

Appendix 2 – Capital Strategy 2023/24

1. This report presents the Capital Strategy for 2023/24 which sets out the proposed Capital Programme for 2023/24 with future years projected to 2029/30.
2. The Capital Strategy is an annual requirement that must be approved by Full Council.
3. The purpose of the Capital Strategy is to clearly set out the priorities and framework within which Wiltshire Council determines its resourcing priorities for capital investment, decides the level of borrowing, the affordability of the borrowing and sets the level of the risk appetite.

BACKGROUND

4. The Prudential Code for Capital Finance in Local Authorities (2017) introduced a new requirement for Local Authorities to prepare an annual Capital Strategy to be authorised by Full Council.
5. The purpose of the Capital Strategy is to clearly set out the priorities and framework within which Wiltshire Council determines its resourcing priorities for capital investment, decides the level of borrowing, the affordability of the borrowing and sets the level of the risk appetite.
6. The Prudential Code sets out that the Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability.
7. The Capital Strategy does not duplicate more detailed policies, procedures or plans; it is intended to sit above and reference these to allow those seeking more detail to know where to find it.
8. Capital Expenditure is defined within the Chartered Institute of Public Finance and Accountancy's (CIPFA) Accounting Code of Practice as; Expenditure that results in the acquisition, construction, or the enhancement of non-current assets (tangible or intangible) in accordance with proper practices. All other expenditure must be accounted for as revenue expenditure unless specifically directed by the Secretary of State.

CAPITAL EXPENDITURE

Capital Programme

9. The Capital Programme is approved by Full Council. The proposed Capital Programme 2023/24 to 2029/30 is attached in Appendix 1, annex 10, and totals £1,104.368m. A summary position is set out in the tables below for both the capital spend and how it is planned to be financed.

10. The key objectives of Wiltshire Council's Capital Programme are to ensure;

- Capital assets are used to support the delivery of business plan priorities and the delivery of council services, including the Housing Revenue Account (HRA) in line with the council's 4 key Business Plan principles;
 - **Empowered People:** We want every child to have the best start and life and we will help develop the communities and facilities that enable all residents to enjoy good physical and mental health to live active lives. This includes ensuring that they are safe throughout their life.
 - **Resilient Society:** We want people in Wiltshire to build positive relationships and live well together, to be able to get involved, influence and act on what matters in their local communities. We want our communities to be able to grow sustainably with access to arts, heritage and culture and have easy access to high quality and affordable housing in beautiful places.
 - **Thriving Economy:** We want to continue to grow the skills of our local workforce, nurture the opportunities available to them and for our economy to thrive. We must mitigate the impacts of COVID-19 on our children's education so that they can prosper and as a county we can attract and retain high value businesses and investment. As we continue to move forward, we must ensure everyone can take advantage of a sustainable economy with vibrant, well-connected settlements.
 - **Sustainable Environment:** The council has committed to becoming carbon neutral by 2030 and we now must take the lead and support the whole county as it strives for the same. Together, we must take responsibility for the environment and ensure it is well used, cherished, protected, conserved and enhanced.
- Expenditure is aligned to the council's Asset Management Plans and HRA Business Plan to ensure that buildings and infrastructure, such as schools, roads and housing dwellings are fit for purpose and in a suitable condition to deliver services to the communities they serve.
- All investments are affordable, sustainable and financially prudent.
- Expenditure supports and enhances service delivery and/or generates revenue savings or income streams.

Capital Programme by Business Plan Priority

	Revised 23/24 Budget £m	Revised 24/25 Budget £m	Revised 25/26 Budget £m	Future Years £m	TOTAL £m
Empowered People	59.875	41.871	27.955	46.829	176.530
Resilient Society	53.328	73.607	49.058	175.655	351.648
Thriving Economy	57.365	73.036	85.518	293.589	509.508
Sustainable Environment	3.439	5.909	0.009	-	9.357
An Efficient Healthy Council	25.120	11.656	5.719	14.830	57.325
Total	199.127	206.079	168.259	530.903	1,104.368

11. The Capital Programme sets out the capital projects that the council plans to invest in over the next 7 years from 2023/24 to 2029/30; the amount of budget per project per year and the indicative sources of funding.

