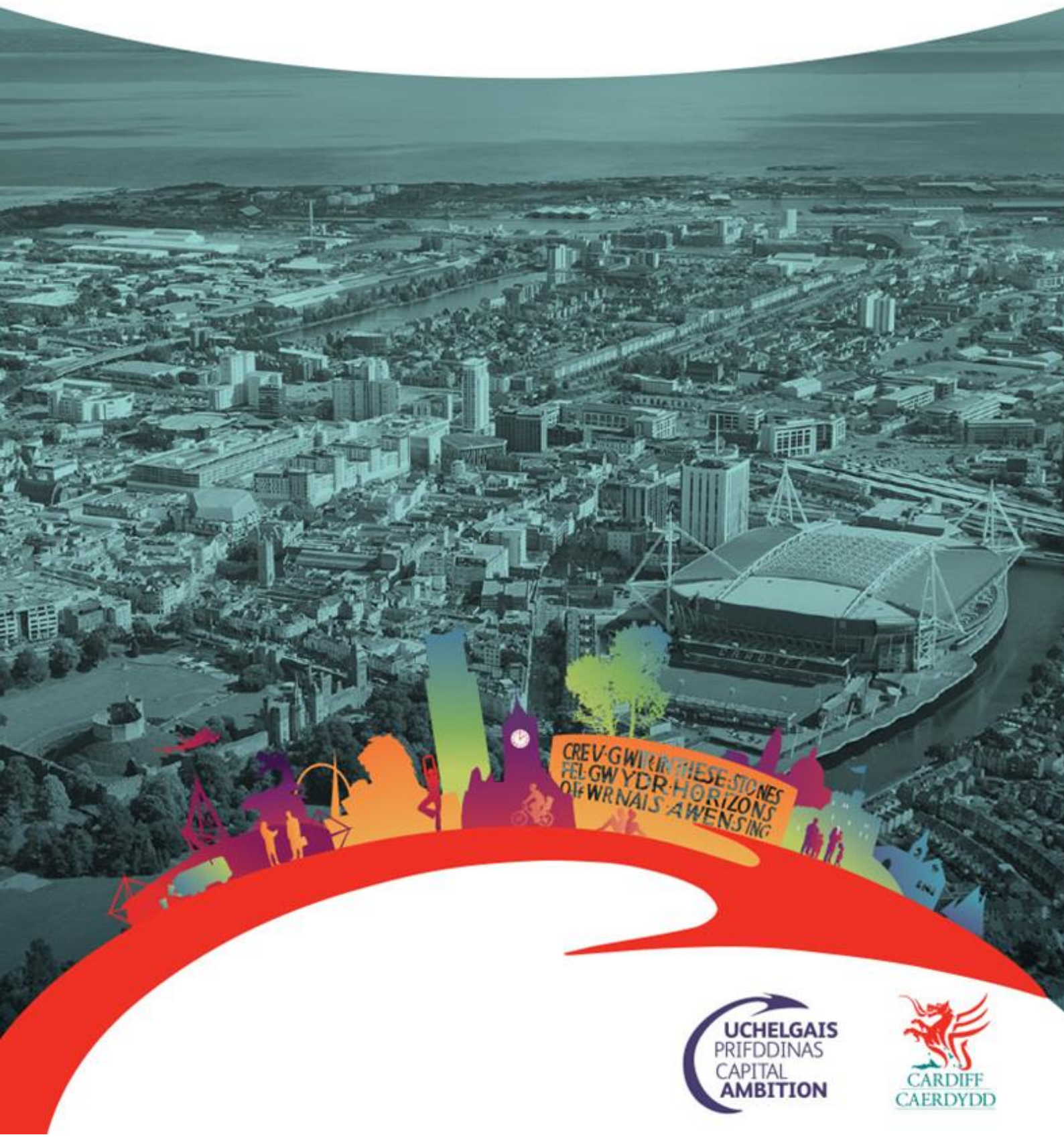


Capital Strategy 2020/21

Cardiff Council



Delivering Capital Ambition

In January 2020, the Council's Administration published Capital Ambition, a policy programme which sets out a series of commitments for Cardiff.

These commitments prioritise maintaining momentum in city regeneration and economic development, tackling inequality and inclusive growth, responding to the climate emergency and public service reform.

Progressing this ambitious agenda will require capital investment if the administration is to deliver on its major commitments. This would include investment in new schools and in modernising school buildings, delivering a significant house building programme and enabling the continued regeneration of the city's business and transport infrastructure.

It is therefore crucial that, when long term investment decisions are undertaken, decision makers can rely on clear and informed information. This would include:

- A long term view of capital expenditure plans and any financial risks to which the Council is exposed.
- Ensuring due regard to the long term financing, affordability implications and potential risks.
- A clear overview of the Council's asset management planning arrangements and any maintenance requirements that have resource and business planning implications.

The Capital Strategy will therefore continue to help support informed decision making in the delivery of Capital Ambition.



Strategic Context

As the capital city of Wales, Cardiff is the commercial, cultural and retail driver of Wales. It is one of the fastest growing cities in the UK, with population growth projected to increase by 20% between 2019 and 2039. This is an additional 73,000 people, meaning that population growth in Cardiff will exceed the estimated population growth of every other local authority in Wales.

The city's economy is also growing, jobs and businesses are being created, unemployment is at its lowest level for over a decade and visitor numbers are increasing every year.

Whilst this growth brings opportunities, it also brings challenges. Rapid population growth will require more school placements and social care provision whilst placing pressure on housing and the city's transport infrastructure and environment. For example, as well as those living in the city, more than 98,000 people, over one third of the city's workforce, commute into Cardiff every day from across the region.

Capital Ambition identifies the opportunities facing the city and sets out the response to challenges. This is not just a consideration of how we manage decline but it is about investing in future economic growth and development, prioritising investment in schools, affordable housing, tackling homelessness, and protecting the city's most vulnerable people. It sets out the approach for tackling congestion and air pollution, improving recycling rates and keeping our streets clean, along with a series of commitments to create opportunities for local people and addressing inequality.

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

Working for the future

- Support the implementation of the Council's new Low-Carbon Fuels Strategy and promote the roll-out of electric Council vehicles
- Renewable Energy Strategy
- Remove single-use plastics from Council venues and work with partners to drive up recycling rates across the city
- Grow the number of parks in Cardiff which receive the Green Flag Award – international standard for management of green spaces
- Lead a low-carbon transition in our city's buses by supporting the roll-out of new electric vehicles and upgrade older buses to meet Euro 6 engine emission standards
- Delivery of energy projects including a new Sustainable Heat Network
- Rationalise and de-carbonise Council buildings
- Hitting sustainable transport targets
- Deliver the 'One Planet Cardiff' Strategy and build on status of the 'UK's leading recycling city'.

Working for public services

- Continue our Digital First approach to customer services and look to apply new technologies to improve services
- Integrating public services
- Building strong partnerships at the local, regional and national level
- Adopt agile working across all areas of the Council, providing a more responsive and flexible service for staff and citizens
- Protect front-line services through continuing to modernise and drive efficiency from back-office services
- Strengthen how we recruit to make sure that the Council's workforce better reflects the communities we serve
- Explore collaboration with other local authorities to deliver efficient and effective back-office services
- Delivering a new skills hub in the city to support young people.

Capital Ambition

Working for Cardiff

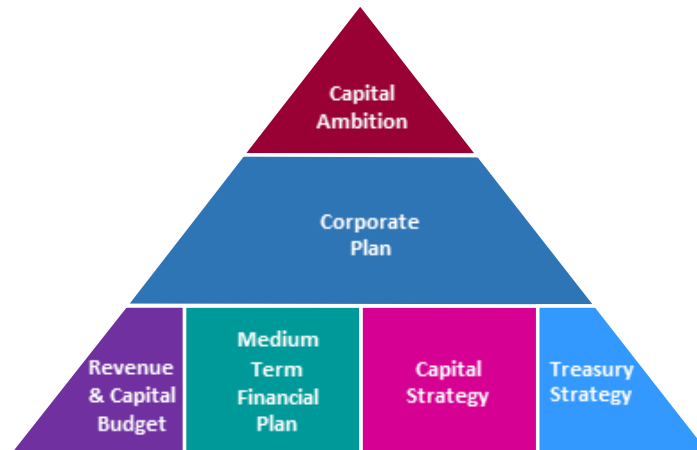
- Recognise and build on the role of the school at the heart of communities
- Deliver the 21st Century schools programme including new /rebuilt primary, secondary and special schools and working with developers to build new schools as part of the Local Development Plan
- Invest in digital infrastructure and learning technologies
- Investment in local community and estate regeneration including youth and integrated community and wellbeing hubs
- Support for independent living, safe, energy efficient and accessible homes
- Maintain Welsh Housing Quality Standards for existing stock and increase the supply of affordable housing
- Deliver an enhanced highway maintenance programme to improve upon the quality of city roads and a coastal protection scheme
- Drive the economy forward, creating more and better paid jobs
- Specialist dementia services and day opportunities for older people.
- Promoting cycling, walking and active travel
- Keeping our streets clean
- Promote work on Cardiff Crossrail and Cardiff Circle tram lines.

