

Appendix 2

THE CAPITAL STRATEGY & GENERAL FUND PROGRAMME 2019/20 TO 2024/25																																							
INTRODUCTION																																							
1.	<p>The purpose of this report is to update the Capital Strategy and to inform Council of any major changes in the overall General Fund (GF) Capital Programme for the period of 2019/20 to 2024/25, highlighting the changes in the programme since the last reported position to Cabinet in February 2019. The net result of the changes since the previous report is that the GF programme has increased by £334.26M.</p>																																						
2.	<p>The increased investment follows a fairly cautious capital programme in recent years due to economic uncertainty. In order to deliver the best services and opportunities for the residents of Southampton there is an increasing need to have sustainable investment in the capital programme over the medium term.</p>																																						
3.	<p>Having a clear capital strategy and programme enables service manager's certainty and the ability to respond to changing demands in their services. The capital budget proposals put forward as part of this report reflect the anticipated needs of the Council over the next 5 years.</p>																																						
THE FORWARD CAPITAL PROGRAMME																																							
4.	<p>Table 1 shows a comparison of the latest capital expenditure for the period 2019/20 to 2024/25 compared to the previously reported programme.</p>																																						
<p><u>Table 1 – Programme Comparison</u></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Reported Programme</th> <th style="text-align: right;">2019/20 £M</th> <th style="text-align: right;">2020/21 £M</th> <th style="text-align: right;">2021/22 £M</th> <th style="text-align: right;">2022/23 £M</th> <th style="text-align: right;">2023/24 £M</th> <th style="text-align: right;">2024/25 £M</th> <th style="text-align: right;">Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest</td> <td style="text-align: right;">88.09</td> <td style="text-align: right;">319.02</td> <td style="text-align: right;">121.98</td> <td style="text-align: right;">139.31</td> <td style="text-align: right;">43.42</td> <td style="text-align: right;">16.95</td> <td style="text-align: right;">728.77</td> </tr> <tr> <td>Previous</td> <td style="text-align: right;">88.09</td> <td style="text-align: right;">249.71</td> <td style="text-align: right;">15.00</td> <td style="text-align: right;">41.51</td> <td style="text-align: right;">0.20</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">394.51</td> </tr> <tr> <td>Variance</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">69.31</td> <td style="text-align: right;">106.98</td> <td style="text-align: right;">97.80</td> <td style="text-align: right;">43.22</td> <td style="text-align: right;">16.95</td> <td style="text-align: right;">334.26</td> </tr> </tbody> </table> <p style="text-align: right;"><i>NB: Tables include rounded figures</i></p>								Reported Programme	2019/20 £M	2020/21 £M	2021/22 £M	2022/23 £M	2023/24 £M	2024/25 £M	Total £M	Latest	88.09	319.02	121.98	139.31	43.42	16.95	728.77	Previous	88.09	249.71	15.00	41.51	0.20	0.00	394.51	Variance	0.00	69.31	106.98	97.80	43.22	16.95	334.26
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5.	<p>Table 2 below details the General Fund Capital Programme by Portfolio and shows an increase of £334.26M to £728.77M.</p>																																						
6.	<p>Paragraphs 14-28 and annex 2.1 summarise the changes by individual portfolio programmes to new schemes and changes to existing schemes.</p>																																						

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CHANGES TO THE PROGRAMME			
7.	<u>Table 2 – Changes in Portfolio Programmes</u>		
	Latest Programme £M	Previous Programme £M	Total Change £M
	Adult Care	1.14	1.14
	Aspiration, Children and Lifelong Learning	125.91	89.65
	Green City	21.00	0.00
	Healthier and Safer City	10.84	10.84
	Homes and Culture	20.09	2.52
	Leader	64.33	31.43
	Place and Transport	269.41	51.22
	Resources	216.05	207.71
	General Fund Programme	728.77	394.51
			334.26
	<i>NB: Tables include rounded figures</i>		
8.	<p>The net addition is £334.26M to the overall programme, arising from the approvals sought from paragraphs 9, 10 and 11 below and as detailed in annex 2.1. New additions total £349.94M and are offset by reductions to the programme of £15.68M.</p> <p>Details of the major projects are given in paragraphs 14-28. Annex 2.1 shows that a number of major projects being added to the programme are subject to a full business case (FBC) being completed and therefore approval to spend will be sought via the appropriate delegation, these total £320.46M.</p>		
9.	Approval is sought for the addition of £320.46M to the capital programme, to be funded as set out in annex 2.1. Approval to spend will be sought once the projects have been fully developed and FBCs produced.		
