



# Capital Strategy

2022-23 to 2031-32



## INTRODUCTION

Welcome to the Council's 2022-23 – 2031-32 Capital Strategy. The Strategy sets out the Council's plan for capital expenditure, and how that is to be funded, over the next 10 years. It underpins the Council's vision of contributing to a place where people want to live, work, study and do business, where people have the skills and qualifications they need to improve their life chances, enjoy good health and a sense of well-being and independence.

To deliver the Council's vision will require capital investment in new schools, to regenerate the Borough's towns, to develop innovative de-carbonisation schemes to deliver the Council's 2030 Decarbonisation Strategy, and continued investment in IT infrastructure to ensure the Council can deliver its services digitally moving forward.

In developing long term investment decisions, it is crucial that decisions are based on clear information, including a long-term plan of capital expenditure, ensuring affordability and having in place clear asset management plans.

The Capital Strategy is reviewed and updated at least annually to take account of changing plans and guidance as appropriate. There will be challenges ahead as the County Borough recovers from the impact of Covid-19 and the Council continues to plan for the future.



Cllr Huw David  
Leader of the Council



Mark Shepherd  
Chief Executive

## STRATEGIC CONTEXT

Bridgend is conveniently situated between Wales' capital city, Cardiff, to the east and the city of Swansea to the west, approximately 20 miles from each. Nestled along the M4 corridor with easy access from both major cities, bounded by the Bristol Channel to the south, it is at the heart of the South Wales industrial and coastal belt. Bridgend as a County Borough is home to over 140,000 residents and continues to grow. The County Borough's towns are undergoing redevelopment and a number of historic buildings and the town centres have been rejuvenated over recent years. To the north is the residential town of Maesteg, to the south west is the coastal town of Porthcawl and to the east is Pencoed. Bridgend County Borough Council is one of 22 Councils in Wales, and accounts for approximately 4.5% of the country's population.

Population	147,049
Land area	98.5 square miles
Households	63,609
Council employees	5,858
Councillors	54



The Council faces significant challenges moving forward. These include demographic pressures including increasing pupil numbers, an ageing population, an increasing number of young people with complex disabilities living into adulthood and requiring care and support, the need for the public sector to decarbonise by 2030 and the continued investment in digitalisation in service delivery. In addition to this there are inflationary pressures arising from specific contractual commitments and significant increases in staffing costs arising from the above inflation increases in the national living wage, and calls to implement the real living wage, especially for Social Care staff. As a result of the Covid pandemic the Council will need to focus on restoring services, supporting communities, particularly the most vulnerable in our society, as well as doing all we can to help our local economy to recover.

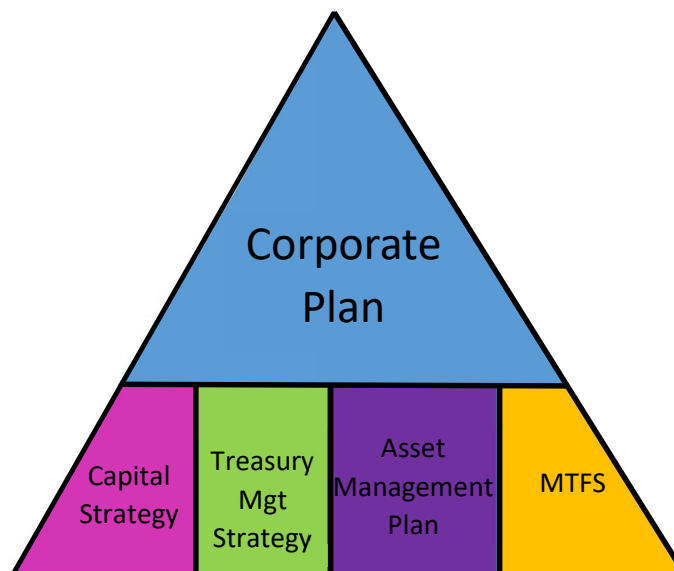
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

## CAPITAL STRATEGY FRAMEWORK

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Prudential Code for Capital Financing in Local Authorities (2021) placed a requirement on local authorities to determine a Capital Strategy, to be approved by full Council, which demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. Local Authorities should have in place a Capital Strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.

This Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities within the Council's 10 year Capital Programme. It also reports on the delivery, affordability and risks associated with this Strategy.

The Capital Strategy is presented to Council as an integral part of the Council's Budget and Policy Framework. It links with the Corporate Plan, Treasury Management Strategy (TMS), Medium Term Financial Strategy (MTFS) and the Council's Asset Management Plan (AMP).



The Capital Strategy sets out the Council's approach to:

1. asset management planning
2. risk
3. governance and decision making
4. capital investment in 2022/23 and indicatively to 2025/26
5. funding the strategy
6. managing the borrowing requirement
7. prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure
8. affordability



The remainder of this strategy considers these in more detail.

The capital programme is a key element of the MTFS. The MTFS provides a set of clear principles which drive the budget and spending decisions of the Council. There are thirteen principles in total, but the following three refer specifically to the capital programme and Strategy:

10. Capital investment decisions are in alignment with the Council's Capital Strategy, and mitigate any statutory risks taking account of return on investment and sound option appraisals.
11. Prudential borrowing is only used to support the capital programme where it is affordable and sustainable within the Council's overall borrowing limits and the revenue budget over the long term.
12. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget and the capital programme.

To reflect these the capital strategy is based on the following guiding principles:

<b>PRINCIPLE 1 : Focus capital investment on delivery of the Council's Well-being Objectives and Priorities</b>
<ul style="list-style-type: none"> <li>• Ensuring that capital investment plans are driven by the Council's Corporate Plan</li> <li>• Ensuring decision-makers are clear on the positive contribution capital investment makes to our well-being objectives</li> <li>• Appraising all investments in the context of objectives/priorities</li> <li>• Ensuring there is a corporate business planning process incorporating service transformation and the impact on property assets</li> </ul>
<b>PRINCIPLE 2 : Ensure strong governance over decision-making</b>
<ul style="list-style-type: none"> <li>• Ensuring that proposals demonstrate that a rigorous process of options appraisal has been followed, requiring evidence of need, cost, risk, outcomes and methods of financing</li> <li>• Schemes will only be added to the capital programme once an affordable business plan is in place and it demonstrates value for money</li> <li>• All major capital schemes have a lead Project Sponsor and follow project management principles</li> <li>• The approval process within the Financial Procedure Rules contained in the Constitution are strictly adhered to</li> </ul>
<b>PRINCIPLE 3 : Ensure capital plans are affordable, sustainable and prudent</b>
<ul style="list-style-type: none"> <li>• Promote capital investment which allows invest to save outcomes and which contribute to future MTFS savings</li> <li>• Make sure assets perform at an optimal level through effective ongoing asset management and are consistent with levels of investment</li> <li>• Review and challenge the Council's assets, including the need, cost and performance of the estate</li> <li>• Maximise the use of internal borrowing and maintain an under-borrowed position compared to its Capital Financing Requirement if feasible</li> </ul>
<b>PRINCIPLE 4 : Maximise and promote the best use of available funds</b>
<ul style="list-style-type: none"> <li>• Generate funding, where possible, from the rationalisation of existing assets with a strong Disposal Strategy</li> </ul>

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| <ul style="list-style-type: none"><li>• Minimise the use of ring-fencing capital receipts to ensure a One-Council approach</li></ul>   |
| <ul style="list-style-type: none"><li>• Bidding for external funds where appropriate and ensuring that there are effective working relationships with external funders</li></ul> |
| <ul style="list-style-type: none"><li>• Have clear policies for the consumption of our reserves</li></ul>  |
| <ul style="list-style-type: none"><li>• Ensuring that there is effective pre- and-post project appraisal including a “lessons learned” exercise.</li></ul>                       |
| <ul style="list-style-type: none"><li>• Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs</li></ul>             |



*Ogmore Valley*

## 1.0 ASSET MANAGEMENT PLANNING

The Council's Asset Management Plan vision has been re-aligned with the Corporate Plan 2018-23 and reviewed for 2022-23 "One Council Working Together to Improve Lives" as follows:

**"To have a lean sustainable estate that enables BCBC to live within its means and support delivery of our well-being objectives"**

The following principles drive the decisions on the on-going challenge, management and use of BCBC property assets to support the achievement of our corporate priorities and statutory duties:

1. The AMP 2030 supports and maintains alignment with the MTFs, Capital Strategy and Corporate Plan, linking with other resource strategies and corporate transformation programmes including carbon reduction.
2. The AMP 2030 works to deliver effective management covering not just health, safety and effective maintenance but supporting wider benefits such as carbon reduction.
3. Capital investment decisions support the Council's corporate priorities and mitigate any statutory risks taking account of return on investment and sound option appraisals. Appraising all investments in the context of objectives/priorities.
4. Decisions on the treatment of surplus assets are based on an assessment of the potential contribution to the revenue budget, the capital programme and corporate priorities.
5. A balance will be maintained within the non-operational portfolio between rental income, capital receipts, economic development/ community support.
6. Capital receipts generated will support the capital programme.