	Revised 23/24 Budget £m	Revised 24/25 Budget £m	Revised 25/26 Budget £m	Future Years £m	TOTAL £m
Corporate Director - People	46.143	35.360	12.305	35.929	129.737
Corporate Director - Resources	56.971	41.777	48.067	13.387	160.202
Corporate Director - Place	65.433	80.170	68.848	306.664	521.115
Total General Fund	168.547	157.307	129.220	355.980	811.054
Housing Revenue Account	30.580	48.772	39.039	174.923	293.314
Total Capital Programme	199.127	206.079	168.259	530.903	1,104.368

Grants	70.737	80.899	53.527	284.526	489.689
Other Contributions	2.000	-	-	32.090	34.090
S106 Contributions	1.434	1.264	-	-	2.698
CIL Contributions	4.282	8.487	4.376	0.542	17.687
HRA	30.580	48.772	39.039	174.922	293.313
Capital Receipts	1.725	0.250	0.250	1.000	3.225
Stone Circle Loans	21.298	24.835	10.019	0.732	56.884
Borrowing Funded by Revenue Savings	-	-	31.200	-	31.200
Borrowing	67.071	41.572	29.848	37.091	175.582
Total Funding	199.127	206.079	168.259	530.903	1,104.368

12. The Capital Programme has been reviewed by the Asset Gateway and Capital Programme Board. This is a new officer governance process which provides oversight across the programme and alignment with the Business Plan priorities. This governance also provides additional challenge to ensure all figures are validated and profiled realistically, in consultation with Capital Project leads where necessary, as the council has seen over-confidence with the deliverability of the scale of the programme that has been set previously in any given year. Profiling of the programme is critical not only to ensure deliverability but also due to the funding assumptions for those that impact revenue are realistic.

13. The revenue impact of financing capital investments are twofold; external interest payable and Minimum Revenue Provision (MRP). For the proposed capital programme 2023/24 to 2029/30 these have been factored into the 2023/24 revenue budget setting process and MTFs.

14. In setting the Capital Programme, the council will consider projects that can generate new or additional future on-going income revenues to replace reducing grant funding and enable services that are required by the community to be provided. Opportunities will also be explored to develop new ways of relieving future pressures. These projects will meet wider council priorities for example support economic activity, development or regeneration so will not be purely for yield.
15. The council will look to maximise opportunities to secure external funds and work with partners, both private and other government agencies, to increase the overall level of investment within Wiltshire to support priorities and economic development.

People (£129.737m in the period 2023/24-2029/30)

Scheme name	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Future Years Budgets £m	Total Funding £m
Ageing & Living Well					
Disabled Facilities Grants	4.400	4.400	4.400	13.269	26.469
Ageing & Living Well Total	4.400	4.400	4.400	13.269	26.469
Education & Skills					
Access and Inclusion	0.150	0.100	0.100	0.400	0.750
Basic Need	7.944	13.957	0.500	1.600	24.001
Stonehenge School Replacement of Lower Block	3.650	0.053	-	-	3.703
Devolved Formula Capital	0.500	0.500	0.500	2.000	3.500
Schools Maintenance & Modernisation	8.628	6.805	6.805	18.660	40.898
Early Years & Childcare	1.184	-	-	-	1.184
Early Years Buildings	1.049	-	-	-	1.049
Silverwood Special School	10.262	9.545	-	-	19.807
High Needs Provision Capital Allowance	7.446	-	-	-	7.446
Education & Skills Total	40.813	30.960	7.905	22.660	102.338
Families & Children's Service					
Childrens Homes	0.930	-	-	-	0.930
Families & Children's Total	0.930	-	-	-	0.930
Corporate Director - People	46.143	35.360	12.305	35.929	129.737

16. The Disabled Facility programme is funded by government grant and is forecast to be £26.469m across this capital programme period. This programme enables vulnerable individuals to remain in their homes through means tested adaptations.
17. We want to give the children of Wiltshire the best start in life as it is a fundamental part of improving their long-term life chances and affords them the best opportunity to live long, full and healthy lives as well as supporting the Business Plan priority principle of Empowering People. Wiltshire invests in Early Years and Schools to ensure places are available, offering choice and inclusivity and ensuring buildings are in a good condition and provide the right environment for learning and to keep children safe.