10.	Approval is sought for the addition and spend of £29.48M to the GF programme to be funded as set out in annex 2.1.		
11.	Approval is sought for the reduction of £15.68M to the GF capital programme, as set out in annex 2.1. The funding for these schemes will be used to finance new additional projects.		
12.	As part of the appraisal process, all projects were assessed to ensure that they meet the objective of the Council and align the 5 key programme areas. Table 3 summarises the items of major spend by programme.		

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13.	Table 3 – Major Schemes by Programme						
Programme	Major Project	2019/ 20 £M	2020/ 21 £M	2021/ 22 £M	2022/ 23 £M	2023/ 24 £M	2024/ 25 £M
Communities culture & homes	Community Safety	1.83	3.76	2.25	0.00	0.00	0.00
	City of Culture	0.00	0.26	0.25	0.00	0.00	0.00
	Arts & Heritage	0.23	1.60	0.00	0.00	0.00	0.00
	Sport & Recreation	0.00	0.75	0.00	0.00	0.00	0.00
	Outdoor Leisure	0.00	0.15	4.40	8.15	4.10	0.05
	Estate Improvements	1.05	0.30	0.00	0.00	0.00	0.00
	Supporting Independent Living	0.53	0.80	0.32	0.00	0.00	0.00
	Other	0.05	0.72	0.00	0.00	0.00	0.00
Green City	Green City Charter	0.00	5.00	4.00	4.00	4.00	4.00
	Open Spaces	0.00	0.16	0.35	0.00	0.00	0.00
	Play Area Improvements	0.46	0.90	0.00	0.00	0.00	0.00
	Parks Development Works	0.29	1.39	0.00	0.00	0.00	0.00
	Solar Powered Bins	0.15	0.85	0.00	0.00	0.00	0.00
	Other	0.28	0.01	0.00	0.00	0.00	0.00
Place Shaping	Bridges Programme	0.97	0.44	0.00	0.00	0.00	0.00
	Highways Programme	11.80	9.62	7.20	7.80	7.80	7.80
	Integrated Transport	17.31	8.56	0.90	5.90	0.00	0.00
	Fleet Investment	1.59	6.70	2.36	2.00	2.00	2.00
	Flood Risk Management	0.02	0.98	0.00	0.00	0.00	0.00
	Connected Southampton	0.00	40.67	50.10	41.46	22.00	1.50
	Additional Pavements	0.00	0.50	0.50	0.50	0.50	0.50
	Bitterne Community Hub	0.24	0.30	32.60	0.00	0.00	0.00
	Heart of the City	1.81	1.63	0.00	0.00	0.00	0.00
Other	0.78	1.53	0.00	0.00	0.00	0.00	
Successful sustainable business	Digital & IT	5.33	2.55	0.00	0.00	0.00	0.00
	Resources	1.55	0.80	0.00	0.00	0.00	0.00
	Smarter Ways of Working	0.00	2.15	1.00	1.00	1.00	1.00
	Property Investment Fund	20.13	180.12	0.11	26.70	0.00	0.00
Wellbeing	Early Years Expansion	0.30	0.23	0.23	0.23	0.00	0.00
	Primary Review & Expansion	9.15	0.49	0.03	0.04	0.00	0.00
	School Capital Maintenance	3.04	2.68	2.00	2.00	1.92	0.00
	Secondary Review & Expansion	8.08	40.58	11.56	0.00	0.00	0.00
	Newlands Hearing Centre	0.00	0.49	0.60	0.02	0.00	0.00
	SEND Review & Expansion	0.00	0.00	0.00	39.00	0.00	0.00
	Childrens Services - Residential/Ass'ment Unit	0.00	1.05	1.06	0.40	0.00	0.00
	Health & Adult Social Care	0.54	0.20	0.10	0.10	0.10	0.10
	Other	0.58	0.10	0.05	0.00	0.00	0.00
	TOTAL	88.09	319.02	121.98	139.31	43.42	16.95

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MAJOR PROGRAMME CHANGES	
<u>Aspiration, Children and Lifelong Learning Portfolio - £36.26M Increase</u>	
14.	<p>Newlands School Hearing Impaired Unit (£1.11M addition)</p> <p>A new provision for severely or profoundly hearing impaired children within an inclusive setting. The plan is for the resource base to be open in September 2021. This will be a dedicated unit, equipped to support our young people. This will be funded by council resources, unless suitable government grant funding can be obtained.</p>
15.	<p>Schools Condition Allocation (£7.92M addition)</p> <p>Following recent school condition surveys a programme of works has been identified to ensure suitable, safe learning environments for every child. This will be fully funded by government grant.</p>
16.	<p>SEND Review (£39.00M addition)</p> <p>The Children's and Families Act 2014 has introduced Education, Health and Care Plans. These replace the Statement of Special Education Needs. As a consequence the number of children with Special Education Needs has increased significantly both nationally and in Southampton. There is an immediate and significant pressure on SEND provision in the City. The existing provision is at capacity and as a consequence the City Council is having to use independent places to meet this demand at significant cost. A significant proportion of these places are outside of the City. This pressure is acute in the secondary sector. This project will redesign the SEND provision in the City to provide quality places, by maximising existing resources and expanding where necessary. At this stage of the project approval is sought for the addition to the programme; works will not commence until a full business case has been reported to Council Management Team and Cabinet. This will be funded by council resources, unless suitable government grant funding can be obtained.</p>