The Council also has a Highways Asset Management Plan (HAMP). The HAMP needs to take into account the following:

1. Much of the infrastructure serving the northern half of the county borough was originally constructed in the early 1900's and was not designed to cope with the current demands (economic, social and environmental) placed upon it.
2. The BCBC highway network is continuously growing with no sign of abatement. The Council has seen much in the way of development over the last decade, resulting in a significant increase in the amount of asset requiring management.
3. Highway Authorities have a statutory duty to maintain highways and ensure that they are available for safe use by all.

The HAMP sets out how the levels of service for the infrastructure network determined by the Council will be achieved.

## HEALTH AND SAFETY WORKS

There is an earmarked reserve for Asset Management including funding for Condition Surveys. The Council is now in the final phase of the condition survey programme, dealing with queries and ongoing Community Asset Transfer surveys. The surveys include planned preventative maintenance data which will inform the Council's budget allocation for both revenue and capital repairs, maintenance and new build. Given the limited capital and revenue



funding and the currently known high level of maintenance backlog, a prioritisation matrix for budget allocation has been developed. The matrix works to give highest priority to health and safety works. Given the potential level of funding compared to the demand for repairs and maintenance, this may lead to the closure of buildings or the drive for further capital investment in new build projects. Once fully implemented the matrix will be able to effectively inform the capital funding planning and decision making as it relates to asset management.

For highway structures, the current basis for prioritisation is one of reactive safety repairs, where the asset is risk assessed using a standardised matrix. This risk assessment is then considered against the individual assets Bridge Condition Indices (BCI) rating. This allows the prioritisation of schemes and allocation of the available budget to ensure the best value is achieved. A similar approach is applied to carriageway and footway schemes, where combinations of technical survey, site inspections and reports from members of the public determine the basis for the prioritisation of works.

Funding is available for a Capital Asset Management Fund and a Highways Asset Management Fund. The purpose of these is to fund schemes that have been prioritised by the condition surveys as posing a Health and Safety risk either within buildings or within our Highways Infrastructure. The balances on these as at 31 December 2021 were £0.82 million and £0.932 million respectively.



*Ogmore Washeries*



## 2.0 RISK

In undertaking complex projects, decision making needs to be supported by business cases in line with best practice covering strategic, economic, financial, commercial and management cases.

It would be expected that in nearly all circumstances, any proposed investment in land and buildings will require the completion of a full feasibility study in the first instance. The purpose of a feasibility assessment is to evaluate the practicality and desirability of a capital project, and assess its deliverability, before the Council invests time and money into the project. It may be that the proposed project cannot be delivered to time or cost or may not deliver the outcomes necessary. If this is the case the feasibility study would confirm that the project should not proceed. The Council needs to understand how successful the project will be, what will be delivered, at what cost, how funded, and what potential risks may be inherent in the project (which may also affect cost). This will determine whether the proposed scheme can proceed to a **capital expenditure bid** and, if approved, subsequent inclusion into the capital programme as a fully funded scheme.

It is accepted that there are a number of capital pressures that will need financing going forward, including economic recovery, decarbonisation, homelessness, digitalisation and coastal defences. There are also other financial pressures arising as a result of the impact of the pandemic and Brexit, which are being seen in existing tender prices, and will continue to do so for some time going forward, placing pressure on the capital programme overall, including:

- Increased prices of materials, as a result of higher inflation rates and additional costs associated with Brexit, sometimes up to 25% higher than previously estimated;
- Supply chain difficulties leading to higher prices and delays in schemes being completed;
- Inability to recruit to key posts, both within the Council and companies we contract with, resulting in higher wages and overall contract costs;
- Additional requirements on schemes to achieve Welsh Government's Net Zero commitments, which includes an aim of collectively achieving net zero across the Welsh public sector by 2030. This will lead to changes in the way we design and manage our assets, which will likely result in increased costs.

These need to be considered at the early stages of project feasibility to ensure that anticipated cost increases are factored into each scheme's forecast budget. Time considerations also need to be considered for any delays in suppliers' ability to source and deliver materials for capital schemes. This could affect external funding particularly grants where schemes have to be completed within a set deadline.

Capital investment is technically described as:

**“Expenditure on the acquisition, creation, or enhancement of ‘long term assets’”**

This generally consists of land, property and plant which have a useful life of more than 1 year but can also include funding passed on to other bodies in order for them to undertake capital works. Expenditure outside this definition will be, by definition, revenue expenditure.

Expenditure can be capitalised where it relates to the:

- Acquisition, reclamation, enhancement or laying out of land.
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures.
- Acquisition, installation or replacement of movable or immovable plant, machinery, apparatus vehicles or vessels.

Enhancement of an existing fixed asset means:

- To lengthen the useful life of the asset; or
- To increase substantially the open market value of the asset; or
- To increase substantially the extent to which the asset can be used for the purposes of, or in connection with, the functions of the Council.

Capital investment can be broadly split into three types:

1. Expenditure on **creation of new assets, specific projects or non-treasury investments to meet strategic aims**. Non treasury investment to meet service or Council obligations could include loans or equity towards capital expenditure incurred by external bodies, Council subsidiaries or joint ventures.
2. Expenditure on **existing assets** to ensure they meet the requirements of service delivery, are fit for purpose, meet health and safety guidance, and reduce future costs.
3. Expenditure on **non-treasury investments purely to maximise financial return on assets and generate revenue income**. However, it is unlikely that the Council will pursue any such investments due to the limits it would place on accessing PWLB loan finance.

Within the Accounting Policies for the Council, expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on Property, Plant and Equipment is recognised irrespective of value. Capital expenditure below £40,000 with the exception of vehicles, is considered non-enhancing and is immediately impaired unless cumulatively over more than one year the expenditure would amount to more than this value.

The Council currently does not make use of any capitalisation flexibilities nor capitalise any borrowing costs associated with the capital programme. The Council's capital expenditure plans are linked to the Corporate Plan, Asset Management Plan, priorities and service delivery plans with the inclusion of the 'Future Property Needs' within the business plan template.

## **Commercial Activities**

The Council has acquired relatively few property assets over the last few years. Its focus has been on releasing or remodelling existing assets. From time to time it has acquired property required for service developments, for example purchasing land and buildings for school modernisation projects. In 2014 the Council approved £1 million of capital funding for commercial property investment, of which £560,000 was spent on acquiring an income-producing leased property. This investment generates a rental income of £56,000 per year or just over 9% return on investment. To date the remainder is unspent as no suitable options which meet the Council's criteria have been forthcoming.

The Council is mindful of a recent HM Treasury consultation and subsequent restrictions on borrowing from the Public Works Loans Board (PWLB) solely for commercial yield. HM Treasury issued revised lending terms for (PWLB borrowing by local authorities in November 2020. As a condition of accessing the PWLB, local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current, or next two financial years. Local Authorities' section 151 Officers or equivalent will be required to confirm that capital expenditure plans are current and that the plans are within acceptable use of the PWLB.

Whilst this does not preclude the Council investing in commercial activities, investing in assets for yield would prevent the Council from accessing PWLB borrowing. The borrowing needed to support the 21st Century Schools Band B programme and the wider capital programme will therefore prevent the Council investing in land or property purely to achieve a financial return.

The Council does have an existing investment portfolio which is 100% based within the County Borough and primarily the office and industrial sectors. The income streams are generally spread between the single and multi-let office investments on Bridgend Science Park, the multi-let industrial estates and the freehold ground rent investments. The portfolio therefore does not accord with the risk balance in location and sectoral terms to the majority of investment portfolios and is also management intensive, with a large number of units relative to the overall income and value. The total value of Investment Properties was £5.090 million at 31 March 2021. This would be expected to generate a rental income of £456,000 per annum excluding any vacant or rent-free periods. The lessees are responsible for all repairs and maintenance associated with these properties.

Existing investments are not affected by this recent change. There are limited opportunities within the existing investment portfolio to release / sell properties, as the current emphasis is to enhance income return (as opposed to capital value). The majority of the investments held are high yielding and an improved income stream is unlikely on any re-investment.

The income receivable from the commercial property portfolio is not deemed to be a financial resilience risk in terms of being 'un-proportionate' to the Council's overall income. This will be an ongoing consideration where expenditure on the types of non-treasury investments identified previously are proposed, including development of any limits and indicators to determine any risk proportionality.

The table below shows the Prudential Indicator of estimates of net income from commercial and service investments to net revenue stream.



*Table 1: Prudential Indicator: Proportion of Estimates of Net Income from Commercial and Service Investments to Net Revenue Stream*

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Net Revenue Budget	287.326	298.956	319.510	319.510	319.510
Income from Commercial Investments	0.456	0.452	0.459	0.459	0.459
% Ratio	0.16%	0.15%	0.14%	0.14%	0.14%

## **Management of Risk**

Major capital projects require careful management to mitigate the potential risks which can arise. The effective monitoring, management and mitigation of these risks is a key part of managing the capital strategy. General risks are those which are faced as a consequence of the nature of the major projects being undertaken. Most of these risks are outside of the Council's control but mitigations have been developed as part of the business planning and governance process.

