Working in a collaborative way is one of the Council's 5 Ways of Working and the Council is taking opportunities to achieve this by a more effective use of its assets through collaboration and joint working initiatives with other public sector organisations. The Council's Community Asset Transfer Protocol which was reviewed and agreed by Cabinet on 16<sup>th</sup> December 2019. This protocol identifies when the Council can consider the transfer of an asset and how local communities could register an interest in taking over a Council owned property.

### **Highways Asset Management Plan**

- 2.14 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**

- 2.15 As at 31<sup>st</sup> March 2022 the Council's housing stock stood at 3,916 dwellings.
- 2.16 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 31<sup>st</sup> 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.

2.17 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 to create neighbourhoods that provide a sense of place and community.

2.18 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 last Housing Business Plan was approved at Council on the 7<sup>th</sup> March 2022. This Plan forms the basis of the Compensation Award (formerly Major Repairs Allowance) grant application, which is a pivotal financing component for the Housing Improvement Programme. The next Housing Business Plan is anticipated to be taken to Council on the 6<sup>th</sup> March 2023. The total capital spend in the HRA between 2023/24 – 2027/28 is anticipated to be £122.337M.

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

### **ICT and Digital Strategy**

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

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

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

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

2.23 The Hwb grant was awarded to the Council from Welsh Government to renew school ICT infrastructure and equipment to bring up to the required Welsh Government standard. The terms and conditions of this grant require the Council to put in place a replacement programme so that equipment and infrastructure can continue to be replaced when it reaches the end of its useful life (estimated at 5 years) and to ensure standards are maintained. On an annual basis £320K from

Schools delegated budget will be transferred into a reserve to fund the replacement of ICT equipment.

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

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

## **Waste Management Strategy**

2.1 The draft 10-year Recycling and Waste Management Strategy and Business Plan was presented to Cabinet on 28th March 2022. As part of this strategy is an ongoing commitment and investment into new infrastructure necessary to ensure the delivery of the new strategy and to accommodate the ongoing services changes namely the introduction of the 'collections blueprint' a collection service that collects sustainable, high quality, recycling material separately at source.

2.2 As part of the service changes, grants were provided by Welsh Government's (WG) Collaborative Change Programme (CCP) to financially support the services changes, specifically for the purchase of all necessary recycling receptacles, vehicles and the construction of a Resource Recovery Facility (RRF) that will prepare recycling material for resale and reuse, as well as all the necessary plant and equipment.

2.3 The Council was allocated £3.5M from Welsh Government in 2018/19, £2.8M in 2019/20 and the first service change was introduced to the Rural Vale in October 2019, a further roll out was undertaken across Barry in October 2020 and the final roll out will be introduced in Penarth early 2023. The Penarth roll out is reliant on the new permanent RRF being operational. Provision has been made within the capital programme to fund this, in addition to the grant funding received from WG.

2.4 Additionally, a further grant of £2.6M has recently been awarded to the Council, of which £2.2M is to construct phase 2 of the RRF and £400K is to fund an additional Baler. After the initial design of the RRF, construction was later split into two phases as a result of Covid-19, and the global impacts of material availability and the increased costs associated with the construction industry. The plant is anticipated to be operational in February 2023.

2.5 Additionally, there was a grant of £1.108M in 2020/21, £358K awarded to construct a reuse shop on the Household Waste Recycling Centre site in Barry, £250K for bins to introduce source separated recycling for flats and apartments and £500K to fund new recycling sorting equipment, for the RRF.

2.6 £750K has been built into the 2022/23 Capital Programme and £2.789M in the 2023/24 Capital Programme for the Atlantic Trading Estate Fleet Parking scheme, this scheme is to redevelop land on Atlantic Trading Estate (ATE), Barry to accommodate Recycling and Waste collection vehicles.

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

## School Investment Programme

- 2.8 The Sustainable Communities for Learning programme is a unique collaboration between the Welsh Government and local authorities, for long term strategic capital investment with the aim of creating a generation of Sustainable Communities for Learning in Wales.
- 2.9 The first tranche of schemes under Band A were delivered between 2013/14 and 2018/19. Band B schemes commenced in 2018/19 and there is now a move towards a rolling programme on investment in schools.
- 2.10 At the end of July 2017 the Council submitted a Strategic Outline Programme to Welsh Government for Band B.
- 2.11 Great progress has been made in the Sustainable Communities for Learning Programme, . Five schools within the Band B Programme are now operational. Whitmore High School, Ysgol Gymraeg Bro Morgannwg, South Point Primary and St David's CiW Primary School are fully complete. Pencoedtre High School is operational, demolition of the previous school has been completed and the external landscaping and outdoor sports facilities are currently under construction. It is expected Pencoedtre will be fully complete by March 2023.
- 2.12 Cowbridge Primary School and the Centre for Learning and Wellbeing are under construction. Work on both schools started in June 2022. Cowbridge Primary School building will form part of an All-Through School at Cowbridge Comprehensive which will provide education from 3-19 year olds. The new primary school building is located within the grounds of the Comprehensive school and will provide 210 primary school places and 48 part-time nursery places once completed. The new school is programmed for completion by May 2023. The Centre for Learning and Wellbeing is a purpose-built school to accommodate pupils from Y Daith in Cowbridge and Amelia Trust Farm Campus, north of Barry. The new school will be managed as part of Ysgol Y Deri and form part of the wider ALN provision in the Vale of Glamorgan. The new school has capacity for 60 pupils once completed. The programmed completion for the scheme is June 2023. Both schools will be net zero carbon in operation once complete and include ecological enhancements throughout the schemes.
- 2.13 Barry Waterfront Primary School is also under construction. Works started on the scheme in January 2022. This scheme is being progressed by the Consortium with the Council and Welsh Government funding the works to deliver the scheme as part of Band B. The planned completion date for the project was February/March 2023, however, due to delays in acquiring the elements associated with the low carbon measures for the school, completion has been delayed to April 2023.
- 2.14 An outline planning application has been submitted for the Ysgol Y Deri Scheme in late 2021. It is anticipated the proposal will be determined by

November 2022, this has been delayed beyond previously expected due to the requirement to undertake additional survey work in relation to archaeology and ecology. Subject to planning approval, the construction start date is expected in late January 2023. The delay in planning has impacted upon the completion date for the project which is now planned for February 2024.

- 2.15 St Nicholas CiW Primary School has received planning consent to redevelop the school to provide 126 primary school places and 24 part-time nursery places. The new school will be net zero carbon in operation and include improvements to parking and pupil drop-off / pick up which would be accommodated on site rather than on the local highway adjoining the school frontage. The project has also received SAB consent. Additional information has been submitted to the Local Planning Authority to discharge the relevant planning conditions to allow development to commence on site. Construction on site is planned to start in November 2022. The new school is planned to be operational by November 2023 and the demolition of the old school and external landscaping will be completed by February 2024.
- 2.16 Since the last update, the Council has submitted a Strategic Outline Programme (SOP) Variation request to Welsh Government which sought to address inconsistencies in the programme relating to intervention rates on projects. It also reviewed the scope of the programme. Previously twelve schemes were included in the Band B programme, however, following a review of the outstanding projects the Nursery Provision Penarth project was considered to be unviable due to feasibility issues. This project has been removed from the programme under the SOP variation and results in eleven projects remaining in the capital programme.
- 2.17 Progress on the Penarth Primary Provision project is dependent on the housing allocation at Upper Cosmeston Farm coming forward. Currently Welsh Government have submitted an outline planning application for the residential scheme which includes land safeguarded for a primary school. A determination on this outline planning application is outstanding but is expected to be determined in late 2022. It should be noted that the scheme would likely be linked to the residential allocation coming forward and the release of the land would be connected to the number of dwellings developed on the site. This would reflect previous section 106 agreements relating to safeguarded education land within a development. Therefore, it is considered this proposal will likely come forward at the end of Band B or under the next tranche of funding.
- 2.18 As mentioned above a SOP Variation request was submitted to Welsh Government and considered by their Investment Panel on 18<sup>th</sup> August where it was recommended for approval to the Minister for Education and Welsh Language. The SOP Variation has been approved and the Council has received the formal decision letter from the Minister. The SOP Variation has impacted upon the Council capital commitments within Band B of the Sustainable Communities for Learning Programme. Over the whole programme, the Council has taken a proactive approach to fund increases in projects to ensure they are delivered to the desired specifications. This has resulted in several projects in the programme having a lower intervention rate

for Welsh Government grant funding. The SOP Variation was submitted to address this imbalance. The following Welsh Government intervention rates should be applied to the overall programme:

- 65% for Community Schools
- 75% for ALN / SEN Schools
- 85% for Voluntary Aided Faith Schools

2.19 The intervention rate on outstanding projects within the programme has been amended under the SOP Variation to ensure that the overall intervention rates in the programme for each type of school is in accordance with Welsh Government guidance - Sustainable Communities for Learning Programme business case guidance (January 2022). These changes resulted in £11.57M of internal Council funding being released. However, £6.815M needed to be reallocated to projects within the programme to cover increased costs following final costs being received from contractors. This included St Nicholas, Cowbridge and Ysgol Y Deri. This left a total of £4.755M unallocated funds within the programme, these funds will be safeguarded for the programme to be allocated on future potential projects. £391K has been included within the programme contingency which is used to cover any unforeseen costs which arise on projects that goes beyond the individual project contingencies.

2.20 The business case for St Nicholas was considered by Welsh Government on 18<sup>th</sup> August 2022. However, concerns were raised with the proposed funding allocation due to offsite costs associated with the project and the high abnormal costs relating to the abortive prelims on the original proposal for the project which was refused planning permission. Welsh Government proposed the intervention rate be amended on the project so the Council would 100% fund the offsite costs and costs associated with the previous scheme. The funding split is detailed in the table below.

2.21 St Nicholas Primary School costs have increased from £5.010M to £7.135M, this is due to the abortive preliminary costs associated with the original proposal for the 210 primary school, offsite drainage costs to the highway that is required as part of the SAB works, significant increase in material costs and some smaller abnormal costs on site due to ground conditions. Ysgol Y Deri cost has increased from £12.1M to £21.944M due to extensive SAB and ecological requirement on the site, this includes the need to incorporate a green roof within the proposal. There has also been a significant increases in the cost of materials.

2.22 Following the SOP Variation the overall programme would increase to £148.813M subject to the Ysgol Y Deri business case being approved. Accounting for all of the above the Council has committed a total of £47.751M to the Band B programme including projects which have not yet received full business case approval from Welsh Government. It is anticipated that Welsh Government would commit £101.062M to the programme but this will be subject to business case approval.

