

THE CAPITAL STRATEGY & GENERAL FUND PROGRAMME 2021/22 TO 2026/27																																											
	INTRODUCTION																																										
1.	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 2021/22 to 2026/27, highlighting the changes in the programme since the last reported position to Cabinet in February 2022. The net result of the changes since the previous report is a decrease to the General Fund programme of £2.02M.																																										
	THE FORWARD CAPITAL PROGRAMME																																										
2.	Table 1 shows a comparison of the latest capital expenditure for the period 2021/22 to 2026/27 compared to the previously reported programme.																																										
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3.	Table 2 below details the General Fund Capital Programme by portfolio and shows the decrease of £2.02M to a total of £426.20M.																																										
4.	Paragraph 5 and annex 2.1 summarise the new schemes and changes to existing schemes by individual portfolio programmes.																																										
	CHANGES TO THE PROGRAMME																																										
5.	<p><u>Table 2 – Changes in Portfolio Programmes</u></p> <table border="1"> <thead> <tr> <th></th> <th>Latest Programme £M</th> <th>Previous Programme £M</th> <th>Total Net Change £M</th> </tr> </thead> <tbody> <tr> <td>Communities, Culture & Heritage</td> <td>36.95</td> <td>36.65</td> <td>0.30</td> </tr> <tr> <td>Customer Service & Transformation</td> <td>31.32</td> <td>26.92</td> <td>4.40</td> </tr> <tr> <td>Education & Children's Social Care</td> <td>96.81</td> <td>99.90</td> <td>(3.08)</td> </tr> <tr> <td>Environment</td> <td>13.45</td> <td>13.45</td> <td>0.00</td> </tr> <tr> <td>Finance & Capital Assets</td> <td>5.73</td> <td>6.58</td> <td>(0.85)</td> </tr> <tr> <td>Growth</td> <td>240.84</td> <td>244.23</td> <td>(3.39)</td> </tr> <tr> <td>Health & Adult Social Care</td> <td>1.09</td> <td>0.48</td> <td>0.61</td> </tr> <tr> <td>Total GF Capital Programme</td> <td>426.20</td> <td>428.21</td> <td>(2.02)</td> </tr> </tbody> </table> <p style="text-align: right;"><i>NB: Table include rounded figures</i></p>								Latest Programme £M	Previous Programme £M	Total Net Change £M	Communities, Culture & Heritage	36.95	36.65	0.30	Customer Service & Transformation	31.32	26.92	4.40	Education & Children's Social Care	96.81	99.90	(3.08)	Environment	13.45	13.45	0.00	Finance & Capital Assets	5.73	6.58	(0.85)	Growth	240.84	244.23	(3.39)	Health & Adult Social Care	1.09	0.48	0.61	Total GF Capital Programme	426.20	428.21	(2.02)
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7.	Approval is sought for the addition and spend of £30.35M to the General Fund programme to be funded as set out in annex 2.1.																																																											
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10.	Approval to spend is sought for £2.75M in 2022/23, already added to the programme in February 2020 for the Special Educational Needs and Disabilities review budget. This will allow the project to proceed to the next stage of detailed design works. It is hoped that a full update will present in early 2022/23, once the outcome of the ongoing feasibility study is known and the project scope can be finalised.																																																											
