

Capital Strategy 2023/24

Cardiff Council



**STRONGER
FAIRER
GREENER**



Delivering Stronger, Fairer, Greener

In July 2022, the Cabinet approved 'Stronger, Fairer, Greener', a five-year policy programme which sets out the Administration's principles, priorities and ambitions for the city.

These commitments include a strong economy creating and sustaining well-paid jobs, with an education system that helps our young people reach their potential, with good, affordable housing in safe, confident and empowered communities, all supported by well resourced, efficient public services. A fairer city, where the opportunities can be enjoyed by everyone, where those suffering the effects of poverty are protected and supported and where every citizen is valued and feels valued. A greener city which, through our One Planet Cardiff programme, takes a lead on responding to the climate emergency including convenient, accessible, safe sustainable transport options.

Practical steps to turn this ambition into reality 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, leading a response to the climate emergency including transformative transport agenda and enabling the continued regeneration of the city.

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 including those in relation to the climate emergency.
- 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 Stronger, Fairer, Greener.





As the capital city of Wales, Cardiff has a nationally significant commercial, cultural and retail offer. It has been one of the fastest growing cities in the UK, the capital is of regional and well as national importance.

Whilst the city has driven jobs creation across Wales over the past decade, the impact of the Covid-19 pandemic is still being felt in key sectors of the city economy, as well as in several public services, and is likely to deepen existing inequalities across the city. Demand pressures across statutory services are increasing in volume and complexity, and new risks and issues continue to emerge across public services which demand a city-wide response from the Council and partners.

Other challenges remain. The growth in demand for social services, a national challenge

that is keenly felt in Cardiff, places pressure on the Council. Equally, the need to accelerate the shift to net zero carbon means that decarbonisation projects that have the biggest local impact must be costed and funded.

The cost-of-living crisis, in particular, represents an immediate and escalating challenge upon the most vulnerable families and individuals and an increase in demand on statutory services while also increasing cost pressures on the Council. Stronger, Fairer Greener informs the Corporate Plan and identifies the opportunities facing the city and sets out the response to challenges. This is not just a consideration of how challenges are responded to, but it is also about investing in future economic growth and development, prioritising investment in schools, affordable housing, tackling homelessness, and protecting the city's most vulnerable people.

Strategic Context

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 respond to the climate emergency, to create opportunities for local people and addressing inequality. All these will require capital investment which will play an important role in supporting and accelerating the Council's objectives.

Where Capital Investment is needed to deliver the administration's priorities, 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.

Corporate Plan 2023-26: Selected Proposed Capital Schemes			
Cardiff is a great place to grow up	Deliver One Planet Cardiff	Safe, confident and empowered communities	A Capital city that works for Wales
Access to education for the increased number of pupils with emotional health and well-being and additional learning needs	Design and Build contract for Phase 1 of the Cardiff Heat Network	Deliver at least 1,000 new council homes through the Cardiff Living programme and schemes currently on site	Work with the Cardiff Capital Region to progress city-region projects
Deliver a continued programme investment in new and existing school buildings	Business cases for renewable energy generation projects on Council land		Investment and capacity improvements to support the delivery of the Council's Transport White Paper
Invest in digital infrastructure, equipment and new learning technologies	Implement a Housing Energy Efficiency Retrofit programme	Implement a new council-led commercial housing development partnership to build at least 4,000 new homes	Enhance the city centre as a location for businesses and investment and its role as a regional employment centre
Ensure that all primary schools are prepared and able to provide Free School Meals	Implementing a Fleet Replacement Strategy prioritising carbon reduction	Implement current and develop new estate improvement programme to invest in our local communities, district and local centres	Bringing forward a business case for the Red Dragon Centre as part of the Atlantic Wharf redevelopment
Implement the Right Place Model Accommodation Strategy to address placement sufficiency	Set out an electric vehicle infrastructure road map	Investigate and deliver future Community, Youth and Wellbeing Hubs with partners	Working with partners develop the Graving Docks area
Develop pathways of service provision for children with mental health and emotional well-being issues	Promote healthy, local and low-carbon food	Improve fire safety in our Council homes and the private sector	Delivering the new Multi-Purpose Indoor Arena
Expand the offer of Flying Start funded childcare into new parts of the city	With Welsh Government design and deliver a Cardiff and Regional (Metro) Tram network, which will include:	Improve the support available to people with mental health issues	Development strategy for the International Sports Village
Complete a full review of Young Person's Services	<ul style="list-style-type: none"> Phase 1 Cardiff Crossrail City Centre to Cardiff Bay Metro Phase 2 Newport Road and Pierhead Street 	Enhance the support available for people living with learning disabilities	To protect and revitalise historic buildings in the Bay.
Modernise and integrate our public services	Transport and clean air improvements in the city centre including Castle Street and Boulevard de Nantes	Work with partners to keep Cardiff safe from the threat of terrorism	Support the completion of Cardiff Parkway as part of Industrial Strategy for the East of the city
Reduce the carbon footprint in the built environment by 30% by the end of 2025/26	Bridge crossing scheme at Llanrumney	Support grass-roots and community sports	Attract investment into innovation and start-up space across the city and support the sector
Implement the Hybrid Working Model, reducing revenue costs	Continue to invest in a segregated cycle network across the city	Maintain the long-term sustainability of our leisure centres	
Complete all Priority 1 works to maintain buildings in a safe compliant condition.	Nurture a strong active travel culture in every Cardiff school by 2027	Improve our parks and public spaces	'15-minute city toolkit' to accelerate district centre regeneration, including housing- and transport-led improvements
Prioritise the development of digital services which deliver the greatest budget efficiencies	Establish a programme of Smart City improvements to the transport network		Cardiff as a Smart City, where digital technologies and data enhance the lives of people
Cardiff is a great place to grow older	Improve road safety along with the roll-out of the Wales 20mph default speed limits	Support people out of poverty	Agreeing a way forward to bring investment into St David's Hall by 2023
Provide opportunities for all people to get involved in their community, to stay active and connected	Complete coastal defence improvements in Cardiff East	Work with Welsh Government to deliver a rapid re-housing approach to homelessness	
Provide the right help at the right time to help people stay independent at home	Deliver phase 1 of the Canal Quarter with design for phase 2 and construction subject to funding	Increase Temporary Accommodation capacity to address homelessness pressures	
Deliver new older persons housing which supports independent living	Replace all residential lighting to low-energy LED lighting	Innovative solutions to address overcrowding, under-occupation, lack of family and adapted housing	
	Localised improvements to our roads and footways		
	Deliver the 'Recycling Strategy for Cardiff 2022-25: Cleaner and Greener' to achieve 70% recycling performance		

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. Following consultation in 2021, the CIPFA Prudential Code and Treasury Management Code were revised, primarily in response to investment undertaken solely for financial return/yield.