2.23 The table below details the funding of the Sustainable Communities for Learning Programme including the changes requested in the SOP and the projected increased costs for St Nicholas and Ysgol Y Deri. The Capital Programme is being requested to be amended at Cabinet on the 6<sup>th</sup> of October to reflect the below breakdown:-

Project	LA £000	%	WG £000	%	Split Total £000	WG NZA £000	%	Overall Total £000
<b>65:35 Split Projections</b>								
Whitmore High School	5,416	18.03%	24,622	81.97%	30,038	0	-	30,038
Pencoedre High School	10,244	30.23%	23,645	69.77%	33,889	0	-	33,889
Ysgol Gymraeg Bro Morgannwg	7,531	35.10%	13,925	64.9%	21,456	0	-	21,456
Barry Waterfront	4,228	50.00%	4,228	50.00%	8,455	0	-	8,455
South Point Primary School	2,353	47.76%	2,574	52.24%	4,927	500	100%	5,427
St Nicholas Primary School	4,854	70.16%	2,064	29.84%	6,918	217	100%	7,135
Cowbridge Primary Provision	5,096	75.09%	1,691	24.91%	6,787	530	100%	7,317
<b>Sub Total</b>	<b>39,722</b>	<b>35.32%</b>	<b>72,748</b>	<b>64.68%</b>	<b>112,470</b>	<b>1,247</b>	<b>-</b>	<b>113,717</b>
<b>75:25 Split Projections</b>								
Centre for Learning and Well-being	1,428	19.10%	6,048	80.90%	7,476	492	100%	7,968
Ysgol Y Deri Expansion	5,058	25.00%	15,173	75.00%	20,231	1,713	100%	21,944
<b>Sub Total</b>	<b>6,485</b>	<b>23.41%</b>	<b>21,222</b>	<b>75.69%</b>	<b>4,743</b>	<b>2,205</b>	<b>-</b>	<b>29,912</b>
<b>85:15 Split Projections</b>								
St David's Primary School	1,153	24.31%	3,590	75.69%	4,743	50	100%	4,793
<b>Sub Total</b>	<b>1,153</b>	<b>24.31%</b>	<b>3,590</b>	<b>75.69%</b>	<b>4,743</b>	<b>50</b>	<b>-</b>	<b>4,793</b>
Contingency	391	100%	0	0%	391	-	-	391
<b>Total</b>	<b>47,751</b>	<b>32.86%</b>	<b>97,560</b>	<b>67.14%</b>	<b>145,311</b>	<b>3,502</b>	<b>-</b>	<b>148,813</b>

2.24 The Learning and Skills Investment Strategy 2022-2027 is currently being drafted and will be taken to Cabinet shortly.

### City Deal

2.25 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.

2.26 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.

2.27 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 SIPF 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.

2.28 At its Cabinet meeting on 31<sup>st</sup> January the Medium Term Financial Plan for 2022/23 which constitutes year 2 of the five year Strategic Business Plan approved in December 2020 was approved. This plan made reference to the following strategies produced by the CCR:

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.

2.29 Key priorities highlighted for 2022/23 are set out below;

- creating innovation strategies and action plans for our primary clusters;
- implementing the innovation investment fund;
- facilitating commitment to 3 significant £1m plus challenges;
- delivering Venture business propositions for 2 new skills opportunities;
- investing in 2 new strategic sites and premises opportunities;
- making an investment in a high value energy infrastructure proposition (Aberthaw);
- crystallising commitment to a Northern Valleys Transformation Fund;
- implementing the Housing Viability and metro plus projects;
- implementing first stages of the CJC and developing a full transition plan;
- enhancing tools, technology, operating processes, risk management and reporting.

2.30 The total expenditure for the CCR 2022/23 Annual Business Plan is £46.281 Million. It is proposed that this level of expenditure is funded as follows:

- Draw down of HM Treasury Revenue Grant: £6.469 Million

- Draw down of HM Treasury Capital Grant: 36.600Million
- Draw down of Council Contributions: £3.2118 Million (The Vale of Glamorgan's Contribution in 2022/23 is £273k).

2.31 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.

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

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

2.33 Capital priorities can be established by the Welsh Government which are subsequently backed by additional resources via specific grants. Some recent examples of these are the Sustainable Communities for Learning programme, flood prevention schemes the A4226 Five Mile Lane improvement scheme and the Waste Transfer Station scheme.

### **External Influences – Legislation**

2.34 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.

2.35 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 was extended on 1<sup>st</sup> April 2023 to cover all leases, including where a lease is already in place. There are certain exemptions however the majority of the 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.

2.36 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**

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

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

## **External Influences – Consultation**

2.39 The Council's annual budget consultation exercise ran from 3 December 2021 until 17 January 2022. In 2021 it was decided that the annual budget consultation on its draft budget should run in conjunction with the consultation on the draft annual delivery plan, which gave respondents an opportunity to first comment on our priorities and how the Council intends to meet the wellbeing objectives over the next 12 months and then to comment on how the Council should prioritise spending.

2.40 The consultation was published as an online survey, with the option for residents and stakeholders to give their views via the telephone. The online survey was widely promoted via the Council's Twitter and Facebook channels and received a high level of reach and engagement on both platforms.

2.41 The consultation was also promoted to a wide range of stakeholders both via email and as part of the Council's consultation circular, Vale Viewpoint. A press release was launched, which was picked up by local media outlets.

2.42 There were 342 responses to the online survey in total, which is an improvement on last year where only 16 responses were collected. This year, additional care was taken when presenting the content of the budget consultation to ensure it was more accessible to stakeholders.

2.43 In summary it was agreed that Capital funding should be prioritised into Care and Support which constitutes investing in residential homes and Social Services Facilities, enhancing facilities to support additional learning needs and support emotional and social wellbeing for children and young people. It was also agreed that Hardship should be prioritised which constitutes schemes to tackle homelessness and create employment opportunities, however respondents voted for Infrastructure as their third preference which constitutes the Sustainable Learning for Communities Programme, resurfacing, flood risk management and contributions to planning, transport and economic development. The Council will undertake further consultation with its stakeholders as part of the current budget cycle and will also have regard to other consultations that have happened in year.

### 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 the 1st March 2022, the Welsh Government announced the Final 2022/23 General Capital funding settlement which was £5.829M, being made up of £2.378M grant and £3.451M of supported borrowing. This is a decrease of £1.038M from the 2021/22 funding of £6.867M.
- 3.4 Within the settlement it has been advised that General Capital Funding for 2022/23 for Wales as a whole will be set at £150M. This will increase to £200M for the following two years, including £20M in each year to enable authorities to respond to our joint priority of decarbonisation.
- 3.5 As no further indication has been received from Welsh Government, it has been assumed that from 2025/26 onwards, the level of capital funding will revert back to the same level as set out in the 2022/23 Provisional Settlement and will then remain constant for the remainder of the period of this programme.

#### Compensation Award – Welsh Government

- 3.6 The Welsh Government issues a Compensation Award (formally Major Repairs Allowance) to the Council as a grant which is to be used for any capital expenditure on Housing Revenue Account (HRA) assets. This has contributed to the Council's achievement of the Welsh Housing Quality Standards in March 2018. The Compensation Award for 2022/23 is £2.773M. As no further indication has been received for future years it has been assumed within the strategy that the grant remains at £2.773M per annum as awarded in 2022/23.

#### 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 that provides vital new investment for the Council's roads. The Council was provided with a grant of £749K in 2019/20, £752K in 2020/21 and £755K in 2021/22. In 2021/22 additional general capital funding was allocated to the Vale of Glamorgan Council of which £500K was used for resurfacing and a further £1M has been

carried forward into the 2022/23 Capital Programme for resurfacing taking total funding for resurfacing in 2022/23 to £2.3M.

3.9 **SALIX** - Work can be undertaken through the use of the Welsh Governments interest free SALIX funding which to implement various energy saving projects.

3.10 **ICF** – The Council currently receives additional Capital funding as part of the ICF funding programme for community health and social care centres and hubs, to develop accommodation that is able to meet the needs of those requiring care and support. From 2022/23 this funding will cease and replaced by a new funding scheme called the Regional Integration Fund (RIF). The Capital element of this has not yet been announced.

3.11 It is estimated that over the next 5 years the Council will receive grant funding from WG for Sustainable Communities for Learning Programme, Flood Defence and Structures work, including finalisation of the Five Mile Lane Improvement scheme and to support the Waste Transfer Station scheme. 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**

3.12 If the Council decides to borrow in excess of the amount specified by the Welsh Government then it may do so and this type of borrowing is known as unsupported or “Prudential Borrowing”. The cost of this borrowing must be funded through the Council’s revenue budget and therefore will need to be identified prior to the approval and inclusion of a scheme into the capital programme. The Council currently uses unsupported borrowing to fund the Schools Investment Programme, Housing Improvement Programme, the purchase of specialist vehicles, Salix Street Lighting Energy Reduction Strategy, City Deal 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 6 years (Including 2022/23).

<b>Scheme</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>Total</b>
	£000	£000	£000	£000	£000	£000	£000
General Fund							
Sustainable Communities for Learning Programme	0	1,460	1,993	0	0	0	3,453
City Deal	273	2,475	2,289	0	0	0	5,037
Vehicles	0	846	0	0	0	0	846
Buttrills Changing Rooms	0	500	1,000	0	0	0	1,500
<b>Total General Fund</b>	<b>273</b>	<b>5,281</b>	<b>5,282</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,836</b>
Housing Revenue Account	937	41,800	12,418	6,059	8,170	7,976	77,360
<b>Total New Borrowing</b>	<b>1,210</b>	<b>47,081</b>	<b>17,700</b>	<b>6,059</b>	<b>8,170</b>	<b>7,976</b>	<b>88,196</b>

3.13 After allowing for repayments, the balance of Prudential Borrowing as at 31<sup>st</sup> March 2022 was £30,587M of which £16,548M is HRA. At the end of the Capital Programme period (31st March 2028) the outstanding prudential borrowing taking into account repayments is expected to be £17.550M for the General Fund and £87.430M for the Housing Revenue Account.

### Contributions from Revenue and Reserves

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

<b>Reserve</b>	<b>Purpose</b>	<b>Balance as at 31<sup>st</sup> March 2022 £000</b>	<b>Balance as at 31<sup>st</sup> March 2022 £000</b>
Schools Investment Strategy	To fund Band B and other school investment. This reserve is fully committed for existing the Sustainable Communities for Learning Programme.	8,037	1,385
Council Building Fund	To maintain Council buildings	5,465	1,110
IT Fund	To allow investment in the Council's IT infrastructure	2,732	0

Capital Economic Regeneration Reserve	To finance capital economic regeneration schemes	395	366
Investment and Growth Fund 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. £2.2M of this reserve is earmarked to support the Non Treasury Service Investment and Growth Fund	2,354	2,271
Vehicle Repairs and Renewal Fund	To replace the Council's vehicle fleet	1,484	0
Capital Schemes Reserve	To fund Capital Schemes	4,460	209
City Deal	To fund the Council's contribution towards the City Deal	1,898	0

3.15 The Investment and Growth Fund reserve will be to support a non-treasury service investment programme to support regeneration and recovery through economic development and green infrastructure schemes. which is intended to address opportunities identified in the Council's Recovery Strategy to support innovative business and economic regeneration, increase capital programme investment and focus on green jobs and green infrastructure. The Investment and Growth Fund is to be funded using £2.2M of the Investment and Growth Fund reserve and with provision for up to £10M Prudential Borrowing. The fund for Investment totals £12M with £200K earmarked for feasibility and due diligence costs and the initial costs associated with specialist Non Treasury Investment Advice.

3.16 Over recent years substantial funding has been transferred into the Schools Investment Strategy reserve in order to fund the Band B Sustainable Communities for Learning programme however as the scheme progresses this reserve will be utilised. It is anticipated that over the next 5 years (excluding 2022/23) reserves of over £14.360M (excluding HRA reserves) will be used to fund capital expenditure.

### Capital Receipts

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

3.18 Receipts from the sale of HRA assets can only be spent within the HRA and cannot be used to finance General Fund capital schemes. However, the Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act means abolition of the rights came into force on 26 January 2019 however there are some exceptions. No HRA receipts have therefore been assumed in the Housing Business Plan. Any HRA capital receipts received in a year were previously used to fund capital expenditure in that

year and therefore as at 31<sup>st</sup> March 2021 the Council did not hold a balance of HRA receipts. The reason for this is to reduce the level of borrowing within the HRA.