11.	<p>Approval to spend is sought for £19.96M in 2022/23, £10.06M in 2023/24 and £0.95M in 2024/25 to deliver the rolling programme of Highways works, Integrated Transport projects and Future Transport Zone, as detailed in paragraphs 35-37 and summarised in the table below. These budgets were added in February 2020 and subject to a delivery plan.</p> <p>Table 2a – Highways & Transport Approval to Spend</p> <table border="1"> <thead> <tr> <th>Project</th> <th>2022/2023 £M</th> <th>2023/2024 £M</th> <th>2024/2025 £M</th> </tr> </thead> <tbody> <tr> <td>Highways</td> <td>15.54</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Integrated Transport</td> <td>1.30</td> <td>1.94</td> <td>0.95</td> </tr> <tr> <td>Future Transport Zone</td> <td>3.12</td> <td>8.11</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>19.96</td> <td>10.06</td> <td>0.95</td> </tr> </tbody> </table>	Project	2022/2023 £M	2023/2024 £M	2024/2025 £M	Highways	15.54	0.00	0.00	Integrated Transport	1.30	1.94	0.95	Future Transport Zone	3.12	8.11	0.00	Total	19.96	10.06	0.95																																							
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	<p>Table 3 – Capital Spend by Programme</p> <table border="1"> <thead> <tr> <th>Programme</th> <th>Major Project</th> <th>2021/ 2022 £M</th> <th>2022/ 2023 £M</th> <th>2023/ 2024 £M</th> <th>2024/ 2025 £M</th> <th>2025/ 2026 £M</th> <th>2026/ 2027 £M</th> </tr> </thead> <tbody> <tr> <td rowspan="6">Communities Culture & Heritage</td> <td>Community Safety</td> <td>1.52</td> <td>3.43</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Arts & Heritage</td> <td>0.89</td> <td>8.56</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Estate Improvements - GF</td> <td>0.23</td> <td>1.12</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>1000 Parking Spaces (GF)</td> <td>0.00</td> <td>2.12</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Outdoor Leisure</td> <td>0.43</td> <td>12.70</td> <td>4.10</td> <td>0.05</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Other</td> <td>0.54</td> <td>1.27</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Customer Service &</td> <td>Digital & IT</td> <td>5.96</td> <td>3.95</td> <td>1.31</td> <td>1.02</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table>	Programme	Major Project	2021/ 2022 £M	2022/ 2023 £M	2023/ 2024 £M	2024/ 2025 £M	2025/ 2026 £M	2026/ 2027 £M	Communities Culture & Heritage	Community Safety	1.52	3.43	0.00	0.00	0.00	0.00	Arts & Heritage	0.89	8.56	0.00	0.00	0.00	0.00	Estate Improvements - GF	0.23	1.12	0.00	0.00	0.00	0.00	1000 Parking Spaces (GF)	0.00	2.12	0.00	0.00	0.00	0.00	Outdoor Leisure	0.43	12.70	4.10	0.05	0.00	0.00	Other	0.54	1.27	0.00	0.00	0.00	0.00	Customer Service &	Digital & IT	5.96	3.95	1.31	1.02	0.00	0.00
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	Transformation	Play Area Improvements	0.80	0.36	0.35	0.00	0.00	0.00
		Parks Development Works	1.32	1.45	0.00	0.00	0.00	0.00
		Fleet Investment	3.83	3.26	2.00	2.00	0.00	0.00
		Hoglands Park & Pavilion	0.00	0.25	0.75	0.00	0.00	0.00
		Other	0.96	1.76	0.00	0.00	0.00	0.00
	Education & Children's Social Care	Early Years Expansion	0.37	0.25	0.00	0.00	0.00	0.00
		Primary Review & Expansion	0.26	0.10	0.00	0.00	0.00	0.00
		School Capital Maintenance	2.37	5.30	1.36	0.00	0.00	0.00
		Secondary Review & Expansion	25.10	9.85	0.60	0.04	0.00	0.00
		SEND Review & Expansion	0.88	7.84	24.02	14.18	0.00	0.00
		Children's Services - Residential/Assessment Unit	1.65	0.67	0.00	0.00	0.00	0.00
		Other	0.44	1.50	0.03	0.00	0.00	0.00
	Environment	River Itchen Flood Alleviation Scheme (RIFAS)	0.00	0.50	4.00	4.20	0.50	1.00
		Salix Energy Efficiency Measures	1.69	0.00	0.00	0.00	0.00	0.00
		Clean Air & Green City	0.08	0.86	0.08	0.00	0.00	0.00
		Other	0.55	0.00	0.00	0.00	0.00	0.00
	Finance & Capital Assets	The Way We Work	0.63	3.11	1.00	1.00	0.00	0.00
	Growth	Bridges Programme	1.63	1.28	3.80	0.00	0.00	0.00
		Highways Programme	11.44	17.53	17.31	8.30	0.00	0.00
		Integrated Transport	7.73	9.29	6.63	7.69	22.19	31.70
