



# Draft Capital Strategy

2025-26 to 2034-35

Cyngor Bwrdeistref Siro



## INTRODUCTION

Welcome to the Council's 2025-26 to 2034-35 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 County Borough's towns, to develop innovative decarbonisation 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. The Council faces significant financial challenges ahead as it continues to achieve savings across all its services. Whilst the Council receives some grant funding from Welsh Government which contributes to the delivery of an ambitious programme of works, the Council will also have to borrow to deliver its strategic plan. That borrowing has to be affordable in the light of challenging finances and the focus has to be on delivering essential schemes to support the services the Council delivers.



Cllr John Spanswick  
Leader of the Council



Mark Shephard  
Chief Executive

*Image front page: Civic Offices, Bridgend*

## CONTENTS

Strategic Context	4
Capital Strategy Framework	4
1.0 Asset Management Planning	8
2.0 Risk	9
3.0 Governance and Decision Making	13
4.0 Capital Investment Programme 2025-26 to 2034-35	17
5.0 Funding the Strategy	18
6.0 Managing the Borrowing Requirement	23
7.0 Prudent Minimum Revenue Provision (MRP) Policy Statement 2025-26	26
8.0 Affordability	27
Appendix 1 – Capital Funding Sources	29
Appendix 2 – Draft Capital Programme	32

## 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 covers around 100 square miles and is home to nearly 146,000 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 southwest 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 4.7% of the country's population. The Council has 51 elected Councillors who represent the people of Bridgend and set the overall Council strategy and budget framework.



The Council faces significant challenges moving forward. These include demographic pressures including 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 as well as the current cost of living crisis. Inflation has had a significant impact particularly in relation to capital costs and tender pricing. With continued pressure on both revenue and capital budgets the Council will need to ensure it focuses on delivery of key services, supporting communities, particularly the most vulnerable in our society, as well as doing all we can to help our local economy thrive.

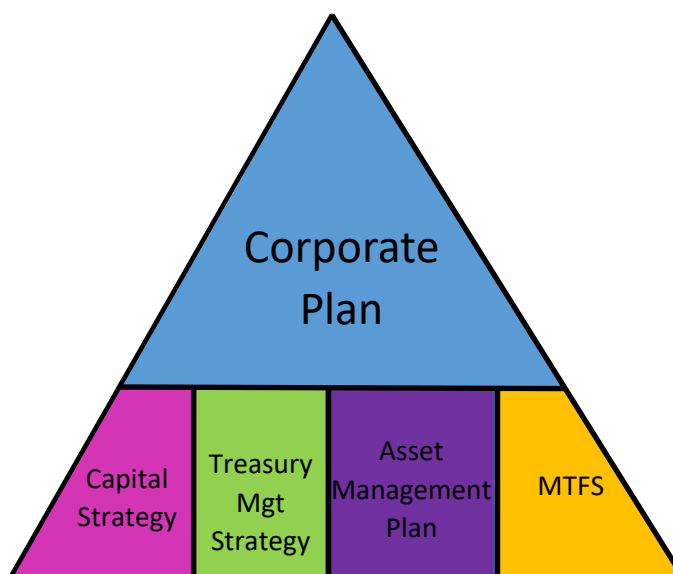
Where capital investment is needed to deliver the Council's priorities, the Capital Strategy is the framework that the Council can rely on to develop a clear, consistent and informed process in undertaking capital investment decisions.

## 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 2025-26 and indicatively to 2034-35
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, it demonstrates value for money and has been reviewed by the Capital Board</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> <li>• Ensure that the ongoing revenue implications of any capital scheme are fully identified, and resources confirmed to meet ongoing revenue expenditure</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> <li>• Minimise the use of ring-fencing capital receipts to ensure a One-Council approach</li> <li>• Bidding for external funds where appropriate and ensuring that there are effective working relationships with external funders</li> <li>• Have clear policies for the consumption of our reserves</li> <li>• Ensuring that there is effective pre- and-post project appraisal including a "lessons learned" exercise.</li> <li>• Ensuring up to date property information relating to condition surveys, life cycle costs and maintenance back logs</li> </ul>

## IFRS 16 – International Financial Reporting Standard 16 – Leases

The objective of IFRS16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective a lessee should recognise assets and liabilities arising from a lease. The standard requires the Council to recognise assets and liabilities for all leases of over 12 months unless the value of those assets is low.

The Council has to recognise a 'right of use' asset and an equivalent lease liability, which is the Council's obligation to make lease payments. The impact therefore is to increase the Council's Capital Financing Requirement (CFR) – or the amount of assets that will need to be financed via debt, and the revenue resources that will need to be set aside to repay the debt, known as the Minimum Revenue Provision, or MRP. As it is a debt, it could affect the Council's borrowing limits. The impact of IFRS16 leases was an increase to the opening CFR at 1 April 2024 of £3.249 million and increase to the MRP by £0.147 million in 2024-25. The estimated MRP for 2025-26 is £0.154 million.

A further impact of the new standard is to recognise the interest element of the lease separate to the debt repayment, so the interest cost is recognised as a capital financing cost rather than absorbed within the total charge to Directorate revenue budgets. This does not increase the cost, but changes where that cost is shown in the annual Statement of Accounts.



*Maesteg Town Hall*

## 1.0 ASSET MANAGEMENT PLANNING

The Council's Asset Management Plan (AMP) vision has been re-aligned with the Corporate Plan, which was last refreshed in 2022-23 with the focus of:

**“To have a lean sustainable estate that enables Bridgend County Borough Council (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 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 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.
4. Climate change is also affecting the way the asset performs with increased deterioration caused by increased rainfall/storm events and increased groundwater tables which affects the structure of the highway asset.

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 adopts a 5-year continuous rolling stock condition programme. The surveys include planned preventative maintenance data that informs 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. The matrix is used to 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.

## 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. Unforeseen future liabilities may also arise during the year, which would need to be considered as part of the Capital Programme. There are also other financial pressures arising as a result of the impact of the war in Ukraine and cost of living crisis, which are being seen in tender prices, and it is anticipated will continue to do so for some time going forward, placing pressure on the capital programme overall, including:

- Increased prices of materials, which have seen significant increases over recent years;
- 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. Consideration may be given to capped procurement exercises, setting the maximum budget available for works. In addition, delays in suppliers' ability to source and deliver materials for capital schemes need to be considered. 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.