3.19 Currently, the Council only uses receipts from the sale of vehicles to fund the purchase of other vehicles. Any capital receipts from the sale of vehicles received in year will be used to part fund the purchase of vehicles within that financial year. The reason for this is to reduce the level of borrowing used to fund the purchase of vehicles. Therefore as at 31<sup>st</sup> March 2022 the balance of vehicle capital receipts was zero.

3.20 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.

3.21 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 One capital receipt is estimated to be received for Education assets between 2022/23 and 2027/28, however any income from Education Capital Receipts 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 the 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 Strategic Insight Board. The Strategic Insight Board is a group of senior officers covering all service areas who oversee the delivery of the Council's range of integrated planning activity. The Strategic Insight Board uses a number of criteria to prioritise the capital bids as outlined below. The recommendations of the Strategic Insight Board are then reviewed by the Budget Working Group which comprises the Leader and Deputy Leader, the Managing Director and the Head of Finance. Initial capital proposals are usually presented to Cabinet in November and are then submitted to Scrutiny Committees for consultation. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and considers both the initial capital proposals and any recommendations that other Scrutiny Committees have made.

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

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

### **Assessment of Capital Bids**

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

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

## Risk

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

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

## Corporate Priority

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

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

## Future Generations Act

4.8 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 2022/23 was presented to Cabinet on 28<sup>th</sup> February 2022 and a mid year report will be taken to Cabinet on the 17<sup>th</sup> November.
- 5.3 CIPFA published revised codes of Practice on 20<sup>th</sup> December 2021 and has stated that formal adoption is not required until the 2023/24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and any other related reports during the financial year, which are required to be taken to Full Council for approval. The implications of the revised code are set out in the Treasury Management Strategy.

### **Treasury Management Governance**

- 5.4 Before 31<sup>st</sup> March each year the Section 151 Officer presents to Audit Committee, Cabinet and full Council, the Treasury Management Strategy, which includes the Treasury Management Prudential Indicators for the forthcoming three years, the Annual Investment Strategy for the following year and monitoring as at 31<sup>st</sup> December. A mid-year review report is also presented to Cabinet during November. As soon as possible after the end of the financial year a report outlining the out-turn for the previous year is presented to Audit Committee, Cabinet and full Council.
- 5.5 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**

- 5.6 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.

- 5.7 Capital expenditure will be funded from a mixture of internal and external borrowing. The Council had a balance of internal borrowing of £44.328M as at 31st March 2022, with external borrowing at that point being £153.347M. The balance of the Authority's usable reserves and working capital can be utilised for internal borrowing or investment. As these reserves start to be spent over the coming years in line with forecasts, the position will need to be monitored carefully and the level of external borrowing will increase. The Council's Treasury Management advisors, Link Asset Services, state that given the current, low investment yields, internal borrowing should be utilised however given the current rising PWLB rates and Bank rate this approach will be kept under review. The Treasury Management Strategy outlines the sources the Council can borrow from but borrowing would usually be from the Public Works Loan Board (PWLB).
- 5.8 The UK Government announced plans to lift the HRA borrowing cap and agreed for the cap to be fully abolished in Wales. This agreement came into force from 29<sup>th</sup> October 2018, additional HRA indicators are required to be completed annually and submitted to WG.

### **Prudential Indicators**

5.9 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.

5.10 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.

5.11 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**

5.12 A 5 year capital programme has been proposed covering 2023/24 to 2027/28 as shown in the following table.

<b>Capital Expenditure</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning & Skills	32,381	9,506	600	600	600
Social Services	100	100	100	100	100
City Deal	4,373	2,289	0	0	0
Environment & Transport	8,802	2,810	1,810	1,810	1,810
Place	2,525	1,606	1,605	1,605	1,605
Resources	3,777	3,934	2,769	2,769	2,669
HRA	55,464	23,726	18,131	20,622	19,513
<b>Total</b>	<b>107,422</b>	<b>43,971</b>	<b>25,015</b>	<b>27,506</b>	<b>26,297</b>

### Capital Financing Requirement

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

<b>CFR at 31st March</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Non HRA CFR	124,813	129,804	128,705	127,510	126,214
HRA CFR	117,559	127,498	130,827	136,142	141,397
<b>Total CFR</b>	<b>242,372</b>	<b>257,302</b>	<b>259,532</b>	<b>263,652</b>	<b>267,611</b>

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

<b>Gross External Debt</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Brought forward 1 April</b>	<b>157,797</b>	<b>203,344</b>	<b>219,384</b>	<b>222,727</b>	<b>227,392</b>
<b>Carried forward 31 March</b>	<b>203,344</b>	<b>219,384</b>	<b>222,727</b>	<b>227,392</b>	<b>231,918</b>
In Year Requirement	45,547	16,040	3,343	4,665	4,526

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

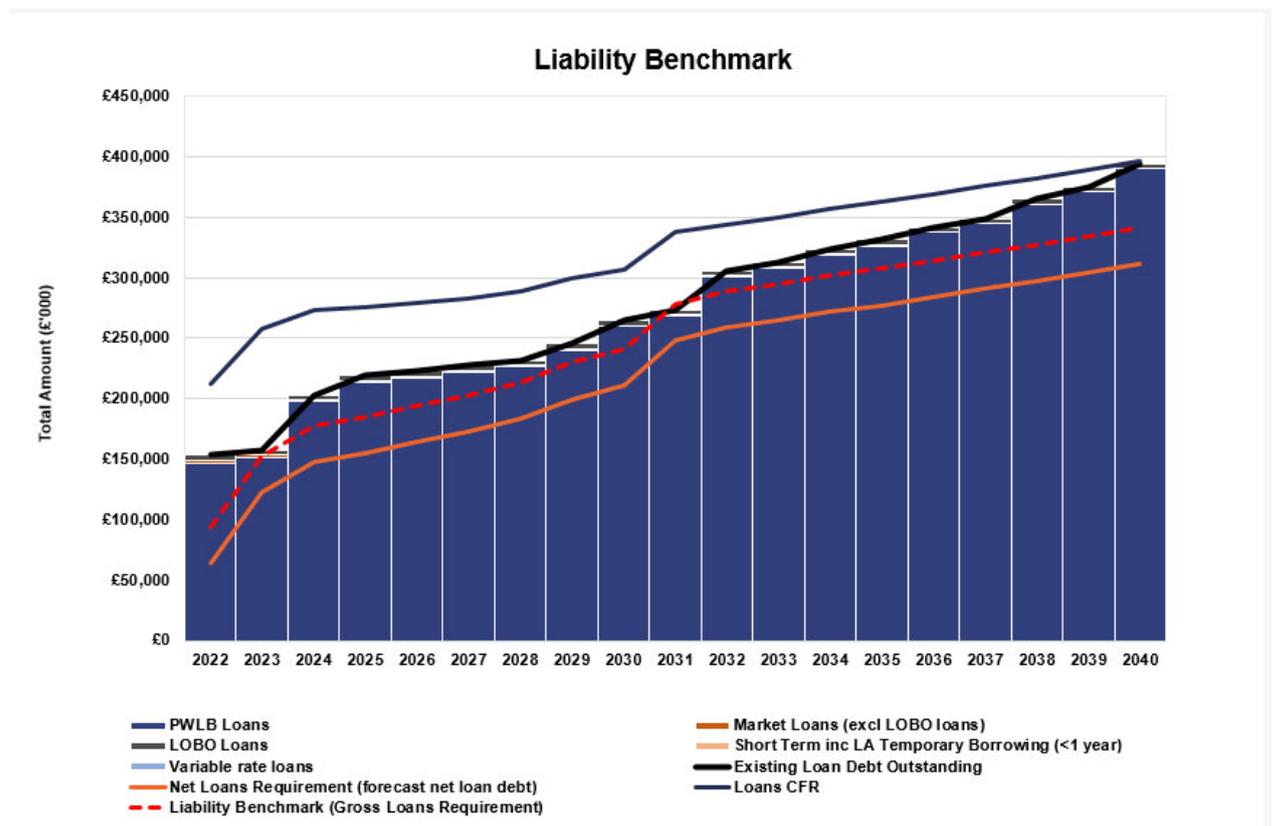
## Affordable Borrowing Limits

5.16 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.

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

<b>Operational Boundary</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Borrowing	259,941	272,588	273,825	280,973	283,890
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>259,941</b>	<b>272,588</b>	<b>273,825</b>	<b>280,973</b>	<b>283,890</b>

5.18 As part of the new prudential code there is a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement. An initial projection is detailed in the graph below over 20 years, however a full updated 30 year projection will be included as part of the Final Capital Proposals and Capital Strategy report in February.



5.19 This graph shows that external borrowing is significantly below the Council’s capital financing requirement as the Council currently maintains an under borrowed position. This means that the capital borrowing need was not fully funded with loan debt as cash supporting the Council’s reserves, balances and cash flow were used as an interim measure. This allows the Council to mitigate the volatility of the financial market and interest rates. The reserves are projected to reduce over the period under review and the Council is expected to borrow up to the CFR at the end of the period. The council currently holds significant investment’s, but these are expected to reduce as reserves are utilised, however the Council will maintain a £30m buffer as part of the treasury management liquidity benchmark.

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

<b>Authorised Limit</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Borrowing	271,776	283,923	285,160	292,308	295,225
Other long term liabilities	0	0	0	0	0
<b>Total</b>	<b>271,776</b>	<b>283,923</b>	<b>285,160</b>	<b>292,308</b>	<b>295,225</b>

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

- 5.21 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.
- 5.22 The Council's method for calculating MRP differs depending on whether the borrowing is supported or unsupported. For supported capital expenditure the Council will implement the "Asset Life Method". MRP will be determined by charging the expenditure over the expected useful life of the average asset lives (40 years) of the (Non HRA) Council Assets in equal instalments, starting in the year after the asset becomes operational.
- 5.23 MRP will be charged at 2% of the outstanding Housing Revenue Account (HRA) Capital Financing Requirement in respect of housing assets. For debt incurred from 2021/22 onwards the HRA will move to an Asset Life method (50 years) for calculating the Minimum Revenue Provision.
- 5.24 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.
- 5.25 Further detail is contained in the Council's Treasury Management and Investment Strategy for 2022/23.

## **Investment Strategy**

- 5.26 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 2022/23 the Council has placed investments with the Debt Management Account Deposit Facility (DMADF) of the Bank of England and UK Treasury Bills which are guaranteed by the UK Government, with UK Local Authorities (including Police and Fire Authorities), in Money Market Funds, in Instant Access Accounts and in Corporate Notice Accounts. The Council may consider the use of other deposit arrangements in accordance with the investment limits and counterparties set out within this strategy.
- 5.27 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. On 8th December 2021 the Council opened 3 corporate notice accounts (35, 95 and 180 day) with Santander PLC. Investments yield a more favourable rate of interest on the initial deposit and then a lower yield when the appropriate

period of notice is requested. The maximum total investment that can be placed with Santander PLC at any time is £10M. Investments across the portfolio totalled £93.620M at 31st March 2022.

## **IFRS 16 Leasing**

5.28 The CIPFA code currently sets out that from 1<sup>st</sup> 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. CIPFA is currently out to consultation on a proposal that includes delaying leasing for 1 year. In the context of this proposed delay the Council continues to undertake an assessment of the likely right of use assets and liabilities associated with the Council's leases and embedded lease arrangements is currently being undertaken and it is intended that revised indicators will be incorporate and reported as part of the 2023/24 strategy.

