

CAPITAL STRATEGY 2019/20

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1. Aims and Objectives

- 1.1 The overarching aim of the Council's Capital Strategy is to optimise the availability and effective use of resources to support capital projects. The Capital Strategy is intended to benefit the Council, its partners, and Stockport residents and businesses by providing a framework for optimising and managing the capital resources available to the Council, develop its overall asset infrastructure and support the achievement of the priority outcomes.
- 1.2 The Capital Strategy is a key part of the Council's overall policy framework. It is influenced by a number of internal and external policies, strategies and plans, and encompasses the demands of each to ensure priorities and plans are achieved in a timely manner, whilst resources are optimised.
- 1.3 The Council has a number of strategies and plans that influence the Capital Strategy. Many of these include assessments of the value, sufficiency and suitability of assets utilised by the Council in delivering its services. They also include indications of future capital investment that the Council will need to make to achieve their stated objectives and provide information around bids and submissions for resources to various external sources of finance.
- 1.4 The main outcome of the Capital Strategy is to ensure that capital investment and associated activities provide value for money and are in line with the Council's priority outcomes. This Strategy will develop and maintain firm foundations and clear guidelines and objectives for the Council's capital activities.
- 1.5 **Key Objectives**
The key objectives of the Capital Strategy are as follows:-
- Facilitate the allocation of available capital resources in line with the Council policies, strategies and plans;
 - Direct resources towards high priority areas to support the Council's policies, strategies and plans;
 - Enable the identification and optimisation of all sources of capital funding and ensure its effective utilisation;
 - Promote the development of capital projects that demonstrate value for money, generate efficiencies and deliver improved performance, planned outputs and outcomes;
 - Enable the production of a deliverable three-year rolling capital programme;
 - Ensure clear and understandable links between the capital programme and the revenue budget in relation to financing costs and the running costs associated with capital projects;
 - Ensure that the approval and subsequent funding of capital projects has regard to the Council's sound financial standing, including the maintenance of sufficient reserves and balances, and sustainable and affordable levels of debt; and
 - Ensure that property and other tangible asset management issues are fully reflected in the Council's policies, strategies and plans.

2. Key Principles

- 2.1 There are a number of key guiding principles that underpin the application and ongoing development of the Capital Strategy:-

- **Accountability** – to be promoted and demonstrated by Officers and Members throughout the capital planning processes, including the use of effective monitoring and reporting mechanisms.
- **Affordability** – future revenue consequences of capital projects, including the costs of capital financing, will be taken into account in determining the Council's revenue budget.
- **Prudent** – the Council will deliver a capital programme that is financially affordable, prudent and sustainable.
- **Efficiency** – the Capital Strategy will support ways to minimise costs and generate efficiencies, particularly through invest to save initiatives, taking account of local and national targets and regional strategies and initiatives.
- **Improvement** – the Capital Strategy will promote and support the achievement of improvements in service delivery and the use of resources.
- **Priorities** – the Capital Strategy will enable resources to be directed into Council priorities arising from the Council Plan.
- **Sustainability** – the Capital Strategy is a key component of the Council's drive to ensure all its resources are utilised and managed in a sustainable manner.
- **Value for Money** – projects will be effectively appraised to ensure they promote, achieve and demonstrate value for money in the provision of services and the use of resources.
- **Realistic and Deliverable** – capital investment projects must be developed with realistic timescales and budgets.
- **Risk Management** – in accordance with the Council's risk management strategy, risk assessment and management principles and activities will be embedded throughout all aspects of the Capital Strategy and programming processes.
- **Consultation** – decisions made regarding the allocation of resources will be informed and influenced by the various consultation exercises undertaken by the Council.
- **Equality** – in implementing the various elements of the Capital Strategy consideration will be given to the equalities agenda and every effort will be made to ensure that there is no potentially adverse impact on any particular disadvantaged group.
- **Partnership and Collaborative Working** – in delivering the Capital Strategy the Council will seek to work effectively with partner organisations within the Borough, with other local authorities (particularly within the Greater Manchester Region), including Greater Manchester Combined Authority (GMCA) and with the relevant regional and national agencies.

3. **Development of Capital Investment Projects**

3.1 There are a number of activities and mechanisms that may instigate capital investment proposals, key elements include:-

- Specific allocation of capital resources – the Council receives notification from Government Departments and other funding bodies of capital grant awards and contributions, which are allocated for specific purposes;
- Submission of funding bids – the Council is invited to submit bids and plans for capital funding available through Government Departments and other funding bodies, usually to address specific aims and objectives;
- Individual capital investment projects are identified that will deliver specific priority outcomes within a given timeframe. Often, there is no specific funding stream available for these projects.

- 3.2 Proposed capital investment projects must clearly demonstrate how the investment will address specific needs or achieve certain outcomes, including how they will support specific Council priorities, strategies and plans. Key steps in developing capital investment projects include:-
- **Project Appraisal** - proposed projects will need to demonstrate that they are the best option available to deliver the expected outcomes, provide value for money outcomes and outputs and that the probability and impact of risks associated with all the main factors and assumptions contained in projects and funding sources are adequately assessed and taken into account. This includes the affordability within the revenue budget of any direct additional revenue implications of implementing the capital project. It also includes the affordability within the revenue budget over the long-term of the debt repayment and interest costs associated with any prudential borrowing undertaken to fund capital projects.
 - **Project Management** – project management is essential in delivering effective capital projects. The Council has its own Project Management Framework to run projects.
 - **Capital Programme Control and Monitoring** – an essential element of overall project management requires that regular reports and updates are produced to provide information on the progress and outcomes of capital projects to ensure they are being delivered effectively. All capital investment schemes will be included in the Council's rolling three-year capital programme, which is approved by Members and reported on a quarterly basis.
 - **Post Project Evaluation** – all major capital projects should be subject to a final evaluation, setting out what it delivered against what was planned, the results of which will be formally reported.
 - **Strategy Review** – the Capital Strategy and Capital Programme will be reviewed and updated annually.
 - **Consultation** – this strategy, the Capital Programme and annual budget considerations will be shared with partners and other relevant bodies, and their responses sought. Details will also be made available on the Council's website and the views of focus groups representing the residents and businesses of the Borough will be ascertained.
 - **Capital Resource Forecasts** – sound forecasting mechanisms need to be in place to forecast with some degree of confidence the levels of all capital resources available to the Council at all times.

4. Capital Investment Funding Strategy


- 4.1 Whilst capital investment is driven by the Council's strategic objectives, the Council must be able to demonstrate, in accordance with the Prudential Code, that the investment is affordable, financially prudent and sustainable. Future capital investment is constrained by the limited availability of funding resources, such as grant funding. The Council must therefore rely on internal capital resources and look to identify and unlock new/other external funding sources to ensure that capital investment in the Borough continues. As resources are limited, there are a number of key policies that underpin the processes, which determine how capital resources are allocated, including:-
- **Grant funding** – the Council's default policy is to allocate grant funding received for the original purpose intended by the funding provider. The Council does have discretion to allocate the resource to different schemes in some cases but there is a risk that by doing so, the Council will not deliver certain outcomes expected and therefore may reduce eligibility for this funding stream in future years. Therefore

any change to the policy for allocation should be agreed with Corporate Leadership Team and with relevant Member agreement where appropriate.