The effective management and control of risk are also prime objectives of the Council's treasury management activities. The Treasury Management Strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.



*Porthcawl Regeneration Artist Impression*

### 3.0 GOVERNANCE AND DECISION MAKING

The Council has robust processes in place to approve, manage and monitor capital projects arising from the Capital Strategy.

#### **Prioritisation, Evaluation and Skills**

The Council will maintain a rolling ten-year capital programme, to be updated on an annual basis (or more frequently as required) to take into account revised priorities, new schemes and changes in the availability of funding.

The Council's Capital Programme contains a number of recurrent annual allocations, which are the first call on its General Capital Funding. These allocations are reviewed annually with a view to determining whether they are still essential, relevant and achieving the outcomes expected, and amended accordingly.

Where capital resources allow as a result of additional general capital grant, earmarked reserves or capital receipts, as part of the MTFs process, Directorates will be requested from September each year to submit Expressions of Interest for new capital schemes, outlining:

- Proposed project
- Timescale
- Potential cost
- Potential revenue savings
- Link to Corporate Priorities
- Risk of not undertaking

These will be ranked in order of fit to:

1. Link to well-being objectives
2. High level of risk of not progressing, based on the criteria below.
3. Service is able to meet any additional revenue costs arising from the scheme e.g. increased Business Rates, running costs.
4. Ability to attract matched funding / high leverage ratio.
5. An appropriate return on investment where appropriate.

Ranking assessment:

High	High risk to Bridgend County Borough Council (BCBC) in terms of service delivery and/or meeting MTFs Savings e.g. urgent/ essential works to prevent imminent building failure and closure. Requirement to meet approved Bridgend Change Programme Project to deliver MTFs Savings
Medium	Medium risk to BCBC in terms of service delivery and/or meeting MTFs Savings e.g. identified works required over the next 2 to 5 years. Requirement to meet proposed Bridgend Change Programme Project to deliver MTFs Savings

Low	Low risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works desirable, Requirement to meet yet to be identified Bridgend change Programme Project to deliver MTFS Savings
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As stated, the Council only has a limited amount of resources, and needs to have regard to the overall affordability of the capital programme in future years. Each scheme, therefore, needs to be evaluated to ensure it meets the Council's objectives and in accordance with **PRINCIPLE 1** above.

The business plan put forward for a capital project will be reviewed to ensure it takes account stewardship, value for money, prudence, sustainability and affordability, and has been subject to detailed feasibility assessments. Investment decisions will consider risk and reward and how the project contributes to the achievement of corporate objectives. The phasing of projects over more than one financial year will be assessed to ensure timetabling of plans and budgeting is realistic and funding is available over the life of the project.

The revenue implications for each capital bid are considered at the initial evaluation stage, covering both staffing/running costs associated with the bid and the financing costs over the lifetime of the asset created. One of the Chief Finance Officer's requirements when reviewing capital bids is to ensure that the revenue implications are realistic. The options appraisal exercise undertaken for larger projects seeks to ensure that the lifetime revenue implications of a capital project are fully considered and evaluated, are affordable and are included in the MTFS in accordance with **PRINCIPLE 2** above.

Successful projects will then be required to complete a full Business Case to be considered in more detail by Corporate Management Board and Cabinet for eventual inclusion in the Capital Programme to be incorporated in the MTFS, to be approved by Council.

#### In Year Approvals

Any bids for capital funding outside of the annual MTFS bidding round should be accompanied by a full business case and be supported by the appropriate Director, Section 151 Officer and Cabinet. All funding sources should be fully identified before the bid is taken forward for Council approval for inclusion in the capital programme.

In line with the Council's Financial Procedure Rules, schemes for which external funding has been approved (grants, S106 etc) will be added to the capital programme once the funding has been accepted and included in the next capital programme report to Council.

In addition, any urgent expenditure not included in any budget approval, which needs to be agreed prior to the next meeting of Council, may only be incurred with the approval of the Chief Finance Officer, subject to a maximum value of £100,000. Any such decision requires approval by either the Chief Executive Officer (or can be sub-delegated to the Section 151 Officer) under the Scheme of Delegation, Scheme B1 paragraph 2.2.

To support prioritisation and to avoid slippage and potentially unanticipated additional costs, the Council will need to ensure access to sufficient skills and capacity both within the Council and externally in order to deliver the investment programme. Such capacity could be project management and development skills, technical and design skills, knowledge, availability of contractors as well as wider market factors.



In procuring any capital goods or works the Council's Contract Procurement Rules must be followed to ensure that the Council achieves value for money and abides by all Procurement legislation. The Council's process and authority for the acquisition and disposal of land or property is set out in the Council's Constitution.

### **Approval, Monitoring and Reporting the Capital Programme**

It is important given the risks surrounding Capital Projects that the appropriate Governance framework is in place. This is highlighted in **PRINCIPLE 2** above. The Capital Strategy informs the Council's capital investment programme and Treasury Management Strategy. This integration is one of the reasons why it is deemed that full Council should continue to consider and approve the affordability of the Capital Strategy and detailed programme as part of the Council's budget proposals recommended by Cabinet.

Council approves the capital investment programme having consideration of CIPFA's Prudential and Treasury Management Code indicators highlighting the impact of capital decisions on the revenue budget and affordability, prudence and sustainability.

A monitoring process is in place which:

- Reports on variances in expenditure and slippage on schemes and seeks explanations from project managers to report back to Corporate Management Board and Cabinet to inform future planning decisions
- Quarterly capital monitoring reports will be prepared for Cabinet and Council which should include details of any virements between projects as well as projections of likely year end spend.

The Chief Finance Officer will prepare a Capital Programme for consideration by Corporate Management Board and Cabinet. It must be approved by Council in accordance with the Financial Procedure Rules of the Council's Constitution.

Variations to the capital programme, other than those permitted under Rules 3.4.5 and 3.4.6 of these Rules, shall require the approval of the Council following a report of the Chief Finance Officer after taking into consideration the recommendations of the Cabinet.

A post project appraisal of all projects in accordance with the Project Management Toolkit must be completed to demonstrate how objectives have been met, how final costs compared to budget and what revenue costs / savings materialised. This information will be reported back to feed future appraisal exercises.

### **Post Project Evaluation**

Once any major capital project is completed, it is good practice to look at the project in retrospect. This is an important part of any project to review lessons learned. It's a chance to reflect on what those involved with the project, both from a provider/contractor aspect and customer view, as to what their perspectives on the project were, what they may have changed, what they learned and what could be done better. This is important to learn from mistakes so as to avoid those in the future, but also crucially to gather best practice and to pass this on to other projects. The project manager should undertake a lessons' learned meeting with key personnel once the project has been completed to enable the Council to share best practice in all capital schemes.

## **Knowledge and Skills**

Within the Finance section, the Capital Programme and Treasury Management Strategy are managed by professionally qualified accountants or staff with extensive Local Government finance experience. They all undertake Continuous Professional Development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The Council has access to courses and documentation on developments within the capital and treasury management fields from both CIPFA and the Council's appointed Treasury Management advisors. The Council's Section 151 Officer is the officer with overall responsibility for Capital and Treasury activities and is a professionally qualified accountant and follows an ongoing CPD programme. All Treasury Management Practices (TMPs) are reviewed and updated as necessary. Where staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite. Arlingclose will be the Council's Treasury Management Advisors until September 2024.

All the Council's capital projects have project teams from all the professional disciplines from across the Council and when required external professional advice is also taken. Project management tools are used and there is a strong project management ethos within the Council. Throughout the Council is a good mix of professional qualified staff and staff with both commercial and local authority experience. There is a Corporate Landlord team consisting of skilled and professional staff covering design and management, estates and valuation, statutory compliance, strategic asset management planning, facilities management, management and commissioning of repairs and maintenance and energy management to introduce new energy efficiency measures such as upgraded heating, lighting, insulation and investigating new technological solutions that will enable staff to be fully agile and provide a better service, while an online portal is being developed that will provide information, process customer requests and enable staff to log jobs and track progress. The Regeneration Team within the Communities Directorate has been successful in applying for monies from various sources such as Welsh Government, Heritage Lottery and European funding.



*Maesteg Town Hall artist's impression*

#### 4.0 CAPITAL INVESTMENT PROGRAMME 2022/23 TO 2031/32

The ten-year rolling programme has been initially set for 2022/23, and on an indicative basis for the nine years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans.