Working for Wales

- Complete the regeneration of Central Square and begin the regeneration of the area south of the station
- Launching a new vision for the Canal Quarter
- Implement the next phase of the International Sports Village
- A refreshed vision for Cardiff Bay as a leisure destination
- Work with partners to compete for the 2030 FIFA Football World Cup
- Support the completion of Cardiff Parkway and the Eastern Bay Link road as part of the Industrial Strategy for the east of the city
- Further develop the Western Gateway
- Deliver a new multi purpose indoor arena
- Support partners in the development of the Metro including delivery of Phase 1, new stations and integrated ticketing
- Support local businesses in the post-Brexit business environment.
- Support partners in the delivery of the Metro.

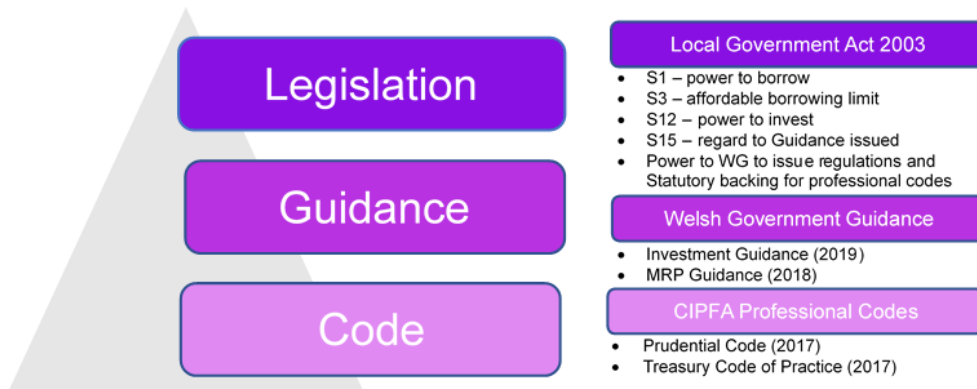
Capital Strategy Framework

The Capital Strategy is an integral part of the Council’s Strategic and Financial Planning Framework.



In 2004, local authorities were provided with the flexibility to make their own capital investment decisions. Legislation, guidance and professional codes of practice were introduced to support decision making and ensure

investment and borrowing is Prudent, Sustainable and Affordable. The Council has complied with these principles since their introduction and in various updates.



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

- working with partners
- asset management planning
- risk appetite
- governance and decision making
- capital investment in 2020/21 and indicatively to 2024/25
- funding the strategy
- managing the borrowing requirement
- prudent Minimum Revenue Provision (MRP) Policy for repayment of capital expenditure
- affordability.

The remainder of this strategy considers these in more detail. The Strategy forms an integral part of the Budget report and it is recognised that there are various strategy developments that need to take place over the medium term as part of new regulatory requirements. The Corporate Director Resources is required to report, in the Budget Report, on the deliverability, affordability and risk associated with the Capital Strategy and where appropriate have access to specialised advice to enable them to reach their conclusions.

Working with Partners

Delivering investment across the city to meet the ambition to create a greener, fairer and stronger capital city and its role as the economic driver for the wider region and Welsh context needs a strategic approach with the private and public sector. This is particularly relevant given the financial challenges faced by the Council.

The significant re-invention of the city over the years has been driven by the private sector and without this much of the investment seen over the past few years would not have happened.

The Council works closely with regional, local authority partners in the Cardiff Capital Region, with partners in the Great Western Gateway and also as part of the UK Core Cities Group nationally. Within the city the Council has significant partnerships with other public sector bodies via informal or formal boards such as the Public Sector Service Board, Registered Social Housing Landlords, charities, universities and colleges to support the delivery of services for its residents, communities and businesses.

The Council will continue to work with Welsh Government to align key priorities and to make a case for a much longer term and sustained approach to capital investment that not only supports the city's vital infrastructure, but also projects that can make a stepped change in helping to drive the city, region and nation forward.

The Council will continue to use its enabling role to harness skills and private funding, in order to take forward capital investment to deliver improvements and inclusive growth which would not otherwise be deliverable or affordable. It will set out its vision and co-ordinate activity between business and government bodies to develop a more productive and innovative platform for investment in the city.



Asset Management Planning

The Council has responsibility for assets used in service delivery including property, highway infrastructure (roads, footpaths, structures, lighting) and Council dwellings. It is essential to understand the need, utilisation, condition and the investment and operating cost requirements of assets, whether owned or leased.

The Council's historic retained interests in land assets in various parts of the city has been an enabler in its ability to support development of key capital projects in the city. The Council also has a track record of acquiring significant assets on the basis of future regeneration projects or to secure strategic options. It is recognised that the acquisition of new assets such as land could gain or lose value in the intervening period. However the overarching aim of the Council is to release the value in the asset once the regeneration has been completed, and such benefits may be wider than financial considerations.

When prioritising investment it is essential to understand the long term cost of maintaining and operating existing assets and their fitness for purpose, having consideration of which are deemed essential in continued service delivery or which can be considered for alternative uses. The backlog of maintenance in some key assets is recognised and alternative approaches to longer term solutions will be considered to address the risks this poses rather than continued investment by the

Council in the same assets. This is neither an effective asset management approach nor affordable in the long term. These will be considerations in key assets such as schools and administrative buildings required for the long term.

Approved Asset Management Plans are in place for property assets including dwellings that demonstrate the Council's stewardship of assets. A disposal strategy is also in place to relinquish or find alternative beneficial uses for assets deemed surplus to requirements. This includes using property effectively across the Council by using suitable sites for the building of affordable Council housing.

The Council has set up a number of Boards that aim to provide assurance to Cabinet by embedding strategic asset management activity as a corporate activity. This covers activities such as property asset management, housing delivery, school organisation planning and for major transport projects.

In line with best practice, Cabinet will consider development of plans for Highways and other infrastructure assets during 2020/21 and updates on property asset management plans already developed. The Council's approach to asset management and stewardship of assets will be supported by targeted internal and external reviews to assess the effectiveness of asset management practices including governance, risk management and control.



Risk Appetite

In undertaking complex projects, decision making will continue to be supported by proportionate business cases in line with best practice covering strategic, economic, financial, commercial and management cases. For large complex projects, professional external advice and services would be sourced to undertake due diligence to understand risks and inform decision making.

Capital investment to be undertaken can be broadly split into three types:

1. 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.
2. Expenditure on **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.
3. Expenditure on **non treasury investments purely to maximise financial return on assets and generate revenue income**. Examples of this are the purchase of commercial investment property, or to provide loans to others at commercial rates.

In respect of 1 and 2, the Council recognises that achieving these aims will require consideration of alternative delivery structures and of all forms of funding including additional borrowing. Financial austerity has had a significant impact on affordability, however taking the city forward is not just a consideration of how we manage decline. Capital investment funded by borrowing will be undertaken in priority areas to meet Capital Ambition, whilst at all times clearly understanding how the affordability of such expenditure can be managed over the longer term supported by robust due diligence, business cases, risk management and monitoring.

In respect of 3, the Council generated revenue income of circa £3.8 million in 2018/19 from commercial investment property landholdings, the income being used to support the delivery of services.

These holdings stem from historic interests of land, managed in accordance with an Investment Property Strategy approved by Cabinet. The aim is to review existing land holdings, maximise yield from the existing estate, remove liabilities, and secure future sustainable income streams by acquiring new sites that would support economic regeneration in the city. Acquisitions are funded by proceeds of existing investment property, the value of which was circa £118 million as at 31st March 2019.