18. Included within the programme are significant schemes that cover the planned maintenance of Wiltshire schools from roof replacements to heating systems, that help support the council's commitment to carbon neutrality. Other schemes provide for expansions and new schools as well as ensuring facilities are accessible for pupils with additional needs. Schools Basic Need ensures that there are enough school places for children in their local area.
19. As part of 2023/24 budget setting additional investment of £16.088m has been added to the programme. £12.923m is to allow for mobile classrooms and Pratten huts to be replaced with permanent extensions. £3.165m has been added in recognition of increased inflation and requirements for planned maintenance.
20. The capital programme for these works totals £75.085m and is funded by a mixture of council borrowing, Government grant, CIL and S106 contributions.
21. The Budget Report 2023/24 Appendix 3 provides the full detail of the projects included under the Schools Capital programme.
22. The Silverwood and SEND Special School capacity and alternative provision programmes builds upon the success in 2022/23 when 132 Resource Base and Special School places were created. The programme team will deliver significant additional places from September 2023 for learners with SEND. A new school building will be delivered at the Silverwood Rowde campus near Devizes, and a budget of £36.225m has been allocated for this programme, largely funded by council borrowing. Silverwood Rowde campus will undergo remodelling work in 2023/24, with enhancements to the Main House and Orchard Block to increase places, facilities and functionality.
23. The new build at Silverwood Rowde helps create a purpose-built special school which will address the demand needs for additional SEND places for Wiltshire while providing:
 - Attractive buildings - safe, friendly, calm and engaging places with wide corridors and lots of natural light
 - Strong links with mainstream schools, with a special outreach provision in at least one primary and one secondary school in each key locality
 - New 'education-leading' facilities and support: hydro-pools, sensory rooms, physio, open outdoor space, speech and language therapy, family care
 - Strong and vibrant community links and enterprise opportunities – working with inclusive businesses and services that facilitate and advocate independent living for all
 - Improved inclusion and outcomes for children with SEND at secondary age
 - More effective links with specialist nurseries, ensuring support for learners with SEND from the early years to promoting independence as they move into adulthood
 - Good transport routes and means of transport between the sites, central to the home locations of children and young people with SEND
24. In recognition of rising national need for specialist places, the Department for Education (DfE) have provided annual High Need capital grants – of varying amounts

- since 2018/19 to facilitate creation and expansion of Special School and Resource Base provision. Wiltshire has modelled pupil needs and has been expanding specialist places at special and mainstream schools in line with the SEN strategy to ensure that wherever possible, children and young people can attend school in their local community.

25. A budget of £0.930m is included to increase the provision of local placements for looked after children by purchasing a residential house for use as a children's home. Local provision is essential so that children and young people can remain close to their home and communities to enable them to continue with their education and maintain positive relationships. Being safe throughout life and all its facets is a foundation that all should be provided with.

Resources (£160.202m in the period 2023/24-2029/30)

Scheme name	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Future Years Budgets £m	Total Funding £m
Finance					
Evolve Project	6.495	-	-	-	6.495
Finance Total	6.495	-	-	-	6.495

Assets & Commercial Development

Affordable Housing including Commuted Sums	0.300	-	-	-	0.300
Capital Receipt Enhancement	0.600	-	-	-	0.600
Depot & Office Strategy	2.255	0.062	-	-	2.317
Facilities Management Operational Estate	4.932	3.278	2.778	11.112	22.100
Gypsies and Travellers Projects	1.150	-	-	-	1.150
Porton Science Park	1.400	-	-	-	1.400
Health and Wellbeing Centres - Live Schemes	3.763	0.061	-	-	3.824
North Wiltshire Schools PFI Playing Fields	0.300	-	-	-	0.300
Property Carbon Reduction Programme	3.430	2.700	-	-	6.130
Park & Ride Solar Panel Canopys	-	3.200	-	-	3.200
Salisbury Central Car Park & Maltings	-	-	33.004	-	33.004
Facilities Management Investment Estate	0.250	0.250	0.250	1.000	1.750
Social Care Infrastructure & Strategy	0.600	-	-	-	0.600
Salisbury Resource Centre	0.825	-	-	-	0.825
Assets & Commercial Development Total	19.805	9.551	36.032	12.112	77.500

Capital Loans

Stone Circle Housing Company Loan	12.724	14.835	10.019	0.732	38.310
Stone Circle Development Company Loan	8.574	10.000	-	-	18.574
Capital Loans Total	21.298	24.835	10.019	0.732	56.884

Information Services

ICT Applications	4.066	3.652	-	-	7.718
ICT Business as Usual	1.365	1.365	1.716	0.342	4.788
ICT Other Infrastructure	0.500	0.400	0.300	0.201	1.401
ICT Get Well	3.442	1.974	-	-	5.416
Information Services Total	9.373	7.391	2.016	0.543	19.323

Corporate Director - Resources	56.971	41.777	48.067	13.387	160.202
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26. The council's Asset Management Plans set out the approach to managing the council's land and property assets. The council has asset management policy

frameworks which support the overall approach of managing assets by portfolio and include areas such as disposals and acquisitions, as well as active management of the council's operational, commercial, and rural estate. These assets support all 4 Business Plan priorities.