In 2022-23, the Council is planning capital expenditure of £23.43 million as summarised below. The following two year's indicative figures are also shown by Wellbeing Objective in line with the Corporate Plan:

*Table 2: Prudential Indicator: Estimates of Capital Expenditure*

Wellbeing Objective	2020-21 actual £	2021-22 projection £	2022-23 budget £	2023-24 budget £	2024-25 budget £
Supporting a successful sustainable economy	5,748	17,123	<b>28,961</b>	4,940	203
Helping people and communities to be more healthy and resilient	3,484	5,507	<b>5,570</b>	2,220	2,220
Smarter use of resources	13,945	25,051	<b>27,371</b>	8,621	32,098
Core services and statutory functions	284	2,401	<b>8,077</b>	1,879	1,879
Leases recognised under IFRS 16	0	0	<b>6,040</b>	0	0
<b>Total Council Fund Services</b>	<b>23,461</b>	<b>50,082</b>	<b>76,020</b>	<b>17,660</b>	<b>36,400</b>

*\*£6.040m of capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure*

The main Council Fund services projects in this period include:

- 21<sup>st</sup> Century schools (Band B). Forecast expenditure of £38.050 million is included in the above table for 2022-23 to 2024-25.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.950 million per annum.
- Cardiff Capital Region City Deal - £7.691 million. This is an existing scheme which is focused on raising economic prosperity, increasing job prospects and improving digital and transport connectivity across South Wales region.
- Caerau Heat Network - £6.293 million in 2022-23.
- Ewenny Road Industrial Estate - £3.5m in 2022-23 for redevelopment of the site.
- CESP/Arbed Phase 1 - £3.505m in 2022-23 for property remedial works.
- Bridgend Town Heat Scheme - £3.000 million in 2022-23.
- Depot rationalisation – £8.144 million is included in 2022-23 for this scheme.
- Annual commitments to capital minor works of £1.130 million.



The detailed ten-year Capital programme proposed is included at the end of this document in Appendix 2.

## 5.0 FUNDING THE STRATEGY

The Council has several funding streams available to support capital investment. These include the following cash resources:

<b>Cash Resources</b>	
<b>Non ring-fenced grants</b>	These are for use on Council determined priorities. These include an annual 'General Capital Grant' from Welsh Government
<b>Ring-fenced grants</b>	These are to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is from Welsh Government, which in most cases follows an application or bidding process for schemes or distribution of grants on a formula basis. The short-term nature of grant awards makes long term planning and delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.
<b>External contributions</b>	For example from planning agreements (S106).
<b>Revenue budgets and Earmarked Reserves</b>	Held specifically to support the affordability of capital investment.
<b>Capital Receipts</b>	These are as a result of the disposal of Council assets

Further detail is included in **Appendix 1** Capital Funding Sources.

### **Financial Context**

Whilst the aims and priorities will shape decisions around capital expenditure, there is recognition that the financial resources available to meet priorities are constrained in the current economic and political climate. The context for capital expenditure decisions is as follows:

- The Council does have capital resources and expects to receive more resources in the future with an annual allocation from Welsh Government, potential s106 monies or grant approvals.
- The Council does have a Disposal Strategy and has capital assets which it could sell and use receipts to reinvest
- The Council is currently servicing debt of £96.87 million of fixed interest loans, at an average interest rate of 4.69%
- The Council's MTFS shows a funding gap so any additional capital expenditure which is not funded through capital resources will increase this gap unless that expenditure delivers revenue savings or income.

### Principles for Allocation of Capital Allocation

The governing principles which underpin the allocation of capital resources are set out in the following diagram:

Nature of Capital Expenditure	Funding Source				
	General Capital Funding / Supported Borrowing	Capital Receipts / Uncommitted Reserves	Interest Free Loan	Unsupported Borrowing - Corporate Funding	Unsupported Borrowing - Directorate Funding
Mandatory					
Well-being Objective					
Investments which attracts Matched Funding					
Invest to Save / Income Generation - Commercial					

	Eligible for funding from this source
	Not eligible for funding from this source

In summary the main principles of capital allocation are:

General Capital Funding and Supported Borrowing from Welsh Government will be prioritised towards mandatory capital investments. This includes investment required to meet health and safety requirements. This principle also applies to uncommitted capital receipts and capital reserves.

Beyond this, any consideration will be given to capital schemes which directly support the achievement of the Council's corporate objectives.

Unsupported (Prudential) Borrowing will be prioritised as follows:

- To mandatory capital expenditure, including health and safety requirements. This will be considered to be an inescapable budget pressure and will be included in future years' budgets as part of the annual budget setting process.
- To capital expenditure which directly supports the achievement of the Council's well-being Objectives. Borrowing for such projects will be funded corporately through an increase in budget allocation, which must be approved by full Council. Such borrowing commits the Council to interest and repayments during the asset life, and therefore it must be recognised that as budgets are reduced, the financing costs must be met by budget cuts elsewhere.
- To capital expenditure which attracts a high level of matched funding. This is particularly important as the Council tries to maximise every £1 it spends on capital

with schemes involving external grants or contributions from partners. The aim is for the Council to ensure that it invests in its strategic buildings and town centre infrastructure as grant funding and inward investment opportunities become available by allocating uncommitted reserves, maximising interest free loans or unsupported borrowing.

- To capital expenditure which provides a good financial return. Borrowing for such projects must be funded by the directorate, and therefore the financial benefit accruing to the directorate will be net of financing costs. This approach aligns the directorate incentives with the corporate benefit of such projects. Advantage will be taken of interest free loans where available.

### **Borrowing to pay for Capital Investment**

There are currently no nationally imposed restrictions to the quantum of borrowing that can be undertaken to pay for capital investment. The Council approves its own affordable borrowing limit as part of the Local Government Act 2003 and this is set at a level consistent with the programme of capital investment proposed. There are two main types of borrowing to pay for capital investment which form part of the Council's borrowing requirement and is managed as part of the Treasury Management Strategy:

- 'Supported Borrowing' – costs of servicing are included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, rent, savings, additional income or sale of assets.

The planned financing of capital expenditure is outlined in Table 3 as follows:

*Table 3: Capital financing*

	2020-21 actual £m	2021-22 projection £m	2022-23 Budget * £m	2023-24 budget £m	2024-25 budget £m
External sources	15.583	21.282	26.078	7.616	24.640
Own resources	1.511	14.674	30.993	5.300	7.016
Net Financing Requirement	6.367	14.126	18.949	4.744	4.744
<b>TOTAL</b>	<b>23.461</b>	<b>50.082</b>	<b>76.020</b>	<b>17.660</b>	<b>36.400</b>

\*£6.040m of capital expenditure in 2022/23 arises from a change in the accounting for leases and does not represent cash expenditure

The net financing requirement or 'debt' is only a temporary source of finance, since loans and leases must be repaid, and is replaced over time by other financing, usually from revenue, which is known as Minimum Revenue Provision, or MRP. As well as MRP, the Council makes additional voluntary revenue contributions to pay off Prudential or Unsupported Borrowing. Other MRP on Long Term Liabilities relates to the provision of the secondary school at Maesteg. The total of these are shown in Table 4 below:

Table 4: Replacement of debt finance

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
Minimum Revenue Provision (MRP)	2.927	2.969	3.187	3.367	3.401
Additional Voluntary Revenue Provision	1.502	1.832	2.476	2.625	2.625
<b>Total MRP &amp; VRP</b>	<b>4.429</b>	<b>4.801</b>	<b>5.663</b>	<b>5.992</b>	<b>6.026</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.743</b>	<b>0.801</b>	<b>0.863</b>	<b>0.929</b>	<b>1.001</b>
<b>Total Own Resources</b>	<b>5.172</b>	<b>5.602</b>	<b>6.526</b>	<b>6.921</b>	<b>7.027</b>

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the MRP amount within the year. Debt-financed expenditure is that which is **not** funded by grants, contributions, reserves or capital receipts. The CFR is forecast to increase by £12.423 million during 2022-23. However, £6.040 million of this increase is as a result of the changes to accounting for leases expected to be implemented from 1 April 2022. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
<b>Opening Capital Financing Requirement</b>	171.776	172.971	181.495	193.918	191.740
<b>Movement in Financing Requirement</b>	1.195	8.524	12.423	(2.177)	(2.283)
<b>Closing Capital Financing Requirement</b>	<b>172.971</b>	<b>181.495</b>	<b>193.918</b>	<b>191.740</b>	<b>189.458</b>

\*£ 6.040 million of the CFR increase in 2022/23 arises from a change in the accounting for leases

### Lease accounting

Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the Council owning and delivering such assets itself. In consideration of new accounting requirements from 2022-23, the Council will undertake a data gathering exercise to understand materiality and the detailed financial implications.



## Asset Disposals

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be reinvested in new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council anticipates receiving around £6.043 million of capital receipts between 2021 and 2023 as set out in Table 6.

Table 6: Forecast capital receipts receivable in £ millions

	2020-21 actual £m	2021-22 projection £m	2022-23 budget £m	2023-24 budget £m	2024-25 budget £m
<b>Opening balance</b>	<b>18.608</b>	<b>21.519</b>	<b>19.319</b>	<b>6.064</b>	<b>6.064</b>
Asset sales	3.213	2.543	3.500	-	-
Applied in capital programme	(0.302)	(4.743)	(16.755)	-	(1.762)
<b>Closing balance</b>	<b>21.519</b>	<b>19.319</b>	<b>6.064</b>	<b>6.064</b>	<b>4.302</b>

As can be seen from the above table, the anticipated receipts from asset sales are substantially committed in the capital programme over the 4 years 2022-2025.