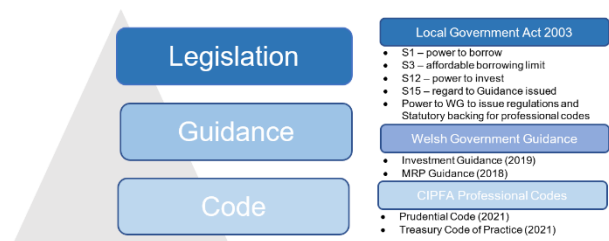
Key changes in the Prudential Code include:

- Updated and additional prudential indicators, monitoring, reporting as well as creation of Investment Management Practices for Service and Commercial investments
- Reviewing existing commercial or service investments to divest where appropriate.
- An authority must not borrow to invest primarily for financial return, with the loss of borrowing ability from the Public Works Loan Board an immediate consequence.

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 2023/24 and indicatively to 2027/28
- 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, self-assessment feedback and as mitigations to financial resilience risk.



The Section 151 Officer 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.



In meeting our ambition to create a greener, fairer and stronger capital city and in delivering our responsibility as the economic driver for the city-region and Wales, we must work closely with partners across the public and private sectors. This is particularly relevant given the financial challenges faced by the Council.

Cardiff has outpaced most other UK cities in terms of jobs growth in recent decades, much of which has been driven by a strategic approach where the public and private sector have worked together to leverage investment and create jobs and opportunities.

The Council also works closely with regional, local authority partners in the Cardiff Capital Region, with partners in the Western Gateway and 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 recovery of the city, region and nation forward.

The Council will continue to use its enabling role to harness skills and private funding, to take forward capital investment to deliver improvements and inclusive growth which would not otherwise be deliverable or affordable, and its capital strategy reflects the potential for Council investment to unlock further private investment for the good of its residents and communities.

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 strong track record of acquiring assets for 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 are wider than to make a financial return.

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. In order to meet decarbonisation targets and new technology requirements, it is essential that these approaches are also embedded in future management, maintenance and sustainability requirements. The backlog of revenue and capital maintenance in some key assets is recognised and alternative approaches and options for longer term solutions will continue to be considered to address the risks this poses

rather than continued investment by the Council in the same assets. This is neither an effective, nor affordable asset management approach in the long term. These will be considerations in reviews of operational assets including schools, historic and administrative buildings required for the long term.

A Corporate Property Strategy with Annual Property Plan updates are considered by Cabinet each year. A disposal strategy was also updated in 2022 aiming to relinquish or find alternative uses for assets deemed surplus to requirements. This includes using property effectively across the Council transferring suitable sites for the building of affordable Council housing where approved budgets exist. The Council's housing stock is the subject of an annual thirty-year business plan which aims to demonstrate future viability. This is approved annually by Cabinet prior to submission to Welsh Government.

Understanding condition, future maintenance requirements, costs, systems, climate emergency factors and risks for all assets are key pillars of the Prudential Code. Regular updates and effective scrutiny of such plans, which inform investment decisions, are essential to demonstrate the Council's stewardship of assets.

During 2023/24, plans for Highways infrastructure assets and vehicles are required to be updated. The Council has set up a number of working groups that covering activities such as property asset management, housing delivery and school organisation planning and for major projects.



Risk Appetite

In undertaking complex projects, decision making needs to be supported by proportionate business cases in line with best practice covering strategic, economic, financial, commercial and management cases. Embedding and codifying this in council processes is not only best practice but is also a key factor in financial resilience. 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 two 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 **creation of new assets, specific projects or non-treasury investments to meet core functions and service delivery aims.** Non treasury investment to meet service or Council obligations could include: loans or equity towards capital expenditure incurred by external bodies, subsidiaries or joint ventures; utilising commercial property holdings to retain value.

The Council will not incur expenditure on new **non treasury investments primarily for financial return.**

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 and interest rate risk have an 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 the Council's 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, a prudent approach to repayment of debt, business cases, risk management and project monitoring.

Commercial property holdings stem primarily from historic interests of land, managed in accordance with an Investment Property

Strategy approved by Cabinet in 2016 as well the site of the Red Dragon Centre (RDC) secured for circa £64 million as an enabler for a wider masterplan for the Atlantic Wharf Regeneration including Indoor Arena. The aim is to review existing land holdings, maintain yield from the estate, remove liabilities, and secure regeneration and marriage value of sites that would support economic regeneration in the city. The valuation of such sites was circa £151 million as at 31st March 2022.

Revenue income receivable from commercial property holdings (exc RDC) for 2021/22 was circa £4.3 million, the income being used to support the delivery of services. RDC income was £3.6 million for which any surpluses generated are reinvested into the overall project rather than being used to support the ongoing delivery of Council services.

The Council is mindful of the risks of HM Treasury restrictions on borrowing from the PWLB solely for commercial yield. The income receivable from the commercial property portfolio 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, including development of any limits and indicators, where there is a risk of this being disproportionate.

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

It is essential that such a process is codified and applies to all significant projects, else the capital programme may include approved schemes that not only represent a financial risk, but also do not fully consider option appraisal, asset management and delivery risks that secure better outcomes. This includes the Housing Revenue Account where a significant approach to increasing affordable housing and increasing borrowing must ensure a robust viability assessment process is embedded within an effective governance and risk management framework.

Governance and Decision Making

The Council has 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 Council which have been committed to, either contractually or in principal 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
 - development, review and approval 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 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 Audit Wales as part of the external audit of the Council's accounts.

Environment, Governance and Value for Money

The Council's Socially Responsible Procurement Strategy (2022-2027) 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 aims to ensure that procurement supports 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 and fair work practices. The Council has adopted the Welsh Themes, Outcomes and Measures as a scored element on all tenders over £250,000 to maximise the community benefits delivered through its procurement spend.

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 support the delivery of the Council's Socially Responsible Procurement Strategy seven key objectives. Through its One Planet Cardiff Strategy the Council has committed to be Carbon Neutral by 2030. A significant element of our carbon footprint comes from the indirect emissions arising from the supplies, services and works the Council buys to support the delivery of Council services. Therefore, any reduction in our carbon footprint will need to be delivered through rethinking and challenging what is bought and how it is delivered. The Council is

Governance and Decision Making

working to embed procurement processes that address climate change and a circular economy approach.

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.

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 proportionality, affordability, prudence and sustainability. As part of the information to support options and decision making on projects, Environmental, Social and Governance factors will need to be considered where not already embedded in processes.

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.



Capital Investment Programme 2023/24 to 2027/28

The Capital Programme is a five-year rolling programme, initially set for 2023/24 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 2021/22 was £218 million (£157 million General Fund, £61 million HRA). Projected capital expenditure in 2022/23 is £230 million (£156 million General Fund, £74 million HRA).