- **External contributions/commuted sums** – these are usually provided for specific purposes, e.g. developer agreements, therefore these are allocated for this purpose.
- **Bidding for external capital resources** – care needs to be taken to ensure that costs and risks attached to preparing a bid and obligations tied to specific outcomes do not outweigh the benefits of receiving the additional funding. External bids and information submitted to support capital allocations should be considered by the relevant SMT, CLT and approved by the relevant Cabinet Member. Whilst the Council will always seek to obtain additional resources to support its own needs and priorities it has to operate within the constraints established for the various bidding processes as determined by the funding providers, including where required, joining with other authorities and partnerships to bid for resources on a multi-area basis.
- **Capital Receipts** – some capital receipts are ringfenced for a particular purpose, e.g. Education and Housing Revenue Account (HRA) capital receipts, and such receipts remain ringfenced for that purpose. There may be other instances where a specific capital receipt is identified as essential funding for a particular capital investment project, in which case it is ringfenced to support that particular scheme. The Cabinet (or Cabinet Member) will approve all ringfencing proposals as appropriate. All other capital receipts generated are for corporate allocation as determined by the Borough Treasurer.
- **Generation of Capital Receipts** - the generation of corporately available capital receipts to fund the capital programme is an integral and essential element of the overall capital strategy. Surplus property will be identified through the asset management framework procedure. Property issues can be complex and bringing forward assets for sale will be considered by the relevant Officer Group(s) before advice is provided to Cabinet.
- **Revenue Contributions to Capital Outlay (RCCO)** – resources may be set aside from revenue budgets and reserves to fund specific capital expenditure.
- **Prudential borrowing** - the Council may support capital investment projects with prudential borrowing provided it is prudent, affordable and sustainable and approved by the Cabinet for use within the affordability parameters set out in the Council's Treasury Management Strategy. There are two types of prudential borrowing:-
 - Directly funded borrowing - this is financed from a service cash limit budget. A robust business case must be developed demonstrating the efficiency savings that will offset the associated future cost of servicing debt. It must clearly set out how revenue budgets can meet the future repayments, which must be in line with the useful life of the asset, up to a maximum of 40 years.
 - Unsupported borrowing – this is where the capital expenditure is financed corporately. This can enable flexibility in the funding of the capital programme, for example, it could be used as temporary funding pending release of funds from the sale of property. However, with regard to permanently funding schemes, it should be used as funding of last resort where a scheme is considered critical and essential to delivering priority outcomes for the Council and there are no other funding streams available. Annual repayments from corporate non-cash limit revenue budgets must be in line with the useful life of the asset, up to a maximum of 40 years

5. **Prioritisation of Corporate Capital Resources**

- 5.1 Project managers are required to provide comprehensive details of projects that do not have specific funding streams setting out the amount of corporate financial support required. It is expected that the scheme is managed within that original allocation of funding, meaning that a further funding request will have to be submitted for any additional funding requirements to complete the project and any balances remaining unspent on completion of the project are returned.
- 5.2 The table below provides a brief indication of how all schemes requiring corporate capital funding are prioritised.

<u>Priority</u>	<u>Type of Project</u>
<div>Highest Priority</div> <div></div>	Unavoidable capital expenditure due to an emergency.
	Projects considered high priority in terms of delivering priority outcomes per the Council Plan.
	Projects necessary to deliver mandatory or legislative service delivery requirements.
	Projects that give rise to revenue savings or income generation. These can be developed as invest to save projects
	Projects attracting additional external funding support.
	Projects which improve and repair asset stock, demonstrate clear links to the Asset Management Plan and reduce the need for revenue maintenance in the future.
Lowest Priority	Projects which are not mandatory attract low external support or result in increases in revenue costs.

6. **Governance Framework**

- 6.1 The long-term aim of this Strategy is to introduce a sustainable, workable system for prioritising capital projects, which delivers an annual capital programme supporting the Council's strategic priorities and offering best value for money.
- 6.2 The Capital Strategy has strong linkages to both regional as well as local plans and strategies and provides a framework within which the Council's capital investment plans can be delivered. The Strategy demonstrates how the Council is prioritising, targeting and measuring the performance of its capital resources to stimulate greater effectiveness and better value for money from public expenditure to support the achievement of its key objectives and priorities, cross cutting activities, initiatives and local and national priorities.
- 6.3 New capital investment projects are created to address specific needs or achieve certain outcomes. Any new proposals must clearly demonstrate how they will support specific Council priorities, strategies and plans.

- 6.4 All new capital investment proposals must be fully appraised and funding allocated with due regard to the funding strategy, the details of which are set out in this report. The appraisal must incorporate internal officer experience, knowledge and skills, supported by external professional advisors where necessary and appropriate, to ensure robust decisions are made. The appraisal should include:-
- Full scoping of proposed investment, including risk assessments, appropriate due diligence, fully developed project management arrangements, outcomes to be delivered;
 - Financial implications associated with the investment, including potential impact on prudential indicators and borrowing limits;
 - Consideration of any grant conditions or other funding restrictions.
- 6.5 All capital investment decisions must be approved by the Corporate Leadership Team (CLT). They will then follow the Council's democratic decision-making and scrutiny processes to ensure that Officers and Members have full accountability and stewardship for the investment decisions made.
- 6.6 There are circumstances when decisions to approve new capital investment schemes may instead be delegated to the appropriate Cabinet Member in conjunction with relevant Corporate or Service Director, these are where:
- All scheme costs, revenue financial implications and risks associated with the scheme can be managed within earmarked resources approved for that purpose or appropriate service cash limits;
 - Appropriate consultation has taken place with key stakeholders including, for example Senior Management Teams; and,
 - The cost of the scheme does not exceed £0.250m (£0.100m for school schemes, which may be approved by the relevant Corporate or Service Director).
- 6.7 Once approved, new capital schemes will be included in the Council's three-year capital programme. Officers will monitor progress and report to Members as part of the quarterly Portfolio Performance and Resources Report.

7. Governance - Roles and Reporting

- 7.1 The Section 151 Officer has a series of specific roles with regards to Treasury Management and these are set out in the Treasury Management Strategy Statement, which can be found elsewhere on the agenda. The introduction of the Capital Strategy has extended the function of this role to include the following:-
- preparation of a capital strategy to include capital expenditure, capital financing, and non-financial investments over a longer timeframe than the current three-year programme;
 - ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
 - ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council;
 - ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
 - ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources;

- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities;
- provision to Members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees if applicable;
- ensuring that Members are adequately informed and understand the risk exposures taken on by the Council;
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above;
- creation of Treasury Management Practices, which specifically deal with how non-treasury investments will be carried out and managed, to include the following:
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
 - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

7.2 The role of Senior Management Teams (SMT) and Corporate Leadership Team (CLT) includes the following:-

- Formulate proposals for the capital strategy and associated capital policies.
- Consider strategic bids and submissions for capital funding, ensure corporate priority fit and pass comments to Cabinet Members.
- Receive reports from other strategic groups on their capital requirements and strategies to improve and optimise asset deployment.
- Advise the Cabinet on the strategic allocation of capital funding available against priorities across the whole Council.
- Monitor the three-year capital programme at a strategic level and pass comments to the Cabinet.
- Receive reports outlining the achievement of capital receipts targets and any complex financial issues arising from the disposal of surplus assets.
- Review the outcomes and outputs achieved through the capital programme.
- Co-ordinate improvements in the use of capital resources and management of the capital programme.
- Review the effectiveness of project management on projects with significant variations.

