

Capital Strategy

2021/22 to 2025/26

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Foreword

Shropshire Council's Capital Strategy considers the local authority's long-term aspirations taking into account corporate objectives, affordability criteria and available resources to guide capital investment decisions over the next five years.

Capital expenditure relates to long term investment in assets and differs completely from the Council's revenue budget as set out in the Council's Financial Strategy. We receive capital grants, apply for capital funding and have the ability to raise capital finance ourselves, either by selling property and other assets that we no longer need, or by borrowing funds to support long-term investment in assets.

The Council has a limited amount of capital receipts to fund the capital programme. Furthermore, any borrowing undertaken needs to be repaid, with interest, and this creates a revenue burden. Together, and in the light of a difficult financial position, these shift the Council's capital strategy towards a more commercial footing, that being a trend towards investments that generate a return, or cover their annual costs, rather than a net revenue cost to the authority.

The last financial year has provided unparalleled difficulties in response to the Covid-19 pandemic, impacting on the Council's ability to resource programmes of work, delaying delivery models, changing local and national markets and fundamentally changing focus at all levels.

We have a robust process in place to test and consider all capital investment proposals with the underlying requirement that all decisions taken are affordable. The Council's Asset Management Strategy, Economic Growth Strategy and Commercial Strategy are important documents that link together with the Capital Strategy and Treasury Strategy to enable the Council to take long term and large-scale investment decisions in a balanced and well-considered manner.

James Walton

Interim Executive Director of Resources (Section 151 Officer)

1. Introduction

- 1.1 The Prudential Code requires the production of a Capital Strategy approved by full Council each year. Section 15(1) of the Local Government Act 2003 states that in carrying out its capital finance function under the Act (including the power to invest), a local authority shall have regard to guidance issued by the Secretary of State, which includes the Statutory Guidance on Local Government Investments. This Guidance states that for each financial year, every local authority should prepare at least one Investment Strategy the content of which complies with the Guidance. The Council publishes the requirements for its Investment Strategy within the Capital Strategy in accordance with the Guidance.
- 1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a revised Prudential Code for Capital Finance in Local Authorities (The Code) in 2017. The objectives of the Code are to ensure that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation.
- 1.3 In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
- 1.4 Over the last five years there has been a growing trend for authorities to acquire land and buildings with the effect of supplementing their revenue budgets with rental income. Often these acquisitions have been supported by borrowing cheaply from the Public Works Loan Board (PWLb).
- 1.5 Questions have been asked about how these transactions fit with the guidance that has been traditionally given that borrowing to make an investment return is not permissible. The Ministry of Housing, Communities and Local Government's (MHCLG) Statutory Guidance on Local Government Investments and CIPFA's Prudential and Treasury Management codes have all been updated recently to address the implications of investment in property.
- 1.6 Alongside these updates, in November 2019 CIPFA issued additional guidance ("Prudential Property Investment") to explain the provisions in the updated Prudential Code and Framework that relate to the acquisition of properties intended to make investment returns and confirm their implications in the light of the growing activity and the changes to statutory guidance.
- 1.7 "In February 2020 Parliament reformed the statutory basis of the PWLB, transferring its lending powers to HM Treasury. In March 2020 the government consulted on revising the PWLB's lending terms to reflect these new governance arrangements, and to end the situation in which a minority of local authorities used PWLB loans to support the acquisition of investment assets primarily for yield. The government published its response to this consultation and implemented these reforms in November 2020."

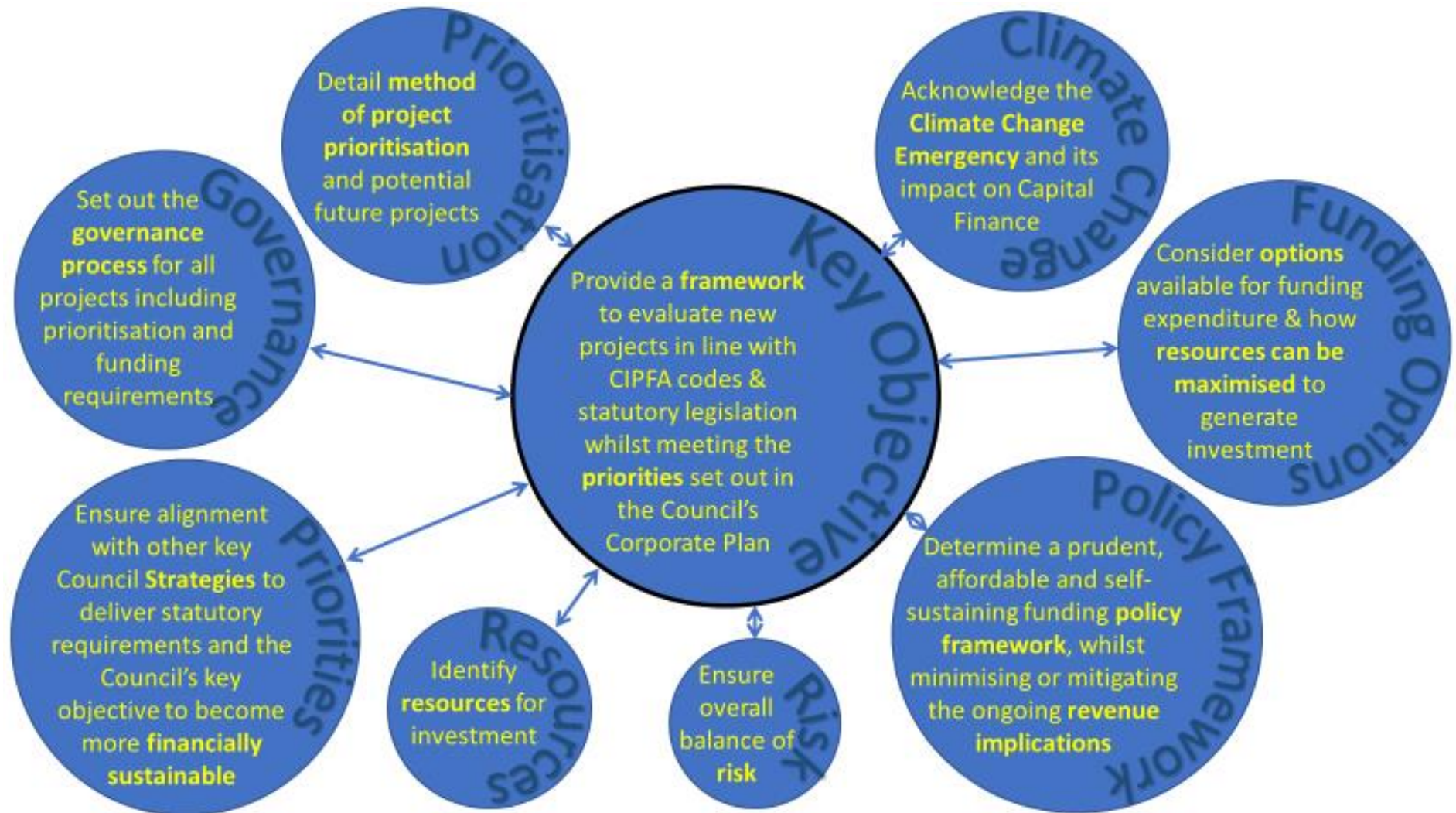
- 1.8 “The government has chosen to issue guidance rather than strict definitions because of the challenges of developing strict definitions that reliably give the intended categorisation when applied to something as diverse as local government. This is in line with the wider approach of the prudential system of recognising the complexity of the sector and drawing on the expertise of the finance director (s151 officer or equivalent) of each LA.”
- 1.9 “Each local authority that wishes to borrow from the PWLB should submit a high-level description of their capital spending and financing plans for the following three years, including their expected use of the PWLB. Local authorities will be able to revise these plans in-year as required.”
- 1.10 “The PWLB guidance specifies investment assets bought primarily for yield would usually have one or more of the following characteristics:
- a. buying land or existing buildings to let out at market rate
 - b. buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
 - c. buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly”

From PWLB Guidance to Local Authorities

- 1.11 Shropshire Council will therefore ensure that focus will be on securing sustainable capital projects that fit with regeneration objectives.
- 1.12 The capital strategy has been revised to accommodate these updates and additional guidance.
- 1.13 The capital strategy is intended to give a high-level overview of how capital expenditure; capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.14 Capital expenditure is technically described as “Expenditure on the acquisition, creation, or enhancement of ‘long term assets’”. This is items of land, property and plant which have a useful life of more than 1 year.
- 1.15 The definition of capital investment is wider than that of capital expenditure. The Ministry of Housing, Communities & Local Government (MHCLG) Guidance on Local Authority Investment states “The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate profit; for example, investment property portfolios. For the avoidance of doubt, the definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party.”
- 1.16 The Capital Strategy will continue to develop over the coming years as greater certainty over Council resources and responsibilities is ascertained following the roll out of Fair Funding and Business Rates Retention, which has now been further delayed. These reviews were originally anticipated to be effective from April 2021 but

have been delayed due to the impact of the Coronavirus pandemic. In the interim, Shropshire Council will continue to adopt a strategic approach to address challenges arising as a result of the pandemic, particularly in relation to Capital Schemes. It is anticipated that, in the fulness of time, the arrangements and ambitions set out in this document will be refined to appropriately reflect the nature of Shropshire Council's Capital Strategy over a 5 to 20-year planning horizon.