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 projects detailed below reflect the work the Council is undertaking as part of Project Zero and commitments in the Council's Climate Challenge Plan. The Plan details eighteen challenges including transport, planning and regeneration, our land and buildings, housing and schools.
- 6.2 The Council is carrying out the following measures to take steps towards decarbonisation:-
- 6.3 The Council has continued to improve the energy efficiency of its housing stock to meet the requirements of Welsh Government legislation in relation to decarbonisation and the Welsh Housing Quality Standard (WHQS). 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. Revised targets were agreed by the Senedd in March 2021 for Wales to achieve 'net zero' by 2050.
- 6.4 The Sustainable Communities for Learning programme is committed to contributing to the decarbonisation agenda. Prior to Welsh Governments declaration that all new schools would be Net Zero Carbon, the Sustainable Communities for Learning programme was delivering carbon reduction measures as part of its projects. The programme has produced a Sustainability Framework and identified the following key processes and enabling structures have been identified and reviewed to ensure the programme can deliver low and net zero carbon school buildings:
- Project structure and contractual process.
  - Soft Landings and Commissioning
  - Performance in Use measurement
  - Operational management and measurement
- 6.1 Welsh Government announced in January 2022 that all new school projects within the Sustainable Communities for Learning Programme will be required to meet net zero carbon (in operation) from January 2022 onwards. This excluded projects which had already received Outline Business Case approval at the time of the announcement. Following this announcement Welsh Government committed to fund 100% of all net zero carbon costs on projects within Band B of the programme. The Council has created a net zero carbon in operation school building model which has built upon the low carbon model previously implemented on projects in Band B. South Point Primary School was the first project in the Authority and in Wales to achieve net zero carbon in operation. This design supports the Welsh Government's Low Carbon Delivery Plan and achieving a net-zero public sector by 2030. To achieve net zero school designs have been amended to maximise solar gain, improve insulation, increase use of renewables (including battery storage), and install air source heat pumps. There is an additional cost associated with the delivery of net-zero carbon. The uplift in costs range between £500,000 to £1,000,000 for new primary schools depending upon

the scale of the development. Although these costs are currently 100% funded by Welsh Government, no further commitment has been announced to cover these costs outside of Band B of the Sustainable Communities for Learning Programme. Therefore, the costs associated with net zero will be kept under review to ensure market changes are monitored and factored in for potential projects that will likely come forward outside of Band B, in case the Welsh Government commitment is not extended.

- 6.2 The Council has organised a decarbonisation sub-group to drive the reduction of carbon emissions as part of the Sustainable Communities for Learning Programme. This group has created a Sustainable Building Project - Materials Elements to monitor costs for carbon reduction measures, undertaking a school energy review to identify where carbon reduction measures would be of most benefit and the costs required to implement the measures and a Schools Sustainability Forward Plan has been created to help direct progress on carbon reduction measures which focuses on the following key themes: Energy, Community Benefits, Ecology and Transportation. A report has been developed recommending target areas for improvements - including potential funding requirements.
- 6.3 Stanwell Comprehensive School has received a number of energy saving improvements including a lighting upgrade to LED, a school boiler optimiser, upgrade of heating control to an online Building Management System, a hot water control system, fridge freezer optimisers and boiler replacements. The effect of all these measures has resulted in the site electricity consumption for Stanwell School being reduced by 30% with savings in emissions of approximately 75 Tonnes of CO<sub>2</sub>.
- 6.4 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.
- 6.5 PV panels have been installed at Evenlode Primary School and Ysgol Gwaun Y Nant. PV panels are also being installed at Llansannor Primary School, this has been delayed due to issues with sourcing materials, however the scheme is anticipated to progress this financial year. The PV systems installed to date on other buildings have been proven to be reliable generators of renewable electricity and are a proven technology towards the Council's net zero goal. PV have also been installed at Saint Brides CiW Primary school during 2021/22.
- 6.6 Cadoxton Sports Hall has benefited from LED lighting and occupancy sensor control during 2021/22. This will result in reduced running costs, electricity consumption and carbon emissions.
- 6.7 A School's Decarbonisation LED scheme has been included in the 2022/23 Capital Programme. The scheme has provided LED Lighting in Peterston Super Ely CIW primary schools and LED Lighting works are nearing completion in Rhwys Primary school. This scheme will improve the learning environment for the children and will

be a small contribution towards net zero by reducing the carbon emissions of lighting the schools.

- 6.8 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 CO<sub>2</sub> and fuel costs, the switch to EV is driven by Welsh Government policy. The Council has a duty under the current Welsh Government Carbon reduction Plan Prosperity for All: A Low Carbon Plan which states: "All new cars and light goods vehicles in the Public Sector fleet are ultra-low emission by 2025 and where practicably possible, all heavy goods are ultra-low emission by 2030".
- 6.9 In 2021/22 a grant was awarded to the Council by Energy Services Wales (through Welsh Government) to cover the difference in cost between a diesel and electric vehicles, which accelerated the transition process and allowed the Council to purchase 12 electric vehicles which will sit within the pool car fleet. The grant was match funded by the Council using ring fenced reserves.
- 6.10 These 12 vehicles, Hyundai e-Kona's, have replaced at least 12 of the current diesel vehicles. Further additions of electric pool cars will be undertaken as Energy Service Wales make further grant available or other funding becomes available.
- 6.11 Plans to increase the number of public electric vehicle charging points are being progressed as part of funding accessed through Cardiff Capital Region, with a number of key sites including council owned car parks.
- 6.12 The Council's fleet and workplace charging is also being addressed with the installation of 80 charging points installed at the Alps and the Civic Offices.
- 6.13 £3.539M has been built into the Capital Programme ( £750K in 2022/23 and £2.789M in 2023/24) for the Atlantic Trading Estate Fleet Parking scheme, this scheme is to develop land on Atlantic Trading Estate (ATE), Barry to accommodate Neighbourhood Services operations Waste and Recycling collection vehicles.
- 6.14 The proposal to develop fleet parking on Atlantic Trading Estate (ATE) opposite the Council's Resource Recovery Facility (Currently under construction) would reduce the daily impact that the collection fleet has on the environment, in terms of tailpipe emissions as well as increasing the productivity of the service, giving more productive time spent kerbside collecting. In terms of carbon saving, the difference is fuel use between the projected collection rounds (including the proposed rounds for the final rollout phase for blueprint collections) and rounds modified to account for the ATE development and shown in table 1 below:

Total Fuel use - litres			
Collection	Proposed - Garaging at Wenvoe	Proposed - Garaging at ATE	Difference
Recycling	109,174	100,296	8,878
Residual	72,063	64,412	7,651
Green Waste	61,287	54,371	6,917
Total	242,524	219,079	23,445

- 6.15 Converting the carbon benefit using the UK Government's Greenhouse Gas conversion factor for Diesel (Average biofuel blend) to demonstrate the saving, the rate of 2.51233 kg CO<sub>2</sub>e per litre was used. The total annual vehicle emissions are shown for both options in table 2, along with the difference resulting from the relocation of the collection fleet, to ATE. It can be seen therefore that relocation of collection fleet would result in an annual Carbon saving of approximately 59 tonnes CO<sub>2</sub>e.

Total emissions - Tonnes CO <sub>2</sub> e			
Collection	Proposed - Garaging at Wenvoe	Proposed - Garaging at ATE	Difference
Recycling	274	252	22
Residual	181	162	19
Green Waste	154	137	17
Total	609	550	59

- 6.16 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.
- 6.17 Penarth Leisure Centre Boiler Renewal – A scheme to replace the ageing inefficient boilers at the site has been completed. 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 have been installed to allow for the buildings occupation and outside temperatures to be accounted for.
- 6.18 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.

6.19 The Council has a number of earmarked reserves that can be utilised to support the delivery of Project Zero as set out below. The balances given are as at the 31<sup>st</sup> March 2022:-

- Green Infrastructure and Climate Change Reserve £650k – This reserve has been set up to provide funds for Environmental Initiatives across the Vale of Glamorgan. Bids for usage from Place Included £20k to extend Cosmeston Woodland. Also a proposal to fund 3 year Biodiversity Officer and LNP Officers should grant cease total £94k per annum.
- Ash Die Back Reserve £562k – There is a £100k annual commitment from this reserve built into the capital programme for the next five years which includes a replanting programme.
- Project Zero Reserve £731k - This reserve has been set up to provide funds for Environmental Initiatives across the Vale of Glamorgan. Proposal to Fund £35k in 2022/23 and £75k per annum from 23/24 for Programme Manager and OD Apprentice Post. £63k contribution to AMR Water Monitoring Solution Capital Cost.
- Energy Management Reserve £291k – This reserve includes the Salix recyclable fund but also includes energy management income.
- Carbon Vehicle Reserve £40k – To be used to purchase electric vehicles of match fund grants to purchase electric vehicles.

6.20 Within revenue there is an annual Carbon Reduction Commitment budget of £204K, under the former Carbon Reduction Commitment scheme the Council was required to purchase allowances reflecting the Council's carbon usage in year. This scheme has ceased and no replacement allowances scheme has been proposed. This budget is currently being utilised by the carbon management team as a contribution to capital to the elements of schemes that do not meet the Salix repayment criteria, the majority of which are in schools. The balance of this budget will be transferred into the Project Zero Reserve at year end. In the longer term it is thought this fund could be utilised to fund borrowing costs as part of funding/ or match funding for larger green infrastructure schemes. Estimated that circa £3m could be funded however scheme must meet PWLB permitted borrowing costs.

6.21 All schemes progressed as part of the Capital Programme proposals set out the decarbonisation considerations that will be taken into account as part of progressing the bids. The Council now includes explicit consideration of the impact on climate and nature emergencies as part of all Cabinet reports.

6.22 The proposed Investment and Growth Fund sets out a £12M investment fund over three years focussed on developing property and infrastructure in the Vale of Glamorgan. The funding would be made up of £2M of Council reserves and up to £10M Prudential Borrowing via the PWLB. A further £200K will be ringfenced to procure specialist advice and fund due diligence costs. The schemes progressed under this scheme should comply with the PWLB permitted borrowing purposes

and generate a return that covers the costs of borrowing. The key principles for this service investment fund are to:

- 1) Deliver economic growth
- 2) Tackle inequality
- 3) Improve our environment, and
- 4) Create change in the area to benefit all residents, businesses and visitors.

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

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

## **7 COMMERCIAL ACTIVITIES**

- 7.1 The Prudential Code has expressed concern that an authority's approach to commercial activities should be proportional to its overall resources.
- 7.2 On 1<sup>st</sup> January 2020, the Council set up a Local Authority Trading Company to deliver Catering services called the Big Fresh Catering Company. The Council owns 100% of the company shares
- 7.3 The Council currently has no other material commercial activity however it is looking to explore proportionate commercial opportunities as appropriate. The Investment and Growth Fund can be used for schemes where robust business cases are brought forward. This reserve currently has a balance of £2.353M and £2.2M is ringfenced for the Non Treasury Investment Strategy. This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans, supporting service outcomes, investments in subsidiaries and investment property portfolios. The Council will ensure that all the organisation's investments of this nature are covered in the capital strategy, investment strategy or equivalent and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non treasury investments.

## **8 OTHER LONG TERM LIABILITES**

- 8.1 The Council has discretion to make loans for 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 (CIPFA Over 10 years), Finance Support Manager (CIPFA over 6 years), Capital Accountant (ACCA 2 years) and Senior Accountancy Technician (AAT over 30 years).

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

Treasury Management Team and the Section 151 Officer. Link Asset Management and CIPFA also provide regular online training seminars to ensure that changes to the Codes of Practice are implanted and adhered to and were appointed to deliver the Treasury Management induction training for new Members in June.