		Corporate Assets Decarbonisation Scheme (CADS)	1.78	2.35	2.00	2.00	1.91	0.00
		Transforming Cities	13.37	37.38	9.48	0.00	0.00	0.00
		Future Transport Zone	2.50	7.18	6.60	1.74	0.00	0.00
		Investment Property	0.00	2.25	0.59	0.00	0.00	0.00
		Materials Recycling Facility	0.00	0.58	2.34	0.00	0.00	0.00
		Other	0.29	0.00	0.00	0.00	0.00	0.00
	Health & Adult Social Care	Health & Adult Social Care	0.07	0.21	0.10	0.10	0.00	0.00
Fire Safety Measures		0.00	0.61	0.00	0.00	0.00	0.00	
	TOTAL	89.30	148.85	88.44	42.31	24.60	32.70	

NB: Table includes rounded numbers

	MAJOR PROGRAMME CHANGES
	<u>Communities, Culture & Heritage - £0.30M Increase</u>
13.	<p><u>Art Gallery Roof (£0.90M addition)</u></p> <p>Following detailed feasibility on the works required to the Art Gallery roof £0.90M is required to be added to the existing capital project. This will allow the project to incorporate measures that will deliver improvements to the Art Gallery whilst repairing a significant element of the Art Gallery's plant and equipment. The opportunity to complete the work in a co-ordinated programme will result in significant benefits. Economies of concurrent working on difficult to access areas and a reduction in service interruptions to the public can be achieved and be delivered by 2025 as part of city preparedness for UK City of Culture. This is to be funded from Council Resources.</p>
14.	<p><u>CCTV Enhancements (£0.16M addition)</u></p> <p>Proposals are being developed to expand and enhance the CCTV network across the City to contribute to the Corporate Plan priority to help tackle anti-social behaviour, violence, and begging. The possibility of providing CCTV provision in the Daisy Dip area, following recent acts of vandalism, are being explored by officers as part of this funding. This is to be funded by Council Resources.</p>
	<u>Customer Service & Transformation - £4.40M Increase</u>
15.	<p><u>CareDirector Phase 2 (£2.49M addition)</u></p> <p>Following on from the successful implementation of Phase 1, it is planned to move straight into Phase 2 in March 2022. Further enhancements to improve usability and navigation are required to ensure the system is fit for purpose and achieve best value for the funds that have been spent to date on this scheme. By not delaying this phase the Council can maintain the skills and knowledge gained a part of Phase 1. This is to be funded from Council Resources.</p>
16.	<p><u>Play Area Improvements (£0.70M addition)</u></p> <p>This addition will allow for the rolling programme of investment into play areas to continue, ensuring young people have a safe environment to play. This will be funded by CIL contributions.</p>
17.	<p><u>East Park Pavilion (£0.14M addition)</u></p> <p>This project will allow the reconfiguration of the café within East Park to incorporate the existing mis-used toilets and changing facilities. It will ensure good quality provision for users of the local parks. This will be funded by S106 contributions.</p>
18.	<p><u>Hoglands Park & Pavilion (£1.00M addition)</u></p> <p>A project to develop the pavilion in Hoglands Park. Plans will be scoped and developed in 2022/23 with a view to works being completed in 2023/24. Approval to spend will be subject to a full business case. This will be funded by Council Resources.</p>

	<u>Education & Children's Social Care - £3.08M decrease</u>
19.	<u>Townhill Junior School Roof (£1.50M addition)</u> Work has been ongoing to maintain the damaged roof, but it is now at a point of disrepair and requires replacement. This is essential to provide a safe learning environment for the pupils and staff of the school. This will be funded by Government Grant.