2. Objectives



3. Asset Management Planning

- 3.1 The overriding objective of asset management within the council is to achieve a corporate portfolio of property assets that is appropriate, fit for purpose and affordable. The latest Asset Management Strategy 2020 – 2025 sets out a portfolio approach and defines five key areas. The five portfolios set out the definition of how and why the property and land is held and for what purposes:
- **Operational** - Efficient, suitable and fit for purpose accommodation for the future delivery of public services.
 - **Heritage** - Community infrastructure for the future, the Council as custodian, manages and invests in these assets for future generations.
 - **Development and regeneration** - Appropriate intervention and enablement to deliver economic growth.
 - **Investment** - In support of the Council's Commercial Strategy, maximising income generating opportunities through appropriate and effective property investment.
 - **Disposal** - To divest, reduce revenue burden and fuel the Council's capital programme.
- 3.2 Asset management is an important part of the council's business management arrangements and is crucial to the delivery of efficient and effective services, the ongoing management and maintenance of capital assets will be considered as part of the strategy. The asset management planning includes an objective to optimise the council's land and property portfolio through proactive estate management and effective corporate arrangements for the acquisition and disposal of land and property assets.
- 3.3 The Council's Asset Management Strategy sets out the requirements for the continued capital investment in its estate to ensure that it is maintained appropriately to manage and mitigate against financial risk from health and safety breaches and / or failure of its landlord responsibilities incurring significant financial burden.
- 3.4 The Council's Asset Management Strategy sets out the requirement for the continued capital investment in its estate to ensure that the revenue income emanating from its property is protected and durable for future years.
- 3.5 The council will continue to realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.
- 3.6 When a capital asset is deemed as surplus, it may be sold so that the proceeds, known as capital receipts, can be spent on planned capital expenditure. Repayments of capital grants, loans and investments also generate capital receipts. The Council already has budget commitments within the current capital programme of projects expected to be funded from capital receipts. The current position of expected capital receipts against budget commitments is as follows:

| Detail | 2020/21 £ | 2021/22 £ | 2022/23 £ | 2023/24 £ |
|--|--------------------|-------------------|--------------------|---------------------|
| Corporate Resources Allocated in Capital Programme | 4,042,016 | 15,339,374 | 5,000,000 | |
| Capital Receipts used to finance redundancy costs | - | | | |
| To be allocated from Ring Fenced Receipts | 11,141,437 | 3,050,000 | - | - |
| Total Commitments | 15,183,453 | 18,389,374 | 5,000,000 | - |
| Capital Receipts in hand/projected: | | | | |
| Brought Forward in hand | 19,619,249 | 8,957,083 | (9,432,291) | (14,432,291) |
| Generated 2020/21YTD | 3,183,703 | - | - | - |
| Projected - 'Green' | 1,337,584 | - | - | - |
| Total in hand/projected | 24,140,536 | 8,957,083 | (9,432,291) | (14,432,291) |
| Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward | (8,957,083) | 9,432,291 | 14,432,291 | 14,432,291 |
| Further Assets Being Considered for Disposal | 1,261,465 | 20,494,424 | 10,668,000 | 15,900,000 |

- 3.7 The previous table demonstrates that by 2023/24 the Council will require £14.432m of generated capital receipts to meet its current liabilities within the approved capital programme. Of this budget requirement £48.324m of assets have been identified as surplus to requirements with the potential to dispose, therefore potentially resolving the funding shortfall. Considerable work will be required to realise these receipts and minimise the funding shortfall.
- 3.8 Asset Management Planning needs full consideration as part of the Capital Strategy to fund future projects that are deemed unsuitable to be funded from Prudential Borrowing as they neither generate new income nor create revenue savings that will fund the resulting MRP requirement. At the point of considering such projects for inclusion in the Capital Programme, asset disposals to fund these projects will form part of the full appraisal process.

4. Governance Arrangements

- 4.1 To ensure that available resources are allocated optimally and deliver value for money, investment programme planning is, whilst having its own approval process, determined in parallel with the service and revenue budget planning process within the framework of the Financial Strategy.
- 4.2 New programmes of expenditure will be appraised along with other investments and grant allocation programmes following a clearly defined gateway process. The authority will make use of internal officer experience supported by external professional advisors where necessary to ensure robust investment decisions are made. This advice will cover financial, legal, property and economic outcomes through appropriate appointments.
- 4.3 The authority has an appraisal mechanism in place which will seek to ensure that there is an integrated approach to addressing cross-cutting issues, both internal and external to the authority, developing and improving service delivery through transformation and its investment in pursuance of the authority's over-arching aims. These include Officer Groups which bring together a range of service interests and professional expertise, including:
- Democratic decision-making and scrutiny processes which provide overall political direction and ensure accountability for the investment in the Capital Programme.
 - A Capital Investment Board (CIB) which will oversee the investment portfolio. It will be supported by a matrix group of officers of all specialities that will continue to appraise all business plans using independent external advisors if necessary. This will assist the making of investment decisions based on full site investigations, due diligence, funding package, undertaking full risk and reward assessments, lifetime costings, asset replacement and monitoring the outcome and reviewing those projects already in progress;
 - The Strategic Programme Officer Group (SPOG) overseeing and reviewing business cases for investments prior to sign off and for submission to Capital Investment Board and Cabinet/Council approval;
 - Specific Project boards of management groups with wide ranging membership to oversee significant development projects as required.
- 4.4 For projects and programmes an Expression of Interest (EOI) will be submitted that needs to include the investment levels required, source of funding, outcomes to be delivered, risk assessments, appropriate due diligence, repayment mechanisms, revenue impacts and full lifetime costings. These will be scored against an agreed weighting and appropriate recommendations made to the SPOG.

- 4.5 Subject to the EOI proposal being approved a detailed Outline Business Case (OBC) will be submitted and appraised in line with the Council approved methodology of the Treasury 5-case model, prior to a Full Business Case being completed and appended to a Council report. A suite of template documents is appended to the OBC to ensure a consistent approach to project delivery. These include;
- Risk Register;
 - Cash Flow Modelling;
 - Gantt Chart for project timeline;
 - Project Board Terms of Reference and Agenda;
 - Procurement considerations;
 - Project closure report.
- 4.6 Under certain circumstances, as specified in the Commercial strategy, an alternative approach is necessary for spending decisions from the approved commercial investment pot.
- 4.7 Officers negotiating commercial deals are aware of the core principles of the Prudential Framework and the regulatory regime through the provision of appropriate training and advice.
- 4.8 Officers and Members involved in the decision making process in relation to proposed projects and programmes will have the appropriate capacity, skills and information to enable them to take informed decisions to acquire specific investments, to assess investments in the context of the Council's strategic objectives and risk profile and to understand how decisions have changed the overall risk exposure of the Council.
- 4.9 This assurance will be secured through the provision of relevant training and advice, detailed scheme business cases, financial appraisals and regular monitoring and review of the Council's overall investment position.
- 4.10 A summary of the programme governance is detailed in Appendix A.
- 4.11 Future monitoring of the programmes will include more rigorous expenditure profiling, outcome achievements, delivery against timetable, returns, risk assessments and completion reviews for each project.
- 4.12 Quarterly Capital Programme reports will continue to be submitted to Cabinet that identify changes to the approved programme to reflect;
- New resource allocations
 - Rescheduling in programme delivery
 - Programmes reduced or removed
 - Virements between schemes and programmes to maximise delivery.
 - Revisions to spend profile and funding to ensure ongoing revenue costs are minimised.
 - Monitor the funding of the programme
 - Capital receipts generated