27. The council continues to focus on the most efficient use of its buildings, which includes sharing space. The council is moving to a market rent position for its tenants and has implemented a third party charging policy.
28. Wiltshire Council is on the path to meet its carbon neutral commitment and included within the programme are schemes and projects for the estate that will assist with this. These projects include lighting upgrades, PV installations, upgraded air handling units and installation of air source heat pumps.
29. Additional investment of £6.648m has been added to the programme to reflect inflation increases and to address essential health and safety requirements that have been identified on the operational estate.
30. £0.825m investment has been added to the programme to allow for the purchase of a new property for the family contacts service to operate from in the South of the County. The new property will be smaller and fit for purpose and will be funded through capital receipts, which will be replenished upon the sale of the existing property.
31. These programmes, totalling £44.496m, allow Wiltshire Council to deliver its statutory duties by ensuring the estate is maintained to a good standard and services can operate safely, efficiently, and effectively.
32. A £33.004m budget is held over the potential future development and regeneration at the Maltings and Central Car Park sites in Salisbury, however, the site now has a new owner who are developing their own plans. The council is awaiting these to come forward and where, if at all, the council can leverage its position as landowner and stakeholder. Until this is known the budget is held but reprofiled back to 2025/26.
33. £25.818m is included within the capital programme for Information Services and the Evolve programme, which will implement a new Enterprise Resource Planning (ERP) system for the council in 2023/24. The council invests in digital infrastructure to underpin all of its operations and services and ensure communities and business can engage and transact responsively and seamlessly. The programme includes provision for a rollout of new laptops. The majority of these programmes are funded through borrowing.
34. Stone Circle Housing and Development companies were established in 2019 to meet a range of Wiltshire's strategic housing needs and undertake residential development, predominantly on council owned land to ensure these needs are met while increasing the potential return to the council.
35. The aim of Stone Circle Housing Company is to meet a range of strategic housing needs facing the council that cannot easily be addressed by the council's current approaches. Accommodation to meet the needs of specific vulnerable households

in a timely manner from the existing housing stock in Wiltshire is not a priority for the council's registered provider partners. The council procures accommodation for homeless households that is costly and the quality and cost could be improved by private rented sector accommodation provided by a local housing company. The Stone Circle Business Plan aims to purchase 250 properties by 2025. Stone Circle is also able to provide other accommodation to meet specific council service need.

36. The council has a successful programme of asset disposal. Over the next three years the council estimates that it may be able to offer to the market sites capable of residential development which, subject to planning permission could deliver over 500 units of accommodation. The council has established Stone Circle Development Company to enable the strategic housing needs across the county to be better met while increasing the potential return that could be generated from the developments.
37. Improving housing supply is critical for ensuring people can live and work locally and play an active part in their community. We want to ensure that residents have easy access to high quality and affordable housing that's close to their family, that's right for them and in beautiful places.
38. The total budget for these schemes across this capital programme period is £56.884m and will be financed by external borrowing which will be funded by returns from the Stone Circle Housing and Development companies.

Place (£521.115m in the period 2023/24-2029/30)