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

Indicator						
Capital Programme Expenditure						
	2023/24* £000	2024/25 Indicative £000	2025/26 Indicative £000	2026/27 Indicative £000	2027/28 Indicative £000	Total £000
Annual Sums Expenditure	28,894	24,675	22,315	19,765	19,665	115,314
Ongoing Schemes	36,381	35,935	25,478	8,891	585	107,270
New Capital Schemes (Exc ITS)	6,170	4,000	1,000	0	0	11,170
Schemes Funded by External Grants and Contributions	92,084	161,308	72,488	22,123	6,775	354,778
Existing and new Invest to Save (ITS) Schemes	39,398	122,044	110,284	42,390	3,500	317,616
Total General Fund	202,927	347,962	231,565	93,169	30,525	906,148
Total Public Housing (HRA)	111,000	102,260	85,745	88,720	118,820	506,545
Total Capital Programme	313,927	450,222	317,310	181,889	149,345	1,412,693

* Includes slippage estimated at Month 9. The final slippage figure, which will be known at outturn, will be reflected in the Month 4 2023/24 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 previous commitments.
- New capital investment proposed in year.
- Assumptions for known external grants and contributions, which are in most cases subject to a bid process.
- Projects proposed based on revenue savings, incidental revenue income or other sources to repay initial investment over time.
- The Housing Revenue Account programme, with a focus maintaining investment to support the Welsh Housing Quality Standards, cladding and priority energy efficiency schemes, regeneration and significant investment in new Council homes to meet the demand for good quality, affordable social housing.

Local authorities are facing many challenges with capital programmes because of skills and material shortages causing delay and escalating costs in the construction industry. Whilst the Council is successful in securing external specific grants, these are often on a bid basis and approved on a very short term basis, making longer term planning extremely difficult. Having a ready pipeline of projects that could attract funding however maximises the chances of securing funding where this is available. Any such changes in grants will be reported as part of the 2022/23 Budget Outturn Report as well as approach to setting future years budget strategy.

The budget report also provides an update on the Indoor Arena project following approval of the final business case. The proposed programme includes Council's contribution to enabling costs and an approach to direct funding of the arena construction by the Council as an alternative for third party funding. This will be funded by annual lease income from the Arena Operator.

Capital Investment Programme 2023/24 to 2027/28

The Council is also continuing to develop several 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. These include projects arising from the Transport White Paper; Atlantic Wharf Masterplan; International Sports Village; Core Office Strategy; 21st Century Schools and responding to the climate emergency. To support a robust business case approach and inform the next iteration of the capital programme, allowance is made in the revenue budget for feasibility and options appraisal for potential future projects. This includes:

- Adult day opportunities and respite support
- Options in respect to assets with significant backlogs of maintenance
- Renewable energy generation projects

The Council's One Planet Strategy sets clear targets for the reduction of Carbon emissions by 2030. Several significant capital projects have already successfully been delivered or are on the ground that support this aim including the solar farm at Lamby way, Carbon Neutral Housing, buildings retrofit and the District Heat Network. However, meeting the target will not only require expenditure, but creative thinking across all areas the Council can influence. As the level of data on carbon emissions and those ideas are crystallised and prioritised, robust business cases will need to be developed and where capital expenditure is required, external funding also sought, to ensure that the local, regional and national strategies carbon reduction targets can be delivered and are affordable in the long term.

Unless funded by future or retained external grant, approval of the above projects will result in further increases in the Council's borrowing requirement.





The Council has several funding streams available to support capital investment. The resources assumed to pay for the five-year capital investment programme from 2023/24 are 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. Any grant received late in year, may be carried forward as a usable reserve for allocation to projects in future years.
- 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 Welsh Government, which in most cases follows an application or bidding process for schemes or distribution of grants on a formula basis. The short-term nature of grant awards makes long term planning and delivery of strategic schemes very difficult. Where external grant funding bids are made, it is essential that these are in line with Council priorities and include consideration of any revenue budget consequences. Where grants require match funding, the Council will prioritise such support to increase the likelihood of a successful bid.
- 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 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 targets for General Fund Capital Receipts (net of fees) and any additional targets set in subsequent years.
 - Use of receipts in excess of assumption in the budget 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 to be confirmed in accordance with the constitution.

The actual realisation and timing of capital receipts can be uncertain given the number of variable factors involved. To take this into

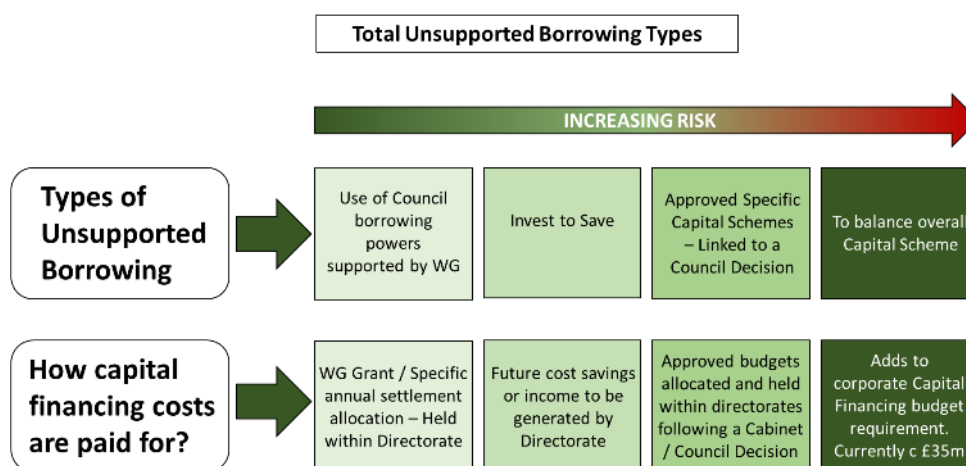
Funding the Strategy

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.

In respect to the £40 million capital receipts target and the subsequent £1 million increase to this target in 2019/20, £10 million was raised by 31 March 2022 and circa £3.3 million is assumed receivable for budgeting purposes in 2022/23, subject to timing of disposals. The approach to meet the balance of £27.6 million is set out in the Corporate Property Strategy considered by Cabinet in December 2021 and in annual updates to the plan, including the key areas of disposal that will be considered. Whilst the overall target remains in place, the budget

assumes no income at this stage from c£15 million of potential receipts identified from school's sites.

The Capital investment programme also includes several major development projects which assume that capital receipts are earmarked to pay towards initial expenditure incurred on those projects. Examples include land acquisition at the International Sports Village, and commitments agreed as part of proposals in respect to East Cardiff/Llanrumney Development. Expenditure incurred in advance of realisation of receipts represents a significant risk of both abortive costs and to the level of borrowing and should be incurred on certainty of receipts and an approved business case. Progress in delivering receipts will be reported periodically to the Cabinet as part of the Council's Annual Property Plan.