5. Investment Approach

- 5.1 Underlying the Capital and Investment Strategy is the recognition that the financial resources available to meet capital expenditure priorities are constrained by a significant reduction in financial resources. The Council must therefore rely on internal capital resources including borrowing or external funds and seek ways in which all investment decisions, relating to either single schemes or defined programme of schemes, are no less than self-sustaining financially whilst generating significant positive returns in terms of meeting priorities.
- 5.2 The Council's approach to investment will reflect those investments made into the delivery of services and those designed for a wider economic basis. A balanced portfolio approach to investment will ensure an overall net average return reflecting some investments will yield higher returns than others and limit exposure to volatility in any one area.
- 5.3 The Council envisages that investments can be classified into three main categories being:
- Commercial
 - Transformation
 - Economic Growth

5.4 **Commercial**

Commercial investments can be sub-divided into several investment types:

Private Commercial (C1)

Acquire, build, re-develop, manage, sell property for income generation purposes, for which the Council is predominantly seeking a return rather than another factor, such as economic regeneration, without utilising PWLB borrowing.

Public Commercial (C2)

Acquire, build, re-develop and manage property specifically designed to deliver services from public sector partners.

Hybrid (C3)

Develop new and innovative solutions that provide a mix between Council functions, Public Sector, Commercial Return and Place Shaping.

Private Housing (C4)

Facilitate (including via provision of funding or loans), acquire land for, build, re-develop, manage or sell-on residential housing solutions encompassing all development types including high end to affordable, new build to redevelopment of iconic sites.

5.5 Transformation

Transformation investments can be sub-divided into several investment types:

Non-Property Service Investment (T1)

Invest in and re-develop direct service delivery, but not necessarily physical assets or property.

Assets to Manage Growth (T2)

Acquire land or property, build, re-develop, manage and deliver services from property specifically designed to deliver core Council services with the key objective being arresting growth in service costs.

Assets to Manage Rationalisation (T3)

Acquire land or property, build, re-develop, manage and deliver services from property specifically designed to deliver core Council services with the key objective being rationalisation, reduction and efficiency.

5.6 Economic Growth

Economic growth investments can be sub-divided into a few investment types:

Infrastructure (EG1)

Acquire land for infrastructure and build or commission strategic infrastructure within Shropshire, also with potential for a commercial return, potentially to reduce costs, potentially to create wider strategic opportunity for development.

Economic Growth (EG2)

Acquire land, provide investment (including via provision of funding or loans) and build, re-develop, manage, sell property with a focus on place shaping and regeneration that is financially viable in that, as a minimum, it remains affordable and delivers value for money to the Council.

5.7 Each investment category and investment type are exposed to the following investment risks:

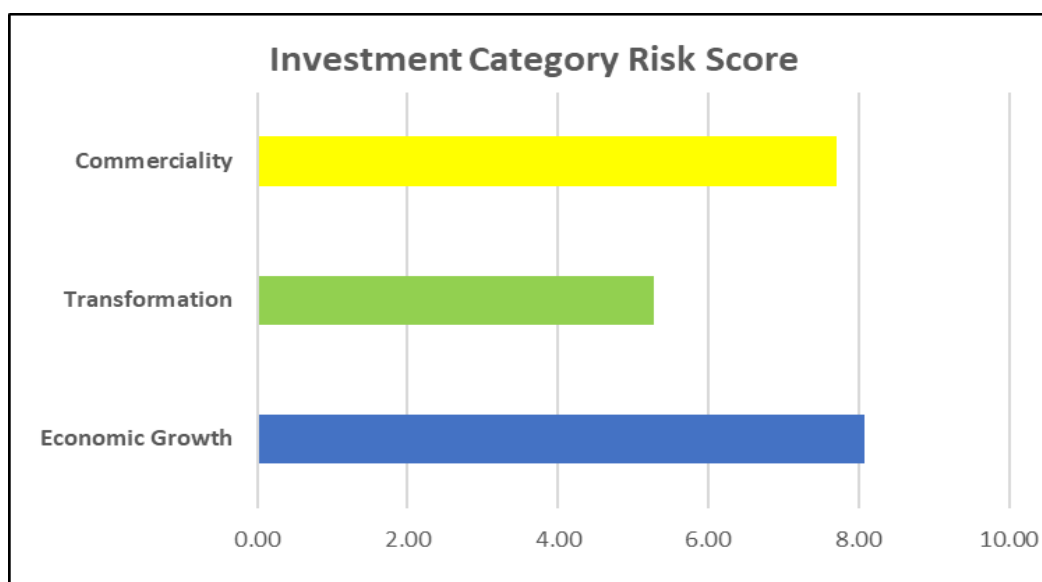
- Technological - impact of the Fourth Industrial Revolution¹.
- Demographic - Ageing population.
- Economic - Economic slowdown/slow recovery, death of the high street, Brexit - business investment in the UK, supply chain disruption.
- Employment - Brexit - large scale involuntary reverse.

¹ The Fourth Industrial Revolution is the current and developing environment in which disruptive technologies and trends such as the Internet of Things (IoT), robotics, virtual reality (VR) and artificial intelligence (AI) are changing the way we live and work.

- Governmental - Regulatory/legislative changes and fiscal impacts.

5.8 The Council has assessed each investment type in terms of the likelihood and impact of each investment risk and so compiled an investment risk score for each investment type and an overall investment risk score for each investment category.

5.9 The graph below shows the average investment risk score for each of the three investment categories.



5.10 Economic Growth is assessed as the riskiest investment category because of high-risk perception in relation to the impact of the Fourth Industrial Revolution, economic slowdown / slow recovery, death of the high street and Brexit - large scale involuntary reverse migration.

5.11 Economic Growth is closely followed by the Commercial investment category as the result of high-risk perception in relation the impact of the Fourth Industrial Revolution, death of the high street, economic slowdown / slow recovery and regulatory / legislative changes.

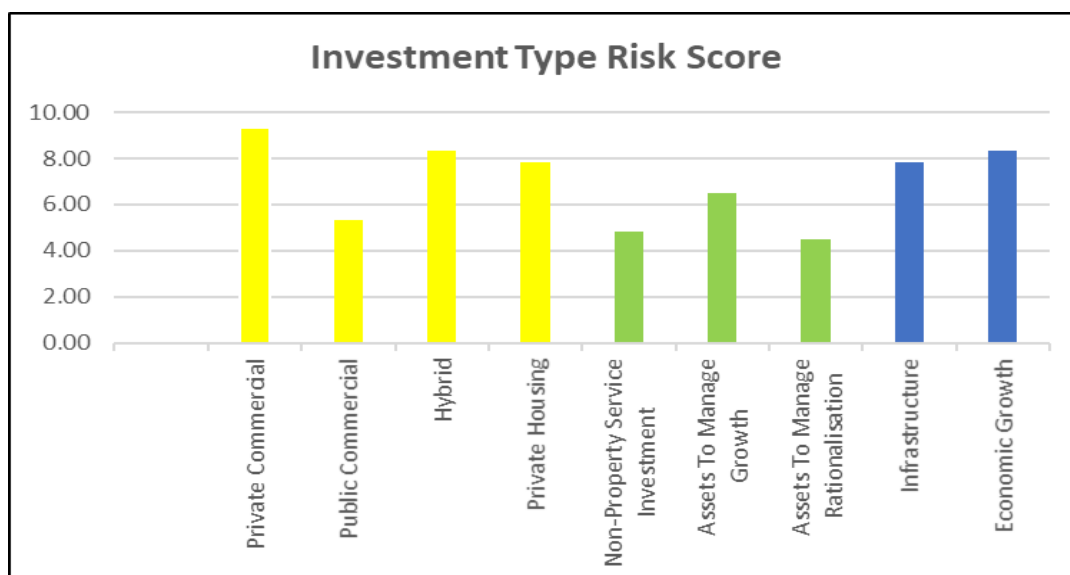
5.12 Unsurprisingly, the investment category with the lowest risk perception is Transformation. Essentially this is the Council investing in existing areas of expertise, i.e. investing in and developing direct service delivery either through non-property or assets to transform services and manage service growth and rationalisation.