- 9.12 The Strategic Property Section is responsible for providing strategic property advice and the preparation and implementation of the Corporate Asset Management Plan. Staff have again had many years local government experience including the Operational Manager Property (over 20 years) and the Commercial and Consultancy Manager (over 30 years) and they are both members of the Royal Institute Of Chartered Surveyors. The Operational Manager is also a registered valuer. When required, external support would be sourced e.g. external valuers.
- 9.13 As part of the Council's contract with the external Treasury Management Advisor, the provision of training for members of Audit Committee is included to ensure they have the required knowledge and skills and that these are kept up to date. This training is also attended by Accountancy staff.
- 9.14 The Council establishes project teams from all the professional disciplines as and when required to deliver specific projects.
- 9.15 Members also gain knowledge of the strategic decision making process for asset management as members of various project boards, which would cover the use and disposal of surplus property and other key asset management issues.

## **10 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 Sustainable Communities for Learning 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.
- 10.9 In the current economic climate capital schemes are encountering significant inflationary pressures on construction costs which can necessitate scheme re-engineering or re-tendering. Project officers are also reporting long lead time on the delivery of materials and a shortage of skills in some areas. This impact will be monitored closely as part of the regular monitoring arrangements with project managers and sponsors.

### **Mitigating Risk**

- 10.10 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.
- 10.11 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.
- 10.12 Commissioning and procuring for capital schemes must comply with the requirements set out in the Council's Constitution, Financial Regulations and Contract Standing Orders.
- 10.13 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.
- 10.14 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.

10.15 The Council has not undertaken any material commercial activities.

## 11 CAPITAL STRATEGY KEY ISSUES AND RECOMMENDATIONS

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

### Priority Areas for Capital Spend

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

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

<b>To work with and for our communities</b>
<ul style="list-style-type: none"> <li>• Sustainable Communities for Learning programme</li> </ul>
<ul style="list-style-type: none"> <li>• Transforming Towns Place Making Grant</li> </ul>
<ul style="list-style-type: none"> <li>• Highways improvement</li> </ul>
<ul style="list-style-type: none"> <li>• Building Stronger Communities</li> </ul>
<b>To support learning, employment and sustainable economic growth</b>
<ul style="list-style-type: none"> <li>• Sustainable Communities for Learning programme</li> </ul>
<ul style="list-style-type: none"> <li>• Cardiff Capital Region City Deal</li> </ul>
<ul style="list-style-type: none"> <li>• Transforming Towns Place Making Grant</li> </ul>
<b>To support people at home and in their community</b>
<ul style="list-style-type: none"> <li>• Maintenance of WHQS in Council houses</li> </ul>
<ul style="list-style-type: none"> <li>• Building new homes in the Vale for social rent</li> </ul>
<ul style="list-style-type: none"> <li>• Disabled Facilities Grants</li> </ul>
<ul style="list-style-type: none"> <li>• Investment in Leisure Centres</li> </ul>
<b>To respect, enhance and enjoy our environment</b>
<ul style="list-style-type: none"> <li>• Supporting decarbonisation as part of the Sustainable Communities for Learning Programme.</li> </ul>
<ul style="list-style-type: none"> <li>• Investment in Electric Pool Cars and charging points</li> </ul>
<ul style="list-style-type: none"> <li>• Investing in the introduction of LED street lighting</li> </ul>
<ul style="list-style-type: none"> <li>• Carbon Management reduction using SALIX</li> </ul>
<ul style="list-style-type: none"> <li>• Revised Waste collection service and new Transfer Station</li> </ul>
<b>Council Wide</b>
<ul style="list-style-type: none"> <li>• Implementation of ICT and Digital Strategy</li> </ul>
<ul style="list-style-type: none"> <li>• Ensuring properties are fit for purpose for delivering services</li> </ul>

- Requirements of external factors such as legislation changes

## **Closing the Funding Gap**

- 11.4 Condition surveys have recently been completed for all Schools, based on these it is estimated that capital investment of circa £25-30M is required over the next 5 years to finance such work. In the near future condition surveys are planned to be carried out on the Council's other buildings (excluding HRA). An initial assessment has been undertaken to identify the possible requirements for capital investment over the next 5 years and this is estimated to require capital investment of circa £20-£30M. The funding gap could be in the region of £38m over the period. 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 Sustainable Communities for Learning 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**

- 11.9 The Council's current Corporate Plan covers the period 2020 - 2025.
- 11.10 For major projects and investment that cover a longer term period the funding and financial implications need to be planned well in advance. Long term planning has been undertaken for projects such as the Housing Business Plan, the Sustainable

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

11.11 Long-term forecasts are not easily predicted and the accuracy of all financial estimates will be limited however it is an invaluable tool in consideration future issues and anticipating the necessary requirements. It will also allow time for funding to be identified for key priorities and projects.

## Actions

11.12 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.

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

<b>CAPITAL STRATEGY ACTION POINTS</b>
<b>Setting the Capital Programme</b>
<ul style="list-style-type: none"> <li>• Only capital bids that are deemed to meet the criteria of highest corporate priority and/or risk should be progressed.</li> <li>• Robust project appraisal and understanding of full life costs and risk are required for large capital investment.</li> </ul>
<b>Review Process</b>
<ul style="list-style-type: none"> <li>• Maintain comprehensive and robust procedures for managing and monitoring the Capital Programme.</li> <li>• Continue to review the Corporate and Service Asset Management Plans.</li> <li>• Update Condition Survey data to ensure the Council is fully aware of future commitments.</li> <li>• The Council will strive to reduce carbon emissions and improve energy efficiency and positively encourage waste reduction initiatives.</li> <li>• In line with the Reshaping Services Programme, the Council's assets and Capital Programme will be reviewed to ensure they support the implementation of the programme objectives and are suitable for alternative delivery models if required, including exploring options for Community Asset Transfer.</li> </ul>

<ul style="list-style-type: none"> <li>• Ensure staff involved in the capital and Treasury Management process and the delivery of capital projects have the relevant experience and training.</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure members involved in the capital and Treasury Management process receive relevant training.</li> </ul>
<p><b>Maximising Capital Funding</b></p>
<ul style="list-style-type: none"> <li>• Maximising grant-funding opportunities for capital schemes, where such schemes are compatible with Council objectives.</li> </ul>
<ul style="list-style-type: none"> <li>• The identification of underperforming / inefficient assets and prioritising the sale of surplus land and properties as a means of generating capital receipts to fund capital schemes.</li> </ul>
<ul style="list-style-type: none"> <li>• Reviewing the options for unsupported borrowing under the Prudential Code in the light of future financial projections for capital funding and expenditure in line with the Medium Term Financial Plan.</li> </ul>
<ul style="list-style-type: none"> <li>• Use of the Investment and Growth Fund Reserve, IT Fund, Building Fund, Energy Management Fund, School Investment Strategy Reserve and Schools Rationalisation Reserve where appropriate to finance capital investment.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop partnerships with the public and private sectors as a means of unlocking additional resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Provide support for invest to save initiatives where it is appropriate.</li> </ul>

Schemes	2023/24		2024/25		2025/26		2026/27		2027/28		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Learning and Skills	9,141	32,381	2,679	9,506	600	600	600	600	600	600	
Social Services	100	100	100	100	100	100	100	100	100	100	
Environment and Housing	57,493	64,266	22,263	26,536	15,008	19,941	18,159	22,432	18,550	21,323	
Place	2,525	2,525	1,606	1,606	1,605	1,605	1,605	1,605	1,605	1,605	
Resources	3,777	3,777	3,934	3,934	2,769	2,769	2,769	2,769	2,669	2,669	
City Deal	4,373	4,373	2,289	2,289	0	0	0	0	0	0	
<b>TOTAL CAPITAL PROGRAMME</b>	<b>77,409</b>	<b>107,422</b>	<b>32,871</b>	<b>43,971</b>	<b>20,082</b>	<b>25,015</b>	<b>23,233</b>	<b>27,506</b>	<b>23,524</b>	<b>26,297</b>	

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

	Net £000	Gross £000		General £000	SS £000	Ed £000
<b>Resources from Welsh Government</b>			<b>Balance as at 31st March 2022</b>	<b>7,333</b>	<b>1,339</b>	<b>3,173</b>
Supported Borrowing - General Fund	4,141	4,141	Anticipated Required in 2022/23	-2,717	0	-693
General Capital Grant	2,853	2,853	Anticipated Receipt in 2022/23	616	0	0
<b>Total Resources from Welsh Government</b>	<b>6,994</b>	<b>6,994</b>	<b>Balance as at 31st March 2023</b>	<b>5,232</b>	<b>1,339</b>	<b>2,480</b>
			Anticipated Required in 2023/24	-3,103	0	-2,480
<b>Other Available Resources</b>			Anticipated Receipt in 2023/24	0	0	0
General Fund Revenue/Reserves	10,860	10,860	<b>Balance as at 31st March 2024</b>	<b>2,129</b>	<b>1,339</b>	<b>0</b>
Housing Reserves/Revenue	6,891	6,891	Anticipated Required in 2024/25	-243	0	0
Housing Capital Receipts	0	0	Anticipated Receipt in 2024/25	0	0	0
Education Capital Receipts	2,480	2,480	<b>Balance as at 31st March 2025</b>	<b>1,886</b>	<b>1,339</b>	<b>0</b>
General Fund Capital Receipts	3,103	3,103	Anticipated Required in 2025/26	-155	0	0
S106	0	5,707	Anticipated Receipt in 2025/26	0	0	0
Other External Grants	0	21,533	<b>Balance as at 31st March 2026</b>	<b>1,731</b>	<b>1,339</b>	<b>0</b>
Major Repairs Allowance	0	2,773	Anticipated Required in 2026/27	-155	0	-300
Unsupported (Prudential) Borrowing	44,606	44,606	Anticipated Receipt in 2026/27	300	0	300
City Deal Borrowing	2,475	2,475	<b>Balance as at 31st March 2027</b>	<b>1,876</b>	<b>1,339</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>77,409</b>	<b>107,422</b>	Anticipated Required in 2027/28	-155	0	0
			Anticipated Receipt in 2027/28	0	0	0
			<b>Balance as at 31st March 2028</b>	<b>1,721</b>	<b>1,339</b>	<b>0</b>