The income receivable from commercial property to support the revenue budget 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 non treasury investments identified previously are proposed, including development of any limits to determine any risk to proportionality.

The Council in 2019/20 acquired the Red Dragon Centre for £54.6 million. This has been acquired on an invest to earn basis, with all surpluses generated being reinvested into the delivery of the overall project rather than being used to support the ongoing delivery of Council services.

Non treasury investment funded by additional borrowing would only be undertaken after:

- Cabinet approval of a robust business case supported by independent advice
- Consideration of the legal basis on which the expenditure is being incurred
- Affordability and risk assessment of such expenditure over the longer term

The Council's Investment Review Board chaired by the Corporate Director Resources aims to provide assurance to Cabinet by reviewing business cases in respect of change initiatives as well as capital projects proposed such as invest to save/earn schemes. During 2020/21, it will support the development of further Council guidance in respect of business cases and review the approach to support informed decision making, including effectiveness of governance for projects where there is deemed to be a significant financial or operational risk exposure.

Governance and Decision Making

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

Prioritisation, Capacity and Skills

Following consideration of resources and affordability, capital expenditure requirements are prioritised on the following basis:

- Firstly, to meet expenditure on Annual Sum requirements, to meet expenditure on mandatory grants and for the renewal of existing assets such as property, parks and highways.
- Secondly, to meet expenditure on schemes previously approved by Cabinet which have been committed to, either contractually or in principal years and where following a review, these are still deemed essential to proceed.
- Thirdly, new expenditure proposed after consideration of:
 - link to strategic objectives
 - risk of not undertaking the expenditure
 - statutory / legislative requirements
 - financial implications and affordability
 - review of relevant business cases.

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.

Defining Capital Expenditure

The Council has determined criteria and eligibility for capitalisation and it is important, despite pressures on revenue budgets, that only acceptable costs are charged as capital expenditure. Any internal recharges of costs

should be evidence based and regularly reviewed. Advice would need to be sought where relevant and eligibility is reviewed by Wales Audit Office as part of the external audit of the Council's accounts and external grants.

Constitution, Procurement and Value for Money

The Council's Procurement Strategy ensures that the principles and practices associated with procuring works, goods and services consistently achieve value-for-money and actively contribute to the Council's priority outcomes. The Strategy, and the Council's Socially Responsible Procurement Policy aims to ensure that procurement becomes sufficiently flexible and agile to support the Council to operate in an efficient, compliant and ethical manner to deliver capital projects on time, on budget and to specified quality standards with contractors supporting the delivery of wider community benefits.

Procurement considers third party spend across budgets and taking opportunities to consolidate and aggregate spend and achieve economies of scale are a key focus.

The Council recognises the benefits of utilising regional, joint and local framework arrangements where they can demonstrate value for money and compliance with the Council's Procurement Strategy objectives.

The Council's process and authority for the acquisition and disposal of land or property is set out in the Constitution. Transactions over £1 million are required to be approved by Cabinet as part of a business case with all transactions to be verified by a valuation.

Approval, Monitoring and Reporting the Capital Programme

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.

Governance and Decision Making

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.

Directorates are responsible for monitoring capital schemes, and the reporting of progress in delivering the Capital Programme periodically to Cabinet as part of the Council's Budget Monitoring and final outturn reports. The reports include:

- Forecast expenditure during the year on schemes
- The stage at which projects are in terms of timescale and any issues resulting in delay
- Changes in funding available for schemes
- Any cost increases and how they are being managed
- Virements or other changes required in accordance with the Council's Constitution.

Prior to presentation at Cabinet, monitoring reports on key schemes are provided to the relevant Cabinet members highlighting any key issues and risks in delivery of the programme.



Capital Investment Programme 2020/21 to 2024/25

The Capital Programme is a five year rolling programme, initially set for 2020/21 and on an indicative basis for four years thereafter. It has been profiled in accordance with technical advice relating to regulatory processes, timetables and work plans.

The proposed Capital Programme for future years is summarised in the following table.

In comparison, actual capital expenditure in 2018/19 was £143 million (£104 million General Fund, £39 million HRA). Projected capital expenditure in 2019/20 is £162 million (£118 million General Fund, £44 million HRA).

The detailed five year Capital Programme proposed is included at the end of this Annex.

Indicator						
Capital Programme Expenditure						
	2020/21* £000	2021/22 Indicative £000	2022/23 Indicative £000	2023/24 Indicative £000	2024/25 Indicative £000	Total £000
Annual Sums Expenditure	24,906	21,587	15,787	14,815	14,815	91,910
Ongoing Schemes	18,036	30,980	41,934	9,159	9,134	109,243
New Capital Schemes (Exc ITS)	10,635	12,880	7,845	7,850	2,855	42,065
Schemes Funded by External Grants and Contributions	58,068	92,564	75,991	7,705	0	234,328
Invest to Save (ITS) / Earn Schemes	25,884	38,017	27,244	19,979	500	111,624
Total General Fund	137,529	196,028	168,801	59,508	27,304	589,170
Total Public Housing (HRA)	56,775	87,565	87,330	55,805	62,230	349,705
Total Capital Programme	194,304	283,593	256,131	115,313	89,534	938,875

* Includes slippage estimated at Month 9. The final slippage figure, which will be known at outturn, will be reflected in the Month 4 2020/21 budget monitoring report.

The detailed programme includes

- Annual sums such as disabled adaptations and expenditure to improve existing assets such as infrastructure and property.
- Allocations for specific projects approved in previous years.
- New capital investment proposed in the 2020/21 budget.
- Assumptions for known external grants and contributions, which are in most cases subject to a bid process.
- Projects proposed on the basis of revenue savings, revenue income or other sources of retained income to repay initial investment over time, including new schemes approved in 2020/21, subject to business case.
- The Housing Revenue Account programme, with a focus on maintaining investment to support the Welsh housing quality standards, regeneration and new Council homes to meet the demand for good quality, affordable social housing.

The Council is also developing a number of strategic projects, which, subject to approval of business cases, due diligence and affordability may be considered for approval as part of future iterations of the detailed investment programme. This includes:

- Projects arising from the Transport White Paper.
- Economic development and regeneration schemes such as a new phase of regeneration in Cardiff Bay; a new Industrial Strategy for the east of the city, anchored by a new rail station and business park at Cardiff Parkway.
- Core Office Strategy.
- 21st Century Schools.
- Responding to the climate emergency.

Funding the Strategy

The Council has several funding streams available to support capital investment. The resources assumed to pay for the five year capital investment programme from 2020/21 is set out in a table at the end of this Annex.

Cash Resources to pay for Capital Investment

These include:

- Non ring-fenced grants i.e. for use on Council determined priorities. These include General Capital Grant and Major Repair Allowance received from Welsh Government.
 - Ring-fenced grants to achieve a particular outcome and therefore with restricted use as specified by the funder. The main source of external grant is from WG, 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.
 - External Contributions from planning agreements or other sources. Large housing development sites as part of the Council's Local Development Plan will also impact on the city's infrastructure. Developer agreements either in place or to be determined will aim to mitigate impacts such as affordable housing, school capacity, open space and public transport infrastructure, subject to the planning process. Where contributions are being requested, sufficiency to achieve the required outcomes should be considered along with the any revenue budget implications. The Finance section collates the profiling of sums received, over future years.
- Revenue budgets and earmarked reserves held and modelled specifically to support the affordability of capital investment.
 - Capital receipts arising from the disposal of Council assets. The Council's approach to receipts is as follows:
 - Prioritise receipts required to meet the balance of the £40 million target for General Fund Capital Receipts (net of fees), assumed in the 2018/19 – 2022/23 Capital Programme and any additional targets set in subsequent years.
 - Use of receipts in excess of this target to be considered to reduce the level of debt.
 - Where an asset has been funded specifically from prudential borrowing, any receipt arising from it would be utilised to reduce expenditure not yet paid for.
 - To limit the earmarking of capital receipts only for capital expenditure essential to secure a disposal, to meet the terms and conditions of a grant, where approved by Cabinet as ring-fenced for specific projects or strategies, or where required to be ring-fenced by legislation.

Where Cabinet approve land to be appropriated between the General Fund and Housing Revenue Account, this is to be at a valuation certified by a registered valuer with the decision delegated to the Corporate Director Resources.