5.13 Risk is one side of a Risk and Reward assessment that should be made for any proposed investment. It follows that higher risk areas would be expected to deliver a higher financial return. The scope and nature of potential investments that a local authority can make do not necessarily follow this pattern, however, and as such the management of risk at a macro level provides an appropriate level of assurance at early stages of development.

5.14 Diversification across all risks is the key to delivering a balanced portfolio of investment across the Council. It follows, however, that low risk, high return proposals, which may

centre around investment in local authority and other public sector bodies' assets, could be an acceptable exception to this general rule.

- 5.15 The following graph shows the average investment risk score for each of the nine investment types.



- 5.16 The risk scores for the various investment categories and investment types have been utilised to determine proposed, estimated Investment Fund exposure ranges for each investment type as follows:

| Investment Category & Type | Investment Fund Exposure Range (%) | |
|------------------------------------|------------------------------------|--------------|
| | Minimum % | Maximum % |
| Commercial | 34.0% | 44.0% |
| - Private Commercial | 6.3% | 9.3% |
| - Public Commercial | 12.2% | 15.2% |
| - Hybrid | 7.2% | 10.2% |
| - Private Housing | 7.8% | 10.8% |
| Transformation | 38.0% | 48.0% |
| - Non-Property Service Investment | 13.1% | 17.1% |
| - Assets To Manage Growth | 9.2% | 13.2% |
| - Assets To Manage Rationalisation | 14.2% | 18.2% |
| Economic Growth | 13.0% | 23.0% |
| - Infrastructure | 6.3% | 12.3% |
| - Economic Growth | 5.7% | 11.7% |

6. Current Capital Programme

- 6.1 The current projected capital programme is shown below in summary with the full detailed programme included as Appendix B. It includes all projects that have proceeded to approval stage, either via delegated powers or full Cabinet and Council recommendation approvals. It also includes estimates for capital grants for 2021/22 and beyond where there is an expectation that grant funding will continue, such as Highways Maintenance and School Maintenance Grants.

| Capital expenditure | 2019/20 Actual | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | £ m | £ m | £ m | £ m | £ m |
| Non HRA Capital expenditure | 46.5 | 63.2 | 94.6 | 64.9 | - |
| HRA Capital expenditure | 6.0 | 5.9 | 20.1 | 19.8 | 14.0 |
| Commercial activities/non-financial investments | 6.7 | 4.3 | 35.4 | 30.0 | - |
| Total Capital expenditure | 59.2 | 73.4 | 150.2 | 114.8 | 14.0 |

- 6.2 The above table shows the expected capital programme budget as at Quarter 3 2020/21. It will be revised following completion of the 2020/21 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2020/21 into 2021/22.
- 6.3 The Council may also receive additional grant notifications throughout the financial year or if bids are submitted for additional grant funding as the year progresses. These changes will be reported as part of the quarterly finance strategy reporting.
- 6.4 There are several projects being considered that are being processed via the appraisal mechanism that is in place. As these projects have not completed the full cycle of appraisal they are not included in the capital programme budget above but are informed as part of the prioritised projects discussed in section 8, where the impact of having additional budget requirements, and the resulting effect on the Capital Financing Requirement against prudential indicators is fully assessed. As these projects progress through both the appraisal process and the Councils governance requirements they will be added into the capital programme.

7. Funding the Current Capital Programme

7.1 There are several sources of funding the Council can use to finance its Capital Programme. The Current Programme is funded from the following sources;

- Capital Receipts
- Prudential Borrowing
- Developers Contribution (S106, CIL)
- Revenue Contributions
- Capital Grants
- Cash Balances / Internal Borrowing

7.2 Capital Receipts

Capital Receipts come from the sale of the Council's assets. If the disposal is Housing Revenue Account land or property, then the whole receipt is not available to support the capital programme as a percentage must be paid over to the MHCLG. Where the sale of an asset leads to the requirement to repay grant, the capital receipt will be utilised for this purpose. Once this liability has been established and provided for, capital receipts will be available to support the capital programme as a corporate resource. Where the asset has been funded from prudential borrowing a review will be undertaken to determine whether the most cost-effective option is to utilise the receipt to repay debt, considering the balance sheet position of the authority.

7.2.1 Flexible use of Capital Receipts

The 2015 Comprehensive Spend Review (CSR) announced that local authorities will be allowed to spend up to 100% of capital receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Instead of holding assets that could be made surplus, councils will be able to sell them to reinvest in their services. Guidance relating to specific conditions, number of years that this will be offered and the qualifying criteria for a 'reform' project was issued as part of the Final Local Government Settlement on 11th March 2016. The key points included:

- The direction originally only related to new receipts received in the period 1st April 2016 to 31st March 2019 that could be applied to meet the revenue costs of reform incurred in the same timeframe. This has since been extended to 31st March 2022;
- The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to the authority's net service expenditure and is expenditure on a project where incurring upfront costs will generate ongoing savings; and
- Individual authorities demonstrate the highest standards of accountability and transparency.
- Examples of qualifying expenditure include the sharing of back office and administrative services; investment in service reform feasibility work; collaboration between central and local government to free up land for

economic use; funding the cost of service reconfiguration or restructuring leading to ongoing efficiencies; sharing Chief Executives; driving a digital approach; aggregating procurement on common goods; improving systems and processes to tackle fraud; setting up commercial or alternative delivery models to deliver services more efficiently or increase revenue income; and integrating public facing services across two or more public sector bodies

7.2.2 HRA Right to Buy Receipts

In most cases there will be no ring fencing of capital receipts to specific projects. One exception to this is the retained Right to Buy (RTB) receipts held by the Council under the agreement signed in June 2012 and amended in June 2013. Under this agreement any retained RTB receipts, which are not used for the specific purpose of providing replacement affordable housing, must be returned to MHCLG.

7.3 Prudential Borrowing

The Council will investigate opportunities to resource capital projects using prudential borrowing where plans are sustainable, affordable and prudent. Full appraisal will take place to ensure that, where appropriate, sufficient revenue returns are generated to cover the cost of borrowing.

Where it is considered that prudential borrowing is the appropriate method of funding, but it requires additional revenue financing, the cost will be built into the revenue budget planning process. There are various debt instruments available for financing prudential borrowing and these are explored in detail in the Treasury Management Strategy.

The PWLB remains the Council's preferred source of long-term borrowing given the transparency and control that its facilities continue to provide. The Council qualified for borrowing at the 'Certainty Rate' (20 basis points, i.e. 0.20%, below the PWLB standard rate) for a twelve-month period from 01/11/2020 to 31/10/2021, through its application to MHCLG in September 2020.

7.4 S106 Developer Contributions

S106 agreements are made with developers / landowners as part of the planning approval process to ensure that new development mitigates its own impact and provides the necessary infrastructure to support it.

These contributions are site specific or can be 'pooled' for a maximum of 5 site specific projects. Any contributions received are 'ring-fenced' for the purpose as set out in the relevant S106 agreement and are applied to fund schemes within the relevant capital programme once an eligible scheme has been identified.

S106 contribution agreements have covered all types of infrastructure including transport, affordable housing, play areas, open spaces, playing fields, public realm and public art. However, since the Council adopted CIL the planning obligations sought within S106 agreements have been scaled back to deal with only site-specific requirements, as required by the CIL Regulations. Pooled contributions previously

sought for strategic transport, public realm and public open space related obligations are now dealt with by CIL.

The S106 contributions are time limited in that if they are not spent within an agreed timescale, typically 5 - 10 years, dependent on what has been agreed in the S106 agreement and any funds not spent in line with the agreement would have to be repaid to the developer, which, may include interest.

Consideration of available S106 funding should be taken into account when agreeing, for example, the roads programme for future years to maximise the use of the available funding and reduce the reliance on other sources of funding, predominantly borrowing. With the exception of funding for affordable housing the other pooled S106 obligations, such as Strategic Transport, Public Realm and Public Open Space will become zero over time as the CIL continues to be applied.