Porthcawl Regeneration Artist Impression

## 6.0 MANAGING THE BORROWING REQUIREMENT

The Council's major objectives when borrowing are:

- to minimise the revenue costs of debt
- to manage the Council's debt maturity profile i.e. to leave no one future year with a high level of repayments that could cause problems in re-borrowing
- to secure funding in any one year at the cheapest cost commensurate with future risk
- to forecast average future interest rates and borrow accordingly
- to monitor and review the level of variable interest rate loans in order to take greater advantage of interest rate movement
- to reschedule debt if appropriate, in order to take advantage of potential savings as interest rates change
- to optimise the use of all capital resources including borrowing, both supported and unsupported, usable capital receipts, revenue contributions to capital and grants and contributions

### Limits to Borrowing Activity

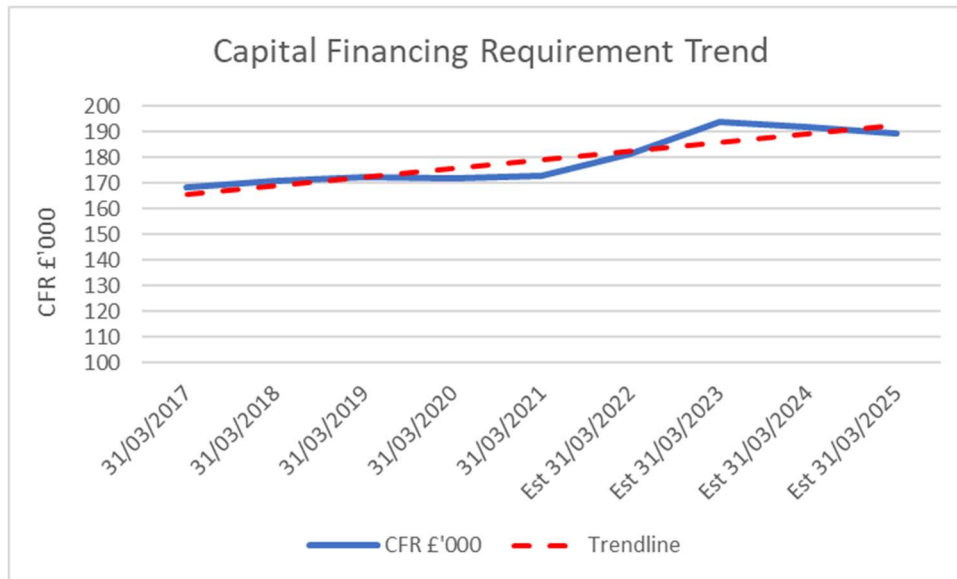
The Council's long-term borrowing at 31 December 2021 was £96.87 million at an average interest rate of 4.69%. The majority of lending is Public Works Loan Board with maturity dates between 2025 and 2057. £19.25 million of borrowing relates to Lender's Option Borrower's Option (LOBO) loans that have a maturity date of 2054, however these may be rescheduled in advance of this maturity date.

External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association made between individual loans and particular types of expenditure. The Council makes use of internal borrowing and maintains an under-borrowed position in accordance with **PRINCIPLE 3** above. The capital borrowing need (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. Projected levels of the Council's total outstanding debt, which comprises borrowing, PFI and Other Long-Term Liabilities, are shown below compared with the Capital Financing Requirement:

*Table 7: Prudential Indicator: Gross Debt and the Capital Financing Requirement*

	2020-21 actual £m	2021-22 projection £m	2022-23 estimate £m	2023-24 estimate £m	2024-25 estimate £m
Debt (incl. PFI & leases)	114.768	118.529	<b>123.052</b>	132.002	125.162
Capital Financing Requirement	172.971	181.495	<b>193.918</b>	191.740	189.458

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen, the Council expects to comply with this in the medium term. The chart below shows the trend in the CFR from 2017 onwards. The increasing trend reflects the anticipated increases in spend in the capital programme from commitments which are assumed to pay for themselves.



To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This includes the expectation to need to borrow £9.36 million in 2022-23 and a further £4.06 million in 2023-24 based on the current assumptions within the Capital Programme and the use of Capital Receipts and Reserves. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2022-23. The actual amount will be monitored and assumptions challenged and borrowing will only be taken if there is no opportunity to use Internal Borrowing.

*Table 8: Borrowing and the Liability Benchmark*

	2020-21 actual £m	2021-22 projection £m	2022-23 estimate £m	2023-24 estimate £m	2024-25 estimate £m
Outstanding Borrowing (excl. PFI & Leases)	96.867	96.867	<b>106.230</b>	110.292	116.010
Liability Benchmark	41.525	61.886	<b>102.273</b>	106.325	112.053

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

Table 9: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2021-22 limit £m	2022-23 limit £m	2023-24 limit £m	2024-25 limit £m
Authorised limit – borrowing	170.000	<b>170.000</b>	170.000	170.000
Authorised limit – other long term liabilities	30.000	<b>30.000</b>	30.000	30.000
<b>Authorised Limit Total</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>	<b>200.000</b>
Operational boundary – borrowing	120.000	<b>130.000</b>	130.000	130.000
Operational boundary – other long term liabilities	25.000	<b>25.000</b>	25.000	22.000
<b>Operational Boundary Limit Total</b>	<b>145.000</b>	<b>155.000</b>	<b>155.000</b>	<b>152.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>114.220</b>	<b>123.052</b>	<b>132.002</b>	<b>125.162</b>

The authorised limit and operational boundary for 2022-23 and subsequent years will need to be reviewed in light of changes to lease accounting under IFRS16, due to be implemented from April 2022. This new Standard will require that operating leases are brought onto the balance sheet as a right of use asset and a lease liability. The impact of this is that it will increase the Council's liabilities and therefore its borrowing. The current estimate is that the borrowing requirement will increase by approximately £19 million from 2022-23 to 2024-25. It is anticipated that the current limits do not need amending and borrowing will fall within the boundaries set.

### **Other Long Term Liabilities**

#### **Private Finance Initiative**

The Council has a Private Finance Initiative (PFI) arrangement for the provision of a Secondary School in Maesteg. This forms a long-term liability for the Council (with thirteen years remaining on the term) which is £15.566 million at 31 March 2021 including the short term liability of £0.801 million included as current liabilities in the Council's balance sheet in the Statement of Accounts. This is a technical adjustment and is equivalent to the amount that is to be paid during 2021-22.

#### **Mutual Investment Model**

The Mutual Investment Model (MIM) is a new approach to investment in public infrastructure in Wales. Private partners will build and maintain schools, in return for a fee, which will cover the cost of construction, maintenance and financing the project. At the end of a specific period of time, the asset will be transferred to the local authority. Welsh Government has advised that it will present packages of schemes to the market as design and build projects. These packages would be made up of a number of schemes within a geographical area (including across local authority areas) and be of sufficient monetary size overall in order to attract large companies (eg £100 million).

The Council is proceeding with the following developments;



- **Bridgend West – Welsh-medium provision.** Enlargement of Ysgol Y Ferch O'r Sgêr – 2 form entry plus 60-place nursery. The school will be built on the existing school site which is shared with Corneli Primary School and Corneli Integrated Childrens Centre.
- **Bridgend West – English-medium Provision.** New English-medium school – 2 form entry plus 60-place nursery (ie to replace Afon Y Felin and Corneli Primary Schools which will discontinue). The new school will be built on land at Marlas Estate.

Funding of the annual revenue service charge will be met from contributions from Welsh Government (81%) and BCBC (19%). It is currently estimated that Bridgend's annual revenue contribution will be in the region of £400,000 and will start to be paid once the building is operational.

Capital funding will be utilised for the provision of furniture, equipment and ICT. The funding allocation is within the overall Band B funding envelope which has a Welsh Government intervention rate of 65% for mainstream schools.

### **Pension Guarantees**

The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given a pension guarantee to Awen Cultural Trust. This guarantee means that if an admitted body fails to pay its pension obligations then the Council will be responsible for taking on those obligations.

Further details on borrowing are included within the Treasury Management Strategy.



*New strategic employment site Brocastle. Credit: JLL*

## 7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2022-23

The Annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2022-23 will be on the following bases:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported expenditure and does not result in a significant asset will be based on the Capital Financing Requirement after accounting adjustments on a straight line basis over 45 years
- ii. Supported capital expenditure that results in a significant asset (based on an internal assessment) incurred on or after 1 April 2008 and all unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge can be delayed until the year after the asset is operational but this will be at the discretion of the Section 151 Officer
- iii. for assets reclassified as finance leases under International Financial Reporting Standards (IFRS) or resulting from a Private Finance Initiative, the MRP charge will be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability for the year
- iv. Where loans are made to other bodies for their capital expenditure with an obligation for the bodies to repay, no MRP will be charged. The capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead
- v. MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases) or deferred to when the benefits from investment are scheduled to begin or when confirmed external grant payments towards that expenditure are expected.