Scheme name	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Future Years Budgets £m	Total Funding £m
Highways & Transport					
Parking Contactless Machines	0.127	0.126	-	-	0.253
Fleet Vehicles	3.863	1.879	2.222	2.000	9.964
Integrated Transport	1.798	1.798	1.781	7.124	12.501
Local Highways and Footpath Improvement Groups	0.800	0.800	0.800	3.200	5.600
Structural Maintenance & Bridges	20.727	20.727	16.139	64.556	122.149
Drainage Improvements	0.500	0.500	-	-	1.000
Major Road Network M4 Junction 17	1.950	9.898	15.702	-	27.550
A338 Salisbury Junction Improvements MRN	1.261	1.075	-	-	2.336
A350 Chippenham Bypass (Ph 4&5) MRN	2.640	22.099	5.387	-	30.126
A3250 Melksham Bypass LLM - Full Scheme	3.106	6.376	9.622	216.709	235.813
Dunnes Lane Car Park, Castle Coombe	0.325	-	-	-	0.325
Highways & Transport Total	37.097	65.278	51.653	293.589	447.617
Economy & Regeneration					
Salisbury Future High Streets	7.585	1.783	-	-	9.368
Trowbridge Future High Streets	4.403	5.878	0.764	-	11.045
West Ashton Urban Extension Project	4.199	-	-	-	4.199
Carbon Reduction Projects	0.009	0.009	0.009	-	0.027
Wiltshire Ultrafast Broadband	1.011	-	-	-	1.011
Wiltshire Online	1.670	0.097	0.097	-	1.864
Economy & Regeneration Total	18.877	7.767	0.870	-	27.514
Environment					
Waste Services	0.915	0.675	0.675	2.175	4.440
Environment Total	0.915	0.675	0.675	2.175	4.440
Leisure Culture & Communities					
Area Boards and LPSA PRG Reward Grants	0.400	0.400	0.400	1.600	2.800
Community Projects	0.400	-	-	-	0.400
Fitness Equipment for Leisure Centres	0.986	0.250	0.250	1.000	2.486
Libraries - Self Service	0.379	-	-	-	0.379
Trowbridge Leisure Centre	0.800	0.800	15.000	8.300	24.900
Leisure Requirements	5.474	5.000	-	-	10.474
History Centre Reception and Performing Arts Library	0.105	-	-	-	0.105
Leisure Culture & Communities Total	8.544	6.450	15.650	10.900	41.544
Corporate Director - Place	65.433	80.170	68.848	306.664	521.115

39. Wiltshire invests in its infrastructure. This includes the resurfacing of roads, reactive patching, surface dressing, drainage and pothole repairs and Real Time Passenger Information. The total budget for these schemes over the period is £141.250m and is funded by a combination of external grants from central government, borrowing and developer contributions.

40. The council is currently developing major road improvements to facilitate population and employment growth and improve the local transport infrastructure. The programme includes £60.012m for three Major Road Network Schemes; M4 Junction 17 Improvements, A338 Salisbury Junction Improvements and A350 Chippenham Bypass (phase 4 & 5) and £235.813m for Local Major scheme, the A350 Melksham Bypass.

41. The Major Road Network Schemes will be funded by a combination of Department for Transport (DfT) grant and Wiltshire Council match funding from Community

Infrastructure Levy (CIL) and S106 contributions. Construction will only proceed upon confirmation of DfT grant funding. DfT grant funding has been confirmed for the A350 Chippenham Bypass.

42. The council is committed to progressing the A350 Melksham Bypass. It is a Local Major scheme which is expected to take about seven years until it is completed and will have to go through a number of stages, including planning approvals, statutory orders, public inquiry and procurement. At present funding has been included within the capital programme to full construction however financing has only been assigned to Full Business Case stage, which is expected to be submitted in 2026, and this will be through a combination of DfT grant and CIL funding.
43. The construction stage will require further funding of up to £32m from 2026/27 onwards and will depend on the successful progress through the statutory procedures and on the actual contribution required by the DfT at that time. In the meantime, the council will continue to work with the DfT to deliver this scheme to ensure the necessary funding is available.
44. These programmes ensure we have vibrant, well-connected communities where people can get around easily and access good services, including through digital channels. This will help grow the local economy in a sustainable way, supporting the achievement of the Business Plan Priorities of a Thriving Economy and Sustainable Environment.
45. A total of £5m investment has been added to the capital programme for phase 1 of the council's emerging Fleet Strategy for 2023/24 to 2025/25. Electric vehicles will be purchased up to the council's current electric infrastructure capacity. The Fleet Strategy will be developed alongside the Depot Strategy and will look at the additional electrification infrastructure requirements to move the fleet to alternative fuels by 2030 supporting the council's commitment to become a carbon neutral county.
46. Investment of £0.325m has been added to the programme to extend Dunns Lane Car Park, Castle Combe to meet demand. The forecast additional income from extending the car park will cover the capital financing costs and generate a saving for the council.
47. The council secured Department for Levelling Up, Housing and Communities (DLUHC) grant funding in 2022/23 for Future High Streets and combined with a local contribution will deliver projects in Trowbridge and Salisbury.
48. Salisbury Future High Streets budget of £9.368m for this period will focus on the Station Forecourt and Fisherton Street in Salisbury. This will enhance the public realm and improve accessibility to make it easier, safer, and more convenient to travel into the city centre.
49. Trowbridge Future High Streets budget of £11.045m, will deliver a range of projects aiming to strengthen the sustainability of Trowbridge Town centre by creating a more diverse offer and increasing footfall. Ensuring this long-term sustainability involves maximising the use of some key buildings, bringing vacant retail units back into use,

as well as improving connectivity, the public realm and active travel opportunities within the town centre.