Schemes	2023/24		2024/25		2025/26		2026/27		2027/28		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Learning and Skills</b>											
<b>Education and Schools</b>											
<b>Schools Investment Programme</b>											
<b>Sustainable Communities for Learning Programme</b>											
Band B Pencoedtre High School	1,700	1,700	0	0	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B Centre of Learning and Wellbeing	849	2,419	81	223	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B Ysgol Y Deri	1,722	15,245	1,888	5,648	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B Barry Waterfront	0	3,691	0	490	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B Cowbridge Primary Provision (YBF)	884	1,842	110	110	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B St Nicholas	2,546	4,294	0	0	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
Band B Penarth Cluster - Review Primary Provision to Include Cosmeston	0	1,750	0	2,435	0	0	0	0	0	0	0 Requested to be reprofiled at Cabinet on the 6/10/2022
<b>Asset Renewal</b>											
Schools Asset Renewal/Other	550	550	550	550	550	550	550	550	550	550	
Education Asset Renewal - contingency	50	50	50	50	50	50	50	50	50	50	
Fess School Meal Grant Allocation 2022/23	600	600	0	0	0	0	0	0	0	0	
<b>Slippage</b>											
Llanfair Net Zero Carbon	240	240	0	0	0	0	0	0	0	0	0 Requested at Cabinet 6th October 2022
<b>Total Education and Schools</b>	<b>9,141</b>	<b>32,381</b>	<b>2,679</b>	<b>9,506</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	
<b>Total Learning and Skills</b>	<b>9,141</b>	<b>32,381</b>	<b>2,679</b>	<b>9,506</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	<b>600</b>	
<b>Social Services</b>											
<b>Asset Renewal</b>											
Social Services Asset Renewal	100	100	100	100	100	100	100	100	100	100	
<b>Youth Offending Services Slippage</b>											
<b>Total Social Services</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	
<b>Neighbourhood Services and Transport</b>											
Vehicle Replacement Programme	2,548	2,548	800	800	800	800	800	800	800	800	800 Slippage requested from 2022/23 into 2023/24 at Cabinet on the 6th October 2022.
<b>Asset Renewal</b>											
Asset Renewal	500	500	500	500	500	500	500	500	500	500	
Neighbourhood Services Highway Improvements	300	300	300	300	300	300	300	300	300	300	
Flood Risk Management	100	100	100	100	100	100	100	100	100	100	To address various flooding & drainage issues
Coast Protection and Land Drainage General	110	110	110	110	110	110	110	110	110	110	New responsibilities on coastal protection and land drainage
<b>2021/22 and 2022/23 Capital Bids</b>											
Changing Rooms, Ancillary facilities and replacement boxing club at the Buttrills playing field	500	500	1,000	1,000	0	0	0	0	0	0	
<b>Leisure &amp; Tourism</b>											
Penarth Leisure Centre, High Level Glazing	500	500	0	0	0	0	0	0	0	0	
<b>Parks and Grounds Maintenance Slippage</b>											

Schemes	2023/24		2024/25		2025/26		2026/27		2027/28		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Waste Recycling and Coastal Management Slippage</b>											
Atlantic Trading Estate Operations Fleet Parking	2,789	2,789	0	0	0	0	0	0	0	0	
New Household Waste Recycling Centre (HWRC)	1,455	1,455	0	0	0	0	0	0	0	0	
<b>Total Neighbourhood Services &amp; Transport</b>	<b>8,802</b>	<b>8,802</b>	<b>2,810</b>	<b>2,810</b>	<b>1,810</b>	<b>1,810</b>	<b>1,810</b>	<b>1,810</b>	<b>1,810</b>	<b>1,810</b>	
<b>HRA</b>											
<b>Housing Improvement Programme</b>											
<b>Total Housing Improvement Programme</b>	<b>48,691</b>	<b>55,464</b>	<b>19,453</b>	<b>23,726</b>	<b>13,198</b>	<b>18,131</b>	<b>16,349</b>	<b>20,622</b>	<b>16,740</b>	<b>19,513</b>	Slippage requested from 2022/23 into 2023/24 at Cabinet on the 6th October 2022.
<b>Total Environment and Housing</b>	<b>57,493</b>	<b>64,266</b>	<b>22,263</b>	<b>26,536</b>	<b>15,008</b>	<b>19,941</b>	<b>18,159</b>	<b>22,432</b>	<b>18,550</b>	<b>21,323</b>	
<b>Place</b>											
Barry Regeneration Partnership Project Fund	300	300	300	300	300	300	300	300	300	300	
<b>Slippage</b>											
Cosmeston Work Programme - Lodge	120	120	0	0	0	0	0	0	0	0	Requested at Cabinet 6th October 2022
Country Parks ANPR	200	200	0	0	0	0	0	0	0	0	Requested at Cabinet 6th October 2022
BSC2	248	248	0	0	0	0	0	0	0	0	Requested at Cabinet 6th October 2022
<b>2021/22 and 2022/23 Capital Bids</b>											
Cosmeston Works Programme	157	157	0	0	0	0	0	0	0	0	
<b>Private Sector Housing</b>											
Disabled Facility Grants	1,500	1,500	1,306	1,306	1,305	1,305	1,305	1,305	1,305	1,305	Requested to be reprofiled at Cabinet 6th October 2022
Additional Disabled Facility Grants											
<b>Total Place</b>	<b>2,525</b>	<b>2,525</b>	<b>1,606</b>	<b>1,606</b>	<b>1,605</b>	<b>1,605</b>	<b>1,605</b>	<b>1,605</b>	<b>1,605</b>	<b>1,605</b>	
<b>Resources</b>											
Building Strong Communities Fund (CASH Grants)	30	30	30	30	30	30	30	30	30	30	
All Services Asset Renewal	3,447	3,447	3,604	3,604	2,439	2,439	2,439	2,439	2,439	2,439	
<b>2022/23 Capital Bids</b>											
Ash die back and Replanting Programme	100	100	100	100	100	100	100	100	0	0	
<b>ICT Schemes</b>											
ICT allocation	200	200	200	200	200	200	200	200	200	200	Future years IT projects.
<b>Total Resources</b>	<b>3,777</b>	<b>3,777</b>	<b>3,934</b>	<b>3,934</b>	<b>2,769</b>	<b>2,769</b>	<b>2,769</b>	<b>2,769</b>	<b>2,669</b>	<b>2,669</b>	
<b>City Deal</b>											
City Deal	4,373	4,373	2,289	2,289	0	0	0	0	0	0	
<b>Total City Deal</b>	<b>4,373</b>	<b>4,373</b>	<b>2,289</b>	<b>2,289</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Value of Capital Programme</b>	<b>77,409</b>	<b>107,422</b>	<b>32,871</b>	<b>43,971</b>	<b>20,082</b>	<b>25,015</b>	<b>23,233</b>	<b>27,506</b>	<b>23,524</b>	<b>26,297</b>	

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS												
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Environment &amp; Housing</b>																
<b>Carriageway resurfacing/Surface treatments</b> - Rolling programme of resurfacing and treatment works in accordance with the Council's Highways and Engineering 3 year plan.	2,350	2,350	2,450	2,450	2,550	2,550	2,650	2,650	2,750	2,750	12,750	12,750	A	H	2	5
<b>New Household Waste Recycling Centre (HWRC) Western Vale.</b> To provide a fully legally compliant, new safe and operational facility for the collection, handling, storage, sorting, recycling and transportation of municipal waste. This is additional to funding already approved within the programme.	2,000	2,000	-	-	-	-	-	-	-	-	2,000	2,000	A,B,Ci	M	2	5
<b>Footway Renewal</b> - Renewal of footways under the requirements set out in Section 36 61 of the Highways Act 1980.Footway renewal to maintain the highway network is a safe and useable condition and protect the authority against less third-party claims.	250	250	250	250	250	250	250	250	250	250	1,250	1,250	B	H	2	5
<b>Howe Mill Bridge Deck replacement.</b> Replacement of existing deck with a 3T weight limit with a new deck capable of carrying normal traffic loading.	852	852	-	-	-	-	-	-	-	-	852	852	A,BCi & Cii	M	3	5
<b>Retaining Wall Windsor Road</b> – Dismantle and replace retaining wall. There is a revenue cost to this scheme in addition to the capital cost.	410	410	-	-	-	-	-	-	-	-	410	410	B, Ci	H/M	3	5
<b>Penarth high Level Glazing</b> - Funding of £2.2M is identified across the 2022/23 and 2023/24 capital programmes for the renewal of the defective high-level glazing and cladding panels as well as the flat roof. To deliver the required level of operating conditions and comfort for the building users, additional funding of £200K is likely to be required.	200	200	-	-	-	-	-	-	-	-	200	200	,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Penarth Land Slip Works</b> -There have been a number of recent landslips affecting the escarpment at Penarth Marina and impacting on safety. The works would make safe this area.	1,000	1,000									1,000	1,000	A	M/H	3	5
<b>Penarth Pier Joists</b> - Following the emergency works on the sewage pipes at the Pier, work has been identified in relation to joists under these sections.	200	200									200	200	A/Ci	M	2	5
<b>Barry Dock Interchange Scheme</b> - The scheme is the development of a transport interchange at Barry Docks alongside the Docks Office. The scheme detail is to include new bus stops, taxi ranks, with electrical charging and information, bus stops plus new landscaping and layout with provisions at a later stage for a bike hub with linkages to active travel routes.	500	500	-	-	-	-	-	-	-	-	500	500	Ci	M	2	5
<b>Llantwit Leisure Centre, Boiler and Water heater Renewal</b> - Gas fired boilers are now over 35 years old. This project is to renew all the existing boiler plant, control systems and all associated pipework.	160	160	-	-	-	-	-	-	-	-	160	160	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Cowbridge Leisure Centre, Heating Boiler Renewal</b> - Gas fired boilers are now over 35 years old. This project is to renew the existing boiler plant, control system and all associated pipework.	140	140	-	-	-	-	-	-	-	-	140	140	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Street lighting &amp; VAS:</b> Replacement concrete columns / LED replacement of ornamental lanterns and Vehicle Actuated Signs replacement. There is a revenue cost to this scheme in addition to the capital cost.	500	500	500	500	500	500	500	500	500	500	2,500	2,500	A	H	2	4
<b>Traffic signal Infrastructure Renewals</b> - Replacement of traffic signal equipment which has exceeded its design life and require replacement to ensure public safety and maintain adequate level of traffic control level to reduce congestion and risk of collision at key sites. There is a revenue cost to this scheme in addition to the capital cost.	250	250	250	250	250	250	250	250	250	250	1,250	1,250	A	M	2	5

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS												
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Community Centre New Roof Renewals</b> - The most pressing renewals are required at St Athan Community Centre and Murchfield Community Centre. The £160k for future years is not for these Community Centres but an expectation that other centres will need repair over future years.	325	325	160	160	160	160	160	160	160	160	965	965	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>A48 Cowbridge Bypass speed reduction and Adverse Weather signage</b> - To install the necessary highway signage to implement critical speed reduction on the A48 Cowbridge bypass to 50mph. The project is also to include the provision of an ice warning system incorporating interactive signage linked to a weather station to advise motorists of risk of icing / ponding water on the road surface during winter. Revenue costs also associated with this project.	250	250	-	-	-	-	-	-	-	-	250	250	B	M/H	2	5
<b>LV Charging points</b> - developing and rolling out EV charging infrastructure in line with recently completed on-street residential charging policy and technology review.	100	100	100	100	100	100	100	100	100	100	500	500	A	H	2	4
<b>Colcot Sport Centre (5 A Side indoor Floor)</b> - Refurbishment of Changing Rooms & Renewal of Hall Flooring.	230	230	-	-	-	-	-	-	-	-	230	230	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Alley Gates</b> - Rear lane access gates have been used in the Vale of Glamorgan for approx. 15 years. Gully gate fabrication repair works, corrosion treatment and painting overhaul.	50	50	50	50	50	50	50	50	50	50	250	250	Ci	H	2	4
<b>Penarth Leisure Centre, Refurb of Reception WC's</b> - The WC's are in very poor condition and have come to the end of their useful economic life.	65	65	-	-	-	-	-	-	-	-	65	65	Ci, Cii, Ciii, D	M/H	2	3
<b>Community Centres – Wi-Fi</b> - It is proposed to install Wi-Fi with internet access into 22 Community Centres. It is proposed to install 1 x wireless access point per site with a dedicated circuit allowing 80Mbps down and 20Mbps up. The 1 x wireless access point would be installed to the main hall.	60	60	-	-	-	-	-	-	-	-	60	60	Cii	L	2	3
	<b>9,892</b>	<b>9,892</b>	<b>3,760</b>	<b>3,760</b>	<b>3,860</b>	<b>3,860</b>	<b>3,960</b>	<b>3,960</b>	<b>4,060</b>	<b>4,060</b>	<b>25,532</b>	<b>25,532</b>				
<b>Social Services</b>																
<b>Cartref Porthceri Residential Home – Drainage Repairs &amp; Underpinning of Building</b> - Cartref Porthceri is constructed on a landfill site and there is significant resulting ground movement causing issues with the drainage and the rear extension to the property. The drainage is failing as a result of the ground movement causing cracking and displacement. As such there is a requirement to replace the collapsed foul drainage systems and underpin the areas of the building affected by subsidence.	230	230	-	-	-	-	-	-	-	-	230	230	B, Ci, Cii, C, D & E	M	2	3
<b>Ty Dyfan Residential Home – Roof Renewal</b> - Recent surveys have identified the need for the existing roof coverings and associated fascia, soffits and rainwater goods at Ty Dyfan to be replaced as they have reached the end of their economic life.	290	290	-	-	-	-	-	-	-	-	290	290	B,Ci,Cii,C,D & E	M	2	3
	<b>520</b>	<b>520</b>	<b>-</b>	<b>520</b>	<b>520</b>											
<b>Learning &amp; Skills</b>																
<b>Safeguarding &amp; Security of External School Boundaries</b> -A number of recent Estyn inspections have raised safeguarding and security issues associated with incomplete and/or unsuitable external boundary walls and fencing at several schools.	275	275	-	-	-	-	-	-	-	-	275	275	B, Cii, D, E	M/H	3	2
<b>Ysgol St Baruc Internal Adaptions for Ysgol y Deri Temporary Occupation</b> - The current Ysgol St Baruc School building will be vacated in April 2023 due to the new Ysgol St Baruc development being completed and ready for their occupation. The Ysgol Y Deri Expansion development at Cosmeston will not be ready for September 2023 school term and additional temporary accommodation will be required.	140	140	-	-	-	-	-	-	-	-	140	140	3 Ci,Cii,Ciii,D, F	high		5