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, albeit HM Treasury have committed to review individual local authorities where borrowing is deemed to be excessive.

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 the Council receives from Welsh Government.
- 'Unsupported Borrowing' - costs of servicing to be met from Council tax, rent, savings, incidental 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.

Funding the Strategy



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, schools and coastal erosion.
- Providing interest free loans using Financial Flexibility Funding available to them for a range of schemes deemed repayable from future incidental income or enhancements in land value.

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 Welsh Government require all funding to be paid back in full in future years.

Following consideration of alternative options, the Council will undertake 'Direct Funding' of the Arena utilising PWLB or similar loans. This would be at no overall cost to the Council as any costs of 'Direct Funding' and mechanisms to manage initial costs would be met by annual lease income receivable by the Arena operator over the period of the agreement.

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 Cardiff Capital Region and 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 like 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. As part of new accounting requirements from 2024/25, the Council will undertake a cost / benefit exercise to understand materiality and financial reporting implications of assets and liabilities in respect to significant lease agreements.



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 Section 151 Officer. Governance and 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.

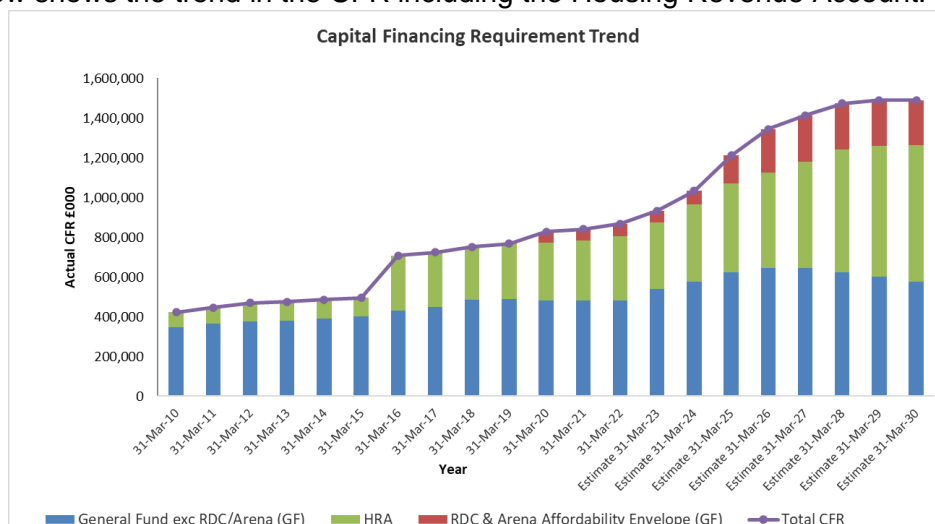
Movement	Opening Capital Financing Requirement (CFR)
+	Capital expenditure incurred in year
-	Grants, contributions, reserves and receipts used for capital expenditure
-	Prudent Minimum Revenue Provision and Voluntary Provision
=	Closing Capital Financing Requirement (CFR)

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							
	2022 Actual £m	2023 Estimate £m	2024 Estimate £m	2025 Estimate £m	2026 Estimate £m	2027 Estimate £m	2028 Estimate £m
General Fund	482	539	575	624	646	646	622
General Fund (Arena Affordability Envelope and RDC)	62	60	67	141	217	236	233
Housing Revenue Account	325	334	391	446	480	532	618
Total	869	933	1033	1211	1343	1414	1473

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



Managing the Borrowing Requirement

The earlier chart reflects the £187 million payment made from the HRA to HM Treasury to exit the subsidy system in 2015/16 and future expenditure to create new Council owned affordable housing in accordance with the Housing 30 Year Business Plan. The increase for the general fund relates to previous commitments and new expenditure commitments primarily those assumed to pay for themselves from future incidental income, City Deal and the 21st century school's financial model. Given the significance and in line with the Prudential Code requirements, the chart shows the Council's Capital Financing Requirement for the Red Dragon Centre and proposed for the Arena Affordability Envelope separately.

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 will be considered for specific council projects where relevant such as leasing, loans from Welsh Government and commercial or community 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 financed 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 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.

It is proposed that the Council's MRP Policy to apply for 2023/24 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, Arena affordability envelope 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 Welsh Government as is the case with the Local Government Borrowing Initiative.

- Voluntary revenue provision more than the above requirements can be made subject to affordability and following advice of the Section 151 Officer. Voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent where disclosed in accordance with requirements and the proposed use and outcomes are approved and reported to Council.

- Subject to agreement of the S151 Officer, MRP may be waived on expenditure recoverable within a prudent period through capital receipts (e.g. land purchases, loan repayments) or sculpted and deferred to when the benefits from investment are scheduled to begin, to manage any initial revenue deficits 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.

The policy is based on Welsh Government Guidance which is updated periodically.



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 incidental 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 in accordance with the principles agreed as part of budget strategy and following robust business cases (Secure match funding or pay for themselves).
- Housing Revenue Account - Increasing over the long term primarily because of implementing the target of new affordable housing. Uncertain future rent policy of Welsh Government, new housing standards and certainty of grants to support a viability assessment process are significant financial resilience risks.
- Strategic and major development projects – To create specific revenue budget allocations to cover capital financing costs arising from approved business cases.

The approach of Cabinet approval of proportionate business cases for significant projects funded by the Council, prior to full inclusion in the capital programme is an essential tool to ensure financial resilience and understanding of affordability and risk.

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 in the long term to capital financing costs is increasing. Given the pressure on revenue budgets, this limits the affordability of other priorities 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) as a percentage of net revenue stream. Financing costs include:

- Interest payable on borrowing and receivable on treasury 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 schemes.

For the General Fund, the net revenue stream is the amount to be met from non-specific Welsh Government grants and Council Tax, whilst for the HRA it is the amount to be met from rent payers and service charges. These are clearly based on future assumptions in respect to Aggregate External Financing, council tax income and housing rents. Any adverse change in these variables may have a significant impact on the outlook and comparators for this indicator.

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.

Although there may be short term implications, Invest to Save schemes are intended to be net neutral on the capital financing budget. However, there are risks that the level of incidental 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.

In accordance with the principles of Invest to Save, the net ratio assumes that any costs of undertaking additional investment are recovered over time from directorate or other revenue budgets.

Accordingly, a gross ratio is also calculated which indicates the gross capital financing cost i.e. it represents a worst-case scenario, highlighting the proportionality of such investment.

The requirement to meet any additional costs, in a worst-case scenario, can only come from future savings or from increases in Council Tax or Rent. It should be noted that Welsh Government control Rent Policy. 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.