17.	<p>Children's Services - Residential/ Assessment Unit (£2.51M addition)</p> <p>This project will provide Council owned and managed children's residential care provision on a medium to long term basis as well as providing emergency and assessment care. The current residential need indicates that this service is best provided in-house rather than in the private market. The weekly cost of children's home provision is rising, particularly when additional therapeutic packages are required.</p> <p>Additionally the residential assessment units will be able to prevent children coming into emergency residential placements and there will be significant cost avoidance savings.</p> <p>This will be funded by council resources.</p>

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	<u>Green City - £21.00M Increase</u>
18.	<p>Green City Charter Initiatives (£21.00M addition)</p> <p>The delivery of the Green City Charter commitments will require both revenue and capital funding. It is recognised that with this being a central government priority, as with air quality, significant funding pots are likely to be made available to support sustainability and climate change initiatives into the future. As well as delivering some short term initiatives the council will need to do the analysis and prioritisation necessary to develop viable business cases to facilitate successful bids once funding pots are made available; these will be reported to senior management and Cabinet as appropriate.</p>
	<u>Homes & Culture - £17.57M Increase</u>
19.	<p>Outdoor Leisure (£16.85M addition)</p> <p>The Outdoor Sports Centre is the city's main venue for outdoor sports provision. The facility was built in the 1930s and whilst there has been some investment it needs a significant refurbishment to meet the sporting needs of the city but also to play its role in improving the health of the city. There has been significant public consultation in recent years and this has clarified the priorities for the site; working in partnership with the Football Foundation and Sport England. This will be funded by contributions and council resources.</p>
	<u>Leader - £32.90M Increase</u>
20.	<p>Bitterne Community Hub (£32.90M addition)</p> <p>This project involves the delivery of a community hub in Bitterne. This will be a community facing provision including leisure, library and health services and facilities and potentially other services; replacing an aged library and leisure centre. The aim is to benefit from synergies of integrated working, economies of scale, improved service provision targeted at a deprived area of the city and to help sustain the local District Centre. Work is being undertaken to finalise the funding for the project, currently it will be council resources which will be offset by an additional income generated.</p>
	<u>Place & Transport - £218.20M Increase</u>
21.	<p>Connected Southampton (£155.73M addition)</p> <p>Following the adoption of the Council's Local transport Plan 4 (Connected Southampton 2040), the council has established a clear strategy to ensure the city and wider city region is connected and supports strong a sustainable economic growth of the city and Solent sub-region, whilst supporting the Green City Charter. The Council is embarking on the development of a major transport infrastructure project pipeline alongside streamlining its own transport functions that will deliver efficiencies and quality service provision. The key sub-programmes that define the Connected Southampton 2040 Project which define the medium implementation plan to 2025 are:</p> <ul style="list-style-type: none"> (1) Transforming Cities Fund (TCF) - A transport infrastructure programme (£110M) focussed on changing the way people travel to support the uptake in more sustainable travel options - walking, cycling and public transport. (2) Northam Rail Bridge (£46M) - A major highway infrastructure project.