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Saint Richard Gwyn</b> - The school has been highlighted as a school for redevelopment. This has been based on the recent condition report undertaken in March 2022.	445	550	2,200	11,000	5,000	29,700	34	13,284	-	-	7,679	54,534	B, Ci, Cii, Ciii, D	H	3	5
<b>Cowbridge Phase 2</b> - The Council currently provides 210 primary places and 48 part-time nursery places at Ysgol Iolo Morgannwg. The school has a large catchment area, serving Cowbridge and a large proportion of the Western Vale. The Council proposes constructing a new 420 place primary school building. Upon completion of the building, Ysgol Iolo Morgannwg would transfer to the new site. This would provide an additional 210 Welsh medium primary places and 48 part time nursery places. This would support growth in Welsh medium primary education, supporting the Council's WESP and Welsh Governments 'Cymraeg 2050' strategy.	840	2,640	3,000	6,480	360	2,880	-	-	-	-	4,200	12,000	B,Ci,Cii, Ciii, E	M	2	5
<b>Health &amp; Safety Priority Items Identified in Condition Surveys</b> - The recently undertaken school's condition surveys have identified a number of issues across the education estate which are classified as items which need to be undertaken to address 'Health & Safety/Fire Precautions/Health & Hygiene' concerns. Many of these issues have been classified as 'essential work required within 2 years'.	290	290	-	-	-	-	-	-	-	-	290	290	B, Cii, D, E	M/H	2	2
<b>Sully Primary School</b> -Sully Primary School is an English medium community school located within the settlement of Sully. The school has been highlighted for redevelopment. This has been based upon the recent condition report for the school, the arising pupil demand within the area and the capacity of the existing school.	-	280	-	2,800	410	7,560	-	3,360	-	-	410	14,000	B, Ci,Cii, Ciii, D	H	3	5
	<b>1,990</b>	<b>4,175</b>	<b>5,200</b>	<b>20,280</b>	<b>5,770</b>	<b>40,140</b>	<b>34</b>	<b>16,644</b>	<b>-</b>	<b>-</b>	<b>12,994</b>	<b>81,239</b>				
<b>Place</b>																
<b>Empty Homes Grant Scheme</b> - Welsh Government is proposing to roll out a national Empty Homes Grant Scheme to all local authorities within Wales. VoGC is being asked to consider finding a 35% match funding contribution.	546	546	546	546	-	-	-	-	-	-	1,092	1,092	E	M	2	4
<b>BSC2</b> - Additional capital budget for the BSC2 transformation project. This includes the reconfiguration of the entire BSC2 building to enable occupation by businesses and the creation of a public car park to serve the BSC2 and wider innovation quarter.	109	109	-	-	-	-	-	-	-	-	109	109	CI	L	2	3
<b>All-weather parking spaces at Porthkerry Country Park</b> - Porthkerry Country Park has continually grown in popularity and is now one of the most attended leisure/ tourist destinations within the Vale. However the current parking facilities need to be further updated to accommodate this rise in footfall.	117	117	-	-	-	-	-	-	-	-	117	117	A,D	H	2	4
<b>Cosmeston Overflow car park improvements</b> - Cosmeston Lakes Country Park has continually grown in popularity and is now one of the most attended leisure/ tourist destinations within the Vale, the addition of a new play area, Gateway feature has increased the footfall further. Due to the sites success, there is a need to provide additional all-weather parking facilities to accommodate this rise in footfall	94	94	-	-	-	-	-	-	-	-	94	94	A,D	H	2	4
<b>Porthkerry Country Park - Road Improvements</b> - To undertake essential resurfacing works to the main access road into Porthkerry Country Park and the access road into the main overflow car park, comprising of over 7,000m2 of surface. The access roads are not designated as highways and as such do not come under any formal maintenance schedule.	144	144	-	-	-	-	-	-	-	-	144	144	A,D	H	2	5
<b>Cosmeston Lakes – East Lake Access improvement project</b> - Due to the sites success, there is a need to provide a tarmac surface to the footpath leading from the main entrance and joining the main throughfare which has a tarmac surface. The proposal will also link with the active travel route to the south of the site.	163	163	-	-	-	-	-	-	-	-	163	163	A,D	H	2	4

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Cosmeston Community Hub - `A room with a view`</b> - Provision of a unique, sustainable, multi-use community hub overlooking the lake at Cosmeston Lakes Country Park. 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.	66	66	-	-	-	-	-	-	-	-	66	66	Ci	H	2	5
<b>Medieval Village – Swine Herders -new roof</b> - To replace the existing roof structure and thatched roof covering to the Swine Herders cottage 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 within the next twelve months as the building is becoming unsafe and not fit for use.	95	95	-	-	-	-	-	-	-	-	95	95	A	H	2	5
	<b>1,334</b>	<b>1,334</b>	<b>546</b>	<b>546</b>	-	-	-	-	-	-	<b>1,880</b>	<b>1,880</b>				
<b>Resources</b>																
<b>Contact One Vale – Upgrading Works</b> - Funding of £246,947 is identified in the 2022/23 capital programme to upgrade the ventilation and lighting of the Contact One Vale building, as well as other general refurbishment requirements. The proposed works require the resolution of complex mechanical engineering issues, and initial assessments of the work required indicate that the current budget will be insufficient. To deliver the required level of operating conditions and comfort for the building users, additional funding of £58k is required.	58	58	-	-	-	-	-	-	-	-	58	58	B, Cii, D	M/H	2	2
<b>Wireless Access points</b> - Existing wireless access points are due to reach end of “support life” as some remote locations. In total it is proposed to upgrade 55 wireless access points. These newer models will provide higher bandwidth connectivity to users connecting to network resources over a wireless connection.	39	39	-	-	-	-	-	-	-	-	39	39	Ci, Cii, D	M	2	5
<b>Edge Switching (Corporate)</b> - There are several switches at the edge (which provide connectivity to end devices), that are life expired or are due to become life expired in 2023. It is proposed to upgrade these edge switches with newer models which are more reliable and offer greater functionality such as bandwidth and resilience. The opportunity would also be taken to standardise on the model of switches which are deployed.	700	700	-	-	-	-	-	-	-	-	700	700	A, B, Ci, Cii, D	M/H	2	5
	<b>97</b>	<b>97</b>	-	-	-	-	-	-	-	-	<b>97</b>	<b>97</b>				
<b>Grand Total</b>	<b>13,833</b>	<b>16,018</b>	<b>9,506</b>	<b>24,586</b>	<b>9,630</b>	<b>44,000</b>	<b>3,994</b>	<b>20,604</b>	<b>4,060</b>	<b>4,060</b>	<b>41,023</b>	<b>109,268</b>				

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS												
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Environment &amp; Housing</b>																
<b>Carriageway resurfacing/Surface treatments</b> - Rolling programme of resurfacing and treatment works in accordance with the Council's Highways and Engineering 3 year plan.	2,350	2,350	2,450	2,450	2,550	2,550	2,650	2,650	2,750	2,750	12,750	12,750	A	H	2	5
<b>New Household Waste Recycling Centre (HWRC) Western Vale.</b> To provide a fully legally compliant, new safe and operational facility for the collection, handling, storage, sorting, recycling and transportation of municipal waste. This is additional to funding already approved within the programme.	2,000	2,000	-	-	-	-	-	-	-	-	2,000	2,000	A,B,Ci	M	2	5
<b>Footway Renewal</b> - Renewal of footways under the requirements set out in Section 36-61 of the Highways Act 1980. Footway renewal to maintain the highway network in a safe and useable condition and protect the authority against less third-party claims.	250	250	250	250	250	250	250	250	250	250	1,250	1,250	B	H	2	5
<b>Howe Mill Bridge Deck replacement.</b> Replacement of existing deck with a 3T weight limit with a new deck capable of carrying normal traffic loading.	852	852	-	-	-	-	-	-	-	-	852	852	A,BCi & Cii	M	3	5
<b>Retaining Wall Windsor Road</b> – Dismantle and replace retaining wall. There is a revenue cost to this scheme in addition to the capital cost.	410	410	-	-	-	-	-	-	-	-	410	410	B, Ci	H/M	3	5
<b>Penarth high Level Glazing</b> - Funding of £2.2M is identified across the 2022/23 and 2023/24 capital programmes for the renewal of the defective high-level glazing and cladding panels as well as the flat roof. To deliver the required level of operating conditions and comfort for the building users, additional funding of £200K is likely to be required.	200	200	-	-	-	-	-	-	-	-	200	200	Ci, Cii, Ciii, D & E	M/H	2	3
<b>Penarth Land Slip Works</b> -There have been a number of recent landslips affecting the escarpment at Penarth Marina and impacting on safety. The works would make safe this area.	1,000	1,000	-	-	-	-	-	-	-	-	1,000	1,000	A	M/H	3	5
<b>Penarth Pier Joists</b> - Following the emergency works on the sewage pipes at the Pier, work has been identified in relation to joists under these sections.	200	200	-	-	-	-	-	-	-	-	200	200	A/Ci	M	2	5
<b>Barry Dock Interchange Scheme</b> - The scheme is the development of a transport interchange at Barry Docks alongside the Docks Office. The scheme detail is to include new bus stops, taxi ranks, with electrical charging and information, bus stops plus new landscaping and layout with provisions at a later stage for a bike hub with linkages to active travel routes.	500	500	-	-	-	-	-	-	-	-	500	500	Ci	M	2	5
<b>Llantwit Leisure Centre, Boiler and Water heater Renewal</b> - Gas fired boilers are now over 35 years old. This project is to renew all the existing boiler plant, control systems and all associated pipework.	160	160	-	-	-	-	-	-	-	-	160	160	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Cowbridge Leisure Centre, Heating Boiler Renewal</b> - Gas fired boilers are now over 35 years old. This project is to renew the existing boiler plant, control system and all associated pipework.	140	140	-	-	-	-	-	-	-	-	140	140	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Street lighting &amp; VAS:</b> Replacement concrete columns / LED replacement of ornamental lanterns and Vehicle Actuated Signs replacement. There is a revenue cost to this scheme in addition to the capital cost.	500	500	500	500	500	500	500	500	500	500	2,500	2,500	A	H	2	4
<b>Traffic signal Infrastructure Renewals</b> - Replacement of traffic signal equipment which has exceeded its design life and require replacement to ensure public safety and maintain adequate level of traffic control level to reduce congestion and risk of collision at key sites. There is a revenue cost to this scheme in addition to the capital cost.	250	250	250	250	250	250	250	250	250	250	1,250	1,250	A	M	2	5
<b>Community Centre New Roof Renewals</b> - The most pressing renewals are required at St Athan Community Centre and Murchfield Community Centre. The £160k for future years is not for these Community Centres but an expectation that other centres will need repair over future years.	325	325	160	160	160	160	160	160	160	160	965	965	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>A48 Cowbridge Bypass speed reduction and Adverse Weather signage</b> - To install the necessary highway signage to implement critical speed reduction on the A48 Cowbridge bypass to 50mph. The project is also to include the provision of an ice warning system incorporating interactive signage linked to a weather station to advise motorists of risk of icing / ponding water on the road surface during winter. Revenue costs also associated with this project.	250	250	-	-	-	-	-	-	-	-	250	250	B	M/H	2	5
<b>LV Charging points</b> - developing and rolling out EV charging infrastructure in line with recently completed on-street residential charging policy and technology review.	100	100	100	100	100	100	100	100	100	100	500	500	A	H	2	4