Affordability

Indicator							
Ratio of Financing Costs to Net Revenue Budget Stream							
	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
General Fund – Net Capital Financing Budget	4.72	4.12	4.26	4.48	4.75	5.00	5.15
General Fund – Gross Capital Financing Budget	7.27	6.25	6.64	7.38	8.44	8.90	9.02
Housing Revenue Account (HRA) – Gross Capital Financing Budget	30.84	29.05	28.80	30.66	32.84	34.34	36.57

An additional local indicator is produced for the General Fund and HRA to support decision making as shown below which highlights the impact of the increasing Capital Financing Requirement (Debt) as a ratio of the projected

Net Revenue Stream. It is an indicator of financial sustainability and helps to explain the relationship of debt to the resources available to deliver services.

Indicator							
Capital Financing Requirement (Debt) as a ratio of the Net Revenue Stream							
	2021/22 Actual %	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
General Fund	0.80	0.81	0.80	0.93	1.04	1.04	1.00
Housing Revenue Account (HRA)	3.81	3.74	4.04	4.25	4.39	4.72	5.28



References

Key Documents

- Stronger, Greener, Fairer (Cabinet July 2022)
- Investment Property Strategy (Cabinet November 2016)
- Corporate Property Strategy (Cabinet December 2021)
- Treasury Management Strategy 2023/24 (Council March 2023)

Image Descriptions (in order of appearance)

- Cover – City aerial view
- International Sports Village – Artistic impression
- Maindy (Gelligaer Street) Park
- Fairwater Comprehensive – Artistic impression
- Tudor Street Regeneration
- Llandaff Fields' Playground
- Rhiwbina Hub Interior
- The Gasworks, Grangetown
- Highfields - Aspect Place
- Bute Street development – Artistic impression
- Arena – Artistic impression
- Cardiff Crossrail – Artistic impression
- Heat Network - Adjacent to Eastern Bay Link Rd
- Maelfa Health and Wellbeing Hub
- Llanrumney Sports Complex
- Canal - Churchill Way
- Rhiwbina Hub Exterior
- Lydstep Flats Overcladding
- Fitzalan High School
- Wood Street – Active Travel facilities
- Maelfa Health and Wellbeing Hub Games Area
- Resurfaced footway – Ty-Mawr Road, Rumnney

Attachments to the Capital Strategy 2023/24

- Capital Investment Programme 2023/24 - 2027/28
- Capital Funding 2023/24 - 2027/28



Capital Investment Programme 2023/24 - 2027/28

	Purpose / To Fund	<u>2023/24</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Indicative</u> <u>2027/28</u> <u>£000</u>	<u>Total</u> <u>£000</u>
Annual Sums Expenditure							
1	Disabled Adaptations Grants (see also Public Housing)	adaptations and internal modifications to allow the recipient to live independently within their own home.	5,300	5,000	5,000	5,000	25,300
2	Owner Occupier Costs - Housing Regeneration	owner occupier costs of improvements to housing and boundary walls as part of public housing regeneration schemes.	140	240	140	140	800
3	Alleygating	prevention of anti-social behaviour with other benefits such as reduced street cleansing and highway maintenance costs.	148	150	150	100	648
4	Neighbourhood Renewal Schemes (NRS)	local regeneration schemes based on ward member priorities. Future phases from Shared Prosperity Fund and external grant funding.	390	200	0	0	590
5	Schools Property Asset Renewal	improving 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.	7,815	5,815	4,815	2,815	24,075
6	Schools Suitability and Sufficiency	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	5,200
7	Carriageway Investment	road resurfacing - priorities based on annual engineering inspections.	3,955	3,350	3,350	3,350	17,355
8	Footway Investment	footway resurfacing including implementation of dropped kerbs - priorities based on annual engineering inspections.	755	470	470	470	2,635
9	Footway Improvements around Highway Trees	improving the condition of tree roots and tree pits on footways.	125	125	125	125	625
10	Street Lighting Renewals	replacement and installation of new street lighting columns including renewal of electrical cabling.	900	1,170	270	270	2,880
11	Highway Structures including Bridges	the strengthening or replacement of sub standard bridges, culverts and other highways structures following principal inspection reports.	1,150	1,150	1,150	1,150	5,750
12	Bus Corridor Improvements	bus corridor improvements with a focus on securing match funding.	500	335	335	335	1,840
13	Road Safety Schemes	local network improvements including junction and pedestrian safety improvements, with a focus on securing match funding.	335	335	335	335	1,675
14	Telematics / Butetown Tunnel	transportation infrastructure improvements including CCTV systems.	600	330	630	630	2,820
15	Transport Grant Match Funding	match funding for Council bids to Welsh Government for transport schemes.	570	375	375	375	2,070
16	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.	741	800	400	400	2,741
17	Materials Recycling Facility	upgrades to minimise downtime at the Materials Recycling Facility.	45	45	45	45	225
18	Waste Recycling and Depot Site Infrastructure	safety improvements at waste management facilities, skip renewal and retaining wall replacement.	140	160	100	100	600
19	Non Schools Property Asset Renewal	improvements to the condition of the non-schools property stock within the Council in accordance with Directorate Asset Management Plans and priority works.	2,355	1,855	1,855	1,855	9,775
20	Parks Infrastructure	improvements to existing parks infrastructure e.g. allotments, hard surfaces, sports fields, parks utilities and outdoor leisure facilities.	140	140	140	140	700
21	Play Equipment	replacement of existing play equipment in parks.	290	190	190	190	1,050
22	Teen/Adult Informal Sport and Fitness Facilities	improvements to the condition of priority MUGA's, fitness equipment, BMX tracks and skate parks.	560	400	200	100	1,360
23	Green Flag Park Infrastructure Renewal	the replacement of ageing infrastructure in existing Green Flag parks to support assessment criteria.	100	100	100	100	500
24	ICT Refresh	replacement of failing / non compliant hardware for corporate systems.	600	700	900	500	3,100
25	Contingency	unforeseen pressures in the Capital Programme that arise in year that cannot be managed within existing resources.	200	200	200	200	1,000
TOTAL ANNUAL SUMS			28,894	24,675	22,315	19,765	115,314