20.	<u>Young Persons Hub (£0.31M addition)</u> The project will focus on transforming an area which will encourage young people to access support and advice from social care staff. The project will create an innovative space where young people feel comfortable in attending meetings, seeing their social worker, being involved in group work, provide a new learning environment and facility for social events. This will be funded by Council Resources.
21.	<u>Chamberlayne Refurbishment (£4.90M reduction)</u> Match funding with the DFE has been confirmed for the project and a final list of works agreed. The project will be fully delivered and a saving of £4.90M can be realised. This reduction was to be funded by Council Resources.
	<u>Finance & Capital Assets - £0.85M decrease</u>
22.	<u>The Way We Work (£0.85M reduction)</u> As part of the business case developed for the programme, future capital proposals were estimated to cost £0.85M less than the current budget. The budget has therefore been reduced whilst the programme is paused and on resumption it will need to operate within the proposed capital budget. This reduction was to be funded by Council Resources.
	<u>Growth - £3.39M Decrease</u>
23.	<u>District Centre Improvements (£3.00M addition)</u> A programme of works to improve the public realm and infrastructure within the City's district centres. Approval to spend will be sought once the plans have been finalised and business case prepared. This will be funded from CIL contributions.
24.	<u>Winchester Road Property Adaptions (£1.84M addition)</u> Plans to convert one retail unit into two smaller units. This will benefit the council by reducing exposure risk to one tenant's income, creating an additional unit for future growth and economic development within the City, whilst also ensuring security of income. This will be funded by Council Resources.
25.	<u>Highways Programme (£5.00M addition)</u> Additional funding for Highways, to deliver a programme of works in 2023/24, to include £0.50M on road safety projects. This will be funded by Council Resources and CIL contributions.
26.	<u>Bedford Place Public Realm (£1.20M addition)</u>

	<p>A programme of public realm improvements. A Co-Design Working Group and an Environmental Visual Audit from Hampshire Police have made recommendations for the Bedford Place area to improve issues relating to security, residential amenity, daytime economy and night-time economy, which will be incorporated into the project. This will be funded by CIL contributions and Council Resources.</p>
27.	<p><u>Belgrave Industrial Estate Roof (£1.00M addition)</u></p> <p>A series of ad-hoc repairs have been made over several years, but due to the age of the buildings and the techniques used, this approach has proved to be insufficient in providing a suitable solution to the water ingress being experienced. As a result, urgent replacement/major remedial works are now necessary in order that the units can be made fit for purpose and to ensure that SCC meets its obligations as a landlord and tenant. This will be funded by Council Resources.</p>
28.	<p><u>Materials Recycling Facility (£2.92M addition)</u></p> <p>The existing MRFs at Alton and Portsmouth are unable to process PTTs, plastic film, cartons or glass, requiring a new MRF to be constructed to enable local authorities in Hampshire to meet their statutory obligations to collect an expanded range of materials for recycling. The terms of the Tripartite Agreement require SCC to pay an 11.48% proportion of the cost of shared infrastructure, which equates to £2.92M. This will be funded by Council Resources.</p>
29.	<p><u>Itchen Bridge (£3.80M addition)</u></p> <p>The Itchen Toll Bridge is the City Council's largest and most valuable single highway asset. Cyclical and routine inspections have revealed failures of and severe deterioration to the drainage infrastructure across the bridge. The identified solution is to deliver a complete replacement to the surface water drainage system, alongside reconstruction of all the footways. The works will also include improvements to public safety. This will be funded by Council Resources and Government Grant.</p>
30.	<p><u>Bitterne Community Hub (£30.17M reduction)</u></p> <p>Cabinet has reviewed its priority projects for Southampton and determined that the development of a community hub within Bitterne Village is not required. Alternative proposals to improve local facilities will be implemented as part of the £3.00M District Centre Improvement project added as part of this report. This reduction was to be funded by Council Resources and capital receipts.</p>
31.	<p><u>Corporate Assets Decarbonisation Scheme (CADS) (£9.85M reduction)</u></p> <p>Salix 50/50 match funding is no longer available and has been replaced with a grant focused on the decarbonisation of heat – Public Sector Decarbonisation Scheme (PSDS), which is applied for on a competitive basis. Therefore, the project has been reduced by the external contributions. Should grant funding be available in the future this will be added separately.</p>
32.	<p><u>Royal Pier (£0.41M reduction)</u></p> <p>Following the end of the original redevelopment deal with partners in 2019, no new deal has come forward. The plan is for this to now be incorporated into a</p>

	wider waterfront project, as detailed in paragraph 39. This reduction was to be funded by external contributions and Council Resources.