50. The programme includes £24.9m investment to create a new Leisure facility to serve Trowbridge and the surrounding area. The facility will offer swimming, gym and sports hall services and will be part of the Trowbridge Place shaping strategy that is being developed. The new facility will be a more energy efficient building than the current facilities with a reduced carbon footprint so will enable the council to deliver a more environmentally sustainable Leisure service. This scheme is currently in the programme to be funded by borrowing but other funding options are being explored including the use of CIL under the current policy definition of Place shaping infrastructure.
51. Budgets totalling £13.274m funded by borrowing are included for the improvement and refurbishment at Leisure Centres to ensure leisure services can operate effectively and commercially and become a sustainable service.
52. These programmes directly link to the Business Plan principle of Empowering People to stay active; keeping socially, physically and mentally active has direct and positive impacts on brain function, weight management, reducing disease and the ability to enjoy life. Improving all these factors for residents will lead to greater happiness and improved independence.

Housing Revenue Account

Scheme name	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Future Years Budgets £m	Total Funding £m
Housing Revenue Account					
HRA - Council House Build Programme (Phase 2)	0.283	-	-	-	0.283
HRA - Council House Build Programme (Phase 3.1)	5.490	-	-	-	5.490
HRA - Council House Build Programme (Phase 3.2)	9.885	5.000	-	-	14.885
HRA - Council House Build Programme (Phase 3.3)	4.068	27.537	22.847	95.833	150.285
HRA - Refurbishment of Council Stock	10.854	16.235	16.192	79.090	122.371
Housing Revenue Account Total	30.580	48.772	39.039	174.923	293.314

53. The Housing Revenue Account is overseen by the Housing Board. The Board is responsible for setting the vision and strategic direction of the service. It is appointed to by the Service and the term of office is linked to the local government cycle. The board has to be reappointed every 4 years at a minimum. The Wiltshire Housing Board is a 9-person board comprising 3 independent members, 3 resident members and 3 councillor members. Officers report regularly to the board to provide assurance on the adequacy and effectiveness of running the service.
54. The Council House Build Programme is aligned to the remodelled Housing Revenue Account (HRA) business plan 2021-2051 that was approved by Cabinet in January 2021. The 30-year business plan aims to deliver a substantial increase in the amount of money available to be invested in capital works on existing dwellings and to deliver new housing to replace properties that have been sold under the Government's Right to Buy scheme and to address housing need. This Business Plan is reported, approved, and monitored through the Housing Board. A revised plan will be brought

to Cabinet in 2023/24 for approval to reflect the significant changes in inflation and report on the financial implications of these changes.

55. The total budget for the New Build programme over the period is £170.943m and will be funded by a mixture of grants & contributions, HRA capital receipts or by the HRA, either directly or via external borrowing (funded by the HRA). The aim of the Business Plan is to deliver carbon zero new builds and investment in all existing stock to achieve energy performance rating B.
56. The Refurbishment of Council Stock programme is for the cyclical repairs and maintenance on the council's housing stock e.g. bathrooms, kitchens, roofs boilers etc. The total budget for this scheme over the period is £122.371m.

Capital Financing

57. The Capital Programme financing can be summarised as follows:

Funding	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Future Years Budgets £m	Total Funding £m
Grants	70.737	80.899	53.527	284.526	489.689
Other Contributions	2.000	-	-	32.090	34.090
S106 Contributions	1.434	1.264	-	-	2.698
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Borrowing Funded by Revenue Savings	-	-	31.200	-	31.200
Borrowing	67.071	41.572	29.848	37.091	175.582
Total Funding	199.127	206.079	168.259	530.903	1,104.368