The actual realisation and timing of capital receipts can be uncertain given the number of variable factors involved. In order to take this into account, a Capital Programme that includes assumptions on significant levels of capital receipts needs to be supported by a clear, approved strategy for the realisation and timing of such receipts. To do otherwise would be a significant risk to the Council's borrowing requirement and future revenue budget pressures.

Funding the Strategy

In respect to the £40 million capital receipts target and the subsequent £1 million increase to this target in 2019/20, £5.5 million was received in 2018/19 and £3 million is assumed receivable in 2019/20. The approach to meet the balance of £32.5m is to be set out in the Corporate Land and Property Management Plan (CLPMP) to be considered by Cabinet in April 2020 including the key areas of disposal that will be considered.

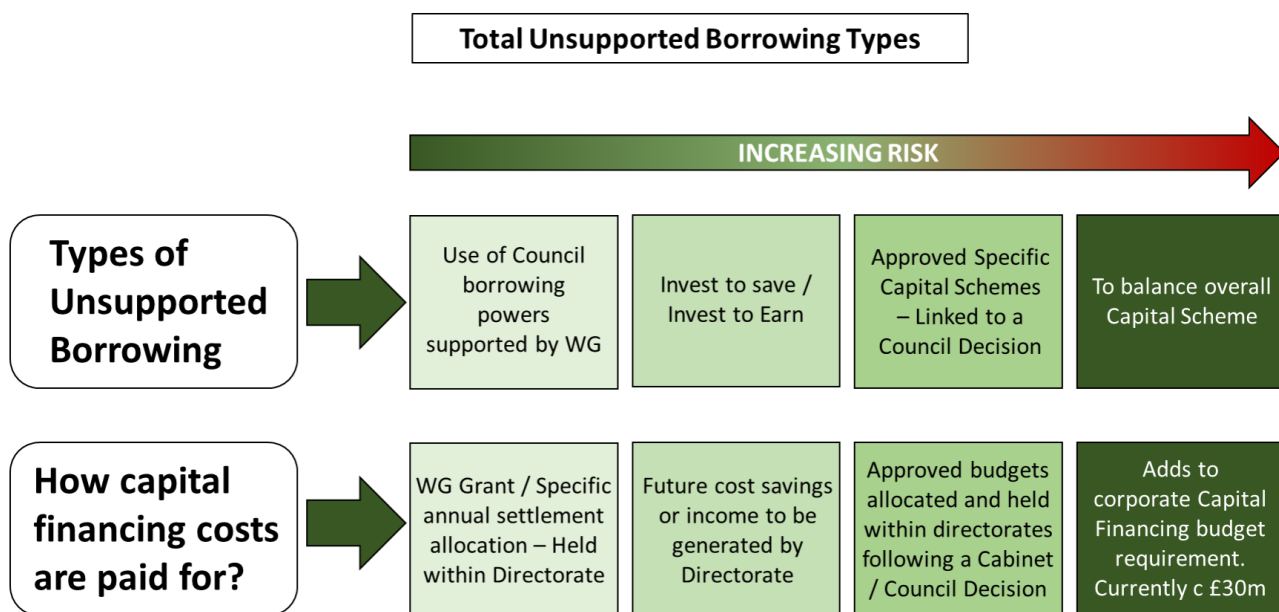
Progress in delivering receipts will be reported periodically to the Asset Management Board and as part of the Council’s budget monitoring reporting process.

Borrowing to pay for Capital Investment

There are currently no nationally imposed restrictions to the quantum of borrowing that can be undertaken to pay for capital investment.

The Council approves its own affordable borrowing limit as part of the Local Government Act 2003 and this is set at a level consistent with the programme of capital investment proposed. There are two main types of borrowing to pay for capital investment which form part of the Council’s borrowing requirement and is managed as part of the Treasury Management Strategy:

- ‘Supported Borrowing’ - costs of servicing are included within the annual Revenue Support Grant (RSG) the Council receives from Welsh Government.
- ‘Unsupported Borrowing’ - costs of servicing to be met from Council tax, rent, savings, additional income or sale of assets. The types of unsupported borrowing typically undertaken by the Council and how capital financing costs are paid for are shown below.



Welsh Government itself has been utilising and considering different options to meet the cost of investment, primarily by utilising the ability of local authorities to borrow.

This includes schemes such as:

- Local Government Borrowing Initiative for highways and schools and potentially for coastal erosion.

- Providing interest free loans using Financial Flexibility Funding available to them for a range of schemes. Whilst welcome where there is linkage to the strategic aims of Cardiff Council, these present an ongoing risk to the Council as all risk of expenditure remains with the Council and WG require all funding to be paid back in full in future years.

Funding the Strategy

The Council will consider the risks and benefits of new school investment proposed by Welsh Government as part of its Mutual Investment Model (MIM) for 21st Century Schools. This is where new schools could be built under a Public Private Partnership arrangement and Councils will be required to pay a revenue charge per annum for use of the asset over a defined period to which the Welsh Government would contribute a fixed percentage.

The Council will also explore with Welsh Government the development of a Tax Increment Finance pilot, a means of unlocking development value through investing in infrastructure, assumed to be paid for from anticipated future business rates.

In assessing alternative income sources proposed to pay for investment funded by borrowing, the long term risks, sustainability and responsibility for them would need to be clearly understood. This is together with lessons learnt where similar schemes have been introduced elsewhere. Robust business cases and due diligence is essential.

Leasing

Lease obligations are similar to borrowing as they have an ongoing revenue budget commitment. Leasing will be considered following due diligence over the life of the asset, comparing the financial and non-financial benefits and risks compared to the Council owning and delivering such assets itself. In consideration of new accounting requirements from 2020/21, the Council will undertake a data gathering exercise to understand materiality and the detailed financial implications.



Managing the Borrowing Requirement

The Council's Treasury Management Strategy considers how the cash requirements arising from the Council's Capital Strategy and detailed investment programme are managed by external borrowing and the timing of any such borrowing. This is delegated to the Corporate Director Resources. Audit Committee is responsible for seeking assurances that the Council has complied with the Treasury Management Strategy and Practices by demonstrating effective control of the associated risks and pursuing optimum performance consistent with those risks.

Where capital expenditure has been incurred without a resource to pay for it i.e. when proposed to be paid for by supported or unsupported borrowing, this will increase what is termed the Council's Capital Financing Requirement (CFR) which is the Council's underlying need to borrow. The Council is required to make a prudent provision for the repayment of historic capital expenditure from its revenue budget in line with its agreed policy. This reduces the CFR. Calculation of the CFR is summarised in the table below and results in the need to borrow money.

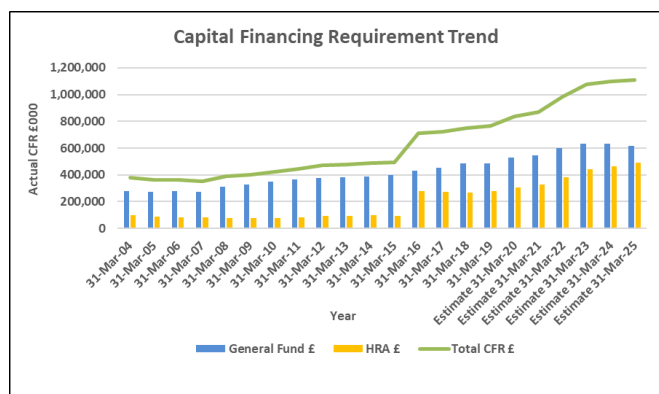
Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Provision
=	Closing Capital Financing Requirement (CFR)

Future projections of the CFR based on the Capital investment programme and resources deemed available to fund it are shown in the table below. Forecasts are subject to the timing

of capital expenditure and receipt of funding sources.

Indicator							
Capital Financing Requirement as at 31 March							
	2019 Actual £m	2020 Estimate £m	2021 Estimate £m	2022 Estimate £m	2023 Estimate £m	2024 Estimate £m	2025 Estimate £m
General Fund	488	531	544	601	634	634	615
Housing Revenue Account	279	303	326	381	441	464	493
Total	767	834	870	982	1,075	1,098	1,108

The chart below shows the historic trend in the CFR including the Housing Revenue Account.



The latter includes the £187 million payment made to HM Treasury to exit the subsidy system in 2015/16 and also future expenditure to create new Council owned affordable housing from various measures to be updated in the next iteration of the Housing 30 Year Business Plan.