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	(3) SCC Transport Review - Council wide review of all SCC transport service provision and workplace related operational transport use. To identify efficiencies, savings and service enhancements (no capital spend required).
22.	<p>Highways Programme (£36.00M addition)</p> <p>This addition is to maintain the rolling programme of investment into the City's highways network. Works will be funded by Government grants and council resources.</p>
23.	<p>Play Park & Open Spaces (£1.20M addition)</p> <p>Following an audit of all 97 play sites across the City, this project plans to prioritise the 15 most in need of refurbishment works. It is anticipated this will take place over 2 years, work will then be undertaken on the remaining parks & open spaces across the City. The programme will not generate any savings on existing budgets, but upgrading play equipment will minimise the risk of pressure building on future years' maintenance budgets and encourage use of these facilities, promoting better health and wellbeing. This will be funded by contributions and council resources.</p>
24.	<p>Integrated Transport Programme (£9.20M addition)</p> <p>Following grant bids to central government, there is often a requirement to provide 'Match funding'. The following projects will be subject to this commitment from the Council before the project can proceed:</p> <ul style="list-style-type: none"> (1) Adanac Park (Frogmore Lane)– Park & Ride scheme will require additional highways works (£1M); (2) West Quay Road Realignment (£0.50M) – to improve access to the port and enhance the proposed new development on the Leisure World site. Future development of a wider scheme is estimated at £50M, with a potential contribution of £10M from the Council, for which approval will be sought at a later stage once the bid outcome is known. Construction estimated to start no earlier than 2023/24. (3) Transforming Cities Fund – If the grant determination from DfT is at the high or medium level of the bid there will be an obligation for SCC to fund £900k in each of the next three years (£2.70M). (4) Mayflower Quarter public realm improvements (£5.00M) <p>This will be funded by Council resources.</p>
25.	<p>Additional Pavement Investment (£2.50M addition)</p> <p>Investment of £0.50M per annum to improve pavement infrastructure across the City, to be funded by CIL contributions.</p>
26.	<p>Fleet Investment (£12.17M addition)</p> <p>To introduce a vehicle replacement programme for the next 5 years, to ensure that there is sustainable service delivery. Currently, there is no programmed replacement strategy and a number of vehicles have passed their expected useful life. This is generating overspends on fuel, damage and repair costs and, in some cases, external lease costs to cover for failed vehicles. This will be funded by Council resources.</p>
	<u>Resources - £8.33M Increase</u>
27.	<p>Smart Ways Of Working (SWoW) (£6.15M addition)</p>

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	<p>SWoW is a programme (made up of several projects) which is changing the way we work. It includes projects to change the physical IT we use, including software, the environment we work in and the way we use the spaces available for us to work.</p> <p>SWoW will ensure we have flexibility, modern working environments and technology for today's working culture. More importantly the full programme will support employee wellbeing.</p> <p>This will be funded by Council resources.</p>																														
28.	<p>IT Investment (£1.72M addition)</p> <p>Following a period of reduced investment in IT infrastructure, the plan is to undertake projects which are critical to service delivery within the next year. A full 5 year programme is currently being compiled, once it has been fully appraised and prioritised it will be presented to members for addition to the capital programme in the future. This will be funded by Council resources.</p>																														
CAPITAL RESOURCES																															
29.	<p>The resources which can be used to fund the capital programme are as follows:</p> <ul style="list-style-type: none"> • Council Resources – Borrowing; • Council Resources - Capital Receipts from the sale of HRA assets; • Council Resources - Capital Receipts from the sale of General Fund assets; • Contributions from third parties; • Central Government Grants and from other bodies; and • Direct Revenue Financing. 																														