58. The council seeks to utilise a wide range of funding to support its Capital Programme, maximising external funding opportunities, such as grants and contributions, and limiting internal sources, such as revenue funding. Capital funding sources are described below.
59. **Grants & Contributions** - Grant funding is one of the largest sources of financing for the Capital Programme. The majority of grants are awarded by Central Government departments, but some are received from other external bodies. Grants can be specific to a scheme, have conditions attached (such as time and criteria restrictions), or are for general use. S106 deposits account for the majority of capital contribution funding; these deposits are paid by developers and are ringfenced for particular projects as defined in the individual S106 agreements. Community Infrastructure Levy (CIL) can be used to fund capital expenditure in line with the council's CIL policy.
60. **HRA** – Capital expenditure for the Housing Revenue Account (HRA) is ringfenced from general fund capital expenditure and is financed by a combination of HRA borrowing and use of the ring-fenced HRA major repairs reserve.
61. **Capital Receipts** - The income received over the value of £0.010m from the disposal of Fixed Assets or the repayment of loans for capital purposes is defined as a capital

receipt. They can normally only be used to fund capital expenditure or repay debt. Some capital receipts have additional restrictions on their use. The council seeks to obtain the highest possible receipt achievable from each disposal after considering wider community or service benefits. HRA receipts generated from the disposal of HRA assets are ringfenced to fund HRA projects.

62. **Borrowing (funded by revenue savings in service)** – This is where a scheme is in the Capital Programme to be funded by borrowing but it is anticipated that revenue savings or income generation arising from the capital investment will be utilised to fund the costs of borrowing.
63. **Borrowing** - The council can determine the level of its borrowing for capital financing purposes, based upon its own views regarding the affordability, prudence and sustainability of that borrowing, in line with the CIPFA Prudential Code for Capital Finance and within the Prudential Indicators set within the Treasury Management Strategy Statement. Borrowing levels for the Capital Programme are therefore constrained by the affordability assessment and by the availability of the revenue budget to meet the cost of this borrowing which is built into the council's Medium-Term Financial Strategy (MTFS).
64. **Revenue Funding** - The council can use revenue resources to fund capital projects on a direct basis. However, given the pressures on the revenue budget of the council, there are currently no plans to finance any of the current capital programme by revenue funding and it is unlikely that the council will choose to undertake this method of funding in the future if other sources are available.

Capitalisation

65. The council has a set of Accounting Policies that are approved annually by the Audit and Governance Committee that set out the council's approach to capitalisation and are based upon guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and take account of local circumstances.
66. The approved Accounting Policies are published within the Statement of Accounts and include policies on all the key accounting matters that affect the figures and disclosures in the statements.
67. 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 is directly attributable to an asset and 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 to the revenue account when it is incurred.

KNOWLEDGE AND SKILLS

68. The Capital Strategy has been developed by Officers of the council, who have relevant knowledge and technical skills. In addition, external advice and

management is employed by the council procuring and appointing suitably qualified advisors and managers to support the development, operation and design of the programmes.

Consultants

69. The council will use external consultancy services where there is a requirement to do so. A contract is in place for Treasury Management advice which includes advice on borrowing.

Training

70. In order to ensure that members and Statutory Officers have appropriate capacity and skills regarding their involvement in the investment decision making the following steps are required:

- Training given to Members in all aspects of the Statutory Guidance, the assessment of individual investments and risk.
- Technical training given to Statutory Officers and those officers negotiating commercial deals in the technical fields of investment evaluation and requirements of the statutory guidance and prudential code.
- Briefings to members of the relevant committees in advance of any investment decision making prior to a decision being brought forward to the committee covering all aspects of the assessment as well as the strategic fit.

71. The Corporate Governance arrangements around decisions on non-financial investments will follow the rigour of our normal committee arrangements. The relevant Cabinet Members will be fully briefed in terms of the full details of the assessment including external advisor reports. Scrutiny will review all such individual decisions in advance of a Cabinet decision.

Financial Implications

72. These have been examined and are implicit throughout the report.
73. The revenue implications (Minimum Revenue Provision and External Interest) of funding the capital programme have been estimated and have been included in the council's 2023/2024 revenue budget setting report as well as in the Medium-Term Financial Strategy and are summarised as follows:

	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	Total Budget £m
Revenue cost of Capital Financing	24.121	37.404	41.209	102.734

Workforce Implications

74. Staff who are working on specific schemes within the capital programmes will be funded from the capital programme for the duration of the programme of work and therefore will be funded temporarily. This means that there may be implications for those staff at the end of the programme of work. However, the council has in place robust policies and procedures to support this.