7.3 The role of the Cabinet and Cabinet Members with regards to capital investment includes:-

- Receive proposals for capital investment projects.
- Receive quarterly capital monitoring reports including a final outturn report.
- Review and propose updates to the Capital Strategy to Council.
- Propose annually the updated three-year capital programme to Council.

- Relevant Portfolio holders are to:
 - Receive proposals for projects for inclusion in the capital programme;
 - Receive reports outlining bids for capital funding; and,
 - Receive detailed capital monitoring information on schemes within their Portfolio through the provision of monitoring reports and other information.

7.4 The role of the Finance Service with regards to capital investment includes:-

- Support project managers in carrying out project appraisals;
- Support project managers in monitoring their capital projects;
- Co-ordinate the provision of all capital reports to CLT and Cabinet;
- Support SMTs and CLT;
- Co-ordinate the submission of all statutory corporate capital statistical returns; and,
- Ensure that accounting for capital is compliant with CIPFA's Code of Practice for Local Authority Accounting and Prudential Code requirements.

7.5 The role of the Project Manager with regards to capital investment includes:-

- Develop the business case for each project including full project appraisals of different options to deliver outputs and outcomes expected, engaging with external advisors as and when appropriate and necessary;
- Ensure projects are delivered on time and within the resources allocated – using the Council's PRINCE2 project manager techniques;
- Provide regular monitoring information to Finance;
- Provide detailed project briefings to SMT, CLT and Portfolio holders when required;
- Monitor the risk associated with the project and take appropriate action to mitigate these effecting a satisfactory outcome. Ensure risks are logged and reported in line with the Council's Risk Management Framework and Strategy.

7.6 Capital projects will be monitored and reported on in the following ways:

- SMTs – review quarterly monitoring information covering physical and financial progress and issues arising. Ensure programmes are delivered within the financial allocations and expected outputs are delivered.
- CLT – use programme wide oversight role to identify synergies between projects that offer greater benefits than originally anticipated, avoid bottlenecks when projects all need similar resources at the same time, and review business cases regularly to ensure that the project is still viable. This is particularly valid when projects have been delayed significantly, have stalled, or have over-run on budget.
- Member Review - quarterly report and outturn report detailing expenditure to end of the latest quarter, progress on specific schemes, resourcing statement and requests for programme variations will be submitted to the Cabinet and relevant Scrutiny Committee.
- Prudential Indicators – are provided as a means to measure progress and outcomes of capital spending and its effect on revenue budgets, Council Tax and treasury management activities. The Prudential Code sets out statutory treasury and capital prudential indicators and these will be reported to Members as estimates in the Strategy and budget reports, a mid-year update for treasury purposes, and actuals in the year-end outturn Corporate Performance and Resources Report (CPRR) and Annual Treasury Management Report. The statutory treasury and capital prudential indicators are as follows:-

Capital Prudential Indicators

- Capital Expenditure
- Capital Financing Requirement

Affordability Prudential Indicators

- Financing costs to net revenue stream

External Debt Prudential Indicators (provided in the Treasury Management Strategy, Mid-year update and Annual report)

- Authorised Limit for external debt
- Operational Boundary for external debt
- Actual External Debt
- Gross debt and Capital Financing Requirements

8. Risk Management and Contingency Plans

- 8.1 There are a number of areas of risk in relation to the delivery of the capital projects, for example, the availability of capital resources, the delivery of schemes on time and achieving successful outcomes. From initial appraisal through to completed project, risks need to be assessed and included as appropriate on project risk register, service risk logs, directorate risk logs and eventually the corporate risk register if the impact is sufficiently great. All risks should be included in project appraisal and subsequent monitoring reporting to SMTs, CLT, Portfolio Member and/or Cabinet as appropriate.

9. Third Party Loans

- 9.1 Ministry of Housing, Communities and Local Government (MHCLG) statutory guidance permits local authorities to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity. Where making such loans authorities must ensure that total financial exposure is proportionate and apply IFRS9 when measuring credit risk of loan portfolio, specifically that the 'expected credit loss' model for loans and receivables is applied.
- 9.2 The Council has a number of wholly owned companies and these are accounted for as long-term investments at historic cost in the Council's Statement of Accounts. The wholly owned companies are:-
- Stockport Homes Ltd;
 - Total Local Company Ltd;
 - Stockport Exchange Phase 2 Ltd; and,
 - Stockport Hotel Management Company Ltd.
- 9.3 In addition to the wholly owned companies, the Council has another long-term investment and that is its shareholding in Manchester Airport Group. This shareholding is valued every year.
- 9.4 The Council makes third party loans in line with the statutory guidance, for example the loan portfolio is largely made up of loans to Stockport Homes Ltd to support the Affordable Homes schemes. These will be accounted for applying the requirements of accounting standard IFRS9.

- 9.5 The Council maintains appropriate credit control arrangements and will apply these to recover overdue repayments that may occur.

10. Non-Financial Capital Investments

- 10.1 Non-financial capital investments are non-financial assets that an authority holds primarily or partially to generate a profit, for example investment property portfolios. New statutory guidance issued by the MHCLG requires authorities to include non-financial capital investments in their capital strategies. In particular, where a local authority has taken out long-term debt to finance an investment, then prudential indicators should be published that provide an assessment of the risks and opportunities of the investment over both its payback period and over the repayment period of any debt taken out. In addition, a local authority should specifically report on whether the assets retain sufficient value to provide security of investment, and, where there is not sufficient value retained, report on the mitigating actions proposed by the authority to protect the capital invested.
- 10.2 Stockport Council has a number of assets under the Investment Asset classification within its Statement of Accounts, for example Investment and Development Accounts assets such as Merseyway Shopping Centre and Redrock. Historically, these types of properties have been categorised this way because they are being held to generate rental income and capital appreciation. However, the Council has many reasons for acquiring such property, for example, strategic regeneration purposes, protection of the Town Centre and supporting the local economy, but the Council does not acquire such assets purely for generating a profit or for providing a significant revenue stream to support the Council's finances.
- 10.3 These properties are valued every year in line with CIPFA's Code of Accounting Practice and full disclosure is made in the Council's Statement of Accounts accordingly.
- 10.4 In light of the new guidance, a question has been raised about whether the Council's current categorisation of Investment Assets is still correct. Officers are in discussion with its external auditors, Mazars LLP, about this issue, which may result in a re-classification of the assets to category of Property, Plant and Equipment.

Annex A

1. Capital Programme 2019/20

- a. One aim of the Capital Strategy is to deliver an annual capital programme that supports the Council's strategic priorities and offers best value for money. CIPFA's Prudential Code requires the council to set a Capital Programme for the forthcoming financial year and at least the following two financial years. Below is a table setting out the 2019/20 Capital Programme, it also includes information about approved schemes that span beyond 2021/22.