30.	<p>Capital Receipts from the sale of Right to Buy (RTB) properties are passed to the General Fund capital programme to support the Private Sector Housing schemes within the Sustainability Portfolio.</p>																														
31.	<p>It should be noted that the revised General Fund Capital Programme is based on prudent assumptions of future Government Grants to be received. The majority of these grants relate to funding for schools and transport and are non-ring fenced. However in 2019/20 those grants have been passported to these areas. These assumptions will be monitored closely and any updates reported as part on the monthly monitoring process; should any grants not materialise then the projects affected will need to be reconsidered.</p>																														
32.	<p>Table 4 shows the current level of available resources.</p> <p>Table 4 – Available Capital Funding</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Resource</th> <th style="text-align: center;">Balance B/Fwd £M</th> <th style="text-align: center;">Received to Date 2019/20 £M</th> <th style="text-align: center;">Allocated To Current Programme £M</th> <th style="text-align: center;">Available Funding £M</th> <th style="text-align: center;">Anticipated Receipts 2019/20 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td style="text-align: right;">(7.57)</td> <td style="text-align: right;">(1.72)</td> <td style="text-align: right;">11.20</td> <td style="text-align: right;">1.91</td> <td style="text-align: right;">(2.33)</td> </tr> <tr> <td>CIL</td> <td style="text-align: right;">(12.59)</td> <td style="text-align: right;">(4.13)</td> <td style="text-align: right;">7.11</td> <td style="text-align: right;">(9.61)</td> <td style="text-align: right;">(0.50)</td> </tr> <tr> <td>S106</td> <td style="text-align: right;">(8.87)</td> <td style="text-align: right;">(0.53)</td> <td style="text-align: right;">9.03</td> <td style="text-align: right;">(0.37)</td> <td style="text-align: right;">(0.15)</td> </tr> <tr> <td></td> <td style="text-align: right;">(29.03)</td> <td style="text-align: right;">(6.38)</td> <td style="text-align: right;">27.34</td> <td style="text-align: right;">(8.07)</td> <td style="text-align: right;">(2.98)</td> </tr> </tbody> </table>	Resource	Balance B/Fwd £M	Received to Date 2019/20 £M	Allocated To Current Programme £M	Available Funding £M	Anticipated Receipts 2019/20 £M	Capital Receipts	(7.57)	(1.72)	11.20	1.91	(2.33)	CIL	(12.59)	(4.13)	7.11	(9.61)	(0.50)	S106	(8.87)	(0.53)	9.03	(0.37)	(0.15)		(29.03)	(6.38)	27.34	(8.07)	(2.98)
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33.	The table shows that the largest resource currently available is Community Infrastructure Levy (CIL) funding. There are a number of potential large scale infrastructure projects in the future that could utilise this funding, for example flood defence infrastructure.																				
34.	Funding for the capital programme has previously been heavily reliant on capital receipts from the sale of Council properties. These receipts have always had a degree of uncertainty regarding their amount and timing, but the economic climate has increased the Council's risk in this area. To reduce this risk properties that are not yet on the market have been removed from the assumptions of what is available to fund the programme.																				
35.	Table 5 below shows the previous and current capital receipt assumptions, together with the actual receipts received in year for the General Fund. There has been no movement since the last reported position.																				