7.4.1 Proposals for a New Levy on Developer Contributions

The government has consulted on plans to radically shake-up the process of negotiating developer contributions via an overhaul of the current system. The proposals would introduce a new infrastructure levy to replace the system of securing developer contributions towards affordable housing, roads and schools. The proposed levy would replace planning obligations, negotiated with developers through S106 agreements and CIL with a rate set nationally as a fixed proportion of a developments final value and charged at the point of occupation. Developments below a certain threshold would be exempt to protect the viability of smaller sites.

7.4.2 Community Infrastructure Levy (CIL)

CIL contributions are determined by set rates as detailed within the Council's CIL Charging Schedule and based on the amount of floor space being created by the development. CIL can be used to fund a wide range of infrastructure that is needed as a result of new development but is not site specific, giving more flexibility in where the funding can be used in geographical terms.

The CIL does not replace the requirement of S106 contributions. S106 contributions will still be relevant and will be sought alongside CIL.

The Planning Act and subsequent Community Infrastructure Levy Regulations 2010 (as amended) says that authorities can only spend CIL on providing infrastructure to support the development of their areas. This includes flood defence, open space, recreation and sport, roads and transport facilities, education and health facilities. However, it does not include affordable housing, which will continue to be funded by S106 obligations.

7.5 Revenue Contributions

An element of the revenue budget can be set aside to fund the capital programme (Direct Revenue Financing). However, with increasing General Fund revenue pressures these amounts available are reducing. A service or school may wish to offer some of its revenue budget to support the financing of a capital project. This is acceptable if it can be demonstrated that this funding is unfettered.

7.6 Capital Grants

7.6.1 Government Grants

Capital resources from Central Government can be split into two categories:

- *Non-ring fenced* - resources which are delivered through grant that can be utilised on any project (albeit that there may be an expectation of use for a specific purpose). This now encompasses the vast majority of Government funding and the Council will initially allocate these resources to a general pool from which prioritised schemes can be financed.
- *Ring-fenced* - resources which are ring fenced to particular areas and therefore have restricted uses, specified by the funder.

7.6.2 Non-Government Contributions

Where there is a requirement to make an application to an external agency to receive external funding, and when appropriate to commit Council resources as matched funding to any bid for external resources, a business case should first be presented for consideration to the CIB. The business case must demonstrate how the project aligns to Council's priorities and how matched funding and any revenue consequences can be managed within the context of the capital and revenue budget.

7.7 Cash Balances/Internal Borrowing

The term Prudential Borrowing above does not automatically lead to external borrowing as the Council may be able to use cash it holds in reserves and as working capital which is usually termed internal borrowing.

7.8 Funding Summary of the Current Capital Programme 2019/20 - 2023/24

The current projected capital programme is financed as follows:

| Financing of capital expenditure | 2019/20 Actual | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate |
|----------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | £ m | £ m | £ m | £ m | £ m |
| Capital receipts | 2.2 | 8.3 | 15.9 | 5.0 | 0.0 |
| Capital grants | 37.0 | 47.8 | 56.7 | 61.9 | 3.0 |
| Other Contributions | 3.7 | 7.9 | 24.5 | 0.1 | 0.0 |
| Major Repairs Allowance | 3.7 | 3.5 | 1.0 | 3.8 | 0.0 |
| Revenue | 3.6 | 1.4 | 4.3 | 3.0 | 1.0 |
| Prudential Borrowing | 9.0 | 4.6 | 47.8 | 41.0 | 10.0 |
| Total Financing | 59.2 | 73.4 | 150.2 | 114.8 | 14.0 |

Over time all debt whether it be internal or external borrowing must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). The Council is required to make an annual MRP statement which is included within the annual Treasury Management Strategy report. The project appraisal process ensures that all projects that are not fully funded from secured grants or capital receipts are assumed to be funded from Prudential Borrowing

and must demonstrate that any future borrowing requirement is affordable and sustainable within the requirements of the project.

The current MRP budget requirements based on the estimated capital programme above are as follows:

| MRP Budget Requirement | 2019/20 Actual | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate |
|--------------------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | £ m | £ m | £ m | £ m | £ m |
| MRP (Excluding PFI / Finance Leases) | 4.4 | 4.7 | 5.0 | 6.2 | 7.3 |

8. Capital Project Prioritisation & Future Schemes

- 8.1 The main objective for the introduction of the Capital Strategy requirement was in response to the major expansion of local authority investment activity into the purchase of non-financial investments, particularly property. The capital strategy therefore requires local authorities to assess investments over the long-term as opposed to the usual three years that planning has been conducted over.
- 8.2 Section 6 of this strategy summarises the current approved capital programme for the three years to 2022/23. The projects included within this programme have progressed through the governance process and are deemed to have been assessed fully to ascertain the outcomes of the project against criterion of risk and reward.
- 8.3 In order to comply with the requirement to consider capital expenditure over a medium to long-term period and to determine the financial sustainability of the authority, focusing on the affordability of the capital programme, Shropshire Council has compiled a planned programme of capital schemes that are proposed but have yet to complete the full due diligence process.
- 8.4 All projects being considered have been evaluated to establish an estimated cost and delivery timeline to produce a proposed capital programme 2021/22 to 2025/26 which would total £399.578m, of which £291.054m would be anticipated to be funded through borrowing. Undertaking all these schemes directly funded by the Council would create significant financing issues and an unaffordable impact on future revenue budgets. This programme of capital schemes, therefore, needed to be prioritised and prioritisation standards were identified in order to achieve this.
- 8.5 The highest priority was given to those projects that have already secured external funding, and therefore to which the Council is, in effect, already committed. Failure to deliver these projects could have a significant detrimental impact on the Council, not least in terms of reputational damage.
- 8.6 The table below shows projects that have part, or all, of their estimated cost funded through external sources. The total cost of these is £75.112m, of which £61.826m is required to be financed by borrowing. When this amount is offset against the existing estimate of available capital receipts, it leaves a net borrowing requirement of £41.980m from these schemes. The estimated costs incurred from this level of borrowing are shown below (based on PWLB interest rate forecasts provided by Link Asset Services and contained in the Quarter 3 2020/21 Treasury Management Report). The revenue impact of these projects, as reflected by the additional Annual MRP requirement, is £2.251m by 2024/25.

| | Spend Profile on Borrowing Requirement (£m) | | | | | | | |
|--|---|--------|--------|-------|-------|-------|-------|------------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | Total (£m) |
| Total for Externally Funded Projects (£m) | 13.980 | 33.877 | 13.969 | 0.000 | 0.000 | 0.000 | 0.000 | 61.826 |
| Capital Receipt Profile (£m) | | 15.877 | 3.969 | | | | | 19.846 |
| Net Borrowing Cost (£m) | 13.980 | 18.000 | 10.000 | | | | | 41.980 |
| Annual MRP Requirement (£m) | | 0.743 | 0.966 | 0.543 | | | | 2.251 |
| Cumulative MRP Requirement (£m) | | 0.743 | 1.708 | 2.251 | 2.251 | 2.251 | 2.251 | 2.251 |

8.7 The next highest priority was given to those projects to which there is already a formal commitment, i.e. those projects that have already been approved at Cabinet and/or Council.

8.8 The table below shows all projects to which the Council has already demonstrated a commitment and approved via a Cabinet or Council Report. The total cost of these is £140.511m. Given there are further capital receipts available generated directly from these schemes, £5.000m has been allocated here, and the net borrowing for all public projects is £133.411m as shown below. The revenue impact of these projects, as reflected by the additional Annual MRP requirement, is £7.226m by 2027/28.

| | Spend Profile on Borrowing Requirement (£m) | | | | | | | |
|---|---|--------|--------|--------|--------|-------|-------|------------|
| | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | Total (£m) |
| Total for projects in the Public Domain (£m) | 1.916 | 20.596 | 54.178 | 32.147 | 22.074 | 7.500 | 0.000 | 138.411 |
| Capital Receipt Profile (£m) | | | 5.000 | | | | | 5.000 |
| Net Borrowing Cost (£m) | 1.916 | 20.596 | 49.178 | 32.147 | 22.074 | 7.500 | 0.000 | 133.411 |
| Annual MRP Requirement (£m) | | 0.102 | 1.105 | 2.669 | 1.745 | 1.198 | 0.407 | 7.226 |
| Cumulative MRP Requirement (£m) | | 0.102 | 1.207 | 3.876 | 5.621 | 6.819 | 7.226 | 7.226 |

8.9 Overall the revenue impact to undertake all the prioritised projects, which require £175.391m of borrowing, reaches a maximum of £9.477m by 2027/28. This would ostensibly be a revenue pressure although it is likely that projects can generate additional capital receipts, other income or reduce existing costs to reduce the estimated borrowing costs. In this exercise, no adjustments have been made for additional income or additional costs. The additional MRP requirement would need to be incorporated in revenue budget setting from 2022/23 onwards. The affordability of this impact must be realistically appraised in light of other competing budget pressures.