Local Authority capital investment is therefore:

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.

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.

### **The Prudential Code and borrowing for financial reward.**

In December 2021 CIPFA published a new edition of the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code'). This update includes a significant change in the Code which is that, in order to comply with the Code, an authority must not borrow to invest primarily for financial return. The Code does not require existing commercial investments, including property, to be sold. However, it does set out that authorities who have a need to borrow should review options for exiting their financial investments for commercial purposes. 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 Public Works Loan Board (PWLB), a key source of borrowing for the Council, requires the Chief Finance Officer to confirm that the Council's spending plans do not include the acquisition of assets primarily for yield, reflecting a view that local authority borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management, than to add debt leverage to return-seeking investment activity.

### **Commercial Activities**

The Council has 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 £4.990 million at 31 March 2024. This would be expected to generate a rental income of £458,500 per annum excluding any vacant or rent-free periods. The lessees are responsible for all repairs and maintenance associated with these properties.

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*

	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Net Revenue Budget*	342.842	360.671	360.671	360.671	360.671	360.671
Income from Commercial Investments	0.459	0.459	0.459	0.459	0.459	0.459
% Ratio	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%

\*Future Net Revenue Budget settlements are unknown so assumed current budget level for future years

### **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 Cosy Corner

### 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. During 2023 the Council established a Capital Programme Board, whose purpose is to ensure close oversight of key projects within the approved capital programme. The Board consists of the Leader, Cabinet Member – Resources, and members of the Corporate Management Board, and is chaired by the Chief Officer – Finance, Housing and Change. Additional officers or Cabinet Members will attend as appropriate and agreed in advance of the meeting, with meetings held bi-monthly. The Board has been established to provide support, help and advice in relation to the Capital Programme and schemes within. Whilst not responsible for delivering capital projects and managing expenditure, it aims to:

- support projects to be completed on time, within approved budget and to the agreed quality; ensuring that work is properly resourced;
- assess risks and ensure appropriate mitigating actions are in place; and
- to understand changes impacting on the project, including major milestones, scope of deliverables, cost and benefits.

The Capital Programme Board also reviews and scrutinises the existing capital programme and fixed annual allocations and makes recommendations on new capital schemes that could be included in the capital programme, or on existing capital budgets which could be amended (increased, reduced or removed) in the capital programme. These then follow the formal approval process through Cabinet and Council.

#### **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 to submit Expressions of Interest for new capital schemes, outlining:

- Proposed project
- Timescale
- Potential cost, including identification of ongoing operational (revenue) costs
- 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.
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.
Low	Low risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works desirable.

As stated, the Council only has limited 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 (see Principles on page 6).

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 (page 6).

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 is 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. It 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 Continuous Professional Development (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 continue to be the Council's Treasury Management Advisors until August 2028, following a tender process carried out in the summer of 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 Council has been successful in applying for monies from various sources such as Welsh Government and lottery funding, and has secured significant UK Shared Prosperity Funding (SPF) and Levelling Up Funding (LUF).



#### 4.0 CAPITAL INVESTMENT PROGRAMME 2025-26 TO 2034-35

The ten-year rolling programme has been initially set for 2025-26, 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 2025-26, the Council is planning capital expenditure of £107.775 million as summarised below.

Table 2: Prudential Indicator: Estimates of Capital Expenditure

Directorate	2023-24 actual £'000	2024-25 projection £'000	2025-26 budget £'000	2026-27 budget £'000	2027-28 budget £'000	2028-29 budget £'000
Education and Family Support	7,930	18,895	<b>74,359</b>	1,437	-	-
Social Services and Well-being	1,311	839	-	-	-	-
Communities	16,892	39,499	<b>31,466</b>	6,260	4,320	3,359
Chief Executive's	5,680	5,830	<b>1,950</b>	2,450	2,450	2,450
Council Wide Capital Budgets	-	995	-	-	-	1,884
<b>TOTAL Capital Programme</b>	<b>31,813</b>	<b>66,058</b>	<b>107,775</b>	<b>10,147</b>	<b>6,770</b>	<b>7,693</b>
Right of use assets*	-	3,149	-	-	-	-
<b>TOTAL</b>	<b>31,813</b>	<b>69,207</b>	<b>107,775</b>	<b>10,147</b>	<b>6,770</b>	<b>7,693</b>

\*In addition to the above identified capital expenditure, the Council will need to recognise as a right of use asset and an equal liability, the value of finance leases on its balance sheet. This will be as an adjustment to the opening CFR and is currently estimated at £3.149 million.

The main capital projects in this period include:

- Sustainable Communities for Learning Band B (Heronbridge, Mynydd Cynffig, Ysgol Gymraeg Bro Ogwr and Bridgend West). Forecast expenditure of £73.438 million is included in the above table for 2025-26 to 2026-27.
- Porthcawl Grand Pavilion – Forecast expenditure of £17.518 million is included above for 2025-26 for the redevelopment of the building.
- Annual commitments to Disabled Facilities Grants and other housing adaptation schemes of £1.450 million for 2025-26 and £1.950 million from 2026-27 onwards.
- Waste/Recycling vehicles - £8.000 million for 2025-26 to 2027-28.
- Playgrounds Refurbishments - £1.000 million for 2025-26.
- Highways Refurbishments - £1.000 million for 2025-26.

The Council is committed to supporting the Housing with Care Fund (HCF) Welsh Government programme. This is a 4-year capital programme up to 31 March 2026, with indicative funding (for Wales) of £181.5 million for the first 3 years. Schemes that are proposed for inclusion in the capital programme will need to demonstrate all funding is in place and the scheme is deliverable within the funding timescale. At present HCF is funding £230k of projects in the capital programme.

The Council will need to borrow approximately £14.4 million in order to fund new School projects in line with the Schools Modernisation Programme. This will impact on the operational borrowing limit set as part of the Local Government Act 2003.