Capital Investment Programme 2023/24 - 2027/28

Purpose / To Fund	<u>2023/24</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Indicative</u> <u>2027/28</u> <u>£000</u>	<u>Total</u> <u>£000</u>
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Ongoing Schemes / Amendments to Ongoing Schemes								
26	Independent Living Wellbeing Centre	consolidated warehouse accommodation for the Joint Equipment Service together alongside a co-located Independent Living Services (ILS) team of multiservice provision and resources to form an Independent Living Wellbeing Centre. Subject to a further Cabinet report following site identification and business case approval and confirmation of funding from Vale of Glamorgan Council and the Cardiff and Vale University Health Board.	0	0	1,101	0	0	1,101
27	City Centre Youth Hub	contribution to create a multi agency Youth Hub, subject to a Cabinet report and business case.	100	1,900	0	0	0	2,000
28	Youth Zone - Cowbridge Road West	land assembly for key regeneration site at the gateway to Ely. Subject to a report to Cabinet, to enter into a development partnership to create a Youth Zone and subsequent business case and confirmation of grant funding and operating costs being in place.	77	0	0	0	0	77
29	Neighbourhood, District and Local Centre Regeneration	amplify the importance of local spaces, local shopping and services for communities. Includes public realm and green space improvements, community safety measures and improved neighbourhood facilities to help communities to adapt and thrive.	235	450	450	450	450	2,035
30	Canton Community Hub	contribution towards development of community space in new housing development at former Canton Community Centre.	1,100	0	0	0	0	1,100
31	Children's Services Accommodation Strategy	the balance of proceeds from disposal of 150 Thornhill Road ring-fenced for schemes which provide direct benefit to children.	0	229	0	0	0	229
32	Children's Respite Provision	requirements based on an assessment of respite services for children at Ty Storrie, to align service provision with the needs of young people.	200	1,035	1,450	0	0	2,685
33	Safer Accommodation - Displacement	to support Children's Services Accommodation Strategy, Council funding to displace previously approved Intermediate Care Fund grant.	695	0	0	0	0	695
34	Children's Assessment Centres - Displacement	to support Children's Services Accommodation Strategy, Council funding to displace previously approved Intermediate Care Fund grant.	455	0	0	0	0	455
35	Schools Additional Asset Renewal / H&S and Additional Learning Needs (ALN)	the balance of £25 million additional funds allocated for Schools property improvements including those for Health & Safety and Additional Learning Needs.	2,275	0	0	0	0	2,275
36	21st Century Schools Band B Council Contribution	Council's match funding towards expenditure funded by Welsh Government Grant.	2,500	2,500	10,000	0	0	15,000
37	City Centre Transport Schemes	the design and implementation of City Centre Transport Improvements along with any approved Welsh Government or other external funding sources.	1,635	750	0	0	0	2,385
38	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.	1,750	1,250	0	0	0	3,000
39	Western Transport Bus Interchange	a public transport interchange in the west of the city as part of the redevelopment of the former Household Waste Recycling Centre.	200	1,100	0	0	0	1,300
40	Cycling Infrastructure (Priority Cycle Routes) - Active Travel	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	0	0	0	3,000
41	Electric Bus and Infrastructure Grant Scheme - Displacement	grant scheme to increase the use of electric buses in the city.	7,149	0	0	0	0	7,149
42	Bereavement Property Asset Renewal	a segregated 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.	191	150	100	155	105	701
43	Coastal Risk Management Programme - construction match funding	a scheme to manage flood and erosion risk at the estuary of the river Rumney, Subject to design, final business case approval. Welsh Government contribution is assumed in the form of Local Government Borrowing Initiative.	0	916	1,200	0	0	2,116
44	Flooding and Drainage	match funding 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.	447	230	180	60	30	947

Capital Investment Programme 2023/24 - 2027/28

	Purpose / To Fund	<u>2023/24</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Indicative</u> <u>2027/28</u> <u>£000</u>	<u>Total</u> <u>£000</u>	
45	One Planet Strategy - small schemes and match funding	investment in smaller schemes to support the strategy. Priorities for capital expenditure and match funding for external grants to be managed within allocation in accordance with an agreed governance process.	800	700	700	800	0	3,000
46	New Recycling, Repair and Re-use Facilities	exploration of options in the North of the city and any required land acquisition for new Household Waste Recycling, Repair and Re-use facilities in partnership with the third sector.	0	200	1,475	1,650	0	3,325
47	Waste Recycling and Collection Review	implementation of approved options arising from a review of the Recycling Service Strategy that meets current and future targets and aspirations.	400	415	0	0	0	815
48	Waste Grants Match funding	securing of waste and recycling related grants e.g. Circular Economy, Ultra Low Emission Vehicle (ULEV) where match funding is a condition of a successful grant award. This will support measures and new innovations to improve recycling performance and meet statutory targets.	100	100	0	0	0	200
49	Arena Enabling works contribution	council's contribution to enabling costs for arena affordability model as part of Atlantic Wharf master plan.	9,807	14,243	0	0	0	24,050
50	East Cardiff Industrial and Regeneration Strategy	contribution to a new bridge and road link between the Llanrumney estate and the A48.	0	1,200	300	0	0	1,500
51	Cardiff Indoor Market Restoration	investment in the fabric of the building to improve appearance, tackle known structural issues and enhance its commercial attractiveness, subject to a successful lottery fund grant award.	0	88	450	0	0	538
52	Community Asset Transfer	prime essential capital improvement works to buildings which local community groups are looking to take over from the Council. Maximum individual award of £25k.	25	73	0	0	0	98
53	Flatholm Island - NLHF Project 'A Walk Through Time'	match funding for a delivery phase application to the Heritage Grants Scheme. The project aims to fund the stabilisation and restoration of its heritage assets for which the Council is responsible.	85	100	0	0	0	185
54	Roath Park Dam	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 the park.	305	1,500	3,072	0	0	4,877
55	Modernising ICT to improve business processes	investment in corporate technology projects allowing the Council to make business process improvements and so improve service delivery.	350	306	0	0	0	656
56	Cardiff Capital Region City Deal (CCRCD)	contribution towards Council total commitment of £28.4m over a number of years based on its share of £120m to the Wider Investment Fund, subject to progress on projects.	4,000	5,000	5,000	5,776	0	19,776
TOTAL ONGOING SCHEMES			36,381	35,935	25,478	8,891	585	107,270

New Capital Schemes/Annual Sums (Excluding Invest to Save)								
57	Coastal Erosion	additional funding to support council match funding requirement in order to secure Welsh Government Supported borrowing towards this c £36m project to address coastal erosion risk at the estuary of the river Rumney.	1,000	1,300	1,000	0	0	3,300
58	Carriageway and Footway Resurfacing	road and footway resurfacing - based on priorities arising from city wide annual engineering inspections. This is subject to Cabinet consideration of an updated Highway Asset Management Plan.	2,000	0	0	0	0	2,000
59	Additional match funding for grant bids	to support external capital investment funding bids to lever in funds to meet the council's objectives.	1,670	0	0	0	0	1,670
60	City Hall - Core Office Strategy	subject to cabinet approval of works, to undertake urgent priority 1 maintenance works to mitigate risk of unplanned closure. Costs to be managed within allocation, with funds held corporately, with any drawdown of funds in line with governance process for Council Earmarked Reserves, which will include receipt of a priority 1 scheduled of works proposed from existing Property Asset Renewal budgets for 2023/24 and 2024/25.	1,500	2,700	0	0	0	4,200
TOTAL NEW SCHEMES / ADDITIONAL ANNUAL SUMS			6,170	4,000	1,000	0	0	11,170