33.	<p><u>West Quay Phase 3 (£0.42M reduction)</u></p> <p>This site has been earmarked as a potential redevelopment opportunity but with no clear project being taken forward at this stage the budget is being reported as surplus. Future budget allocations will be considered as part of the waterfront plans, detailed in paragraph 39. This reduction was to be funded by external contributions and Council Resources.</p>
34.	<p><u>Northam Rail Bridge & Transforming Cities Fund (TCF) (£12.11M addition)</u></p> <p>When the budget for TCF was originally added to the programme it was all added to one scheme while plans were still being finalised; a virement is now required from TCF to the Northam Rail Bridge project to correctly align the budgets. A £12.11M addition is also being made to the Northam Rail Bridge project, as an increased bid has now been submitted to DfT. Approval to spend will be sought once the outcome of the bid is known. The addition is to be funded by Government Grants and external contributions.</p>
35.	<p><u>Integrated Transport Programme (£4.10M addition)</u></p> <p>This addition is the next 3 years Local Transport Plan (LTP) grant that has been awarded to the Council to fund the ongoing programme to include:</p> <ul style="list-style-type: none"> • Road Safety – engineering measures and safety promotion activities, annual review of reported crash data for city, and contribution to Road Safety Partnership; • Cycling – engineering measures to improve cycling routes and safety; • Accessibility – improved pedestrian crossings and Legible Cities wayfinding programme; • Intelligent Transport Systems (ITS) – traffic signals, ongoing funding of Covid-19 mitigation measures and new traffic monitoring; • Public Transport – improve bus stops, new bus stop information including Real Time Information and bus stop flags; and • Travel to School – expansion of the School Streets programme to improve pedestrian safety at school gates. <p>Approval to spend is requested for the ongoing Integrated Transport programme, £1.30M in 2022/23, £1.94M in 2023/24 and £0.95M in 2024/25, funded by Government Grant and S106 contributions. A breakdown of individual projects is included in annex 2.2.</p>
36.	<p><u>Highways Programme (£0.08M addition)</u></p> <p>The Council is continuing to deliver highway and public realm infrastructure improvements in the City to help offset the continuing deterioration of the City's roads and footways. The programme of works for 2022/23 has now been drafted and the budgets aligned to support this, as detailed in annex 2.1.</p> <p>Approval to spend £15.54M is requested for the 2022/23 Highways programme. A breakdown of individual projects is included in annex 2.2.</p>
37.	<p><u>Future Transport Zone (FTZ) (nil net movement)</u></p> <p>This project has been rephased, £10.20M from 2022/23 to future years to reflect the planned work of this project, which was not known when the grant</p>

	<p>was added to the programme. This will allow for greater project and financial management. A breakdown of individual projects is included in annex 2.2. Approval to spend is requested for the ongoing Future Transport Zone programme, £3.12M in 2022/23 and £8.11M in 2023/24.</p>
	<p><u>Health & Adult Social Care - £0.61M Increase</u></p>
38.	<p><u>Holcroft House - Fire Safety Measures (£0.61M addition)</u></p> <p>A recent Fire Risk Assessment has identified the need to undertake a number of fire safety measures at Holcroft House, a residential home for adults with Dementia. The project will undertake the comprehensive upgrading works required to provide a “stay put” policy, including the installation of a sprinkler system. This will be funded from Council Resources.</p>
	<p>FUTURE PLANS</p>