	2019/20	2020/21	2021/22	2022/23 Onwards
Portfolio	£000	£000	£000	£000
Adult Social Care	620	0	0	0
Children and Family Services	24	0	0	0
Communities and Housing	47,315	20,002	17,133	53,885
Economy and Regeneration	62,042	31,603	30,508	6,496
Education	29,992	784	0	0
Reform and Governance	24,762	7,899	8,035	846
TOTAL	164,755	60,288	55,676	61,227

- b. The resources available to fund the 2019/20 three-year capital programme are set out in the table below. In addition, resources approved for schemes that span beyond 2022/23 are included.

	2019/20	2020/21	2021/22	2022/23 Onwards
Resources	£000	£000	£000	£000
Capital Grants	41,864	12,669	18,715	833
Directly Funded Borrowing	65,998	20,302	11,043	27,700
Unsupported Borrowing	35,273	12,978	12,403	5,743
Capital Receipts	4,995	0	893	551
External Contributions	842	85	0	23
Commuted Sums	2,152	2,000	0	0
Revenue Contributions (RCCO)	1,733	0	2,134	272
HRA funding from MRR	11,898	12,254	10,488	26,030
TOTAL	164,755	60,288	55,676	61,227

- c. Further information about the 2019/20 Capital Programme is included in the Council's 2019/20 Revenue Budget and Capital Programme report, which is elsewhere on the agenda.

2. Prudential Indicators

- a. The Prudential Code requires Local Authorities to set prudential indicators with respect to their capital programme and borrowing position to ensure that its capital plans are affordable, prudent and sustainable. The Council is required to report on a number of prescribed prudential indicators to demonstrate that it is fulfilling these objectives. The prescribed prudential indicators are:-

- Estimate of capital expenditure for the forthcoming year and at least the following two financial years;
 - Estimate of capital financing requirement for the forthcoming year and at least the following two financial years; and,
 - Estimate of financing costs to net revenue stream for the forthcoming year and at least the following two financial years.
- b. As well as the regulatory indicators, the Council has developed a further set of local prudential indicators to support the scrutiny and monitoring of capital investment plans. These indicators provide further analysis of the capital financing requirement (CFR) and minimum revenue provision (MRP).
- c. The Council's prudential indicators for the 2019/20 three-year capital programme are set out below.
- Capital Expenditure
The following table sets out the planned capital expenditure, split into General Fund (Non-HRA) and HRA, for each of the years in the proposed programme.

Capital Expenditure	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
General Fund (non HRA)	146,096	45,700	38,583	35,082	40
HRA	18,659	14,588	17,093	13,076	13,029
Total	164,755	60,288	55,676	48,158	13,069

The following tables set out the resources available for the capital programme highlighting the prudential borrowing required split into General Fund (i.e. Non-HRA) and HRA.

Financing General Fund	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Expenditure	146,096	45,700	38,583	35,082	40
Financed By:					
Capital Grants	41,864	12,669	18,715	833	0
Capital Receipts	4,539	0	893	551	0
Capital Contributions	2,994	2,085	0	23	0
Revenue Contribution	1,583	0	0	272	0
Prudential Borrowing	95,116	30,946	18,975	33,403	40

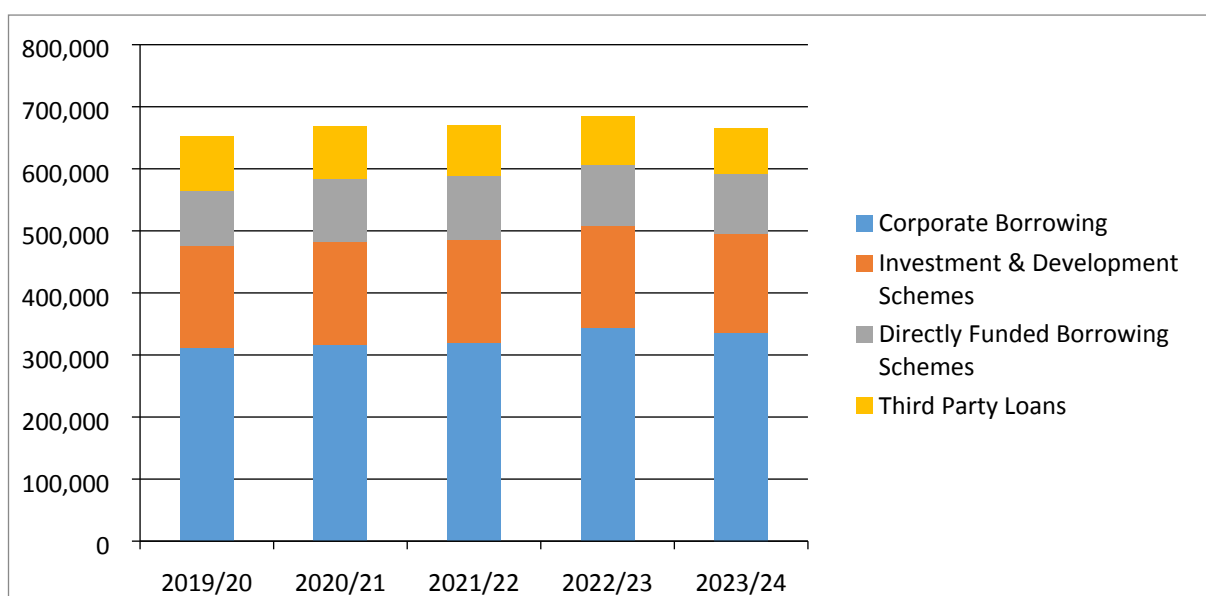
Financing HRA	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Expenditure	18,659	14,588	17,093	13,076	13,029
Financed By:					
Capital Grants	0	0	0	0	0
Capital Receipts	456	0	0	0	0
Capital Contributions	0	0	0	0	0
Revenue Contribution	12,048	12,254	12,622	13,001	13,029
Prudential Borrowing	6,155	2,334	4,471	75	0

- Capital Financing Requirement

This is a measure of the Council's cumulative underlying need to borrow as a result of capital investment and is split into General Fund (Non-HRA) and HRA.

Capital Financing Requirement	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
General Fund (non HRA)	653,188	667,929	669,304	684,215	665,004
HRA	143,753	145,205	148,774	147,924	146,978
Total	796,941	813,134	818,078	832,139	811,982

The Capital Financing Requirement (CFR) for the General fund is increasing over the medium term reflecting the amount of prudential borrowing being used to support capital investment. This is further analysed in the graph below, which shows the proportion of CFR relating to Corporate Borrowing, which is debt that is financed corporately from non-cash limits budgets, and those schemes which are intended to be self-financing, for example, by creating an additional revenue stream or by reducing operating costs.