Capital Investment Programme 2023/24 - 2027/28

Purpose / To Fund	2023/24	Indicative	Indicative	Indicative	Indicative	Total
	Including Slippage £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	

Schemes funded by Grants and Contributions (Further grants subject to approval of bids)								
61	Enable Grant (WG)	support for independent living and to be used with the Council's allocation for disabled facilities adaptations.	655	655	655	655	3,275	
62	Transforming Towns Placemaking (WG)	priorities identified in South Riverside, Cowbridge Road East, Adamsdown/Roath and as part of the City Centre Recovery Strategy.	435	580	0	0	1,015	
63	Shared Prosperity Fund	year two and three programme subject to further engagement and a wider call for projects and programmes, including potential regional projects and programmes and continuation of successful year one projects subject to review.	1,000	9,725	0	0	10,725	
64	British Iron and Steel Federation Properties (BISF) - Energy Efficiency Retrofit (WG)	energy wall and loft ceiling insulation for circa 150 owner occupied properties in Llandaff North and Rumney.	1,150	3,500	0	0	4,650	
65	Travellers Sites (WG)	subject to design, number of pitches, planning and grant approval, the creation of additional pitches at Shirenewton.	150	600	0	0	750	
66	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.	47,414	110,811	47,684	0	205,909	
67	21st Century Schools Land Remediation Ty Glas	part of overall £27.8 million grant award towards the acquisition, demolition and remediation of the Ty Glas Site in Llanishen.	13,038	0	0	0	13,038	
68	Welsh Medium Capital Grant (WG)	Welsh Medium Provision at Ysgol Mynydd Bychan.	1,680	0	0	0	1,680	
69	Flying Start	completion of moorland primary.	2,550	0	0	0	2,550	
70	Early Years and Childcare Grant (WG)	initial development of projects identified from Childcare Sufficiency Assessment/Review and/or as part of the Flying Start childcare expansion plans.	850	855	650	0	2,355	
71	Air Quality Direction 2019 - Grant (WG)	subject to Welsh Government approval, further city centre transport and active travel measures to improve air quality	0	6,600	0	0	6,600	
72	Safe Routes in Communities (WG)	completion of current phase of accessibility and safety improvements to encourage walking and cycling in school streets.	75	25	0	0	100	
73	Road Safety Grant 20 mph (WG)	measures that secure road safety casualty reduction.	3,750	0	0	0	3,750	
74	Local Transport Fund (WG)	integrated, effective, accessible, affordable and sustainable transport systems.	2,685	5,000	0	0	7,685	
75	Active Travel Fund (WG)	increased 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.	4,000	7,000	0	0	11,000	
76	Cardiff Crossrail (UK Government)	UK Government grant of £50 million to be match funded by Welsh Government Grant of £50 million towards the project, subject to completion of business case and appropriate approvals from DfT, Network Rail, Transport for Wales and relevant train operating companies.	0	5,000	20,000	20,000	50,000	
77	Flood Risk Management (WG)	Implementation of priority schemes to alleviate flooding, where there is an approved business case.	840	0	0	0	840	
78	Circular Economy Fund (WG)	measures to reduce waste generated or move up the Waste Hierarchy, particularly in respect of increasing reuse & repair; Further increases in recycling rates; including for non-domestic premises; Reductions in emissions relating to the circular economy; and Increasing resource efficiency.	800	0	0	0	800	
79	Central Market (Lottery)	the restoration of the Market, subject to final costing and further stage approvals.	0	590	1,000	0	1,590	
80	Flatholm (Lottery)	the restoration of built and natural heritage on Flatholm Island.	100	495	0	0	595	
81	Harbour Authority (WG)	critical and non critical asset renewal programme.	220	480	1,510	124	3,454	
82	Local Broadband Fund	gigabit capable broadband to c1200 premises where currently a sub-10Mbit/s is received.	3,000	4,705	0	0	7,705	
83	Planning Gain (S106) and other contributions	various schemes such as improvements to open space, transportation, public realm and community facilities.	7,692	4,687	989	1,344	14,712	
TOTAL SCHEMES FUNDED BY GRANTS AND CONTRIBUTIONS (FURTHER GRANTS SUBJECT TO APPROVAL OF BIDS)			92,084	161,308	72,488	22,123	6,775	354,778

Capital Investment Programme 2023/24 - 2027/28

Purpose / To Fund	<u>2023/24</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Indicative</u> <u>2027/28</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/incidental income (Invest to Save - Subject to Business Case)

Existing Schemes

84	Independent Living Wellbeing Centre	consolidated warehouse accommodation for the Joint Equipment Service together alongside a co-located Independent Living Services (ILS) team of multiservice provision and resources to form an Independent Living Wellbeing Centre. Subject to a further Cabinet report following site identification and business case approval and confirmation of funding from Vale of Glamorgan Council, Cardiff and Vale University Health Board and Housing with Care.	0	0	3,899	0	0	3,899
85	Right Homes, Right Support Strategy - Residential Provision for Children Looked After	improvements to the residential offer for Children Looked After by the Council which are currently placed outside of the Council boundaries and with Independent Fostering Agencies. This includes an emergency pop-up unit, an assessment unit, and additional residential places in the city.	750	250	0	0	0	1,000
86	Young Persons Gateway Accommodation	supported accommodation for young people (16-24) to help them live independently whilst still providing intensive 24 hour support. Additional properties are required and while these can be sourced from Council or housing association stock some works will be needed to bring them up to the required standard for shared housing.	98	100	0	0	0	198
87	21st Century Schools - Band B Financial Model	strategic investment programme for priority schools including land acquisition, funded by additional borrowing.	9,115	16,750	7,465	14,790	0	48,120
88	Residential Street lighting conversion to LED	completion of roll out of LED street lighting in residential areas resulting in a reduction in costs, carbon emissions and improved lighting.	626	0	0	0	0	626
89	Cardiff Heat Network (loan to CHN Ltd)	Loan from Welsh Government to be provided to Cardiff Heat Network Limited Ltd towards the capital costs arising from the delivery of Phase 1 of the Cardiff Heat Network using waste heat from the Viridor Energy Recovery Facility. Repayable to the Council by CHN Ltd from Heat Revenues over 30 years in line with the business case approved by Cabinet. Loan is repayable by Council to WG, irrespective of the level of income generation.	4,592	0	0	0	0	4,592
90	Coastal Risk Management Programme - Construction - WG Local Government Borrowing Initiative	works to address 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. Allocation is subject to Council match funding being in place and approval of Welsh Government contribution assumed in the form of Local Government Borrowing Initiative.	8,000	15,000	8,100	0	0	31,100
91	Indoor Arena - Land Assembly and Multi Storey Car Park	affordability envelope towards costs such as enabling works and Multi Storey Car Park.	0	26,750	18,250	0	0	45,000
92	Indoor Arena - Direct Funding (Replacement for Income Strip Third Party Funding)	Direct borrowing funded by the annual lease income from the arena operator, backed by parent company guarantee.	8,000	50,000	60,000	20,100	0	138,100
93	International Sports Village (Phase 2)	delivery of a velodrome and clubhouse, a cycle circuit, Toys R Us refurbishment, car parking, highways and public space, repayable from potential operator and rental income, subject to a business case and a report to Cabinet.	1,565	5,000	5,570	0	0	12,135
94	Pentwyn Leisure Centre Redevelopment	creation of a bespoke centre and elite training, fitness and conditioning facility, subject to a Cabinet report and business case demonstrating that any additional borrowing can be sustainably repaid from future income.	0	1,694	2,000	0	0	3,694
95	Non Operational Property Strategy - Regeneration Fund	a recyclable fund to support regeneration linked to existing Council non operational land ownerships outside of specific existing development areas to support wider City Recovery, subject to the development and approval by Cabinet of the governance, risk assessment and business case process. Links to existing budgets e.g. District and Local Centres, Town Centre Loans programme and to support specific WG grant funding bids. Land acquisition and disposal within a two year time frame to allow external partners to undertake regeneration and development activities.	0	1,500	1,500	0	0	3,000