36.	<p><u>Table 5 – General Fund Capital Receipts Estimates</u></p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Forecast</th> <th>B/Fwd £M</th> <th>2019/20 £M</th> <th>2020/21 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest</td> <td style="text-align: center;">7.57</td> <td style="text-align: center;">4.05</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">11.62</td> </tr> <tr> <td>Previous</td> <td style="text-align: center;">7.57</td> <td style="text-align: center;">4.05</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">11.62</td> </tr> <tr> <td>Variance</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> <td style="text-align: center;">0.00</td> </tr> </tbody> </table> <p>*No further receipts from 2020/21 to 2024/25</p>	Forecast	B/Fwd £M	2019/20 £M	2020/21 £M	Total £M	Latest	7.57	4.05	0.00	11.62	Previous	7.57	4.05	0.00	11.62	Variance	0.00	0.00	0.00	0.00
Forecast	B/Fwd £M	2019/20 £M	2020/21 £M	Total £M																	
Latest	7.57	4.05	0.00	11.62																	
Previous	7.57	4.05	0.00	11.62																	
Variance	0.00	0.00	0.00	0.00																	
OVERALL CAPITAL PROGRAMME																					
37.	Tables 6 and 7 show capital expenditure by portfolio and the use of resources to finance the General Fund Capital Programme up to and including 2024/25. Annex 2.2 provides details of each portfolios latest programme and the financing of that programme.																				
38.	Table 6 shows that there is large increase in the programme in 2020/21. This one off increase is due to the previously agreed investment in the existing Property Investment Fund of £180M.																				

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39.	<p>Table 6 – Capital Expenditure by Programme</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 7.5%; text-align: center;">2019/20 £M</th> <th style="width: 7.5%; text-align: center;">2020/21 £M</th> <th style="width: 7.5%; text-align: center;">2021/22 £M</th> <th style="width: 7.5%; text-align: center;">2022/23 £M</th> <th style="width: 7.5%; text-align: center;">2023/24 £M</th> <th style="width: 7.5%; text-align: center;">2024/25 £M</th> <th style="width: 7.5%; text-align: center;">Total £M</th> </tr> </thead> <tbody> <tr> <td>Adult Care</td> <td style="text-align: right;">0.54</td> <td style="text-align: right;">0.20</td> <td style="text-align: right;">0.10</td> <td style="text-align: right;">0.10</td> <td style="text-align: right;">0.10</td> <td style="text-align: right;">0.10</td> <td style="text-align: right;">1.14</td> </tr> <tr> <td>Aspiration, Children and Lifelong Learning</td> <td style="text-align: right;">21.15</td> <td style="text-align: right;">45.61</td> <td style="text-align: right;">15.54</td> <td style="text-align: right;">41.69</td> <td style="text-align: right;">1.92</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">125.91</td> </tr> <tr> <td>Green City</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">5.00</td> <td style="text-align: right;">4.00</td> <td style="text-align: right;">4.00</td> <td style="text-align: right;">4.00</td> <td style="text-align: right;">4.00</td> <td style="text-align: right;">21.00</td> </tr> <tr> <td>Healthier and Safer City</td> <td style="text-align: right;">3.42</td> <td style="text-align: right;">4.85</td> <td style="text-align: right;">2.57</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">10.84</td> </tr> <tr> <td>Homes and Culture</td> <td style="text-align: right;">0.26</td> <td style="text-align: right;">2.88</td> <td style="text-align: right;">4.65</td> <td style="text-align: right;">8.15</td> <td style="text-align: right;">4.10</td> <td style="text-align: right;">0.05</td> <td style="text-align: right;">20.09</td> </tr> <tr> <td>Leader</td> <td style="text-align: right;">2.23</td> <td style="text-align: right;">2.69</td> <td style="text-align: right;">32.71</td> <td style="text-align: right;">26.70</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">0.00</td> <td style="text-align: right;">64.33</td> </tr> <tr> <td>Place and Transport</td> <td style="text-align: right;">33.66</td> <td style="text-align: right;">72.58</td> <td style="text-align: right;">61.41</td> <td style="text-align: right;">57.66</td> <td style="text-align: right;">32.30</td> <td style="text-align: right;">11.80</td> <td style="text-align: right;">269.41</td> </tr> <tr> <td>Resources</td> <td style="text-align: right;">26.84</td> <td style="text-align: right;">185.21</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">1.00</td> <td style="text-align: right;">216.05</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">88.09</td> <td style="text-align: right;">319.02</td> <td style="text-align: right;">121.98</td> <td style="text-align: right;">139.31</td> <td style="text-align: right;">43.42</td> <td style="text-align: right;">16.95</td> <td style="text-align: right;">728.77</td> </tr> </tbody> </table> <p style="margin-top: 10px;">Table 7 – Use of Resources</p> <table border="1" style="width: 100%; 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40.	