Managing the Borrowing Requirement

The Medium Term Financial Plan projections for the General Fund and HRA, include the costs of servicing the respective borrowing requirements. The Treasury Management Strategy addresses how the Council will meet the borrowing requirement including any external borrowing

The Council can consider various debt instruments, with the main source of long term borrowing for local authorities historically being the Public Works Loan Board. Best treasury management practice is that loans are not taken

on a project by project basis. However alternative options could be considered for specific council projects where relevant such as leasing and bonds where these would allow financing requirements to be met in an efficient manner. Advantages and disadvantages of such products, supported by external advice in respect of different options, would need to be considered including risks, track record and cost of issuance.



Prudent Minimum Revenue Provision (MRP) Policy Statement

Where capital expenditure is paid for using borrowing, the Council has a statutory duty to charge an amount to future revenue budgets for the eventual repayment of that expenditure. This spreads the cost of capital expenditure incurred now, and historically, to future revenue budgets. Decisions in respect of the allocation of MRP have short, medium and very long term impacts across generations.

Making minimum and any voluntary provision must be considered to be prudent and results in a reduction in the Council's underlying need to borrow known as the Capital Financing Requirement (CFR). Legislation does not define what constitutes a 'prudent provision'. Instead Welsh Government has provided guidance and examples in order to interpret that term.

A statement on the Council's policy for its annual MRP is required to be submitted to Council for approval before the start of the financial year to which the provision will relate.

The previous approach to MRP on supported borrowing was based on a reducing balance basis. This has been tested and reviewed during 2019/20 and it is recommended a change in approach is adopted whereby current and future generations who make use of assets, will pay an equal and consistent amount of MRP and there is a defined point at which debt will be fully provided. The reduction in revenue resources required in 2019/20 and 2020/21 will be made available to strengthen the Local Authority's financial resilience in respect of capital and treasury, through the development of a Treasury Management Reserve.

It is proposed that the Council's MRP Policy to apply for 2019/20 and for future years is as follows, with any change in the level, timing and method of provision in year delegated to the Section 151 Officer:

- *Council expenditure undertaken based on 'supported borrowing' approved by WG is to be provided for on a straight line basis over 45 years.*
- *HRA supported borrowing, which was part of the previous housing subsidy system is to be provided for at 2% on a straight line basis. MRP on the significant £187 million*

settlement buyout payment is to be on 2% straight line basis as a minimum.

- *Additional borrowing for a general increase in investment either in the Council Fund or HRA to balance the Capital Programme in a year is to be provided for on a straight line basis over the estimated average life of the assets created.*
- *Any additional expenditure linked to specific schemes e.g. Invest to Save, 21st Century Schools etc. is to be provided for on a straight line basis, or annuity basis, over the estimated useful life of assets being created or a shorter period as determined by the Section 151 Officer or suggested periods determined by WG as is the case with Local Government Borrowing Initiative.*
- *Voluntary revenue provision in excess of the above requirements can be made subject to affordability and following advice of the Section 151 Officer.*
- *Subject to agreement of the S151 Officer, MRP may be waived on expenditure recoverable within a prudent period of time through capital receipts (e.g. land purchases, loan repayments) 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 charged against liabilities under finance leases, or contracts that have the characteristics of finance leases, shall be equal to the principal element of the lease repayment, calculated on an annual basis.*

Affordability

Capital investment undertaken historically, and the proposed Capital Programme, form an integral part of the Council's revenue budget and Medium Term Financial Plan. 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 (interest and the Council's approach to making prudent provision for repayment of capital investment paid for by borrowing).
- The revenue costs of preparing and delivering projects.
- Abortive costs required to be charged to revenue budgets if schemes do not proceed.

Some or all costs of that investment may be offset by financial and non-financial benefits such as income, cost avoidance and importantly improved outcomes for residents of the city.

Where capital investment has been undertaken by borrowing, the Council is required to spread the cost of that investment over future year's revenue budgets. This is in accordance with its Policy on Prudent Provision for the Repayment of Capital expenditure which is approved as part of the budget proposals each year.

It is recognised that the Council cannot afford to do everything, however where revenue resources are deemed available to increase the level of Council borrowing, where it needs to do so, this will be considered. The Council's approach to affordability of its capital financing budgets in the medium term are as follows:

- General Fund – Additional investment funded by borrowing over the medium term to be minimised unless approved on an invest to save / invest to earn basis.
- Housing Revenue Account - Increasing over the medium term primarily as a result of implementing Capital Ambition target of new affordable housing. Future rent policy, pressures and a robust approach to ensuring viability of new development will be key to affordability.

- Strategic and major development projects – To create affordable revenue budget allocations to cover capital financing costs arising from approved business cases.

Prudential indicators and financial resilience indicators included in the Budget Report must be considered in taking a longer term view of affordability, prudence and sustainability.

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

The indicator below identifies the trend in the cost of capital financing (excluding the running costs of schemes). Financing costs include:

- Interest payable on borrowing and receivable on investments
- Penalties or any benefits receivable on early repayment of debt
- Prudent revenue budget provision for repayment of capital expenditure paid for by borrowing
- Reimbursement of borrowing costs from directorates in respect of Invest to Save/Earn schemes.

For the General Fund, the net revenue stream is the amount to be met from non-specific WG grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers. An increasing ratio indicates that a greater proportion of the estimated future revenue budget is required for capital financing costs over the planned Capital Programme period.

Indicator							
Ratio of Financing Costs to Net Revenue Budget Stream							
	2018/19 Actual %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %
General Fund – Net Capital Financing Budget	5.70	4.77	4.61	4.64	4.56	5.16	5.01
General Fund – Gross Capital Financing Budget	7.65	7.02	6.94	7.06	7.29	8.09	7.88
HRA	31.21	33.24	34.66	35.44	35.98	37.86	38.38

Although there may be short term implications, Invest to Save/Earn schemes are intended to be net neutral on the capital financing budget. However, there are risks that the level of income, savings or capital receipts anticipated from such schemes will be delayed or will not materialise. This would have a detrimental long term consequence on the revenue budget and requires careful monitoring when considering future levels of additional borrowing.

Accordingly an additional local indicator is calculated for the General Fund to support decision making and is shown in the table below for the period up to 2024/25. This shows the ratio of capital financing costs of the Council expressed as a percentage of its controllable budget, excluding treasury investment income.

Indicator								
Capital Financing Costs expressed as percentage of Controllable Budget								
	2011/12 Actual %	2019/20 Estimate %	2020/21 Estimate %	2021/22 Estimate %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	Difference 11/12-24/25 %
Net	13.47	11.84	11.21	11.35	11.21	12.88	12.49	(7.28)
Gross	15.17	17.04	16.02	16.41	17.05	19.35	18.82	24.06

In accordance with the principles of Invest to Save/Earn, the net ratio assumes that any costs of undertaking additional investment are recovered over time from directorate budgets, capital receipts or other budgets. The gross ratio indicates the gross capital financing cost i.e. it represents a worst case scenario.

An increasing percentage indicates that a greater proportion of the controllable budget is required for capital financing costs, which are committed in the long term. 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. The percentages take into account the impact on the controllable base budget of the level of savings having to be found in 2020/21 and over the medium term. The indicator is showing a decrease from previous years. This is primarily a result of revised capital financing budget assumptions, a positive 2020/21 revenue funding settlement, and more optimistic assumptions regarding future Aggregate External Financing and rent policy. The latter are clearly assumptions, any adverse change in which may have a significant impact on the outlook for this indicator.

Future Years Strategy Development

The development of a Capital Strategy is still a recent requirement in Wales and it is recognised some areas will need to develop over time. Potential development actions will be identified during 2020/21 as part of a process of continuous improvement to support members in their decision making.

Such actions include:

- Assessment of asset management planning to inform decision making and risk.
- Building on an initial data gathering exercise identifying capital pressures and risks over a 10 year horizon.
- Business case and viability best practice. Review approach ensuring they adequately inform decision making.
- Clear scope and post project evaluation of schemes.

- Reviewing the output from a self-assessment of skills and knowledge to inform capacity to deliver.
- Reviewing the linkages and role of Boards in the approval of effective business cases and asset management planning to ensure that all assets are captured.
- Reviewing whether any additional indicators or disclosures are required to support an assessment of 'proportionality of income' when considering investment in non treasury assets and where such assets are reported.