The approved capital programme will be subject to ongoing scrutiny and amendment. Of particular concern will be the continued pressure on costs, particularly within the construction sector, and the level of price increases for works and the impact on project costs. The estimates of capital expenditure shown above (and throughout the Strategy) are based on both known cost forecasts (for schemes already underway) as well as estimated future costs for those schemes not yet progressed through the procurement stages. As the procurement progresses it may become evident that the costs to undertake schemes are in excess of the available budget, and schemes within the capital programme may need to be reprioritised based on the available funding.

## 5.0 FUNDING THE STRATEGY

The Council has several funding streams available to support capital investment which includes 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 (under Section 106 of the Town and Country Planning Act 1990).
<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 and cannot be used to fund revenue budgets.

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 limited capital resources; however these are earmarked to existing schemes within the Capital Programme.
- The Council anticipates it will receive resources in the future with an annual capital allocation from Welsh Government, potential s106 monies or new grant approvals.
- The Council does have a Disposal Strategy though has limited 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% and £2.71 million of interest free Salix loans, giving a total loan debt of £99.58 million.
- The Council's MTFS identifies that the Council still needs to develop savings proposals to meet future anticipated funding levels. Any additional capital expenditure which is not funded through capital resources will increase the pressures on revenue budgets unless that expenditure delivers revenue savings or income to offset such additional expenditure.
- Any new schemes that are not funded by capital receipts, earmarked reserves, revenue contributions or grants, will have a requirement for borrowing to enable the scheme to progress. Such borrowing will be at a cost and is repayable with interest, and the cost of any new borrowing will place an additional pressure on the revenue budget.
- Careful scrutiny of any new proposed capital schemes will be required, to assess the affordability of delivering those schemes given the current difficult financial climate the Council is facing.

### **Allocation of capital funding**

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.

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 capital budget pressure and will be included in future years' budgets as part of the annual budget setting process.
- 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.

Any borrowing will result in a cost to revenue as borrowing must be repaid, and the majority of borrowing will incur costs in the form of interest payments. This will be factored into any

decision to include a scheme within the Capital Programme which requires any level of borrowing.

### **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 specifically 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, RSG/share of Non Domestic Rates (not ringfenced for supported borrowing), 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*

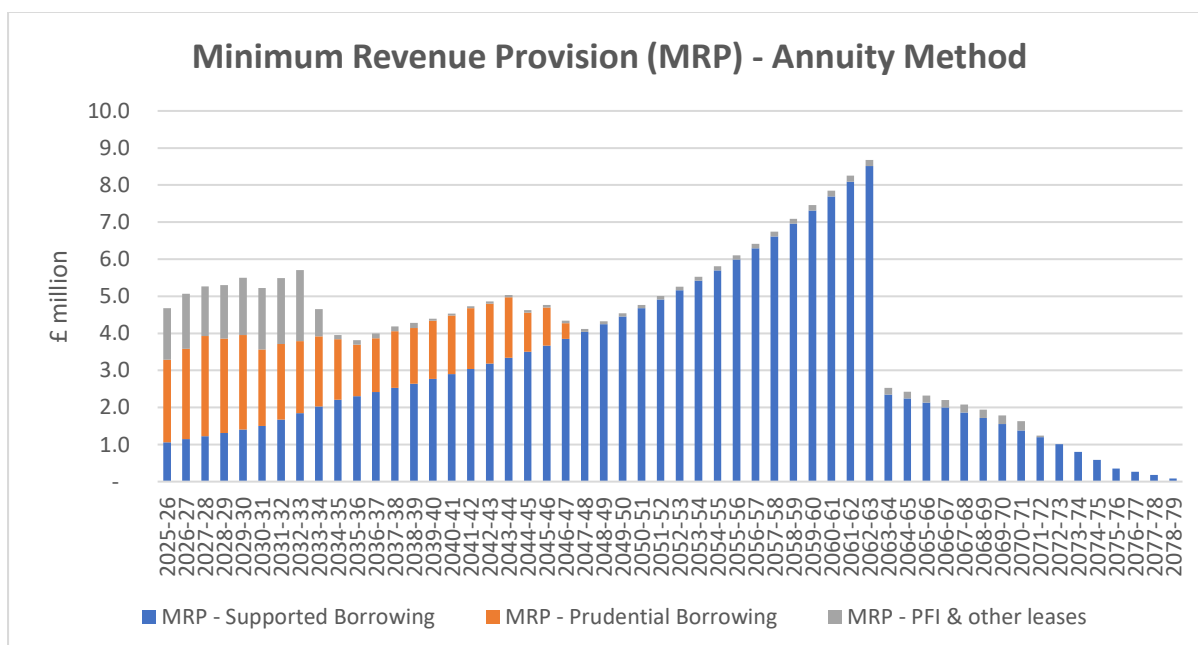
	<b>2023-24 Actual £m</b>	<b>2024-25 Projection £m</b>	<b>2025-26 Budget* £m</b>	<b>2026-27 Budget £m</b>	<b>2027-28 Budget £m</b>	<b>2028-29 Budget £m</b>
External sources	18.677	31.360	66.785	3.410	2.725	2.725
Own resources	7.421	27.179	30.472	1.461	-	1.039
Net Financing Requirement	5.716	10.668	10.518	5.276	4.045	3.929
<b>TOTAL</b>	<b>31.813</b>	<b>69.207</b>	<b>107.775</b>	<b>10.147</b>	<b>6.770</b>	<b>7.693</b>

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. This includes revenue contributions to pay off Prudential or Unsupported Borrowing, which is shown as additional Voluntary Revenue Provision. Other MRP on Long Term Liabilities relates to the provision of the secondary school at Maesteg, through the Private Finance Initiative (PFI) and MRP for leases under IFRS16. The calculation of MRP from 1 April 2024 is based on the annuity method as approved by Council on 23 October 2024. The MRP Policy is set out in Section 7 of this strategy. The MRP amounts are shown in Table 4 below:

Table 4: Replacement of debt finance

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Minimum Revenue Provision (MRP)	3.298	1.069	<b>1.149</b>	1.232	1.319	1.412
Additional Voluntary Revenue Provision	2.273	1.849	<b>2.225</b>	2.439	2.700	2.543
<b>Total MRP &amp; VRP</b>	<b>5.571</b>	<b>2.918</b>	<b>3.374</b>	<b>3.671</b>	<b>4.019</b>	<b>3.955</b>
<b>Other MRP on Long term Liabilities</b>	<b>0.929</b>	<b>1.148</b>	<b>1.232</b>	<b>1.323</b>	<b>1.295</b>	<b>1.394</b>
<b>Total Own Resources</b>	<b>6.500</b>	<b>4.066</b>	<b>4.606</b>	<b>4.994</b>	<b>5.314</b>	<b>5.349</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 £5.912 million during 2025-26, and then increase slightly in 2026-27 by £0.282 million. The forecast MRP over the long term is shown in the graph below.