The MRP Charge 2022-23 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/22 £m	2022/23 Estimated MRP £m
Capital expenditure before 01/02/2008 and any after 01/04/2008 that does not result in a significant asset (Supported)	(i)	136.039	3.055
Supported capital expenditure that results in a significant asset, incurred on or after 1 April 2008 (Supported)	(ii)	2.894	0.132
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		27.796	2.476
PFI, Finance Leases and other arrangements – PFI School	(iii)	14.766	0.863
<b>TOTAL COUNCIL FUND</b>		<b>181.495</b>	<b>6.525</b>

## 8.0 AFFORDABILITY

Capital investment and the proposed Capital programme form an integral part of the Council's revenue budget and Medium Term Financial Strategy. The revenue budget impact of capital schemes for Council Tax and Rent payers include:

- The costs of operating/maintaining new assets.
- The capital financing costs of servicing any borrowing required to pay for investment.
- The revenue costs of preparing and delivering projects.
- Abortive costs required to be charge to revenue budgets if schemes do not proceed.

The percentage of the Council's revenue budget that is committed to capital financing costs is increasing in the long term. Given the pressure on revenue budgets, this clearly limits the affordability of other priorities in future years and must be a factor considered by Members when determining the Capital Programme.

Table 10 below shows the proportion of the budget that will need to be set aside to finance capital expenditure, which is expected to increase over the life of the current capital programme, accelerating the pressure that capital expenditure, funded from debt, puts on the revenue budget. The requirement to meet these additional costs can only come from future savings or from increases in Council Tax. An increasing ratio limits the scope for additional borrowing in future years and reduces the Council's overall flexibility when making decisions on the allocation of its revenue resources. A gross ratio is also calculated which indicates the gross financing cost i.e. it represents a worst case scenario

*Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream*

	2020/21 Actual %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund - Net Capital Financing Budget	3.51%	3.43%	3.64%	3.85%	3.85%
General Fund - Gross Capital Financing Budget	3.82%	3.76%	3.96%	4.16%	4.17%

## Appendix 1

### Capital Funding Sources

#### **Borrowing**

The Council is able to borrow money on the money market or from the Public Works Loan Board (PWLB) to fund capital schemes or, on a short term basis, use its own internal resources (i.e. cash flow). However, for all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs and any on-going related revenue support. With the exception of the Welsh Government's allocation of Supported Borrowing, all other borrowing is unsupported i.e. where associated interest and debt repayment costs must be met from existing revenue budgets, Council Tax, savings or additional income generation.

The Council is only able to borrow for "unsupported borrowing" (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable.

All schemes funded from Prudential Borrowing are approved by full Council, and in accordance with MTFS **PRINCIPLE 11** must be affordable and sustainable, with payback met from Directorate or Council revenue budgets over a period no longer than the life of the asset. Projects requiring funding through prudential borrowing should submit a robust business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax).

The potential for Prudential Borrowing is not unlimited and must be considered within the Council's overall borrowing limits. Whenever Prudential Borrowing is under consideration, the means of payment must be clearly identified. Typically this can be from:

- Income or savings generated by the investment;
- Budget reductions made elsewhere in the Directorate to compensate;
- Additional recurrent funding approved by Council as part of the budget setting process.

There may be the need for borrowing where there is no identifiable future revenue stream, for example, to repair or construct infrastructure assets. This may be to support Corporate Priorities. The cost of such borrowing falls on the council tax payer through payments of debt interest on the Council's revenue account and repayment of debt over a specified period of time. This is known as the Minimum Revenue Provision (MRP). There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis with the project evaluation clearly stating how the borrowing is to be afforded. Given the significant ongoing financial challenges facing this Council, it is likely that such schemes will be an "exception".

#### **External Grants**

The Council receives annual capital grant funding from Welsh Government and is able to bid for grant funding directly to other government departments or from other grant awarding bodies.

The annual funding from Welsh Government is not ring-fenced so the Council has flexibility in how it allocates this funding. It is proposed that this is earmarked in the first instance to works deemed to be of a mandatory nature e.g. health and safety, or towards Wellbeing Objectives.



Any additional capital grant funding received from external sources must be managed in line with the Council's Grants Policy. Delegated authority is required to bid for and accept any external funding, and external funding applications should be supported by a strong business case which demonstrates how the project meets the Council's Corporate Priorities and how any future revenue costs will be met.

### **Capital Receipts from Asset Disposals**

The Council generates capital receipts from the sale of surplus assets. Maximisation of these receipts will increase the amount that can be spent on capital investment. Capital receipts cannot be spent on revenue items.

The Council has a statutory obligation to deliver best consideration under S123 of the Local Government Act 1972 and will seek to obtain market value in its disposals. However, there are exceptions and there will sometimes be a balance to strike where disposals can achieve social, economic or environmental policy objectives which contribute towards the Corporate Plan. In such instances, consideration will be given to the Value for Money that this represents.

The Council has also introduced a Community Asset Transfer (CAT) Strategy, where it considers the transfer of assets to third party groups at less than best consideration to support its objectives. The Council will consider, on a case-by-case basis, the potential transfer of assets to an alternative provider after a full assessment of the long-term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Council's aims and objectives. Where the Council proposes to dispose of or grant a long lease at nil consideration, or at a value below market value, a valuation will be undertaken to ensure that the Council is fully aware of the receipt that it is foregoing as a result of the Community Asset Transfer.

A key principle of the Council's Capital Strategy, **PRINCIPLE 4**, is that, unless specifically agreed by Cabinet for exceptional circumstances, all capital receipts will be treated as general capital funding and allocated according to determined priorities. This supports the "One Council" approach. However, this does not negate the need for Council to approve any proposed schemes from that receipt. There may potentially be other schemes where the Council decides to set aside receipts in this way and these will be approved within the reporting of the Capital Programme.

The Council will aim to maximise its capital receipts, where possible, by enhancing the land prior to disposal. In relation to development sites it will produce a technical pack which will include site investigations, planning briefs, utilities and drainage information, as relevant. The Council will consider the most appropriate method of disposal by way of private treaty, tender or by public auction. Generally it will dispose of assets on the open market, in order to robustly demonstrate that it has delivered best consideration. However, there will be occasions when it will sell off market to a single bidder. In these instances it will seek an independent valuation to assess the capital receipt and to affirm that best consideration has been delivered.

### **S106 contributions**

Section 106 (S106) Agreements are legal agreements between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations. A section 106 agreement is designed to make a development possible that would otherwise not be possible, by obtaining concessions and financial contributions from the developer. Any contributions received from the developer are 'ring-fenced' for the purpose as

set out in the relevant S106 agreement and are applied to fund schemes within the capital programme once an eligible scheme has been identified. S106 contribution agreements can be used, for example, for the provision of educational facilities, highways infrastructure, affordable housing, play areas and open spaces, in line with the Council's adopted policy on the use of section 106 agreements. Consideration of available S106 funding should be taken when agreeing the capital programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding. Contributions can be time limited in that if they are not spent within an agreed timescale, typically 5 – 10 years, dependent on what has been agreed in the S106 agreement, any funds not spent in line with the agreement would have to be repaid to the developer.

### Revenue and Reserves

The Council is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government funding for revenue expenditure, the Council's policy is generally not to budget to use revenue or reserves to directly fund capital projects, unless funding has already been set aside.