39.	<p>Within the City there are a number of exciting opportunities that are being considered, to increase and improve both residents and visitors experience whilst in Southampton. These include:</p> <p><u>Bargate Square Public Realm</u></p> <p>The Bargate Monument forms a centre point of a Queen Elizabeth 2 (QE2) Mile. A unique timeline that runs through the heart of the city and reveals the hidden histories of the Old Town, connecting this and the waterfront to the modern precinct retail core and the Cultural Quarter. Commercial development has now restarted in the area and there is scope to deliver public realm improvements to the Bargate Square with the Bargate Monument as the centrepiece. The aim is to re-establish the Bargate’s importance as a key public space along the QE2 Mile.</p> <p><u>Mayflower Park Waterfront</u></p> <p>Potential project to establish the current Mayflower Park as a waterfront visitor destination to enhance visitor experience and compliment the proposed Spitfire Monument that is to be delivered by the National Spitfire Project.</p> <p>As these projects are still in the early stages of planning and assessing funding options, including any potential from ‘levelling up’ Government funding, there is nothing being added to the capital programme at present.</p> <p><u>Freeport</u></p> <p>Southampton City Council is also part of the freeport bid alongside other local councils and major businesses. Solent Freeport is currently in the process of submitting a final case to Government to secure the advantages a Freeport could bring to Southampton and the wider area. This should facilitate major private and publicly funded investment over the next 25 years. The forecast benefits include:</p> <ul style="list-style-type: none"> • Over £1.6bn of private investment. This includes marine technology, advanced manufacturing and logistics and high innovation firms attracted due to the tax benefits plus a forecast 26,000 jobs created in

	<p>the Solent area</p> <p>Investment facilitated by business rate growth over 25 years which will support:</p> <ul style="list-style-type: none"> • Identified Freeport infrastructure and connectivity needs, in line with agreed local and regional ambitions and strategies; • The UK's Net Zero ambitions as well as regional environmental ambitions, including the Freeport's own net zero strategy. <p>Further information on the Freeport bid will be submitted to Council shortly.</p>
	CAPITAL RESOURCES
40.	<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 grants from other bodies ; and • Direct Revenue Financing.
41.	<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.</p>
42.	<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, these grants continue to be 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>
43.	<p>The forecast for borrowing costs in 2022/23 is £18.04M, of which £5.34M relates to the HRA. This is expected to rise to £26.93M (£7.70M HRA) by 2025/26 to accommodate the capital programme, utilisation of reserves and refinancing of borrowing. More information can be found at section 2.4.10 of the Capital Strategy. The proportion of the revenue budget allocated to capital financing will increase from 10.34% for 2022/23 to 11.68% for 2025/26.</p>

44.	Table 4 shows the current level of available resources.																																
	<p>Table 4 – Available Capital Funding</p> <table border="1"> <thead> <tr> <th>Resource</th> <th>Balance B/Fwd. £M</th> <th>Received to Date 2021/22 £M</th> <th>Allocated to Current Programme £M</th> <th>Available Funding £M</th> <th>Anticipated Receipts 2021/22 £M</th> </tr> </thead> <tbody> <tr> <td>Capital Receipts</td> <td>(0.01)</td> <td>(1.83)</td> <td>4.00</td> <td>0.00</td> <td>(0.56)</td> </tr> <tr> <td>CIL</td> <td>(14.93)</td> <td>(1.47)</td> <td>19.92</td> <td>(0.00)</td> <td>(0.25)</td> </tr> <tr> <td>S106</td> <td>(9.94)</td> <td>(0.22)</td> <td>9.18</td> <td>(0.98)</td> <td>(0.09)</td> </tr> <tr> <td></td> <td>(24.88)</td> <td>(3.52)</td> <td>33.10</td> <td>(0.98)</td> <td>(0.90)</td> </tr> </tbody> </table>	Resource	Balance B/Fwd. £M	Received to Date 2021/22 £M	Allocated to Current Programme £M	Available Funding £M	Anticipated Receipts 2021/22 £M	Capital Receipts	(0.01)	(1.83)	4.00	0.00	(0.56)	CIL	(14.93)	(1.47)	19.92	(0.00)	(0.25)	S106	(9.94)	(0.22)	9.18	(0.98)	(0.09)		(24.88)	(3.52)	33.10	(0.98)	(0.90)		
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46.	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 and the response to COVID-19 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 and a small contingency is being held to alleviate pressures from any reductions to sales value.																																