Progress on meeting these improvements will be reviewed by the Corporate Director Resources as part of a review to be commissioned using internal and external advice.



References

Key Documents

Capital Ambition (Cabinet January 2020)

Investment Property Strategy (Cabinet November 2016)

Corporate Land and Property Asset Management Plan (Cabinet February 2018)

Treasury Management Strategy (Council February 2020)

Image Sources (in order of appearance)

Cover – City aerial view

Fitzalan High School – 21st Century Schools artistic impression

Central Quay - Artistic impression

Domestic Abuse One Stop Shop at the Cardiff Royal Infirmary

Fairwater Day Centre

Arena – Artistic impression

Ty-To-Maen St Mellons - Cardiff Living Housing Project

Castle Street – Artistic impression

Attachments to the Capital Strategy 2020/21

Capital Investment Programme 2020/21 - 2024/25

Capital Funding 2020/21 - 2024/25



Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Annual Sums Expenditure								
1	Disabled Adaptations Grants (see also Public Housing)	To provide adaptations and internal modifications to allow the recipient to live independently within their own home.	3,800	3,800	3,800	3,800	3,800	19,000
2	Owner Occupier Costs - Housing Regeneration	Towards owner occupier costs of improvements to housing and boundary walls as part of public housing regeneration schemes. Includes enabling works to improve energy efficiency in areas eligible for Welsh Government grant funding.	396	140	140	140	140	956
3	Alleygating	To prevent anti-social behaviour with other benefits such as reduced street cleansing and highway maintenance costs.	100	50	50	50	50	300
4	Neighbourhood Renewal Schemes (NRS)	Local regeneration schemes based on ward member priorities.	310	550	300	0	0	1,160
5	Schools Property Asset Renewal	To address the condition of the schools property stock within the Council in accordance with Directorate Asset Management plans and priority works arising from surveys. Health and Safety and Additional Learning Needs Strategy.	3,583	2,302	2,302	2,815	2,815	13,817
6	Schools Suitability and Sufficiency	To cater for increasing accessibility issues in schools, to address rising pupil numbers and works required in schools that are not part of the 21st Century Schools programme.	1,040	1,040	1,040	1,040	1,040	5,200
7	Highway Carriageway Reconstruction	Programme to address structural failure, beyond routine repairs.	760	400	100	0	0	1,260
8	Carriageway Investment	Road resurfacing - Priorities based on annual engineering inspections.	3,475	4,450	1,450	1,350	1,350	12,075
9	Footway Investment	Footway resurfacing including implementation of dropped kerbs - Priorities based on annual engineering inspections.	1,785	1,135	670	470	470	4,530
10	Footway Improvements around Highway Trees	To address the condition of tree roots and tree pits on footways.	125	125	125	125	125	625
11	Street Lighting Renewals	To replace and install new street lighting columns including renewal of electrical cabling.	765	970	500	270	270	2,775
12	Highway Structures including Bridges	The strengthening or replacement of sub standard bridges, culverts and other highways structures following principal inspection reports.	1,564	1,100	900	750	750	5,064
13	Bus Corridor Improvements	Bus corridor improvements with a focus on securing match funding.	80	250	335	335	335	1,335
14	Road Safety Schemes	Local network improvements including junction and pedestrian safety improvements, with a focus on securing match funding.	335	335	335	335	335	1,675
15	Telematics / Butetown Tunnel	Transportation infrastructure improvements including CCTV systems.	135	135	135	330	330	1,065
16	Transport Grant Match Funding	Match funding for Council bids to Welsh Government for transport schemes.	575	375	375	375	375	2,075
17	Strategic Cycle Network Development	Implementation and match funding of the cycling strategy as prioritised in the integrated network map. Installation of cycle parking and network improvements to improve network permeability.	1,300	800	400	400	400	3,300
18	Materials Recycling Facility	To establish a planned regime for upgrades to minimise downtime at the Materials Recycling Facility.	45	45	45	45	45	225
19	Waste Recycling and Depot Site Infrastructure	Safety improvements at waste management facilities, skip renewal and retaining wall replacement.	445	300	100	0	0	845
20	Non Schools Property Asset Renewal	To address the condition of the non-schools property stock within the Council in accordance with Directorate Asset Management Plans and priority works.	3,030	2,355	1,855	1,355	1,355	9,950
21	Parks Infrastructure	To improve existing parks infrastructure e.g. allotments, hard surfaces, sports fields, parks utilities and outdoor leisure facilities.	200	140	140	140	140	760

Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
22	Play Equipment	Replacement of existing play equipment in parks.	458	190	90	90	90	918
23	ICT Refresh	To replace failing / non compliant hardware for corporate systems.	400	400	400	400	400	2,000
24	Contingency	To address unforeseen pressures in the Capital Programme that arise in year that cannot be managed within existing resources.	200	200	200	200	200	1,000
TOTAL ANNUAL SUMS			24,906	21,587	15,787	14,815	14,815	91,910

Ongoing Schemes / Amendments to Ongoing Schemes								
25	Travellers Site Expansion	Following land acquisition, to support the expansion of pitches at Shirenewton - Subject to successful grant award.	50	0	0	0	0	50
26	City Centre Youth Hub	Council contributions to improve existing facilities in the City Centre to create a multi agency youth hub as part of a wider regeneration programme for the area. Subject to grant funding.	50	750	0	0	0	800
27	Targeted Regeneration Investment Programme	Match funding towards a three year programme for the region - Subject to successful grant awards for individual projects such as Tudor Street Commercial Property Improvement scheme.	400	800	0	0	0	1,200
28	Intermediate Care Fund	Resources held by the Council on behalf of Welsh Government arising from 2018/19 grant. Priorities to be determined in conjunction with Health, subject to approval of projects.	660	0	0	0	0	660
29	Children's Services Accommodation Strategy	Balance of proceeds from disposal of 150 Thornhill Road ring-fenced for schemes which provide direct benefit to children.	226	0	0	0	0	226
30	Schools Additional Asset Renewal / H&S and ALN	Schools Property - Health & Safety, Additional Learning Needs (ALN).	0	5,000	5,000	5,000	5,000	20,000
31	Whitchurch High School DDA & Suitability Works	DDA adaptation works to the school to allow for progression of pupils and to determine longer term Council wide approach to ensuring a permanent solution to accessibility for disabled pupils and condition of facilities.	1,022	0	0	0	0	1,022
32	21st Century Schools Band B (Assumed from Asset Sales)	Part of the Council's match funding towards expenditure funded by Welsh Government Grant. £25m of this is assumed to be from the proceeds of asset sales, with the balance being additional borrowing paid for by revenue budgets identified in the Band B financial model.	5,000	10,000	10,000	0	0	25,000
33	Millennium Walkway	To replace the timber surface of the Millennium Walkway which provides a link between Wood Street and Cowbridge Road East and provides access and egress for the Principality Stadium.	325	1,500	400	0	0	2,225
34	City Centre Transport Schemes	Council resources to support the design and implementation of City Centre Transport Improvements along with any approved Welsh Government funding as well as providing opportunities to matchfund further grant funding bids for related projects.	0	300	1,259	0	0	1,559
35	Western Transport Bus Interchange	To create a public transport interchange in the west of the city as part of the redevelopment of the former household waste recycling centre.	250	1,150	0	0	0	1,400
36	Cycling Infrastructure (Priority Cycle Routes) - Active Travel	To provide connected routes creating a network for cyclists to safely use and facilitate a significant mode shift from private car to cycling resulting in improved road safety and reducing congestion.	1,500	1,500	2,500	0	0	5,500

Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
37	Transportation and environmental improvements, Bus Corridors and Electric Vehicle Charging Points	Various projects to be approved in line with an agreed governance process from Parking Enforcement income.	835	1,558	1,160	1,075	1,050	5,678
38	Coastal Erosion / Flood risk	A scheme to manage flood and erosion risk at the estuary of the river Rumney, including protection of landfill material, key road infrastructure and the Rover Way Travellers Site. This allocation is subject to design, business case approval and is the Council's required matchfunding. Welsh Government contribution is likely to be receivable in the form of Local Government Borrowing Initiative.	165	1,000	920	0	0	2,085
39	New Household Recycling and Service Centre	To explore options and any required land acquisition for a new Household Waste Recycling Centre in the North of the city and creation of reuse centre facilities in partnership with the third sector.	200	1,475	1,650	0	0	3,325
40	Waste Recycling and Collection Review	To support implementation of approved options arising from a review with Welsh Government, WRAP and Local Partnerships on the Recycling Service Strategy that meets current and future targets and aspirations.	0	815	0	0	0	815
41	Economic Development Initiatives	Enabling investment in respect of economic development initiatives.	2,166	0	0	0	0	2,166
42	Central Square Public Realm	Completion of Central Square public realm.	342	0	0	0	0	342
43	Indoor Arena	Subject to due diligence, business case, valuation and financial appraisal. Council contribution in the form of identified capital receipts towards costs of constructing indoor arena.	0	0	15,000	0	0	15,000
44	Chapter Arts Centre	Investment to support development of Chapter by creating an extension to rear of the existing Chapter Building. Capital Receipt from disposal of Medicentre in 2014 to be used to pay for expenditure.	280	1,000	0	0	0	1,280
45	Cardiff Indoor Market Restoration	Invest in the fabric of the building to improve appearance, tackle known structural issues and enhance its commercial attractiveness - Subject to successful lottery fund grant award.	20	20	658	0	0	698
46	Roath Park Dam	Implementation of works deemed required as part of the Reservoir Act 1975 following an inspection report and requirements of Natural Resources Wales. Cost is subject to option appraisal, detailed design of recommended option and impact on other features of this Grade 1 listed Historic Park.	150	1,300	1,500	0	0	2,950
47	Community Asset Transfer	To pump prime essential capital improvement works to buildings which local community groups are looking to take over from the Council. Maximum individual award of £25k.	123	0	0	0	0	123
48	Modernising ICT to Improve Business Processes	Investment in corporate technology projects allowing the Council to make business process improvements and so improve service delivery.	600	925	0	0	0	1,525
49	CCRCDD	Council commitment of £28.4m over a number of years towards the £120m Investment Fund - Profile based on March 2018 five year business plan and subject to progress on projects as well as options to maximise use of grant in short term.	3,672	1,887	1,887	3,084	3,084	13,614
TOTAL ONGOING SCHEMES			18,036	30,980	41,934	9,159	9,134	109,243

New Capital Schemes/Annual Sums (Excluding Invest to Save)

Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
50	Disabled Adaptations Grants	Additional investment to meet additional demand, waiting times and timescales for determining an application. Any additional income from fee recharges to be reinvested into grants.	750	750	750	750	750	3,750
51	Children Looked After	Aquisition and development of short stay assessment accomodation for Children looked after as part of the 'Right Home, Right Support' commissioning strategy.	500	0	0	0	0	500
52	Highway and Footway Resurfacing	Additional investment for highways and footways resurfacing including preventative treatments on some of Cardiff's busiest strategic and distributor roads to protect existing but aging high grade construction and extend their service lives in the most cost effective manner.	0	0	2,000	2,000	2,000	6,000
53	Intelligent Transport Systems	Address two asset replacement schemes due to safety and obsolescence. The overhead gantry mounted signs for the tidal flow on North Road including the controlled illuminated road studs (£300k) and Butetown Tunnel entrance signs (£160k).	460	0	0	0	0	460
54	City Centre Transport Impact - Enabling Works	Works and smart corridors to mitigate impact of City Centre transportation improvements, being undertaken as part of the Clean Air Direction, in adjacent wards and key routes.	0	1,500	1,500	1,000	0	4,000
55	Flooding and Drainage	Matchfunding for implementation of priority schemes to alleviate flooding, where there is an approved business case and WG grant funding is in place following an application process.	0	500	500	0	0	1,000
56	Bereavement Property Asset Renewal	To create a segregated Capital property asset renewal allocation for bereavement services from the rest of the property portfolio to allow more of the bereavement reserve to be support the revenue costs of the service and directorate.	275	230	95	100	105	805
57	International Sports Village	Development strategy for the Sports Village and infrastructure works which would be repaid through capital receipts or revenue from sites.	1,000	2,000	0	0	0	3,000
58	Llanrumney Development	A new bridge and road link between the Llanrumney estate and the A48 as part of the East Cardiff Industrial Strategy. Subject to options appraisal, viability and land receipts.	0	500	3,000	4,000	0	7,500
59	Cardiff City Transport Services Ltd - Cardiff Bus Support	Subject to a further report to and decision of full Council, due diligence and other matters; a package of support for Cardiff City Transport Services Limited.	7,000	6,600	0	0	0	13,600
60	ICT Refresh	Additional investment for critical ICT infrastructure to support business continuity and upgrade of core systems to required operating standards.	430	800	0	0	0	1,230
61	Web casting and infrastructure	Fixed and portable microphone/webcasting system acquisition and replacement due to condition and additional regulatory requirements for Council meetings.	220	0	0	0	0	220
TOTAL NEW SCHEMES / ADDITIONAL ANNUAL SUMS			10,635	12,880	7,845	7,850	2,855	42,065

Schemes funded by Grants and Contributions (Further grants subject to approval of bids)

62	Targeted Regeneration Investment Programme (WG)	Initial grant approved for Commercial property improvement scheme - Tudor Road. Further projects are subject to approval.	820	0	0	0	0	820
63	Enable Grant (WG)	Support for Independent Living and to be used with the Council's allocation for Disabled Facilities adaptations.	436	0	0	0	0	436
64	Intermediate Care Fund (ICF)	Rhydypennau, Whitchurch and Rhiwbina - Well-being Hubs.	1,030	0	0	0	0	1,030

Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
65	Intermediate Care Fund (ICF)	Charles Street Academy Hub as part of wider regeneration of the area and subject to other grant funding applications.	400	0	0	0	0	400
66	Intermediate Care Fund (ICF)	To improve and increase capacity of Trelai Youth Centre on the Ty Gwyn Special School campus, making it available to children and young adults with learning disabilities and complex needs in Cardiff for out of school activities.	150	0	0	0	0	150
67	21st Century Schools Band B (WG)	Strategic investment programme for priority schools including land acquisition, funded by Welsh Government grant and subject to approval of individual business cases.	18,863	74,141	73,713	5,094	0	171,811
68	Schools Capital Maintenance (WG)	School building improvement and property asset renewal (WG).	3,000	0	0	0	0	3,000
69	Childcare Capital Grant (WG)	To meet demand for childcare.	382	0	0	0	0	382
70	Reducing Infant Class Sizes (WG)	To create the necessary additional space required to deliver the foundation phase in reduced infant size classes.	2,150	0	0	0	0	2,150
71	Welsh Medium Education Capital Grant (WG)	To support capital investments that will facilitate growth in Welsh medium education and use of the Welsh language - Ysgol Y Wern.	570	80	0	0	0	650
72	Public Highways Refurbishment Grant (WG)	To support highway refurbishment programmes.	1,723	0	0	0	0	1,723
73	Local Transport Fund (WG) / City Deal - Metro +	City Centre - East	990	1,500	0	0	0	2,490
74	Air Quality Direction 2019 - Grant (WG)	For measures including Bus retrofit (£2.25m); Taxi vehicle emissions incentive (£1.86m); City Centre transport and active travel (£15.2m); completion of 20mph (£1.28m); Implementation management and monitoring (£0.65m)	10,000	11,240	0	0	0	21,240
75	Flood Risk Management Programme (WG)	Initial grant towards completion of design of works to manage flood and coastal erosion. Any implementation works are subject to confirmation of cost estimates, risks and understanding of financial support from Welsh Government.	233	0	0	0	0	233
76	Safe Routes in Communities (WG)	Welsh Government grant funding bid for accessibility and safety improvements to encourage walking and cycling in communities.	285	0	0	0	0	285
77	Road Safety Grant (WG)	Welsh Government grant funding bid towards measures that secure road safety casualty reduction.	700	0	0	0	0	700
78	Local Transport Fund / Network Fund / Resilient Roads and ULEV (WG)	Welsh Government grant funding bid to develop integrated, effective, accessible, affordable and sustainable transport systems.	9,000	0	0	0	0	9,000
79	Active Travel Fund (WG)	Welsh Government grant funding bid to increase levels of active travel, improve health and well-being, air quality, connect communities and improve active travel access to employment, education and key services, destinations and public transport.	3,000	0	0	0	0	3,000
80	National Heritage Lottery Fund - Parc Cefn Onn	Complete a range of improvements including toilets and community use facilities to be able to take advantage of this Grade 2 listed historic park.	100	0	0	0	0	100
81	Harbour Authority (WG)	Approved asset renewal programme including crane replacement and railings at Penarth marina.	262	0	0	0	0	262
82	Planning Gain (S106) and other contributions	.Various schemes such as improvements to open space, transportation, public realm and community facilities	3,974	5,603	2,278	2,611	0	14,466
TOTAL SCHEMES FUNDED BY GRANTS AND CONTRIBUTIONS (FURTHER GRANTS SUBJECT TO APPROVAL OF BIDS)			58,068	92,564	75,991	7,705	0	234,328