Debt that is intended to be self-financing is categorised as follows:

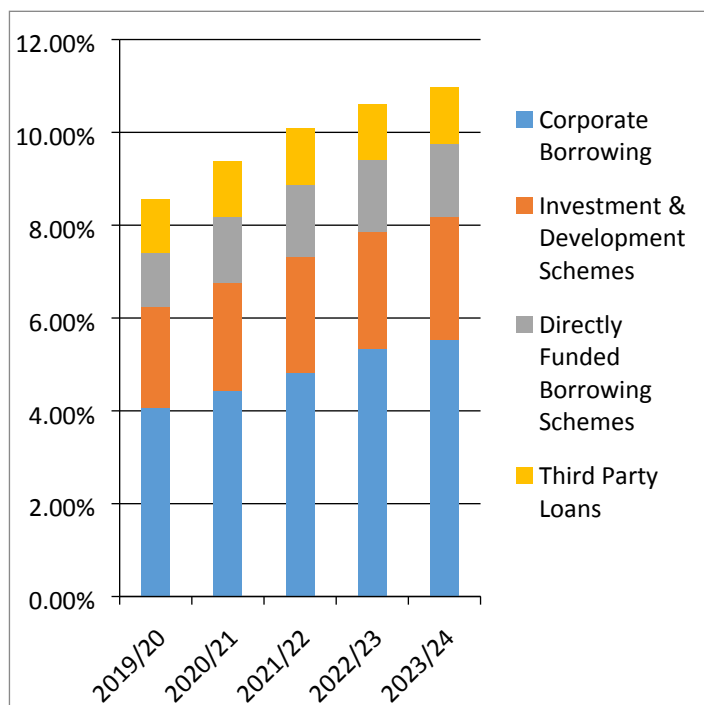
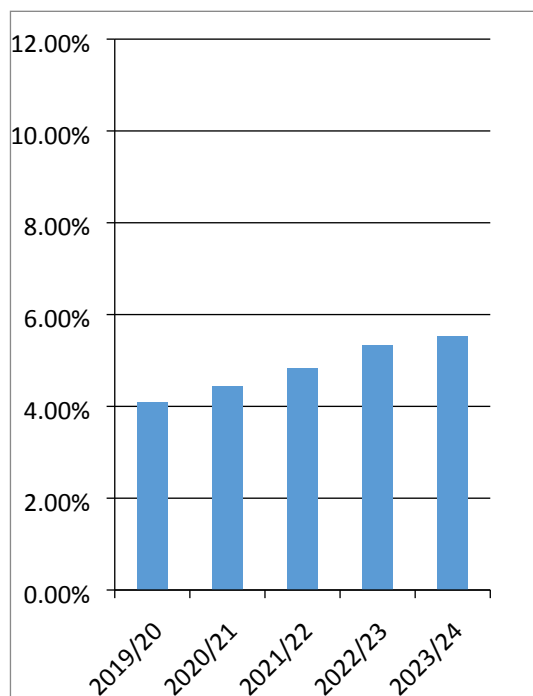
- Investment and Development (I&D) Schemes – major regeneration schemes intended to create an additional revenue/rental stream to cover the associated capital financing costs, for example, Merseyway Redevelopment;
- Directly Funded Borrowing – schemes where the costs are borne by cash limits or recharges to schools; typically being financed by additional revenue streams or operating cost reductions; for example the Street Lighting Investment Programme; and,
- Third Party Loans – these are loans to external organisations, largely comprising loans to Stockport Homes Ltd, where the financing costs are met by those organisations.

- Ratio of financing costs to net revenue stream

These indicators highlight how much of the Council's General Fund revenue budget or HRA income budget is being committed to servicing the prudential borrowing. The Ratio of Capital Financing Costs to Net Revenue Stream is the percentage of the revenue budget set aside each year to service debt-financing costs. The table below sets out the forecasts for the ratio for the General Fund corporate borrowing and then for total financing costs. The financing costs included in the table below do not take account of savings made or additional income generated by services as a result of the investment but do take account of repayments made by third parties in respect of loan funding provided by the Council.

General Fund	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Corporate Borrowing Financing Costs	9,682	10,779	11,750	13,011	13,490
Ratio to Net Revenue Stream	4.03%	4.44%	4.83%	5.33%	5.53%
Total Financing Costs	20,300	22,735	24,568	25,847	26,752
Ratio to Net Revenue Stream	8.45%	9.36%	10.09%	10.60%	10.97%

The graphs below illustrate the proportion of the General Fund ratio of financing costs to net revenue stream over the next five years. The left hand graph relates to Corporate Borrowing only and the right hand graph shows the total financing costs ratio, including Corporate Borrowing, Commercial Schemes, Directly Funded Borrowing Schemes and Third Party Loans.



The table below sets out the forecast of the ratio of financing costs to net revenue stream for the HRA.

HRA	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Financing Costs	5,727	5,870	5,912	6,010	5,989
Ratio to Net Revenue Stream	10.80%	10.83%	10.67%	10.61%	10.33%

d. Sensitivity Analysis

There are a number of assumptions made when forecasting the Council's financing costs, e.g. future interest rates and the continued Treasury Management strategy of using Council resources to finance capital expenditure instead of external borrowing, i.e. internal borrowing. The table below illustrates the impact on financing costs of changes to some of the key parameters.

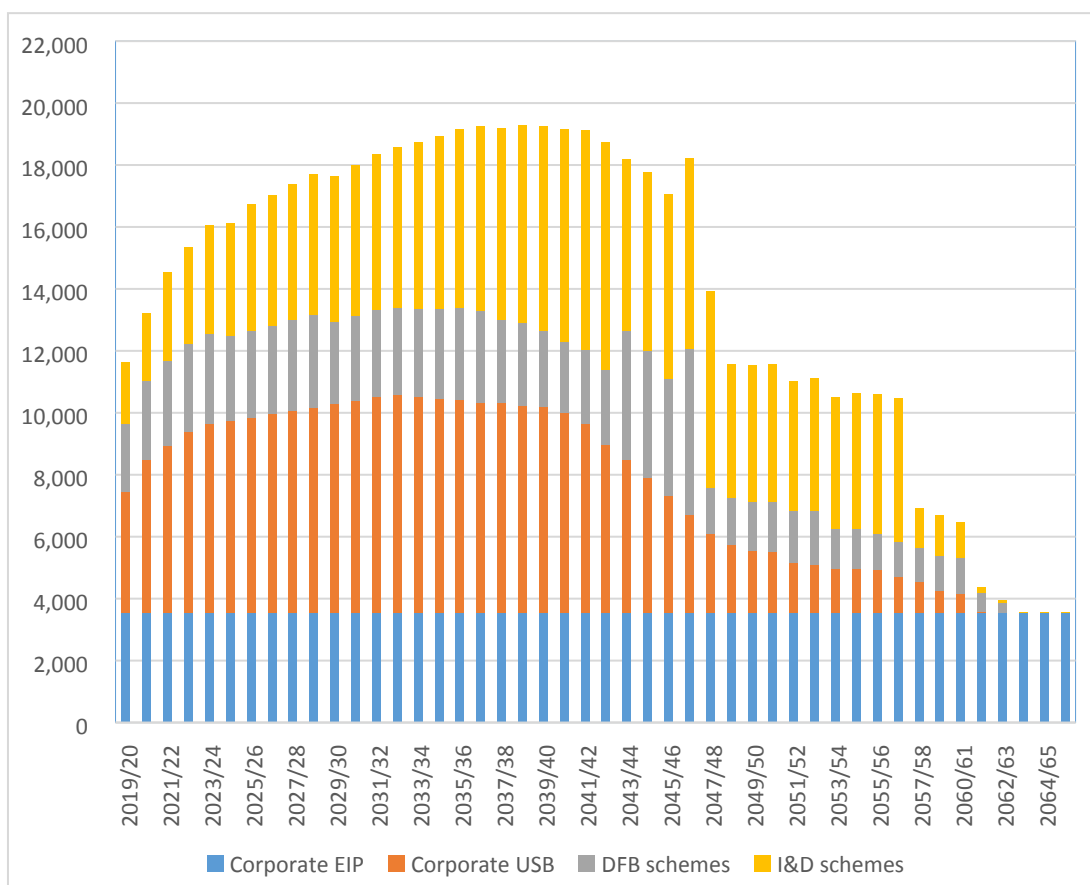
General Fund	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Financing Costs	20,300	22,735	24,568	25,847	26,765
Interest rate increase +1%	290	1,622	1,809	1,955	1,821
Income stream reduction -10%	1,260	1,626	1,768	1,948	1,988
Reduction in funds to support internal borrowing -25%	1,049	841	671	519	389
Total Impact on financing costs	22,899	26,824	28,817	30,269	3,950

The table below illustrates the revenue implications of borrowing £10m to finance capital expenditure. The costs incurred include the interest charge on the amount borrowed, which is based on a Public Works Loan Board (PWLB) maturity loan, and the MRP charge. The MRP charge can be on an annuity or an equal instalments basis per the Council's MRP policy.