*Porthcawl Marina*

Appendix 2

	Total 2021-2031			2021-2022					FUTURE YEARS										CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000
<b>Education &amp; Family Support</b>																			
Highways Schemes Band B Schools	3,400	3,400	-					-	3,400										3,400
21st Century Schools Band B	49,505	15,654	33,851	100				100	2,771	6,051	29,528	10,302	753					49,505	
CCYD classrooms	30	30		30				30										30	
Ysgol Bryn Castell Special School	92	22	70	92				92										92	
Ysgol Gyfun Gymraeg Llangynwyd	50	50						-	50									50	
Brynmenyn Primary School	44	44		44				44										44	
Land Purchase Band B	4,910	4,910		4,910				4,910										4,910	
Gateway to the Valleys C C Y D Comprehensive School	135	135	-	135				135										135	
Garw Valley South Primary Provision	139	139		139				139										139	
Pencoed Primary School	55	55		55				55										55	
Garw Valley Primary Highways Works	30	30	-	30				30										30	
Pencoed School Highways Works	55	55	-	55				55										55	
Abercerdin Primary School Hub	300	195	105	300				300										300	
Brynteg Comprehensive School All Weather Pitch	324	162	162	324				324										324	
Brynmenyn Primary Highways Works	12	12	-	12				12										12	
Additional Learning Needs	-	-	-	-				-										-	
Reduction of Infant Class Sizes - Bro Ogwr	15	-	15	15				15										15	
Reduction of Infant Class Sizes - Croesty	-	-	-	-				-										-	
Schools Minor Works	361	361	-	36				36	325									361	
Schools Traffic Safety	208	208	-	208				208										208	
Heronbridge Special School	320	320	-	40				40	280									320	
School Modernisation	393	393	-	60				60	333									393	
Cefn Cribwr Primary School ALN	-	-	-	-				-										-	
Education S106 Schemes	169	-	169	169				169										169	
Complex and Medical Needs Works in Schools	-	-	-	-				-										-	
Mynydd Cynffig Primary School Mobiles	98	86	12	98				98										98	
Schools Capital Maintenance Grant	4,555	2,436	2,119	2,119				2,119	2,436									4,555	
Welsh Medium Childcare Provision - Bettws	747	-	747	747				747										747	
Welsh Medium Childcare Provision - Bridgend	550	-	550	53				53	497									550	
Welsh Medium Childcare Provision - Ogmore	807	-	807	807				807										807	
Welsh Medium Childcare Provision - Porthcawl	550	-	550	53				53	497									550	
Welsh Medium Childcare Provision - Highways Schemes	100	-	100	100				100										100	
WLGA - Additional funding for ICT in Schools	-	-	-	-				-										-	
Brynteg Comp - East Hub	-	-	-	-				-										-	
Maes Yr Haul Primary School Solar Panels	32	32		32				32										32	
Cynffig Comprehensive School External Canopy	42	42		42				42										42	
ICT for School Kitchens	40	40		40				40										40	
Litchard Primary School Solar Panels	43	43	-	43				43										43	
<b>Total Education and Family Support</b>	<b>68,111</b>	<b>28,854</b>	<b>39,257</b>	<b>10,888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,888</b>	<b>10,589</b>	<b>6,051</b>	<b>29,528</b>	<b>10,302</b>	<b>753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,111</b>	
<b>Social Services and Well-being</b>																			
<b>Adult Social Care</b>																			
Bridgend Recreation	150	150		150				150										150	
Bryngarw Park- Access	49	49		49				49										49	
Bryn Y Cae	40	40		40				40										40	
Trem Y Mor	175	175		175				175										175	
Ty Cwm Ogwr Care Home	340	340		340				340										340	
Wellbeing Minor Works	163	163		163				163										163	
Ty Penybont	-	-	-	-				-										-	
Bakers Way	10	10		10				10										10	
Glan Yr Afon Care Home	51	51		51				51										51	
Children's Residential Accommodation Hub	2,488	2,374	114	114				114	2,374									2,488	
Hartshorn House	68	68		68				68										68	
ICF Capital Funding	-	-	-	-				-										-	
Extra Care Facilities	-	-	-	-				-										-	

	Total 2021-2031			2021-2022					FUTURE YEARS										CUMULATIVE Total 2021 - 2031 £'000
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	
<b>Culture</b>																			
Bryngarw House	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Centres	280	280	-	280	-	-	-	280	-	-	-	-	-	-	-	-	-	-	-
Pencoed Library	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
HALO and AWEN Accessibility	150	150	-	150	-	-	-	150	-	-	-	-	-	-	-	-	-	-	-
<b>Total Social Services and Well-being</b>	<b>3,964</b>	<b>3,850</b>	<b>114</b>	<b>1,590</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,590</b>	<b>2,374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,964</b>
<b>Communities</b>																			
<b>Street Scene</b>																			
Community Play Areas	796	796	-	100	-	-	-	100	696	-	-	-	-	-	-	-	-	-	-
Parks/Pavilions/Community Centres CAT	580	580	-	580	-	-	-	580	-	-	-	-	-	-	-	-	-	-	-
Aber Playing Fields	11	11	-	11	-	-	-	11	-	-	-	-	-	-	-	-	-	-	-
Cardiff Capital Region City Deal	7,691	7,691	-	-	-	-	-	-	3,138	4,451	103	-	-	-	-	-	-	-	-
Town Beach Revetment Sea Defence, Porthcawl	27	27	-	27	-	-	-	27	-	-	-	-	-	-	-	-	-	-	-
Accessibility & Safety Road Improvements	148	-	148	148	-	-	-	148	-	-	-	-	-	-	-	-	-	-	-
Coychurch Crem Works	815	-	815	350	-	-	-	350	465	-	-	-	-	-	-	-	-	-	-
Remedial Measures - Car Parks	135	135	-	-	-	-	-	-	135	-	-	-	-	-	-	-	-	-	-
Civil Parking Enforcement	38	38	-	8	-	-	-	8	30	-	-	-	-	-	-	-	-	-	-
Road Safety	336	336	-	200	-	-	-	200	136	-	-	-	-	-	-	-	-	-	-
Pyle to Porthcawl Phase 1	348	-	348	348	-	-	-	348	-	-	-	-	-	-	-	-	-	-	-
Active travel Bridgend to Pencoed Phase 2	1,841	-	1,841	1,841	-	-	-	1,841	-	-	-	-	-	-	-	-	-	-	-
Road Safety Improvements	339	-	339	339	-	-	-	339	-	-	-	-	-	-	-	-	-	-	-
Highways Structural Works	3,825	3,825	-	425	-	-	-	425	340	340	340	340	340	340	340	340	340	340	3,825
Carriageway Capital Works	2,755	2,755	-	255	-	-	-	255	250	250	250	250	250	250	250	250	250	250	2,755
Road Safety Improvements - Heol Mostyn	540	540	-	540	-	-	-	540	-	-	-	-	-	-	-	-	-	-	-
Prow Capital Improvement Programme	181	181	-	181	-	-	-	181	-	-	-	-	-	-	-	-	-	-	-
Highways Refurbishment	2,810	2,000	810	810	-	-	-	810	2,000	-	-	-	-	-	-	-	-	-	-
Carriageway Resurfacing & Renewal of Footways	1,560	1,560	-	1,560	-	-	-	1,560	-	-	-	-	-	-	-	-	-	-	-
Replacement of Street Lighting Columns	4,388	4,388	-	388	-	-	-	388	400	400	400	400	400	400	400	400	400	400	4,388
Bridge Strengthening - A4061 Ogmore Valley	51	51	-	51	-	-	-	51	-	-	-	-	-	-	-	-	-	-	-
Communities Minor Works	461	461	-	461	-	-	-	461	-	-	-	-	-	-	-	-	-	-	-
River Bridge Protection Measures	80	80	-	80	-	-	-	80	-	-	-	-	-	-	-	-	-	-	-
Resilient Roads Fund	475	-	475	475	-	-	-	475	-	-	-	-	-	-	-	-	-	-	-
Ultra Low Emissions Vehicle Transformation Fund	462	-	462	462	-	-	-	462	-	-	-	-	-	-	-	-	-	-	-
Fleet Transition Ultra Low Emissions Vehicles	300	-	300	300	-	-	-	300	-	-	-	-	-	-	-	-	-	-	-
Net Zero Carbon Fleet	320	320	-	-	-	-	-	-	320	-	-	-	-	-	-	-	-	-	-
Pyle Park and Ride Metro	180	-	180	180	-	-	-	180	-	-	-	-	-	-	-	-	-	-	-
CCR Metro Plus-Porthcawl Bus station	1,900	-	1,900	-	-	-	-	-	1,900	-	-	-	-	-	-	-	-	-	-
Local Transport Fund - Penprysg Road Bridge	635	82	553	150	-	-	-	150	485	-	-	-	-	-	-	-	-	-	-
Safe Routes- Sustainable Transport Covid Response	224	-	224	224	-	-	-	224	-	-	-	-	-	-	-	-	-	-	-
Residents Parking Bridgend Town Centre	128	128	-	28	-	-	-	28	100	-	-	-	-	-	-	-	-	-	-
Fleet Vehicles	1,376	1,376	-	-	-	-	-	-	1,376	-	-	-	-	-	-	-	-	-	-
Re-locate Household Waste Recycling Centre - West	798	798	-	798	-	-	-	798	-	-	-	-	-	-	-	-	-	-	-
AHP Waste	207	207	-	207	-	-	-	207	-	-	-	-	-	-	-	-	-	-	-
Extension to Cornelly Cemetery	301	301	-	66	-	-	-	66	235	-	-	-	-	-	-	-	-	-	-
Extension to Porthcawl Cemetery	199	199	-	19	-	-	-	19	180	-	-	-	-	-	-	-	-	-	-
Street Lighting Energy Efficiency	629	629	-	629	-	-	-	629	-	-	-	-	-	-	-	-	-	-	-
S106 Highways Small Schemes	60	-	60	60	-	-	-	60	-	-	-	-	-	-	-	-	-	-	-
Gully Sucking Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Signal Replacement	250	250	-	250	-	-	-	250	-	-	-	-	-	-	-	-	-	-	-
Playground Refurbishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Footpath Refurbishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire Suppression System Tondy Waste Depot	140	140	-	140	-	-	-	140	-	-	-	-	-	-	-	-	-	-	-