This shows that MRP is expected to increase over the period to 2032-33 based on the current capital programme.

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*

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2027-28 Budget £m
<b>Opening Capital Financing Requirement</b>	176.504	175.720	185.471	191.383	191.665	190.396
<b>Adjustment to opening CFR – IFRS16 leases</b>	-	3.149	-	-	-	-
<b>Movement in Financing Requirement</b>	(0.784)	6.602	5.912	0.282	(1.269)	(1.420)
<b>Closing Capital Financing Requirement</b>	<b>175.720</b>	<b>185.471</b>	<b>191.383</b>	<b>191.665</b>	<b>190.396</b>	<b>188.976</b>

### 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 such assets itself.

### 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's forecast use of capital receipts are set out in Table 6.

*Table 6: Forecast capital receipts*

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Budget £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
<b>Opening balance</b>	<b>25.728</b>	<b>25.985</b>	<b>14.430</b>	<b>2.975</b>	<b>2.454</b>	<b>2.454</b>
Asset sales	0.257	2.265	-	-	-	-
Applied in capital programme	-	(13.820)	(11.455)	(0.521)	-	-
<b>Closing balance</b>	<b>25.985</b>	<b>14.430</b>	<b>2.975</b>	<b>2.454</b>	<b>2.454</b>	<b>2.454</b>

As can be seen from the above table, the majority of capital receipts from asset sales are already allocated to the capital programme.

## 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 excluding Salix loans, which are interest-free, at 31 December 2024 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. The Council has a number of energy schemes which are funded via Salix interest free loans. These loans are required to be repaid between 5 and 10 years.

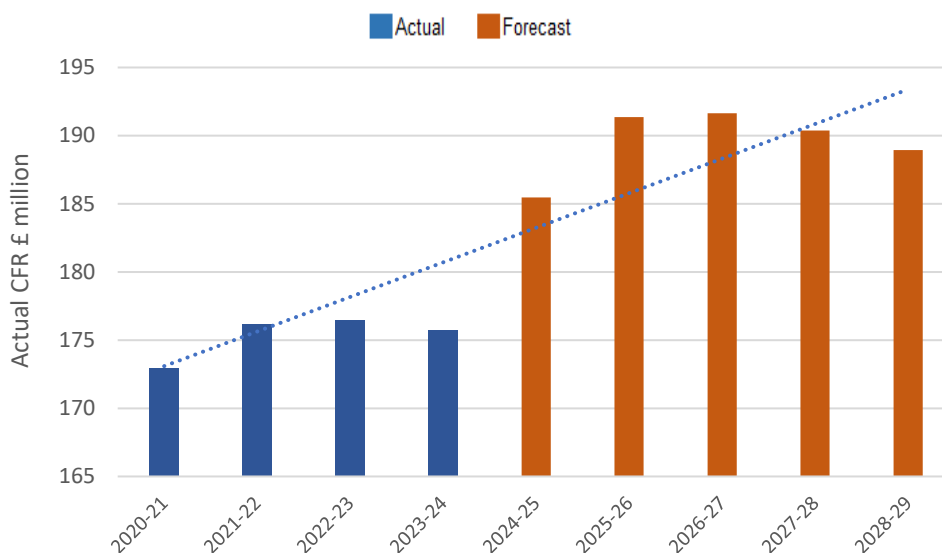
External borrowing can arise as a result of both capital and revenue expenditure and timing of cash flows. As the Council has an integrated Treasury Management Strategy there is no association made between individual loans and particular types of expenditure. The Council makes use of internal borrowing 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*

	2023-24 Actual £m	2024-25 Estimate £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Debt (incl. PFI & leases)	117.682	108.736	<b>103.428</b>	99.000	95.996	94.288
Capital Financing Requirement	175.720	185.471	<b>191.383</b>	191.665	190.396	188.976

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 2020 onwards. The increasing trend reflects the anticipated increases in spend in the capital programme from commitments which are funded by internal borrowing.

### Capital Financing Requirement Trend



To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing based on the current assumptions within the Capital Programme and the use of capital receipts and reserves. However, this forecast could change significantly should schemes within the capital programme and use of reserves be delayed. Further details of the Liability Benchmark can be found within the Treasury Management Strategy 2025-26. The actual amount will be monitored and assumptions challenged and external borrowing will only be taken out if there is no opportunity to use Internal Borrowing.

Table 8: Borrowing and the Liability Benchmark

	2023-24 Actual £m	2024-25 Projection £m	2025-26 Estimate £m	2026-27 Estimate £m	2027-28 Estimate £m	2028-29 Estimate £m
Outstanding Borrowing (excl. PFI & Leases)	104.608	93.711	<b>89.685</b>	86.581	84.872	84.558
Liability Benchmark	44.399	86.999	<b>127.627</b>	132.492	132.750	134.017



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. Due to the level of debt financing anticipated within the Capital Programme the operational limit has been increased to £140 million. This level is considered affordable by the Council. There are no changes to the authorised limits.