General Fund Term (years)	PWLB Maturity Rates as at 18-Jan-18	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<u>Annuity</u>						
5	1.70%	2,105	2,105	2,105	2,105	2,105
10	2.18%	1,119	1,119	1,119	1,119	1,119
25	2.68%	550	550	550	550	550
40	2.46%	398	398	398	398	398
<u>EIP</u>						
5	1.70%	2,173	2,138	2,104	2,069	2,035
10	2.18%	1,209	1,188	1,167	1,146	1,125
25	2.68%	661	651	640	630	619
40	2.46%	499	493	487	480	474

3. Minimum Revenue Provision

- a. Local Authority capital expenditure must be financed from capital funding, i.e. capital receipts, capital grants and capital contributions, or from revenue. Capital expenditure not financed from capital funding or revenue within the year of spend remains unfinanced and is added to the Council's capital financing requirement (CFR). Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 requires local authorities to calculate an amount of MRP (revenue) to put aside over time that is prudent to pay down their CFR. In doing so, local authorities should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits, i.e. useful life of the asset.
- b. The following graph shows the Council's MRP commitments for prudential borrowing, including, directly funded borrowing, corporately funded borrowing (relating to existing corporate borrowing and unsupported borrowing), and I&D schemes. MRP for directly funded borrowing and I&D schemes is on an annuity basis and therefore increases over the term of the repayments. The graph does not include prudential borrowing relating to the HRA (recharged to the HRA) or third party loans (repaid by the third parties). The graph illustrates the amount of general fund revenue budget that is required to support previous and current capital expenditure plans.



Annex B

1. Capital Investment Plans and links to the Council Plan

- a. Stockport Council Plan sets out a framework for delivering its capital investment plans. This is a key strategic document setting out the Council's vision, ambitions, values and priorities. The 2019/20 Council Plan reiterates its five core outcomes, which are helping shape the future of our Borough with communities and our partners:
 - People are able to make positive choices and be independent;
 - People who need support will get it;
 - Stockport will benefit from a thriving economy;
 - Stockport will be a place people want to live;
 - Communities in Stockport will be safe and resilient.
- b. During 2018/19, the Council developed five cross-cutting themes, these form the basis of our approach to delivering Council services, which will enable us to deliver our priorities in a sustainable and efficient way:
 - Getting more out of our spending;
 - Improve citizen experience;
 - The right property in the right places;
 - Share services with other organisations;
 - An organisation fit for the future.
- c. Looking wider out to Greater Manchester, devolution is continuing to shape working with neighbours and partners across the region. The establishment of the Mayoral Development Corporation and emphasis on investment and economic growth provides opportunities for the Borough.
- d. Capital investment plans, including investment regeneration, highways, housing and education, are integral to the successful delivery of the Council's and wider region's priorities and ensuring support for the delivery of the Council's core functions.

2. Future Capital Investment Plans

At the heart of the Council Plan is a vision for inclusive growth and collaborating with our communities, which is evident in the Council's future capital investment plans.

a. Estate and Asset Management

The Council's land and property portfolio forms one of its largest resource and, as such, should be managed and used effectively to ensure that it derives maximum benefit from its assets in support of its priorities, in particular supporting the cross-cutting theme of making sure we have the right property in the right places.

Estate and Asset Management will continue to challenge and justify why assets are being retained, whilst looking at alternative options for asset use to deliver local priorities. It is essential that the Council's portfolio is fit for purpose, provides value for money and supports service delivery by the Council and its partners. Assets will normally be retained in the Council's portfolio where:-

- the assets contributes to direct or indirect service delivery;

- the asset supports economic or physical regeneration;
- provides value for money.

Capital investment in the portfolio is driven by:-

- Operational requirements - to support service delivery and redesign;
- Invest to save - capital investment to mitigate revenue expenditure;
- Non-Discretionary Spend - capital spend to fulfil statutory or regulatory requirements

The Asset Management Plan capital programme is £11.635m in 2019/20 and £4.095m in 2020/21, which is being invested to achieve the savings identified in the medium term financial plan.

Due to previous reductions in revenue funding, the available condition survey data is limited and is historic, the information held does not adequately inform investment decisions. A programme of condition surveys has therefore commenced to inform future investment decisions against the criteria outlined above. The programme of condition surveys will identify the backlog maintenance across the operational portfolio and inform future investment. Capital investment is largely funded by corporate unsupported borrowing, supplemented by minor grant funding, capital receipts allocations and revenue contributions.

There are two specific proposals for future capital investment being developed by Estates and Asset Management Service in conjunction with Events and Registrars services that will potentially provide opportunities to generate economic growth within the service. The two proposals centre around combining essential maintenance work required with refurbishment and regeneration works at the Town Hall and Chadkirk Chapel.

b. Schools Estate Capital Strategy

Schools Estate Capital Strategy now comes under the umbrella of Estate and Asset Management, which allows us to consider how we use land, building and spaces available within the Borough collectively.

The main grants for schools capital include Basic Need (BN) for additional place provision and School Condition Allocations (SCA) to address repairs, maintenance and modernisation issues. Neither grant is ring-fenced however both underpin a £25m investment to address capacity and condition issues in the schools estate as, agreed by the Cabinet in 2018/19.

A number of principles were also agreed to guide and frame the investment. These are:

- To meet the Council's statutory duty to provide a school place for every child that requires one including those with special education needs and disabilities (SEND);
- To ensure the investment is equitable and priorities are informed by the condition surveys;
- To avoid where possible future costs by investing now in school buildings' fabric;
- To increase the opportunity for children to be educated within their own community through the creation of additional places in pressured wards and promote choice by focussing on the pressure areas where further school places are needed;

- Seek best value in the deployment of the capital expenditure; and,
- Support Stockport's plan for growth.

The BN grant allocation for 2019/20 is £10.3m, reducing to nil for 2020/21. Whilst current capacity across the schools estate enables the offer of a place for every child, there are areas of significant pressure in the primary sector. In the shorter term, focus for investment in capacity will focus upon Marple and the Heatons. Secondary school choices are restricted although in the short term there are sufficient places. The Council's ambition is to achieve +5% spare capacity across each of its pupil place planning areas to allow more choice for parents and to support in-year movement.