	Total 2021-2031			2021-2022					FUTURE YEARS											CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000	
<b>Regeneration &amp; Development</b>																				
Business Support Framework	135	135	-	135				135											135	
Porthcawl Resort Investment Focus	70	50	20	70				70											70	
Special Regeneration Funding	455	455		455				455											455	
Cosy Corner (PRIF)	2,115	1,115	1,000	150				150	1,965										2,115	
Purchase of Land at Salt Lake Car Park, Porthcawl								-											-	
VRP- Bryngarw Country Park	164	-	164	164				164											164	
VRP - Parc Slip	75	-	75	75				75											75	
Tri Thematic Projects (UCPE and UCLG)	687	-	687	687				687											687	
TRI Standalone projects	-	-	-	-				-											-	
Transforming Towns Bridgend College Relocation	650	195	455	650				650											650	
Porthcawl Regeneration	3,498	3,498	-	100				100	3,398										3,498	
Berwyn Centre and Qgmore Vale Washeries	183		183	183				183											183	
Covid recovery for town centres	334		334	334				334											334	
Economic Stimulus Grant	831	831	-	831				831											831	
Coastal Risk Management Programme	6,459	6,459		4,309				4,309	2,150										6,459	
Ewenny Road Industrial Estate	3,500	-	3,500					-	3,500										3,500	
CESP/Arbed Phase 1	3,505	855	2,650					-	3,505										3,505	
Llynfi Valley Development Programme	2,260	2,260	-	2,260				2,260											2,260	
Bridgend Heat Scheme	3,390	2,323	1,067	390				390	3,000										3,390	
Maesteg Town Hall Cultural Hub	5,671	2,717	2,954	2,695				2,695	2,976										5,671	
Town & Community Council Fund	724	724	-	74				74	200	50	50	50	50	50	50	50	50		724	
Caerau Heat Network	6,293	1,168	5,125					-	5,904	389									6,293	
Porthcawl Townscape Heritage Initiative	134	134	-	15				15	119										134	
Commercial Property Enhancement Fund	150	150		60				60	90										150	
<b>Corporate Landlord</b>																				
Capital Asset Management Fund	820	820	-					-	820										820	
Corporate Landlord - Energy Savings Strategy	1,279	1,279		1,279				1,279											1,279	
Enterprise Hub - Innovation Centre	1,937	589	1,348	100				100	1,837										1,937	
Raven's Court	447	447		447				447											447	
Electrical vehicle charging points Ravens Court	-	-	-					-											-	
Relocation of Registrars	-	-	-					-											-	
Bridgend Market	10	10	-	10				10											10	
DDA Works	408	408	-	408				408											408	
Minor Works	11,595	11,595	-	295				295	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130		11,595	
Fire Precautions	249	249	-	249				249											249	
Bryncethin Depot Facilities	531	531	-	531				531											531	
Non-Operational Assets	480	480	-	480				480											480	
Waterton Upgrade	8,144	8,144	-					-	8,144										8,144	
Evergreen Hall	130	130	-	130				130											130	
Investing in Communities	47	47	-	47				47											47	
<b>Total Communities</b>	<b>105,700</b>	<b>77,683</b>	<b>28,017</b>	<b>30,304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,304</b>	<b>50,924</b>	<b>7,010</b>	<b>2,273</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>105,700</b>	
<b>Chief Executive's</b>																				
<b>Housing / Homelessness</b>																				
Disabled Facilities Grants (DFG)	19,492	18,870	622	1,992				1,992	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750		19,492	
Target Hardening Grants	19	19	-	19				19											19	
Discretionary Housing Grants	2,200	2,200		200				200	200	200	200	200	200	200	200	200	200		2,200	
Housing Renewal / Empty Properties	1,118	1,118	-	118				118	100	100	100	100	100	100	100	100	100		1,118	
Valleys Taskforce Empty Properties Grant	300	105	195	300				300											300	
Comfort Safe & Security Grants	4	4		4				4											4	
Western Valley Empty Homes Pilot	260	91	169	260				260											260	
Emergency Repair Lifetime Grant	78	78		78				78											78	
Enable Grant	1,008	-	1,008	198				198	270	270	270								1,008	
Health and Wellbeing Village	480	-	480	480				480											480	



	Total 2021-2031			2021-2022					FUTURE YEARS										CUMULATIVE
	Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council 9 February 2022 £'000	New Approvals £'000	Vire £'000	Slippage £'000	Revised 2021-22 £'000	2022-2023 £'000	2023-2024 £'000	2024-2025 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	Total 2021 - 2031 £'000
<b>ICT</b>																			
Investment in ICT	4,450	4,450	-	450				450	400	400	400	400	400	400	400	400	400	400	4,450
HWB Schools IT	305	305	-	305				305											305
WCCIS Hardware Refresh	1,352		1,352	1,352				1,352											1,352
Digital Transformation	200	200	-	200				200											200
Replacement CCTV	667	667	-	667				667											667
<b>Total Chief Executive's</b>	<b>31,933</b>	<b>28,107</b>	<b>3,826</b>	<b>6,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,623</b>	<b>2,720</b>	<b>2,720</b>	<b>2,720</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>2,450</b>	<b>31,933</b>
<b>Council Wide Capital Budgets</b>																			
Corporate Capital Fund	2,173	2,173	-	173				173	200	200	200	200	200	200	200	200	200	200	2,173
Unallocated	18,293	18,293	-	504	3,115		(3,115)	504	3,172	1,679	1,679	343	1,626	1,858	1,858	1,858	1,858	1,858	18,293
<b>Total Council Wide Capital budgets</b>	<b>20,466</b>	<b>20,466</b>	<b>-</b>	<b>677</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>677</b>	<b>3,372</b>	<b>1,879</b>	<b>1,879</b>	<b>543</b>	<b>1,826</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>2,058</b>	<b>20,466</b>
<b>Total Expenditure</b>	<b>230,174</b>	<b>158,960</b>	<b>71,214</b>	<b>50,082</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>50,082</b>	<b>69,979</b>	<b>17,660</b>	<b>36,400</b>	<b>15,465</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>230,174</b>
<b>Expected Capital Resources</b>																			
<b>General Capital Funding</b>																			
General Capital Funding - General Capital Grant	35,418	35,418	-	3,963	3,115		(3,115)	3,963	5,840	3,270	3,270	2,725	2,725	2,725	2,725	2,725	2,725	2,725	35,418
General Capital Funding - Supported Borrowing	45,065	45,065	-	3,953				3,953	3,953	4,744	4,744	3,953	3,953	3,953	3,953	3,953	3,953	3,953	45,065
Capital Receipts - Schools	3,184	3,184	-	308				308	268		1,762	846							3,184
Capital Receipts - General	21,443	21,443	-	4,435				4,435	16,487				521						21,443
Earmarked Reserves	33,236	33,236	-	8,837				8,837	13,846	5,300	5,254								33,236
Revenue Contribution	1,486	1,486	-	1,094				1,094	392										1,486
Prudential Borrowing (Directorate Funded)	3,474	3,474	-	-				-	3,474										3,474
Prudential Borrowing (Corporate Funded)	5,813	5,813	-	1,513				1,513	4,300										5,813
Local Gov Borrowing Initiative (Coastal defence)	5,490	5,490	-	4,309				4,309	1,181										5,490
SALIX Interest Free Loan - WG	2,091	2,091	-	2,091				2,091											2,091
Llynfi Development Site Loan - WG	2,260	2,260	-	2,260				2,260											2,260
<b>Sub-Total General Capital Funding</b>	<b>158,960</b>	<b>158,960</b>	<b>-</b>	<b>32,763</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>32,763</b>	<b>49,741</b>	<b>13,314</b>	<b>15,030</b>	<b>7,524</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>158,960</b>
<b>External Funding Approvals</b>																			
WG - Highways Grant	810	-	810	810				810											810
WG - Other	7,746	-	7,746	2,994				2,994	4,752										7,746
WG - 21st Century Schools	33,802	-	33,802					-	1,100	3,661	21,100	7,941							33,802
School's Capital Maintenance Grant	2,436	-	2,436	2,436				2,436											2,436
WG - Enable Grant	1,008	-	1,008	198				198	270	270	270								1,008
WG - Safe Routes in Communities	563	-	563	563				563											563
WG - Integrated Care Fund (ICF)	1,216	-	1,216	1,216				1,216											1,216
WG - Welsh Medium Capital Grant	2,754	-	2,754	1,760				1,760	994										2,754
WG - Infant Class Size Grant	15	-	15	15				15											15
WG - VRP/Transforming Towns	1,211	-	1,211	1,211				1,211											1,211
WG - TRi	687	-	687	687				687											687
S106	310	-	310	261				261	23	26									310
Cardiff Capital Region (CCR)	5,000	-	5,000					-	5,000										5,000
Transport Grant	4,407	-	4,407	3,604				3,604	803										4,407
Heritage Lottery Fund (HLF)	682	-	682	682				682											682
Westminster	1,000	-	1,000	390				390	610										1,000
EU	6,493	-	6,493	120				120	5,984	389									6,493
Other	1,074	-	1,074	372				372	702										1,074
<b>Sub-Total External Funding Approvals</b>	<b>71,214</b>	<b>-</b>	<b>71,214</b>	<b>17,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,319</b>	<b>20,238</b>	<b>4,346</b>	<b>21,370</b>	<b>7,941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,214</b>
<b>Total Funding Available</b>	<b>230,174</b>	<b>158,960</b>	<b>71,214</b>	<b>50,082</b>	<b>3,115</b>	<b>-</b>	<b>(3,115)</b>	<b>50,082</b>	<b>69,979</b>	<b>17,660</b>	<b>36,400</b>	<b>15,465</b>	<b>7,199</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>6,678</b>	<b>230,174</b>
<b>Funding Shortfall/(Surplus)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>