Capital Investment Programme 2023/24 - 2027/28

	Purpose / To Fund	<u>2023/24</u> <u>Including</u> <u>Slippage</u> <u>£000</u>	<u>Indicative</u> <u>2024/25</u> <u>£000</u>	<u>Indicative</u> <u>2025/26</u> <u>£000</u>	<u>Indicative</u> <u>2026/27</u> <u>£000</u>	<u>Indicative</u> <u>2027/28</u> <u>£000</u>	<u>Total</u> <u>£000</u>
96	Vehicles and EV Infrastructure - Lease or buy setting an overall limit to be able to undertake effective lease versus buy option appraisal for vehicles and infrastructure, as long as revenue budget in place to repay initial acquisition costs.	2,000	0	0	0	0	2,000
97	Core Office Strategy - Digital Infrastructure smarter working, digital infrastructure and building adaptations to allow the relinquishment of Willcox House.	4,152	1,500	0	0	0	5,652
98	CCRCDC - 'Capital expenditure contribution towards Wider Investment Fund in advance of receipt of capital grant' Council commitment of £12.5m over a number of years towards Wider Investment Fund expenditure in advance of confirmed grant receivable from HM Treasury - profile based on Dec 2021 five year business plan and subject to progress on projects as well as timing of HMT grant.	0	0	0	3,000	3,000	6,000
99	Housing / Projects Fund passporting of loan from Welsh Government given to Cardiff Council towards the CCRCDC Housing SME Fund or other projects approved by Cardiff Cabinet, Regional Cabinet and Welsh Government. Funds to be recycled into projects until required to be repaid to the Council to return to Welsh Government. Loan to be novated in event of transition to Corporate Joint Committee.	0	3,000	3,000	4,000	0	10,000
100	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
TOTAL INVEST TO SAVE		39,398	122,044	110,284	42,390	3,500	317,616
TOTAL GENERAL FUND		202,927	347,962	231,565	93,169	30,525	906,148
Public Housing Capital Programme (HRA)							
101	Regeneration and Area Improvement Environmental works including defensible space, demolition, conversion and road/footpath realignment.	2,150	2,450	2,450	2,450	2,650	12,150
102	External and Internal Improvements Improvements include priority low rise wall insulation, central heating, fencing, roofing, high rise cladding and upgrades, door entry systems, window and door upgrades, kitchens and bathrooms, improvements to sheltered housing.	15,850	27,010	31,370	14,470	16,120	104,820
103	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 and build at least 2000 new homes.	90,000	69,800	48,925	68,800	96,700	374,225
104	Disabled Facilities Adaptations To provide adaptations and internal modifications to allow the recipient to live independently within the home.	3,000	3,000	3,000	3,000	3,350	15,350
TOTAL PUBLIC HOUSING		111,000	102,260	85,745	88,720	118,820	506,545
TOTAL CAPITAL PROGRAMME EXPENDITURE		313,927	450,222	317,310	181,889	149,345	1,412,693

Capital Funding 2023/24 - 2027/28

	<u>2023/24</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Total</u>	
	<u>£000</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>	<u>£000</u>	%
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
General Fund							
WG Unhypothecated Supported Borrowing	(8,925)	(8,925)	(8,901)	(8,901)	(8,901)	(44,553)	4.9
WG General Capital Grant	(9,166)	(9,166)	(6,135)	(6,135)	(6,135)	(36,737)	4.1
Additional General Capital Grant unallocated from 2021/22	(4,670)	(1,300)	(1,000)	0	0	(6,970)	0.8
Additional Borrowing to balance existing capital programme	(36,097)	(36,381)	(28,947)	(10,410)	(5,004)	(116,839)	12.9
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(39,398)	(122,044)	(110,284)	(42,390)	(3,500)	(317,616)	35.1
Earmarked Capital Receipts	(7,877)	(2,500)	(300)	0	0	(10,677)	1.2
Non Earmarked Capital Receipts assumption	(3,000)	(3,340)	(3,300)	(3,000)	0	(12,640)	1.4
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(1,500)	(2,788)	0	0	0	(4,288)	0.5
External grant and contributions estimates	(92,084)	(161,308)	(72,488)	(22,123)	(6,775)	(354,778)	39.2
Total General Fund	(202,927)	(347,962)	(231,565)	(93,169)	(30,525)	(906,148)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,570)	(9,570)	(9,570)	(9,570)	(9,570)	(47,850)	9.45
Additional Borrowing	(69,250)	(69,215)	(48,543)	(68,050)	(102,750)	(357,808)	70.64
Revenue / Reserves	(5,400)	(1,400)	0	0	0	(6,800)	1.34
External grant and contributions estimates	(24,280)	(21,575)	(27,132)	(10,600)	(6,500)	(90,087)	17.78
Capital Receipts	(2,500)	(500)	(500)	(500)	0	(4,000)	0.79
Total Public Housing	(111,000)	(102,260)	(85,745)	(88,720)	(118,820)	(506,545)	100.0
Total Capital Programme Resources Required	(313,927)	(450,222)	(317,310)	(181,889)	(149,345)	(1,412,693)	