47.	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.																																
48.	<p>Table 5 – General Fund Capital Receipts Estimates</p> <table border="1"> <thead> <tr> <th>Forecast</th> <th>B/Fwd. £M</th> <th>2021/22 £M</th> <th>2022/23 £M</th> <th>Total £M</th> </tr> </thead> <tbody> <tr> <td>Latest</td> <td>0.01</td> <td>2.39</td> <td>1.60</td> <td>4.00</td> </tr> <tr> <td>Previous</td> <td>0.01</td> <td>2.39</td> <td>1.60</td> <td>4.00</td> </tr> <tr> <td>Variance</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table> <p>*No further receipts from 2023/24 to 2027/27</p>	Forecast	B/Fwd. £M	2021/22 £M	2022/23 £M	Total £M	Latest	0.01	2.39	1.60	4.00	Previous	0.01	2.39	1.60	4.00	Variance	0.00	0.00	0.00	0.00												
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	Environment	2.31	1.36	4.08	4.20	0.50	1.00	13.45
	Finance & Capital Assets	0.63	3.11	1.00	1.00	0.00	0.00	5.73
	Growth	38.73	77.84	48.74	19.72	24.10	31.70	240.84
	Health & Adult Social Care	0.07	0.82	0.10	0.10	0.00	0.00	1.09
	Total	89.30	148.85	88.44	42.31	24.60	32.70	426.20
	Table 7 – Use of Resources							
		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£M	£M	£M	£M	£M	£M	£M
	*CR - GF Borrowing	(24.67)	(62.98)	(53.06)	(27.71)	(4.50)	(3.69)	(176.61)
	Capital Receipts	(2.41)	(1.59)	0.00	0.00	0.00	0.00	(4.00)
	Contributions	(4.80)	(12.17)	(11.00)	(4.70)	(2.50)	(1.75)	(36.91)
	Capital Grants	(56.35)	(72.03)	(24.38)	(9.90)	(17.61)	(27.26)	(207.53)
	Revenue Financing	(1.08)	(0.07)	0.00	0.00	0.00	0.00	(1.15)
	Total Financing	(89.30)	(148.85)	(88.44)	(42.31)	(24.60)	(32.70)	(426.20)
	*CR – Council Resources	NB: Table includes rounded figures						
50.	Table 7 demonstrates that the most significant amount of funding for the General fund programme is provided by Grants, as noted above predominately relating to schools and transport/highways. Council Resources is the next main source of funding, 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.							
51.	Every effort will be made to explore external funding opportunities to reduce the need for borrowing. On average every £1M borrowed will incur revenue financing charges (interest and MRP) of £0.06M. 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.							
	CAPITAL STRATEGY							
52.	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 2022/23 and this is attached in annex 2.3.							
53.	<p>The Prudential Code for Capital Finance in Local Authorities requires authorities 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 sets out the forthcoming capital expenditure of the Council; • 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. 							
54.	Prudential Indicators are an indication that capital investment planning and the Authority's borrowing decisions are prudent and sustainable.							

	<p>HRA prudential indicators by statute are ring-fenced and are calculated separately.</p> <p>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.
55.	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.
56.	In preparing the capital strategy, the Authority will also take into account: <ul style="list-style-type: none"> • The Council’s Treasury Strategy, to be approved by Governance on 14th February 2022; • 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 Since Q3
2.2.	General Fund Capital Programme – Scheme Details
2.3.	Capital Strategy 2022/23
	2.3(a) MRP Strategy
	2.3(b) Investment Strategy