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

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m
Authorised limit – borrowing	170.000	<b>170.000</b>	170.000	170.000
Authorised limit – other long term liabilities	25.000	<b>25.000</b>	25.000	25.000
<b>Authorised Limit Total</b>	<b>195.000</b>	<b>195.000</b>	<b>195.000</b>	<b>195.000</b>
Operational boundary – borrowing	120.000	<b>140.000</b>	140.000	140.000
Operational boundary – other long term liabilities	20.000	<b>20.000</b>	20.000	20.000
<b>Operational Boundary Limit Total</b>	<b>160.000</b>	<b>160.000</b>	<b>160.000</b>	<b>160.000</b>
<b>Total Borrowing and Long Term Liabilities</b>	<b>108.736</b>	<b>103.428</b>	<b>99.000</b>	<b>95.996</b>

The impact of changes to lease accounting under IFRS16, which requires that operating leases are brought onto the balance sheet as a right of use asset and equivalent lease liability, is that it increases the Council’s liabilities and therefore its estimated borrowing requirement, although actual borrowing may be below this level. The current estimate is that there will be a borrowing requirement of £37.94 million for 2025-26, £45.91 million in 2026-27 and £47.88 million in 2027-28 compared to the current level of borrowing. *In incremental terms* this would be borrowing of £37.94 million in 2025-26, £7.97 million in 2026-27 and £1.97 million in 2027-28. 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 ten years remaining on the term) which will be £11.973 million at 31 March 2025 including the short term liability of £1.078 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 2025-26.

#### **IFRS16 - Leases**

As noted on page 6, this also includes leases that were formerly treated as operational, but under IFRS16 are required to be recognised as Right of Use assets, with an equal liability. The following leases have been recognised as Liabilities in the balance sheet for 2025-26:

Description	Right of Use Asset 01/04/25 £000	Lease liability as at 01/04/25 £000
Land and Buildings	3,149	- 3,149
<b>TOTAL</b>	<b>3,149</b>	<b>- 3,149</b>

### 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, the Council will be responsible for taking on those obligations.

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

## 7.0 PRUDENT MINIMUM REVENUE PROVISION POLICY STATEMENT 2025-26

The annual Minimum Revenue Provision Statement needs to be approved by Council before the start of each financial year. The MRP charges for 2025-26 will be on the following basis:-

- i. Capital expenditure incurred before 1 April 2008 and any capital expenditure after 1 April 2008 that is government supported will be based on the Capital Financing Requirement after accounting adjustments on an annuity basis over 45 years.
- ii. The Council has previously recognised one significant asset. MRP will be charged on an annuity basis over the remaining asset life.
- iii. For unsupported capital expenditure, exercised under the Prudential Code, the MRP charge will be based on an annuity basis over the remaining asset life. The rate used in the annuity calculation will be based on the PWLB certainty rate for a loan equal to the asset life. 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
- iv. For assets funded via Salix loans, MRP will be charged equal to the schedule of repayments of the loan.
- v. 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.
- vi. 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. Where loans do not have an annual repayment MRP may be required or may be waived where capital receipts are expected within a prudent period.
- vii. 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 2025-26 based on the estimated capital financing requirement is detailed below:-

	Options	Estimated Capital Financing Requirement 31/03/25 £m	2025-26 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)	128.830	0.988
Supported capital expenditure - significant asset	(ii)	2.631	0.081
Unsupported capital expenditure, exercised under the Prudential Code (Unsupported)		31.284	1.849
PFI, Finance Leases and other arrangements	(iii)	12.974	1.148
<b>TOTAL COUNCIL FUND</b>		<b>175.719</b>	<b>4.066</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 it will be increasingly difficult to secure revenue funding to meet the costs of any new borrowing. Within the current climate tender prices are being received that are higher than expected, with costs potentially exceeding available budgets. Given the uncertainty over future capital receipts, diminishing uncommitted earmarked reserves and limited capital budget allocations from Welsh Government, this will mean that there is limited scope for new capital projects unless fully funded from grants and external contributions. This must be a factor considered by elected 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

	2023-24 Actual %	2024-25 Estimate %	2025-26 Estimate %	2026-27 Estimate %	2027-28 Estimate %	2028-29 Estimate %
General Fund - Net Capital Financing Budget	2.03%	3.03%	3.05%	3.07%	3.10%	3.13%
General Fund - Gross Capital Financing Budget	3.52%	3.41%	3.43%	3.45%	3.48%	3.51%



Porthcawl Metrolink

## 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 used to fund revenue costs.

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**

Under S106 of the Town and Country Planning Act 1990 (as amended), contributions can be sought from developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place. This funding is commonly known as Section 106 (S106) contributions. Section 106 Agreements are legal agreements between Local Authorities and developers, which 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, whilst government funding to the Council has seen a modest increase, as a result of competing revenue budget pressures and the impact of the inflationary and cost of living pressures, which have placed significant pressure on the revenue budget, the Council is unable to use revenue budgets or establish new reserves to directly fund capital projects, unless funding has already been set aside.