In addition to capacity issues in the mainstream sector, there are significant challenges with regard to capacity for SEND school provision. In 2018/19, Cabinet agreed to a £14m investment in the expansion and re-build of Lisburne (primary special) school underpinned by Special Provision Capital Fund, capital receipts and corporate borrowing.

The Schools Condition Allocation for 2019/20 will follow the methodology used for 2015/16 to 2018/19 and is therefore likely to be approximately £3m but the method of allocation from 2020/21 has yet to be confirmed. The current backlog of condition work required over the next 10 years across the schools estate amounts to an estimated £72m. The backlog excludes Academy and Voluntary Aided schools, which receive capital funding through separate Central Government mechanisms.

Condition surveys will continue to be undertaken, expressed as a series of priorities:

- Priority 1: immediate need, pressing works, often health & safety concerns
- Priority 2: Works required within three years;
- Priority 3: Works that should be commissioned within five years;
- Priority 4: Issues that will need to be addressed between five and ten years.

As well as addressing the most urgent capacity issues, investment in priority condition issues will benefit the schools estate in the short to medium-term. Longer term, condition and suitability will need to be addressed to improve the quality of the schools estate as a whole, whilst continuing to support reactive maintenance needs.

Project progression will be based upon the principles outlined above and value for money factors for batching multiple projects on one site or similar projects across a number of sites, where appropriate. Full consideration will also be given to additional opportunities through one-off grants or bidding processes, which assist in the improvement of the schools estate with full review of the use of former school sites whether through disposal or re-use for education or other purposes.

Longer term, school capacity will also be impacted by the ambitions set out for Stockport in the Greater Manchester Spatial Framework and opportunities through further development will be explored in the context of this future growth.

c. Transportation Capital Strategy

The Greater Manchester 2040 Transport Strategy and draft delivery plan; and the South East Manchester Multi Modal Strategy (SEMMMS) and its draft Refresh provide the overall strategic direction for Transport until 2040. The strategies identify an overall strategic approach for maintenance and improvement of the transportation network including improvement schemes for all modes of transport. The strategies

identify that a multi-modal approach is required to deal with transport issues in the area and identifies key priorities to 2040 for transport improvements. Its draft five year delivery plan identifies major schemes that can be delivered or developed in the next five years assuming funding for individual schemes or packages can be identified.

The Greater Manchester 2040 Transport Strategy provides the overall strategic context for Greater Manchester Authorities and supports the Greater Manchester Strategy and the draft Greater Manchester Spatial Framework. The SEMMMS and its Refresh is more localised, focussing on the South East part of Greater Manchester and they have been developed in association with adjacent authorities both in Greater Manchester but also Cheshire East, High Peak and Derbyshire Councils.

The use and management of transportation networks supports the delivery of key Council strategies and plans including the Local Plan, Economic and Regeneration Priorities, Active Communities, Conservation and Heritage.

The highway including carriageway, footways, cycle routes and public rights of way is the Council's largest asset and the Council has various duties to maintain the highway and support its safe usage. The Council also seeks to undertake improvements to the highway network to support the Council's, Greater Manchester's and the Government's priorities. Transportation networks are used by all residents and businesses to allow people to live, work, undertake leisure activities and services in the area. The highway network is also utilised by statutory undertakers to carry their services including gas, water, electricity, sewage and fibre optic cables.

The highway network is a significant asset for the Council and is managed utilising an asset management approach under the strategic direction of the Transportation Asset Management Plan which is due to be reviewed in 2019. The highway assets include carriageways, footways, highway structures, streetlights, highway drainage and culverts, signs and street furniture. As part of the overall approach to asset management assets whether on the highway, public rights of way, cemeteries or parks etc. are moving towards being managed and maintained by one team under one budget: One Estate. Car park maintenance is also managed by the same team.

For each type of asset there are detailed inspection regimes and data is held on the assets allowing prioritised programmes to be developed in accordance with local policies under the guidance of the Well Maintained Highways document. Each type of asset has its own prioritised programme and these are integrated and programmed to maximise their efficiency and effectiveness. In addition, maintenance schemes are integrated into any proposed improvement schemes in the area.

As part of this overall asset management approach, the Council is funding, largely with corporate unsupported borrowing, a Highways Improvement Programme (HIP) over a number of years to focus improvement of the carriageways and footways. This programme is currently undertaking its mid-term review and the draft report is supporting its retention and completion.

The Council has also agreed to fund a Street Lighting and Illuminated Infrastructure Improvement programme to convert existing streetlights to LED. This is an invest to save programme, financed using directly funded borrowing, and is expected to significantly reduce energy costs in future years.

The above strategic background provides the policy base for maintenance programmes and priorities and feeds into a more detailed three to five year programme. Capital funding for transportation asset management comes via specific Council investment funded by prudential borrowing, e.g. HIP and Street Lighting programmes, and a capital grant which is part needs-based and part based on the Council's performance of the asset management approach. In recent years, the Council has been awarded pot funding both as an ongoing programme and as additional amounts through the year and this funding is utilised to support known maintenance priorities and expand existing programmes.

A reserve fund from the Capital Programme Investment Reserve has been allocated for highway maintenance and programmes have been agreed to utilise this funding. In addition the Council has bid for specific funding for more major maintenance schemes including the A6 Wellington Bridge and Merseyway.

Discussions are currently taking place with Network Rail regarding the replacement of Greek Street Bridge and the adjacent footbridge at Thompson Street. Both these structures need replacing and the Council has to provide a contribution for a like-for-like replacement or any improvements requested as part of that process.

The Rights of Way Improvement Plan provides the strategic framework along with Well Maintained Highways guidance and local policies for the maintenance and improvement of public rights of way.

The Council also has a flood risk management strategic function and is working to implement the Council's Flood Risk Management Strategy. Stockport has suffered significant local flooding in recent years and this has resulted in short term flood damage repair programmes being developed and funded by revenue reserves.

Transport for Greater Manchester manages and maintains the bus shelters and traffic signals on the network and the Council works closely with them regarding improvement and maintenance of these assets. Network Rail and various rail providers manage rail stations and some of the bridges over railways within the area. The Council is working with both parties to bring forward a replacement Stockport rail station as part of the rail station masterplan and Town Centre West and a new Transport Interchange on the existing bus station site.

The transportation network needs to evolve to continue to meet the needs and aspirations of stakeholders with many conflicting priorities and uses. Congestion, air quality, towards carbon zero, road safety and the desire to promote the more sustainable forms of transport impact on network priorities with buses, pedestrians, cyclists, car, van and HGV's all competing for space on the network. The use and look of the public realm is also a priority supporting the regeneration of town, district and local centre.

Strategically proposed key major transport improvements have been identified in the Greater Manchester draft delivery plan and the SEMMMS Refresh and it is intended to develop a Stockport Local Transport Plan providing more detail on smaller interventions to identify and prioritise more minor local improvements.

Major Improvement schemes within Stockport include: the A6 to Manchester Airport Relief Road, which has just been completed and opened (however significant work remains to be done on land, compensation and complimentary measures); Poynton

Relief Road is part in Stockport but is being promoted and delivered by Cheshire East; and the Town Centre Access Plan.