8.10 The prioritisation exercise provides initial estimates of cost and is highly likely to change. More work will be required to confirm costs and a full appraisal would be undertaken on an individual project basis.

- 8.11 Taking paragraphs 8.6 to 8.10 together a total potential programme of £215.623m is being considered. The initial estimated funding approach to these prioritised capital schemes is detailed below:

| | External Grants | Section 106 | Borrowing | Cash/Treasury management Investment | Capital Receipts | Total |
|--------------------------------|-----------------|-------------|-----------|--|------------------|----------------|
| Total Capital Cost (£m) | 5.620 | 9.766 | 145.411 | 29.980 | 24.846 | 215.623 |

- 8.12 Progressing a programme of prioritised schemes with total estimated capital costs of £215.623m, means that there are still projects on the Council's original planned programme that will not progress in the medium term. The estimated capital cost of these schemes is £183.955m
- 8.13 In addition to the prioritised and non-prioritised schemes, there are a series of proposed investment schemes and climate change initiatives. These are discussed in Section 10 "Commercial Investment Fund & Climate Change" and are at various stages of approval. The vast majority of investment schemes and programmes are currently progressing through the governance process. Consequently, there are schemes and programmes currently under consideration which may or may not progress to full approval and delivery.

9. Commercial Activity & Investment

- 9.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income-driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.
- 9.2 The principal reasons for Shropshire Council to buy and own property investments are to secure a continuing service objective, to directly deliver service benefits and to promote economic development and regeneration activity in the Council's area: not primarily to take advantage of market and economic opportunities. Generation of financial returns from a property investment will normally be secondary to these principal reasons and the monies generated utilised to fund services to residents. This is in line with the new PWLB reform on borrowing in Local Authorities as mentioned earlier.
- 9.3 The Council may also undertake other types of investment, such as investment property portfolios, loans to wholly owned companies or associates, to joint ventures, to local charities, or to third parties, where this is relevant to the Council's functions or management of its finances and generate income.
- 9.4 Local authorities have a range of powers available to them permitting the acquisition of property, powers to undertake income generating and commercial activity and to invest for purposes relevant to their functions, or for the purposes of the prudent management of their financial affairs (Section 12 of the Local Government Act 2011).
- 9.5 Before undertaking any commercial or investment activity, the Council will need to make sure that its proposals are legally compliant: consider any increased risk to the Council; take account of the requirement of its published strategies relevant to the project; and are compliant with other relevant statutory requirements, such as "state aid" rules, i.e. to ensure public funding is not used to subsidise commercial entities operating in a market economy.
- 9.6 Legal advice will be an early aspect of any development of commercial activities or investment projects to ensure the Council will be acting within the legislative framework in undertaking the activity and to inform good decision making. Specialist external advice will be sought as appropriate.
- 9.7 Identification of the relevant statutory powers to be relied upon may impact upon the funding available for a project, including whether the Council is permitted to borrow to fund the investment. The Council will consider the requirements of the statutory codes that comprise the CIPFA prudential framework, including the Prudential Code for Capital Finance in Local Authorities, in addition to the CIPFA guidance on Prudential Property Investment.
- 9.8 In summary, the ability to borrow for an investment will depend on the powers utilised for the acquisition. Where the Council acquires an investment property utilising a

power permitting the acquisition of land and building, borrowing will be considered to fund the acquisition, however, where a power permitting the acquisition of investments has been utilised, borrowing will not be considered as a funding option where this constitutes borrowing in advance of need.

- 9.9 Although local authorities are able to acquire land and property both inside and outside their own administrative areas, the Council will limit investments to within its own administrative area.
- 9.10 Historically, property has provided strong investment returns in terms of capital growth and generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant as has happened during the national pandemic. An example of this, within Shropshire Council's portfolio, is the Shrewsbury Shopping Centres. The pandemic has significantly impacted on the retail sector, thus impacting on Shropshire Council due to its interest in the assets.
- 9.11 The strategy makes it clear that the Council will continue to invest prudently to support service delivery and provide additional sources of income and to take advantage of opportunities as they present themselves, supported by our robust governance process.

10. Commercial Investment Fund & Climate Change

- 10.1 The Council allocated an Investment Fund to facilitate the acquisition of commercial investments and provide for the impact on revenue in terms of the cost of investment. A commercial investments income target of £2m per year from 2019/20 to 2022/23 was initially included in the Council's 2019/20 Financial Strategy equating to investment of £80m and cost of investment of £4.4m. The commercial investments income target was revised and reprofiled to £4.5m over the period 2020/21 to 2022/23 to align with actual investments undertaken to date and anticipated income realisation profiles. The total of the Commercial Investment Fund will be reviewed in light of other Council priorities.
- 10.2 The following table summarises the commercial investments made to date and the remaining balance on the Investment Fund.

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total |
|---|------------|------------|-------------|------------|-------------|
| Approved budget allocation | 20,000,000 | 20,000,000 | 20,000,000 | 20,000,000 | 80,000,000 |
| Unutilised Fund Carry Forward: | 0 | 9,609,897 | 23,532,621 | 19,768,121 | |
| Drawn down into capital programme: | | | | | |
| Tannery Block C & B | -7,133,862 | -2,712,471 | | | -9,846,333 |
| Whitchurch Medical Practice | | | -3,778,000 | | -3,778,000 |
| DVSA Site Acquisition | | | -1,200,000 | | -1,200,000 |
| Oswestry Morrisons Site | | -3,364,805 | | | -3,364,805 |
| Oswestry Castleview | -3,256,241 | 0 | | | -3,256,241 |
| Balance of unutilised fund | 9,609,897 | 23,532,621 | 38,554,621 | 39,768,121 | |
| Schemes not yet in the capital programme: | | 0 | -18,786,500 | - | -18,786,500 |
| Balance of unutilised fund - futures | 9,609,897 | 23,532,621 | 19,768,121 | 39,768,121 | |

- 10.3 The table shows that there is still roughly 50% remaining unallocated of the original £80m investment fund.
- 10.4 The schemes not yet in the capital programme, totalling £18.787m are the most likely projects to progress (rated green and amber for likelihood to progress) from a full pipeline of projects being worked on by the Commercial investment Team. These projects have not yet been fully appraised and as such, the figures may change, and it is not certain that all these projects will move forwards. There could also be new projects progressed in a short timescale that have not been included in the table above, but which fall within the approved remit of these funds. Of the £4.5m savings target, it is expected that £2.369m will be achieved within the period 2019/20 - 2022/23 based on the projects expected to be completed within that period.
- 10.5 Of the projects approved in the Capital Programme above, four are completed, with two projects still to become live. Of the four completed, an average yield of 2.91% has been achieved, with a total capital cost of £16.467m. This includes a negative yield

against Tannery Block C which can be attributed to both gaps in Student Accommodation and summer letting income due to Covid-19 and a vacant retail unit which remains unoccupied. Figures are detailed in the table below.