Appendix 2

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS							CUMULATIVE Total 2023 - 2034 €'000			
			Total Cost €'000	BCBC Funding €'000	External Funding €'000	Council July 24 2024-25 €'000	New Approvals / Reductions €'000	Virement €'000	Slippage (to)/from Future €'000	Revised 2024- 25 €'000	2025- 2026 €'000	2026- 2027 €'000	2027- 2028 €'000	2028- 2029 €'000	2029- 2030 €'000	2030- 2031 €'000	2031- 2032 €'000		2032- 2033 €'000	2033- 2034 €'000	
<b>Education &amp; Family Support</b>																					
1	Highways / Other Offsite Works Band B Schools	20/21	IP3	3,400	3,400	-	100					100	3,300							3,400	
2	Heronbridge Replacement	22/23	IP3	40,353	13,732	26,621	1,338					1,338	38,210	805						40,353	
3	Myrdd Cynffig Replacement	22/23	IP3	14,017	5,312	8,105	287					287	13,440	290						14,017	
4	Y G Bro Dgwr Replacement	22/23	IP3	15,809	3,716	12,091	411					411	15,056	342						15,809	
5	Bridgend West MIM	22/23	IP3	1,995	574	1,421						-	1,995							1,995	
6	Ysgol Gyfun Gymraeg Llangynydd	21/22	IP3	97	97	-	97					97								97	
7	Land Purchase Band B	21/22	IP3	2,028	2,028	-						-	2,028							2,028	
8	Garw Valley South Primary Provision	14/15	IP3	61	61	-	61					61								61	
9	Pencoed Primary School - Band A	14/15	IP3	51	51	-	51					51								51	
10	Pencoed School Highways Works	16/17	IP3	56	56	-	56					56								56	
11	Abercerdin Primary School Hub	21/22	IP3	277	277	-	277					277								277	
12	Brynateg Comprehensive School All Weather Pitch	21/22	IP3	38	38	-	38					38								38	
13	Schools Minor Works	RECURRENT	IP3	462	287	175	362	100				462								462	
14	Schools Traffic Safety	16/17	IP3	56	56	-	56					56								56	
15	School Modernisation	14/15	IP3	336	336	-	336					336								336	
16	Pencoed Primary School - Classroom Extension	22/23	IP3	862	616	246	862					862								862	
17	Coety Primary School - Extension	22/23	IP3	1,968	1,632	336	1,638					1,638	330							1,968	
18	Brynittion Comprehensive School - New Teaching Block	22/23	IP3	1,660	271	1,389	1,660					1,660								1,660	
19	Brynittion Comprehensive School Highways	23/24	IP3	134	134	-	134					134								134	
20	Education S106 Schemes	16/17	IP3	-	-	-	163	(163)				-								-	
21	Schools Capital Maintenance Grant	19/20	IP3	3,524	2,397	1,127	2,429	1,095				3,524								3,524	
22	Welsh Medium Childcare Provision - Bridgend	19/20	IP3	550	-	550	550					550								550	
23	Welsh Medium Childcare Provision - Dgmore	19/20	IP3	-	-	-	-					-								-	
24	Welsh Medium Childcare Provision - Porthcawl	19/20	IP3	550	-	550	550					550								550	
25	Welsh Medium Childcare Provision - Highways Schemes	19/20	IP3	-	-	-	-					-								-	
26	Free School Meals	22/23	IP3	1,444	409	1,035	1,444					1,444								1,444	
27	Community Focused Schools	22/23	IP3	2,328	189	2,139	2,328					2,328								2,328	
28	ALN Capital Grant	22/23	IP3	1,229	316	913	1,229					1,229								1,229	
29	Y G Bro Dgwr Mobile Classrooms	22/23	IP3	437	-	437	214	223				437								437	
30	Porthcawl Welsh Medium Seedling School	22/23	IP3	370	370	-	370					370								370	
31	Flying Start Extension - Nantymoel Primary	23/24	IP3	563	-	563	563					563								563	
32	Flying Start Highways	24/25	IP3	36	22	14	36					36								36	
<b>Total Education and Family Support</b>				<b>94,691</b>	<b>36,979</b>	<b>57,712</b>	<b>17,646</b>	<b>1,149</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>18,895</b>	<b>74,359</b>	<b>1,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>94,691</b>
<b>Social Services and Well-being</b>																					
<b>Adult Social Care</b>																					
33	Bryn Y Cae	19/20	IP2	40	40	-	40					40								40	
34	Ty Cwm Dgwr Care Home	21/22	IP3	23	23	-	23					23								23	
35	Wellbeing Minor Works	RECURRENT	IP2	212	212	-	212					212								212	
36	Bakers Way	17/18	IP2	10	10	-	10					10								10	
37	Children's Residential Accommodation Hub	18/19	IP2	74	74	-	74					74								74	
38	Telecare Transformation Project	22/23	IP2	-	-	-	-					-								-	
39	Breakaway	23/24	IP2	98	-	98	98					98								98	



	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023-2034
			Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 24 2024-25 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage (to)/from Future £'000	Revised 2024-25 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	2032-2033 £'000	2033-2034 £'000		
<b>Culture</b>																					
40 Community Centres	20/21	NONPTY	167	167		167						167									167
41 Bryngarw House	20/21	NONPTY	8	8		8						8									8
42 Ysgol Bryn Castell Hard-Court	22/23	IP3	99	-	99	99						99									99
43 Dgmore Valley Life Centre	23/24		108	11	97	108						108									108
<b>Total Social Services and Well-being</b>			<b>839</b>	<b>545</b>	<b>294</b>	<b>839</b>	-	-	-			<b>839</b>	-	-	-	-	-	-	-	-	<b>839</b>
<b>Communities</b>																					
<b>Street Scene</b>																					
44 Community Children's Play Areas	20/21	IP2	3,851	3,851	-	2,851						2,851	1,000								3,851
45 Parks/Pavilions/Community Centres CAT	14/15	IP3	1,436	1,216	220	936						936	500								1,436
46 Aber Playing Fields	19/20	NONPTY	11	11	-	11						11									11
47 Cardiff Capital Region City Deal	17/18	IP1	7,691	7,691	-	1,190						0	2,434	940		1,039	1,648	1,630			7,691
48 Coychurch Crem Works	RECURRENT	NONPTY	75	-	75	75						75									75
49 Remedial Measures - Car Parks	17/18	IP3	135	135	-	135						135									135
50 Civil Parking Enforcement	17/18	IP3	20	20	-	20						20									20
51 Road Signs 20mph Default Speed	22/23	IP2	521	-	521	328		193				521									521
52 Road Safety	14/15	IP1	6	6	-	6						6									6
53 Pencoed Tech Park Act Travel	20/21	IP1	-	-	-	-						-									-
54 Highways Structural Works	RECURRENT	IP3	3,554	3,554	-	494						494	340	340	340	340	340	340	340	340	3,554
55 Carriageway Capital Works	RECURRENT	IP3	2,500	2,500	-	250						250	250	250	250	250	250	250	250	250	2,500
56 Carriageway & Footway Renewal	1	IP3	-	-	-	-						-									-
57 Road Safety Improvements - Heol Mostyn	19/20	IP1	-	-	-	168		(168)				-									-
58 Prox Capital Improvement Programme	15/16	IP3	65	-	65	65						65									65
59 Highways Refurbishment	19/20	IP3	2,000	2,000	-	1,000						1,000	1,000								2,000
60 Replacement of Street Lighting Columns/ River Bridge Protection Measures	RECURRENT	IP3	4,096	4,000	96	400		45	51			496	400	400	400	400	400	400	400	400	4,096
61 River Bridge Protection Measures	16/17	IP1	22	22	-	22						22									22
62 Communities Minor Works	RECURRENT	IP3	762	762	-	562			200			762									762
63 Ultra Low Emissions Vehicle Transformation Fund 2	22/23	IP1	23	-	23	23						23									23
64 Fleet Transition Ultra Low Emissions Vehicles	21/22	IP1	155	-	155	155						155									155
65 Net Zero Carbon Fleet	21/22	NONPTY	147	147	-	147						147									147
66 Porthcawl Metro-Link (CCR)	21/22	IP1	948	948	-	948						948									948
67 Penrysg Road Bridge - LTF/CCR	19/20	IP1	-	-	-	13		(13)				-									-
68 Residents Parking Bridgend Town Centre	14/15	IP1	109	109	-	109						109									109
69 Fleet Vehicles	14/15	IP3	1,864	1,864	-	1,881		(17)				1,864									1,864
70 AHP Waste	19/20	IP3	-	-	-	4		(4)				-									-
71 Extension to Cornelly Cemetery	18/19	NONPTY	5	5	-	190		-	185			5									5
72 Extension to Porthcawl Cemetery	18/19	NONPTY	35	35	-	164		-	129			35									35
73 Cemeteries	18/19	NONPTY	314	314	-				314			314									314
74 S106 Highways Small Schemes	14/15	IP3	39	-	39	39						39									39
75 Unadopted Roads	14/15	IP2	380	380	-	380						380									380
76 Fire Suppression System Tondy Waste Depot	21/22	NONPTY	-	-	-	17		(17)				-									-
77 Puffin Crossing Kentig Hill	22/23	IP3	6	6	-	6						6									6
78 Ynysawdre to Brynoethin ATR	23/24	IP2	-	-	-	-						-									-
79 Coal Tip Safety	23/24	NONPTY	457	-	457	457						457									457
80 Traffic Signal Replacement (Coity Castle Pub Gyratory)	23/24		290	290	-	290						290									290
81 Grass Cutting Equipment	24/25		340	340	-							340									340
82 Waste Vehicles	24/25		8,000	8,000	-							-	3,000	3,000	2,000						8,000