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS				
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Colcot Sport Centre (5 A Side indoor Floor) - Refurbishment of Changing Rooms &amp; Renewal of Hall Flooring.</b>	230	230	-	-	-	-	-	-	-	-	230	230	B,Ci, Cii, Ciii, D & E	M/H	2	3
<b>Alley Gates</b> - Rear lane access gates have been used in the Vale of Glamorgan for approx. 15 years. Gully gate fabrication repair works, corrosion treatment and painting overhaul.	50	50	50	50	50	50	50	50	50	50	250	250	Ci	H	2	4
<b>Penarth Leisure Centre, Refurb of Reception WC's</b> - The WC's are in very poor condition and have come to the end of their useful economic life.	65	65	-	-	-	-	-	-	-	-	65	65	Ci, Cii, Ciii, D	M/H	2	3
<b>Community Centres – Wi-Fi</b> - It is proposed to install Wi-Fi with internet access into 22 Community Centres. It is proposed to install 1 x wireless access point per site with a dedicated circuit allowing 80Mbps down and 20Mbps up. The 1 x wireless access point would be installed to the main hall.	60	60	-	-	-	-	-	-	-	-	60	60	Cii	L	2	3
	<b>9,892</b>	<b>9,892</b>	<b>3,760</b>	<b>3,760</b>	<b>3,860</b>	<b>3,860</b>	<b>3,960</b>	<b>3,960</b>	<b>4,060</b>	<b>4,060</b>	<b>25,532</b>	<b>25,532</b>				
<b>Social Services</b>																
<b>Cartref Porthceri Residential Home – Drainage Repairs &amp; Underpinning of Building</b> - Cartref Porthceri is constructed on a landfill site and there is significant resulting ground movement causing issues with the drainage and the rear extension to the property. The drainage is failing as a result of the ground movement causing cracking and displacement. As such there is a requirement to replace the collapsed foul drainage systems and underpin the areas of the building affected by subsidence.	230	230	-	-	-	-	-	-	-	-	230	230	B, Ci, Cii, C, D & E	M	2	3
<b>Ty Dyfan Residential Home – Roof Renewal</b> - Recent surveys have identified the need for the existing roof coverings and associated fascia, soffits and rainwater goods at Ty Dyfan to be replaced as they have reached the end of their economic life.	290	290	-	-	-	-	-	-	-	-	290	290	B,Ci,Cii,C,D & E	M	2	3
	<b>520</b>	<b>520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>520</b>	<b>520</b>				
<b>Learning &amp; Skills</b>																
<b>Safeguarding &amp; Security of External School Boundaries</b> -A number of recent Estyn inspections have raised safeguarding and security issues associated with incomplete and/or unsuitable external boundary walls and fencing at several schools.	275	275	-	-	-	-	-	-	-	-	275	275	B, Cii, D, E	M/H	3	2
<b>Ysgol St Baruc Internal Adaptions for Ysgol y Deri Temporary Occupation</b> - The current Ysgol St Baruc School building will be vacated in April 2023 due to the new Ysgol St Baruc development being completed and ready for their occupation. The Ysgol Y Deri Expansion development at Cosmeston will not be ready for September 2023 school term and additional temporary accommodation will be required.	140	140	-	-	-	-	-	-	-	-	140	140	3 Ci,Cii,Ciii,D, F	high		5
<b>Saint Richard Gwyn</b> - The school has been highlighted as a school for redevelopment. This has been based on the recent condition report undertaken in March 2022.	445	550	2,200	11,000	5,000	29,700	34	13,284	-	-	7,679	54,534	B, Ci, Cii, Ciii, D	H	3	5
<b>Cowbridge Phase 2</b> - The Council currently provides 210 primary places and 48 part-time nursery places at Ysgol Iolo Morgannwg. The school has a large catchment area, serving Cowbridge and a large proportion of the Western Vale. The Council proposes constructing a new 420 place primary school building. Upon completion of the building, Ysgol Iolo Morgannwg would transfer to the new site. This would provide an additional 210 Welsh medium primary places and 48 part time nursery places. This would support growth in Welsh medium primary education, supporting the Council's WESP and Welsh Governments 'Cymraeg 2050' strategy.	840	2,640	3,000	6,480	360	2,880	-	-	-	-	4,200	12,000	B,Ci,Cii, Ciii, E	M	2	5
<b>Health &amp; Safety Priority Items Identified in Condition Surveys</b> - The recently undertaken school's condition surveys have identified a number of issues across the education estate which are classified as items which need to be undertaken to address 'Health & Safety/Fire Precautions/Health & Hygiene' concerns. Many of these issues have been classified as 'essential work required within 2 years'.	290	290	-	-	-	-	-	-	-	-	290	290	B, Cii, D, E	M/H	2	2
<b>Sully Primary School</b> -Sully Primary School is an English medium community school located within the settlement of Sully. The school has been highlighted for redevelopment. This has been based upon the recent condition report for the school, the arising pupil demand within the area and the capacity of the existing school.	-	280	-	2,800	410	7,560	-	3,360	-	-	410	14,000	B, Ci,Cii, Ciii, D	H	3	5
	<b>1,990</b>	<b>4,175</b>	<b>5,200</b>	<b>20,280</b>	<b>5,770</b>	<b>40,140</b>	<b>34</b>	<b>16,644</b>	<b>-</b>	<b>-</b>	<b>12,994</b>	<b>81,239</b>				

Description	2023/24		2024/25		2025/26		2026/27		2027/28		Total	Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score	
	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS	NET	GROSS					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000					
<b>Place</b>																	
<b>Empty Homes Grant Scheme</b> - Welsh Government is proposing to roll out a national Empty Homes Grant Scheme to all local authorities within Wales. VoGC is being asked to consider finding a 35% match funding contribution.	546	546	546	546	-	-	-	-	-	-	1,092	1,092	E	M	2	4	
<b>BSC2</b> - Additional capital budget for the BSC2 transformation project. This includes the reconfiguration of the entire BSC2 building to enable occupation by businesses and the creation of a public car park to serve the BSC2 and wider innovation quarter.	109	109	-	-	-	-	-	-	-	-	109	109	Cl	L	2	3	
<b>All-weather parking spaces at Porthkerry Country Park</b> - Porthkerry Country Park has continually grown in popularity and is now one of the most attended leisure/ tourist destinations within the Vale. However the current parking facilities need to be further updated to accommodate this rise in footfall.	117	117	-	-	-	-	-	-	-	-	117	117	A,D	H	2	4	
<b>Cosmeston Overflow car park improvements</b> - Cosmeston Lakes Country Park has continually grown in popularity and is now one of the most attended leisure/ tourist destinations within the Vale, the addition of a new play area, Gateway feature has increased the footfall further. Due to the sites success, there is a need to provide additional all-weather parking facilities to accommodate this rise in footfall	94	94	-	-	-	-	-	-	-	-	94	94	A,D	H	2	4	
<b>Porthkerry Country Park - Road Improvements</b> - To undertake essential resurfacing works to the main access road into Porthkerry Country Park and the access road into the main overflow car park, comprising of over 7,000m2 of surface. The access roads are not designated as highways and as such do not come under any formal maintenance schedule.	144	144	-	-	-	-	-	-	-	-	144	144	A,D	H	2	5	
<b>Cosmeston Lakes – East Lake Access improvement project</b> - Due to the sites success, there is a need to provide a tarmac surface to the footpath leading from the main entrance and joining the main throughfare which has a tarmac surface. The proposal will also link with the active travel route to the south of the site.	163	163	-	-	-	-	-	-	-	-	163	163	A,D	H	2	4	
<b>Cosmeston Community Hub - `A room with a view`</b> - Provision of a unique, sustainable, multi-use community hub overlooking the lake at Cosmeston Lakes Country Park. 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.	66	66	-	-	-	-	-	-	-	-	66	66	Cl	H	2	5	
<b>Medieval Village – Swine Herders -new roof</b> - To replace the existing roof structure and thatched roof covering to the Swine Herders cottage 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 within the next twelve months as the building is becoming unsafe and not fit for use.	95	95	-	-	-	-	-	-	-	-	95	95	A	H	2	5	
	<b>1,334</b>	<b>1,334</b>	<b>546</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,880</b>	<b>1,880</b>					
<b>Resources</b>																	
<b>Contact One Vale – Upgrading Works</b> - Funding of £246,947 is identified in the 2022/23 capital programme to upgrade the ventilation and lighting of the Contact One Vale building, as well as other general refurbishment requirements. The proposed works require the resolution of complex mechanical engineering issues, and initial assessments of the work required indicate that the current budget will be insufficient. To deliver the required level of operating conditions and comfort for the building users, additional funding of £58k is required.	58	58	-	-	-	-	-	-	-	-	58	58	B, Cii, D	M/H	2	2	
<b>Wireless Access points</b> - Existing wireless access points are due to reach end of “support life” as some remote locations. In total it is proposed to upgrade 55 wireless access points. These newer models will provide higher bandwidth connectivity to users connecting to network resources over a wireless connection.	39	39	-	-	-	-	-	-	-	-	39	39	Cl, Cii, D	M	2	5	
<b>Edge Switching (Corporate)</b> - There are several switches at the edge (which provide connectivity to end devices), that are life expired or are due to become life expired in 2023. It is proposed to upgrade these edge switches with newer models which are more reliable and offer greater functionality such as bandwidth and resilience. The opportunity would also be taken to standardise on the model of switches which are deployed.	700	700	-	-	-	-	-	-	-	-	700	700	A, B, Cl, Cii, D	M/H	2	5	
	<b>797</b>	<b>797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>797</b>	<b>797</b>					
<b>Grand Total</b>	<b>14,533</b>	<b>16,718</b>	<b>9,506</b>	<b>24,586</b>	<b>9,630</b>	<b>44,000</b>	<b>3,994</b>	<b>20,604</b>	<b>4,060</b>	<b>4,060</b>	<b>41,723</b>	<b>109,968</b>					