Capital Investment Programme 2020/21 - 2024/25

<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
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Additional borrowing undertaken by the Council to be repaid from revenue savings/income (Invest to Save - Subject to Business Case)

Existing Schemes

83	21st Century Schools - Band B	Strategic investment programme for priority schools including land acquisition, funded by additional borrowing.	3,289	22,894	23,174	2,179	0	51,536
84	Residential Street lighting to LED	The roll out of LED street lighting in residential areas resulting in a reduction in costs, carbon emissions and improved lighting.	3,000	3,533	0	0	0	6,533
85	New Cemetery Cardiff North	Increase burial provision in the North of the City.	2,555	0	0	0	0	2,555
86	Energy - Salix	Installation of a range of energy efficiency measures (mainly LED lighting replacements) in a range of Council buildings.	500	500	0	0	0	1,000
87	Energy - REFIT Buildings	To develop options under the Refit framework with suppliers to recommend a range of energy efficiency measures on a whole building perspective. The contractor guarantees energy savings from the work that it is undertaking over a given period, allowing initial investment to be repaid.	750	500	0	0	0	1,250
88	Lamby Way Solar	Completion of solar farm including construction of Private Wire.	1,891	0	0	0	0	1,891
89	Cardiff Heat Network - Phase 1	To create infrastructure to support a district heat network supplied by Viridor Energy Recovery facility. The outline business case was approved by Cabinet in April 2018 with investment subject to a final business case and external funding approvals.	0	100	1,570	2,300	0	3,970
90	Town Centre Loan Schemes	Loan to allow completion of Coal Exchange. Other projects that meet the WG repayable funding criteria will be included in programme subject to relevant due diligence and approvals.	1,500	0	0	0	0	1,500
91	Leisure Centres - Alternative Service Delivery (ADM)	Balance of commitment to make prudential borrowing available to be repaid as part of the procurement exercise for leisure facilities.	500	0	0	0	0	500
92	Invest to Save - Annual Bid Allocation	Capital schemes developed during the year that can pay back the original investment of the scheme either through income generation or savings within a short period of time.	500	500	500	500	500	2,500
New Invest to Save Bids								
93	CPE - Moving Traffic Cameras & Attended parking enforcement cameras	MTO Traffic Cameras for new routes within the City Centre and changes as part of part of the City's Clean Air Strategy and changes are taking place to key routes within the Centre that will require enforcement for safety purposes. Attended parking enforcement cameras installed to tackle illegal parking for safety purposes covering locations around schools and other high problem areas.	475	0	0	0	0	475
94	Red Dragon Centre	Pre Commitment - Deferred consideration for acquisition of the site - Subject to registration of a planning application for an Arena.	5,664	0	0	0	0	5,664
95	Arena Contribution (Part)	Part of £30m potential contribution to support construction of the Arena. This £15m would be paid for from a recurring revenue budget held by major projects. The balance of £15m is included in the capital programme, expected to be paid for by earmarked receipts in hand and due from Central Square as well as the disposal of land at international sports village.	0	0	0	15,000	0	15,000

Capital Investment Programme 2020/21 - 2024/25

			<u>2020/21</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2021/22</u> <u>£000</u>	<u>Indicative</u> <u>2022/23</u> <u>£000</u>	<u>Indicative</u> <u>2023/24</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Total</u> <u>£000</u>
96	Core Office Strategy - Digital Infrastructure	Smarter working, digital infrastructure and minor building adaptations to allow consolidation into alternative council buildings including County Hall. A further report to Cabinet on Core Office proposals is planned during 2020/21.	2,000	5,750	2,000	0	0	9,750
97	Vehicle Replacement - Lease or buy	Setting an overall limit to be able to undertake effective lease versus buy option appraisal as long as revenue budgets are in place for vehicles. Initial phase of vehicle replacement programme, pending overall review of recycling strategy and collection approach. Phase one is waste collection vehicles	3,260	4,240	0	0	0	7,500
TOTAL INVEST TO SAVE			25,884	38,017	27,244	19,979	500	111,624
TOTAL GENERAL FUND			137,529	196,028	168,801	59,508	27,304	589,170
Public Housing Capital Programme (HRA)								
98	Regeneration and Area Improvement	Environmental works including defensible space, demolition, conversion and road/footpath realignment; energy efficiency schemes; improvements to flats, garages, gullies and open spaces.	2,900	2,900	2,750	2,750	2,750	14,050
99	External and Internal Improvements	Improvements include central heating, fencing, roofing, high rise upgrades, door entry systems, window and door upgrades, kitchens and bathrooms, improvements to sheltered housing and energy efficiency measures.	11,150	17,100	16,250	9,500	9,350	63,350
100	New Build and Acquisitions	Subject to approval of viability assessments, to develop or acquire land and new housing via a range of measures in order to increase the level of affordable housing in the city.	39,375	64,215	64,980	40,205	46,780	255,555
101	Disabled Facilities Adaptations	To provide adaptations and internal modifications to allow the recipient to live independently within their own home.	3,350	3,350	3,350	3,350	3,350	16,750
TOTAL PUBLIC HOUSING			56,775	87,565	87,330	55,805	62,230	349,705
TOTAL CAPITAL PROGRAMME EXPENDITURE			194,304	283,593	256,131	115,313	89,534	938,875

Capital Funding 2020/21 - 2024/25

	<u>2020/21</u>	Indicative	Indicative	Indicative	Indicative	<u>Total</u>	%
	<u>£000</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>£000</u>	
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
General Fund							
WG Unhypothecated Supported Borrowing	(8,704)	(8,704)	(8,704)	(8,704)	(8,704)	(43,520)	7.4
WG General Capital Grant	(8,727)	(8,412)	(5,712)	(5,212)	(5,212)	(33,275)	5.6
Additional Borrowing to balance existing capital programme	(16,324)	(27,563)	(21,727)	(773)	(1,273)	(67,660)	11.5
Additional Borrowing for new schemes approved in 2020/21	(9,635)	(10,380)	(4,845)	(3,850)	(2,855)	(31,565)	5.4
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/income or directorate budgets	(25,884)	(38,017)	(27,244)	(19,979)	(500)	(111,624)	18.9
Earmarked Capital Receipts	(2,122)	(3,600)	(18,000)	(4,000)	0	(27,722)	4.7
Non Earmarked Capital Receipts	(7,000)	(5,000)	(5,000)	(8,000)	(7,500)	(32,500)	5.5
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.2
Parking and Enforcement - Earmarked Reserve	(835)	(1,558)	(1,160)	(1,075)	(1,050)	(5,678)	1.0
Other Earmarked Reserves	(20)	(20)	(208)	0	0	(248)	0.0
External funding estimates and contributions	(58,068)	(92,564)	(75,991)	(7,705)	0	(234,328)	39.8
Total General Fund	(137,529)	(196,028)	(168,801)	(59,508)	(27,304)	(589,170)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,500)	(9,500)	(9,500)	(9,500)	(9,500)	(47,500)	13.6
Additional Borrowing	(35,570)	(69,565)	(72,080)	(37,905)	(43,730)	(258,850)	74.0
Direct Revenue Financing	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)	(12,000)	3.4
External funding estimates and contributions	(7,705)	(5,300)	(2,000)	(3,700)	(3,900)	(22,605)	6.5
Capital Receipts	(1,600)	(800)	(1,350)	(2,300)	(2,700)	(8,750)	2.5
Total Public Housing	(56,775)	(87,565)	(87,330)	(55,805)	(62,230)	(349,705)	100.0
Total Capital Programme Resources Required	(194,304)	(283,593)	(256,131)	(115,313)	(89,534)	(938,875)	