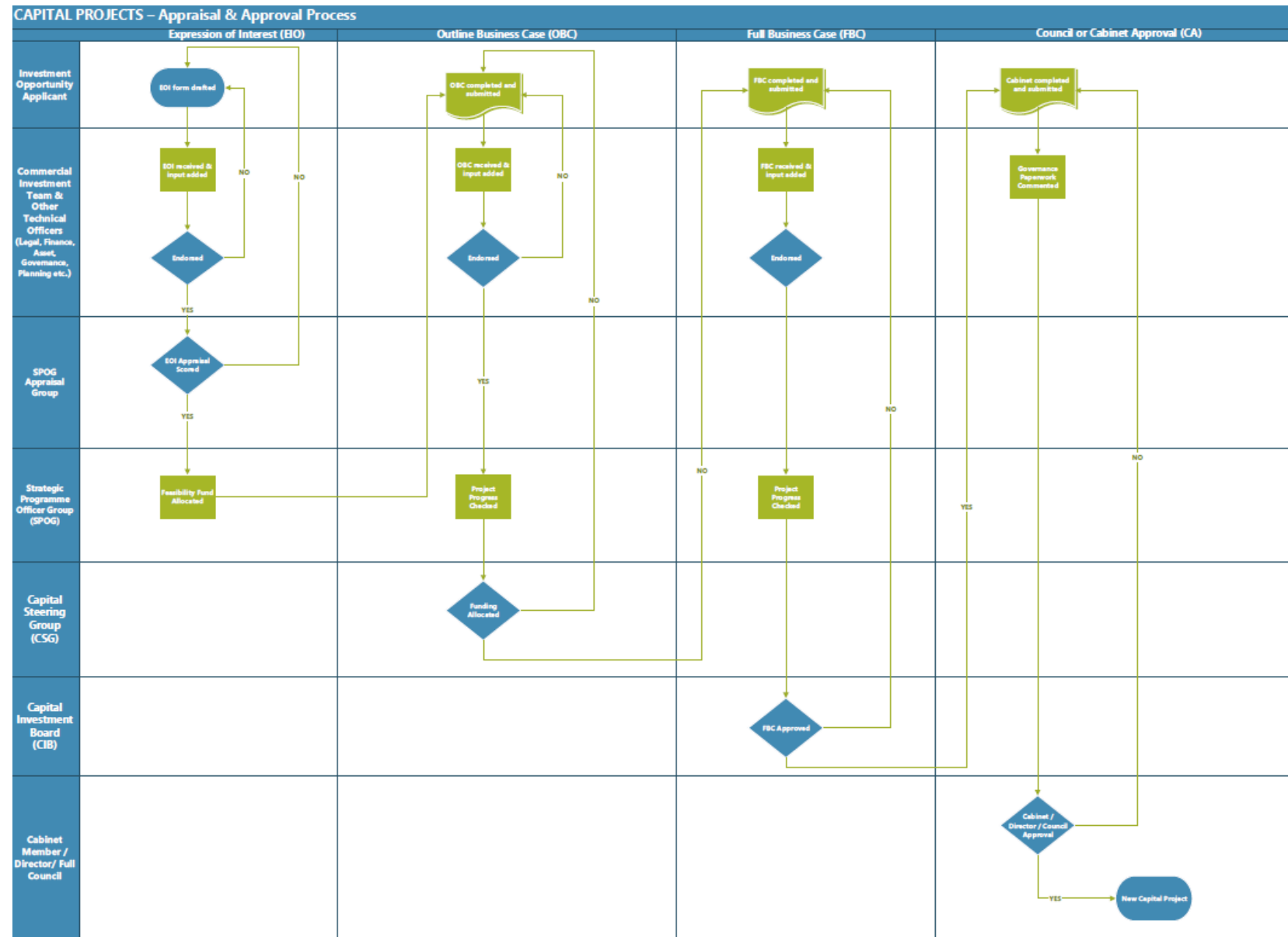
| Scheme / Programme | Investment (£) | Forecast Yield (%) | Forecast Yield / Net Cashflow (£) | Projected Yield 2020/21 (%) | Projected Yield 2020/21 / Projected Net Cashflow (£) |
|---------------------------|-----------------------|---------------------------|--|------------------------------------|---|
| Tannery Block C | 4,743,788 | 0.04% | -2,072 | -1.80% | 85,331 |
| Tannery Block B | 5,102,545 | 1.89% | -98,751 | 2.21% | -106,738 |
| Castle View, Oswestry | 3,256,241 | 4.79% | -166,292 | 5.16% | -167,910 |
| Morrisons Oswestry | 3,364,805 | 11.40% | -406,850 | 6.05% | -203,425 |
| Total | 16,467,379 | | -673,965 | | -392,742 |

10.6 Tannery Block B completed within the 2020/21 Financial Year and there remain unoccupied units to fill here. This yield is expected to improve in the following financial year with full year income generation and occupation of vacant units.

10.7 Castle View, Oswestry was acquired at the end of 2019/20 Financial Year, and, as shown by the table has provided us with a yield in excess of 5%. Morrisons, Oswestry was acquired part way through 2020/21 and therefore the net cashflow position only provide 6 months' worth of income generation but borrowing costs are not charged against the acquisition until 2021/22.

10.8 Climate Change Emergency

December 2020 saw the approval of Shropshire Council's Corporate Climate Emergency Strategy, which included an Action Plan and Project Pipeline. Whilst these projects have not been identified in the future projects list it should be recognised that the Climate Change Task Force are working to progress these projects and will seek funding for each project as they are developed. Formal approval under the Council's Capital Programme will be pursued where projects will be appraised on an individual basis. Each potential action would need to be evaluated on its own merits prior to inclusion in the Capital Programme.



CAPITAL PROGRAMME 2021/22 TO 2023/24

APPENDIX B

| Scheme Description | Sub Project Code | 2021/22 Budget £ | 2022/23 Budget £ | 2023/24 Budget £ |
|--|------------------|------------------------|------------------------|------------------------|
| Place & Enterprise | | | | |
| Infrastructure & Communities | | | | |
| Waste Services | | | | |
| In Vessel Composting Facility | C00802-000 | 325,000 | - | - |
| Total | | 325,000 | - | - |
| Highways & Transport - LTP | | | | |
| Structural Maintenance of Roads | Various | 13,075,000 | 13,075,000 | - |
| A529 Road Safety Scheme | C00549-000 | 1,500,000 | - | - |
| Street Lighting LED Conversions - Salix Funding | C00720-000 | 200,000 | 200 | - |
| Total | | 14,775,000 | 13,075,200 | - |
| Local Transport Plan - Integrated Transport Plan | | | | |
| Safety/Speed Reductions | | | | |
| ITP North - ITP 1 Site 16 - A525 Broughall TRO 50mph | C10189-100 | | | |
| ITP North - T-LIS 3 - Ash Parva 30mph Speed Reduction | C00780-000 | 5,000 | - | - |
| Local Transport Plan - Integrated Transport Plan | C00786-000 | 1,626,000 | 1,626,000 | - |
| Total | | 1,631,000 | 1,626,000 | - |
| CIL Funded Local Road Safety Schemes | | | | |
| EOI Approvals | Various | 199,363 | - | - |
| Project Approvals 22/10/20 | Various | 1,209,200 | - | - |
| Total | | 1,408,563 | - | - |
| LEP Schemes | | | | |
| LEP Oxon Relief Road Project | C00787-000 | 8,706,912 | - | - |
| LEP SITP - Project Management/Design | C00788-000 | 1,516,386 | - | - |
| Total | | 10,223,298 | - | - |
| North West Relief Road | | | | |
| NWRR | C10028-100 | 10,021,289 | 38,961,625 | - |
| Total | | 10,021,289 | 38,961,625 | - |
| Flood Defences & Water Management | | | | |
| Flood Defence & Water Management Unallocated | C10053-100 | 37,859 | - | - |
| Shropshire Slow the Flow Project | C00500-000 | 50,000 | - | - |
| Defra - Property Level Flood Recovery Scheme | R10152-100 | 950,000 | - | - |
| Total | | 1,037,859 | - | - |
| Total Infrastructure & Communities | | 39,422,009 | 53,662,825 | - |
| Economic Development | | | | |
| Physical Regeneration | | | | |
| Bishops Castle Business Park | TBC | 2,111,796 | 1,000,000 | - |
| Oswestry HIF Fund | R10009-100 | 7,877,367 | 1,370,649 | - |
| Total | | 9,989,163 | 2,370,649 | - |
| Planning Policy - Affordable Housing | | | | |
| Affordable Housing - Rolling Fund | C00475-000 | 200,346 | - | - |
| Shrewsbury Self Build Scheme | C00476-000 | 3,100,000 | - | - |
| Hinstock Cricket Club Nets - Planning agreement | R10147-100 | - | - | - |
| Community Housing Grant - Wem Independent Living Scheme | C00478-000 | - | - | - |
| Community Housing Grant - Community Led Scheme | C00479-000 | 191,296 | - | - |
| Community Led Affordable Housing Grant Scheme | C00480-000 | 1,066,000 | - | - |
| Affordable Housing Contributions Grant Scheme (S106) | C00481-000 | - | - | - |
| Total | | 4,557,642 | - | - |
| Broadband | | | | |
| Broadband Project - Phase 3 - Airband | C00467-000 | 2,244,628 | - | - |
| Broadband Project - Phase 6 - TBC | C00469-000 | 5,461,658 | - | - |
| Total | | 7,706,286 | - | - |
| Total Economic Development | | 22,253,091 | 2,370,649 | - |
| Business Enterprise & Commercial Services | | | | |
| Corporate Landlord | | | | |
| Shirehall - FRA works | C00039-001 | 200,000 | - | - |
| Total | | 200,000 | - | - |
| Commercial Investment Programme | | | | |
| Commercial Investments Unallocated | C10062-100 | 30,380,954 | 30,000,000 | - |
| Whitchurch Medical Practice | C00060-000 | 4,778,000 | - | - |
| DVSA Site Acquisition | C10060-100 | 1,200,000 | - | - |
| Total | | 36,358,954 | 30,000,000 | - |
| Total Business Enterprise & Commercial Services | | 36,558,954 | 30,000,000 | - |
| Total Place & Enterprise | | 98,234,054 | 86,033,474 | - |