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023 - 2034 £'000
			Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 24 2024-25 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage (to)/from Future £'000	Revised 2024-25 £'000	2025-2026 £'000	2026-2027 £'000	2027-2028 £'000	2028-2029 £'000	2029-2030 £'000	2030-2031 £'000	2031-2032 £'000	2032-2033 £'000	2033-2034 £'000		
<b>Regeneration &amp; Development</b>																					
83	17/18	IP1	436	436	-	436															436
84	21/22	IP1	-	-	-	-															-
85	20/21	IP1	2,616	2,616	-	2,616															2,616
86	19/20	IP1	417	417	-	417															417
87	20/21	IP1	210	210	-	210															210
88	21/22	IP1	3,493	-	3,493	3,493															3,493
89	21/22	NONPTY	2,233	855	1,378	1,804															2,233
90	16/17	IP1	3,265	2,276	989	3,265															3,265
91	17/18	IP1	1,547	1,297	250	1,547															1,547
92	RECURRENT	IP3	669	669	-	219															669
93	14/15	IP1	124	124	-	124															124
94	21/22	IP1	134	134	-	134															134
95	19/20	IP1	1,024	-	1,024	1,075															1,024
96	RECURRENT	IP3	1,615	1,615	-	425															1,615
97	22/23	IP1	4,931	-	4,931	5,221															4,931
98	23/24	IP1	110	-	110	110															110
99	22/23	NONPTY	19,193	2,000	17,193	10,363															19,193
100	24/25		1,089	-	1,089	1,089															1,089
<b>Corporate Landlord</b>																					
101	18/19	IP3	-	-	-	773															-
102	18/19	IP3	-	-	-	446															-
103	14/15	NONPTY	206	206	-	206															206
104	RECURRENT	IP3	11,771	11,771	-	2,032															11,771
105	14/15	NONPTY	177	177	-	77															177
106	14/15	IP3	517	517	-	517															517
107	18/19	IP3	3,591	3,591	-	7,074															3,591
108	19/20	IP3	60	60	-	29															60
109	19/20	IP3	47	47	-	47															47
<b>Total Communities</b>			<b>99,332</b>	<b>67,224</b>	<b>32,108</b>	<b>57,085</b>	<b>(4,343)</b>	<b>(100)</b>	<b>(13,143)</b>	<b>39,439</b>	<b>31,466</b>	<b>6,260</b>	<b>4,320</b>	<b>3,359</b>	<b>3,968</b>	<b>3,950</b>	<b>2,170</b>	<b>2,170</b>	<b>2,170</b>	<b>99,332</b>	
<b>Chief Executive's</b>																					
<b>Housing / Homelessness</b>																					
110	RECURRENT	IP2	17,197	17,065	132	1,447															17,197
111	RECURRENT	IP2	2,000	2,000	-	200															2,000
112	RECURRENT	IP1	973	973	-	73															973
113	16/17	IP2	270	-	270	270															270
114	22/23	IP2	530	-	530	530															530
115	21/22	IP1	480	-	480	480															480
116	23/24	IP1	1,066	530	536	1,066															1,066
117	23/24		-	-	-	187															-
<b>ICT</b>																					
118	RECURRENT	IP3	4,395	4,395	-	795															4,395
119	22/23	IP3	102	102	-	102															102
120	21/22	IP3	38	38	-	38															38
121	22/23	IP3	238	238	-	238															238
122	21/22	IP3	91	91	-	91															91
<b>Total Chief Executive's</b>			<b>27,360</b>	<b>25,432</b>	<b>1,948</b>	<b>5,517</b>	<b>(187)</b>	<b>-</b>	<b>500</b>	<b>5,830</b>	<b>1,950</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>2,450</b>	<b>27,360</b>	