Table 7 demonstrates that the most significant amount of funding for the General fund programme is provided by Council Resources, which at present, will be mainly through borrowing. Borrowing costs are in the main met within a central provision, which is detailed within the revenue budget.																																																																																																																																								
41.	Every effort will be made to explore external funding opportunities to reduce the need for borrowing. Should grants or contributions be made available to the Council in the future, these will be reported as part of the routine financial monitoring process.																																																																																																																																								
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42.	The Council needs to have a fit for purpose Capital Strategy to ensure that all the Council's priorities are accounted for in the allocation of resources to the capital programme. A review has therefore been undertaken to update the Capital Strategy for the period 2019/20 to 2024/25 and this is attached in Annex 2.3.																																																																																																																																								
43.	<p>Within the Prudential Code for Capital Finance in Local Authorities there is a requirement to produce a capital strategy. The guidance outlines a number of key factors which they recommend be included in a capital strategy:</p> <ul style="list-style-type: none"> • The strategy should be formally approved by Council; • Clearly set out the forthcoming capital expenditure of the Council; 																																																																																																																																								

Appendix 2

	<ul style="list-style-type: none"> • There should be a clear link to the treasury management strategy, therefore including prudential indicators; • Focus on commercial activity and associated risks; • Long term impact and liabilities of decisions being undertaken; • Knowledge and skills of responsible officers.
44.	<p>Prudential Indicators are an indication that capital investment planning and the Authority's borrowing decisions are prudent and sustainable.</p> <p>HRA prudential indicators by statute are ring-fenced and are calculated separately. The prudential indicators have been set for the forthcoming period and comprise of three main components relating to:-</p> <ul style="list-style-type: none"> • <u>Capital Expenditure</u> – Estimates of capital Expenditure and capital Financing, Current and Estimated Movement in the capital financing requirement i.e. the Authority's underlying need to borrow; • <u>External Debt</u> – Current and Estimated Movement in Gross debt. Authorised limits for borrowing set by the Authority and the Operational Boundary for total external debt (excluding investments) and separate identification for borrowing against debt and other long term liabilities. Other indicators outline the estimated movement in Borrowing Requirement and loans over the forthcoming five year period; and • <u>Affordability</u> – the Ratio of Financing costs to Net Revenue Stream – this indicates the revenue implications of capital expenditure required to meet borrowing costs.
45.	<p>In setting the indicators, the Authority will also take into account Minimum Revenue Provision (MRP) to set aside amounts for repayment of debt over the loan period or an equitable amount in line with Capital Regulations. The Council's MRP policy is detailed in Annex 2.3(a), and requires approval as part of this report.</p>
46.	<p>In preparing the capital strategy, the Authority will also take into account:</p> <ul style="list-style-type: none"> • The Council's treasury strategy, approved by Governance on 10th February 2020; • The Council's investment strategy which is detailed in Annex 2.3(b) and requires approval as part of this report.

Annexes	
2.1.	Variations to the General Fund Capital Programme
2.2.	General Fund Capital Programme – Scheme Details
2.3.	Capital Strategy 2019/20 – 2024/25
	2.3(a) MRP Strategy
	2.3(b) Investment Strategy