Stockport is in discussions with Transport for Greater Manchester (TfGM) and other local authorities regarding the Integrated Transport Block being redistributed back to the local authorities rather than continuing to stay at TfGM to support delivery of minor schemes in accordance with the 2040 Strategy.

Funding for local improvement schemes tends to be made available with specific bidding criteria and often short lived programmes. Stockport Council will seek to bid for this funding to deliver identified strategic and local priorities but the bid criteria defines what can be promoted as a scheme. Bidding opportunities are random and often have short timescales for response.

Currently, the Transforming Cities Funding has been made available for bids for pedestrian and cycle improvement schemes and the Council is still implementing projects bid for the Cycle Cities programme.

In recent years DfT has promoted bids for pinch points in the network, a recent example where the Council gained such funding is the A560 Roscoe roundabout scheme) and road safety bids for which we were unsuccessful. Generally, there is prioritisation within GM on proposals for national bids and TfGM supports GMCA by prioritising local bids.

d. HRA Asset Management

Stockport Homes Group (SHG) manages the Housing Revenue Account on behalf of the Council. SHG operates a thirty-year Asset Management Strategy that sets a framework by which current and future capital investment decisions are made. The Asset Management Strategy informs the Business Plan outlining the investment required to maintain and improve the housing stock. SHG utilise an Asset Management database, which holds stock condition data for over 11,200 properties.

In addition to the stock condition, costing information is held within the database to allow for the long term planning of budgets and improvement works.

Over the next five years investment totalling £74.907m has been identified and between 2019 and 2035 over £235m has been allocated in the HRA Capital Programme. In addition to the use of HRA funding, SHG has been successful in attracting substantial external funding including European Regional Development Funding, Energy Initiative funding, including Feed in Tariff generated from the solar panel portfolio and Renewable Heating Initiative (RHI) generated from the biomass heating portfolio. All this additional external funding is used to supplement the capital programme.

SHG Officers have continued to drive dynamic asset management techniques by developing and implementing a 'big impact' approach to investment within the stock. This approach groups investment works to properties and geographical areas to achieve greater customer satisfaction, generate value for money savings and improve current and future demand. The works have also been developed to implement new technologies, for example, CCTV wireless networks that will be utilised to deliver wi-fi services across all SHG high rise buildings. This 'big impact' approach is currently being delivered across a number of projects including Brinnington high rise buildings and the sheltered housing schemes.

On an estate level, Offerton is currently benefitting from this same approach. In 2012, Offerton underwent a master planning exercise to combat the poor energy performance of the stock, high levels of anti-social behaviour and a general improvement of the estate. Works commenced in 2017 that will benefit over 600 properties with energy performance and place-making at the core of these objectives. Improvement works to the estate will improve the feel of the estate creating local landmarks and improved environmental areas. Individual properties will be re-roofed, externally insulated and cladded, new external lighting and fencing installed. In order for the masterplan to be fully realised, SHG are coordinating works with partners including the Council, United Utilities, Openreach, Local Schools and Businesses.

The Grenfell Tower fire led to a review of high-rise buildings across the country. SHG benefitted from previous high levels of investment in fire prevention resulting in a strong position. Since Grenfell SHG has continued to invest heavily across all stock in fire prevention and will continue to do so in the future with the installation of sprinklers to 1719 flats across 22 high rise buildings as a strategic priority. In light of the funding required and the removal of the debt-cap in 2018/19, which limited the total amount of borrowing to £146.947m, a review of the thirty-year capital programme will be undertaken in due course.

Development

SHG has a rolling loan facility with the Council to the value of £77m for the delivery of new build housing. This provided a total Council investment of circa £109m including the repayment of around £32m relating to shared ownership properties. As at 31 March 2019, it is forecast that loans equating to £43m will have been drawn down leaving £34m of headroom, which will be drawn down for the following schemes:

- Booth St. Edgeley – 47 units
- Torkington Lodge, Hazel Grove – 13 units
- Hempslaw lane, Offerton – 144 units
- Hopes Carr Phase 3 & retail conversion – 18 units
- Stockholm Rd. Adswold – 48 units
- Melford Rd. Hazel Grove – 87 units
- Andrew St. Compstall – 32 units

In addition to the use of the Council's loan facility, SHG has been successful in attracting substantial Homes England grant funding, which is being used to supplement the development programme.

e. Capital Strategy – Development and Regeneration

The Town Centre development programme is a core delivery programme for the Council Plan and has a significant impact on the deliverability of the Local Plan as well as the Council's transition to self-financing.

Specific future investment propositions within the Town Centre development programme are developed in response to changing market conditions and the prospects for delivering the Council's strategic objectives for the Town Centre. The approval process for investment propositions is carried out through consultation with the Borough Treasurer on specific development / investment appraisals while maintaining and maximising the overall value of the programme is managed through the Investment and Development (I&D) Account.

The majority of investment proposals are brought forward on the basis of their commercial viability and considered for funding within the investment framework provided by the I&D Account.

The programme to date has been primarily funded through prudential borrowing, combined with external funding where possible, but the future funding regime could reflect the potential to forego revenue income from elements of the existing property portfolio in order to realise capital receipts to fund new development. The following table provides an outline of the Council's future regeneration plans and proposals. An indicative estimate of capital investment required for these plans is circa £100m.

Scheme	Investment Proposition	Potential Funding Source	Type of Investment
Merseyway Redevelopment	Potential future acquisition of property within the Town Centre	Directly Funded Borrowing (DFB)	Value Protection / I&D
Future Phase(s) Stockport Exchange	Further commercial development in line with the Masterplan	DFB / Capital Receipt	I&D
Mayoral Development Corporation	Strategic site acquisition to unlock development	DFB / External Funding (Homes England)	I&D
Town Centre Living	Intervention to unlock residential development (including site acquisition and gap funding)	DFB / External Funding (Homes England)	I&D
Princes Street	Redevelopment of Council-owned properties and acquisition of third-party properties for redevelopment	DFB	I&D
Interchange	Potential for additional investment in the residential element	DFB	I&D

Annex C - Future Developments

1. Capital Investment Programme Board (CIPB)

a. Sections 6 and 7 of the Capital Strategy set out the Governance Framework and Roles and Responsibilities in relation to capital investment plans. To facilitate the governance of capital investment plans, it is planned to develop a CIPB, which will be responsible for the Council's Capital Strategy. Details of how the CIPB will be structured is being drafted and will form a key part of the Capital Strategy. It is envisaged that the CIPB will be made up of senior officers who will:

- Be responsible for developing and maintaining the Council's Capital Strategy;
- Appraise new capital investment proposals in line with the Capital Strategy and the Council's wider corporate and strategic priorities;
- Be responsible for developing and applying a capital funding allocation policy;
- Provide robust challenge for capital investment proposals;
- Identify synergies between capital investment proposals;
- Reduce bottlenecks when capital investment proposals compete for the same resources;
- Review commercial risks and value for money of new capital investment proposals;
- Consider and recommend for approval new capital investment proposals;
- Consider the level of borrowing for capital investment and impact on subsequent revenue streams that is prudent;
- Be aware of the level of investment risk and the ability to exit these investments to mitigate these risks;
- Undertake an annual review of the Capital Programme;
- Consider and recommend for approval amendments to the Capital Programme; and,
- Monitor performance of capital projects and achievement of outcomes by carrying out Post Implementation Reviews.