	Date Approved	Improvement Priority	Total 2024-2034			2024-25					FUTURE YEARS										CUMULATIVE Total 2023 - 2034 £'000
			Total Cost £'000	BCBC Funding £'000	External Funding £'000	Council July 24 2024-25 £'000	New Approvals / Reductions £'000	Virement £'000	Slippage (to)/from Future £'000	Revised 2024- 25 £'000	2025- 2026 £'000	2026- 2027 £'000	2027- 2028 £'000	2028- 2029 £'000	2029- 2030 £'000	2030- 2031 £'000	2031- 2032 £'000	2032- 2033 £'000	2033- 2034 £'000		
<b>Council Wide Capital Budgets</b>																					
123  Corporate Capital Fund	RECURRENT	NONPTY	773	773	-	773	-	-	-	773	-	-	-	-	-	-	-	-	-	773	
124  Unallocated	RECURRENT	NONPTY	11,976	11,976	-	222	-	-	-	222	-	-	1,884	1,884	1,884	2,034	2,034	2,034	-	11,976	
<b>Total Council Wide Capital budgets</b>			<b>12,749</b>	<b>12,749</b>	-	<b>995</b>	-	-	-	<b>995</b>	-	-	<b>1,884</b>	<b>1,884</b>	<b>1,884</b>	<b>2,034</b>	<b>2,034</b>	<b>2,034</b>	-	<b>12,749</b>	
<b>Total Expenditure</b>			<b>234,991</b>	<b>142,929</b>	<b>92,062</b>	<b>82,082</b>	<b>(3,381)</b>	-	<b>(12,643)</b>	<b>66,058</b>	<b>107,775</b>	<b>10,147</b>	<b>6,770</b>	<b>7,693</b>	<b>8,302</b>	<b>8,284</b>	<b>6,654</b>	<b>6,654</b>	<b>6,654</b>	<b>234,991</b>	
<b>Expected Capital Resources</b>																					
<b>General Capital Funding</b>																					
General Capital Funding - General Capital Grant			28,568	28,568	-	4,043	-	-	-	4,043	2,725	2,725	2,725	2,725	2,725	2,725	2,725	2,725	2,725	28,568	
General Capital Funding - Supported Borrowing			39,298	39,298	-	3,937	-	-	-	3,937	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	3,929	39,298	
Capital Receipts - Schools			2,951	2,951	-	222	-	-	-	222	2,729	-	-	-	-	-	-	-	-	2,951	
Capital Receipts - General			22,845	22,845	-	18,199	(4,383)	-	(218)	13,598	8,726	521	-	-	-	-	-	-	-	22,845	
Earmarked Reserves			37,056	37,056	-	15,605	(760)	-	(2,042)	12,783	19,016	940	1,039	1,648	1,630	-	-	-	-	37,056	
Revenue Contribution			577	577	-	577	-	-	(1)	576	1	-	-	-	-	-	-	-	-	577	
Prudential Borrowing (Directorate Funded)			3,644	3,644	-	3,644	-	-	(1,822)	1,822	1,822	-	-	-	-	-	-	-	-	3,644	
Prudential Borrowing (Corporately Funded)			7,830	7,830	-	1,600	-	-	-	1,600	4,767	1,347	116	-	-	-	-	-	-	7,830	
SALIX Interest Free Loan - w/G			160	160	-	160	-	-	-	160	-	-	-	-	-	-	-	-	-	160	
<b>Sub-Total General Capital Funding</b>			<b>142,929</b>	<b>142,929</b>	-	<b>47,987</b>	<b>(5,163)</b>	-	<b>(4,083)</b>	<b>38,741</b>	<b>43,715</b>	<b>9,462</b>	<b>6,770</b>	<b>7,693</b>	<b>8,302</b>	<b>8,284</b>	<b>6,654</b>	<b>6,654</b>	<b>6,654</b>	<b>142,929</b>	
<b>External Funding Approvals</b>																					
w/G - Other			15,738	-	15,738	14,637	1,101	-	-	15,738	-	-	-	-	-	-	-	-	-	15,738	
w/G - 21st Century Schools			45,718	-	45,718	-	-	-	-	-	45,033	685	-	-	-	-	-	-	-	45,718	
w/G - Enable Grant			270	-	270	270	-	-	-	270	-	-	-	-	-	-	-	-	-	270	
w/G - Integrated Care Fund (ICF)			480	-	480	480	-	-	-	480	-	-	-	-	-	-	-	-	-	480	
w/G - Welsh Medium Capital Grant			1,537	-	1,537	1,314	223	-	-	1,537	-	-	-	-	-	-	-	-	-	1,537	
Westminster			18,115	-	18,115	10,168	-	-	(8,493)	1,675	16,440	-	-	-	-	-	-	-	-	18,115	
Cwm Taf Morgannwg (HCF)			230	-	230	230	-	-	-	230	-	-	-	-	-	-	-	-	-	230	
S106			5,673	-	5,673	2,695	458	-	-	3,153	2,520	-	-	-	-	-	-	-	-	5,673	
Cardiff Capital Region (CCR)			3,493	-	3,493	3,493	-	-	-	3,493	-	-	-	-	-	-	-	-	-	3,493	
Transport Grant			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Heritage Lottery Fund (HLF)			250	-	250	250	-	-	-	250	-	-	-	-	-	-	-	-	-	250	
Sport Wales			363	-	363	363	-	-	-	363	-	-	-	-	-	-	-	-	-	363	
Other			195	-	195	195	-	-	(67)	128	67	-	-	-	-	-	-	-	-	195	
<b>Sub-Total External Funding Approvals</b>			<b>92,062</b>	-	<b>92,062</b>	<b>34,095</b>	<b>1,782</b>	-	<b>(8,560)</b>	<b>27,317</b>	<b>64,060</b>	<b>685</b>	-	-	-	-	-	-	-	<b>92,062</b>	
<b>Total Funding Available</b>			<b>234,991</b>	<b>142,929</b>	<b>92,062</b>	<b>82,082</b>	<b>(3,381)</b>	-	<b>(12,643)</b>	<b>66,058</b>	<b>107,775</b>	<b>10,147</b>	<b>6,770</b>	<b>7,693</b>	<b>8,302</b>	<b>8,284</b>	<b>6,654</b>	<b>6,654</b>	<b>6,654</b>	<b>234,991</b>	
<b>Funding Shortfall(Surplus)</b>			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	