| Scheme Description | Sub Project Code | 2021/22 Budget £ | 2022/23 Budget £ | 2023/24 Budget £ |
|---|------------------|------------------------|------------------------|------------------------|
| Adult Services | | | | |
| Social Care | | | | |
| ASC - Unallocated Grant | C00007-000 | 400,000 | - | |
| Assistive Technology Equipment - Housing Projects | C00021-000 | 100,000 | - | |
| Total | | 500,000 | - | |
| Operational - Supported Living Capital | | | | |
| Greenacres Farmhouse renovation | C10113-100 | 250,000 | - | |
| Total | | 250,000 | - | |
| Housing Health & Wellbeing | | | | |
| Disabled Facilities Grants | C00000-000 | 6,176,088 | 3,200,000 | |
| HOLD Project | C00002-000 | 1,900,000 | - | |
| Total | | 8,076,088 | 3,200,000 | |
| Private Sector Housing | | | | |
| Shropshire County Empty Property Incentive Grant | C00810-000 | 150,000 | - | |
| Total | | 150,000 | - | |
| Total Adult Services | | 8,976,088 | 3,200,000 | |
| Workforce & Transformation | | | | |
| Customer Involvement | | | | |
| ICT Digital Transformation - Unallocated | C00819-000 | 1,000,000 | - | |
| Total | | 1,000,000 | - | |
| Total Workforce & Transformation | | 1,000,000 | - | |
| Children's Services | | | | |
| Children's Safeguarding | | | | |
| Children's Residential Care | | | | |
| Children's Residential Care - Yardley, Ruyton X1 Towns - Acquisition and Conversion | C10046-100 | 275,000 | - | |
| Children's Residential Care - Contribution to specialist fit out | R10047-100 | 21,000 | - | |
| Total | | 296,000 | - | |
| Total Children's Safeguarding | | 296,000 | - | |
| Learning & Skills | | | | |
| Early Years | | | | |
| Early Years Unallocated | C00072-000 | 163,295 | - | |
| Total | | 163,295 | - | |
| Basic Need | | | | |
| Basic Need Unallocated | C00073-000 | 118,161 | - | |
| Shifnal St Andrews 2 Class Extension | C00309-000 | 70,000 | - | |
| Market Drayton Junior - Place Planning | C00223-000 | 10,439 | - | |
| Whitchurch Infants - 2 x Classroom Reconfiguration | C00357-000 | 207,048 | - | |
| Meole Brace Primary 2 Class Extension | C00399-000 | 11,772 | - | |
| Whitchurch Junior - 2 Class Extension & Refurbishment | C00353-000 | 590,000 | - | |
| Total | | 1,007,420 | - | |
| School Future Place Planning | | | | |
| Schools Future Place Planning- Unallocated | C10168-100 | 4,936,754 | - | |
| New Primary Provision - Bowbrook | R10057-100 | 5,200,000 | - | |
| Meole Brace Secondary - School Expansion | R10058-100 | 2,000,000 | - | |
| Sundorne Infants 2 Classroom Provision | C00419-000 | 14,291 | - | |
| Haughmond School - Amalgamation Programme | C10059-100 | 3,655,721 | 5,000,000 | |
| Capital Contribution Marches Academy | R10064-100 | 2,000,000 | - | |
| Total | | 17,806,766 | 5,000,000 | |
| Condition | | | | |
| Condition Unallocated | C00075-000 | 1,300,000 | 500,000 | |
| Hookagate TMBSS Replacement of Timber Framed, Single Glazed Windows and Screen | C10005-103 | 27,250 | - | |
| Shifnal Primary Installation of Secure Lobby | C00315-100 | 32,700 | - | |
| Shifnal St Andrews Secure Lobby | C00310-000 | 4,304 | - | |
| Total | | 1,364,254 | 500,000 | |
| Healthy Pupils Capital Fund (HPCF) | | | | |
| Ford Trinity All Weather MUGA | C00173-000 | 7,000 | - | |
| Total | | 7,000 | - | |
| Special Education Needs | | | | |
| SEND Special Provision Funds Allocation - Unallocated | C00077-000 | 450,000 | - | |
| Total | | 450,000 | - | |
| Devolved Formula Capital | Various | 700,000 | - | |

| Scheme Description | Sub Project Code | 2021/22 Budget £ | 2022/23 Budget £ | 2023/24 Budget £ |
|--|------------------|------------------------|------------------------|------------------------|
| Total Learning & Skills | | 21,498,735 | 5,500,000 | - |
| Total Children's Services | | 21,794,735 | 5,500,000 | - |
| Total General Fund Capital Programme | | 130,004,877 | 94,733,474 | - |
| Housing Revenue Account | | | | |
| Major Repairs Programme | | | | |
| Housing Major Repairs Programme - Works | Various | 4,848,353 | 4,828,300 | - |
| Total | | 4,848,353 | 4,828,300 | - |
| New Build Programme | | | | |
| Housing New Build Programme - Phase 6 (500 homes) | C10063-100 | 15,000,000 | 15,000,000 | 14,000,000 |
| Housing New Build Programme - Russell Close, Stanmore | C10063-102 | 300,000 | - | - |
| Total | | 15,300,000 | 15,000,000 | 14,000,000 |
| Total Housing Revenue Account | | 20,148,353 | 19,828,300 | 14,000,000 |
| Total Capital Programme | | 150,153,230 | 114,561,774 | 14,000,000 |
| Financing | | | | |
| Self Financed Prudential Borrowing | | 47,766,750 | 41,000,000 | 10,000,000 |
| Government Grants | | | | |
| Department for Transport - Road Maintenance Fund | | 13,275,000 | 13,275,000 | - |
| Department for Transport - Local Transport Plan Funding | | 1,626,000 | 1,626,000 | - |
| Department for Transport - Safer Roads Fund | | 1,500,000 | - | - |
| Department for Transport - Large Local Majors Fund | | 10,021,289 | 38,961,625 | - |
| Department for Health - Better Care Fund | | 6,315,307 | 3,200,000 | - |
| Department for Health - HOLD Grant | | 1,900,000 | - | - |
| Department for Communities, Housing & Local Government - Housing Infrastructure Fund | | 6,405,669 | 1,312,187 | - |
| Department for Communities, Housing & Local Government - Community Housing Fund | | 191,296 | - | - |
| Department for Education | | | | |
| - Condition Capital Grant | | 1,059,950 | 500,000 | - |
| - Basic Need Capital Grant | | 6,253,160 | - | - |
| - Devolved Formula Capital | | 704,304 | - | - |
| - Early Years Capital Fund | | 155,474 | - | - |
| - Special Provision Funds | | 450,000 | - | - |
| - Healthy Pupils Capital Fund | | 7,000 | - | - |
| HCA - New Build | | 3,000,000 | 3,000,000 | 3,000,000 |
| Environment Agency | | 55,073 | - | - |
| DEFRA | | 950,000 | - | - |
| | | 53,869,522 | 61,874,812 | 3,000,000 |
| Other Contributions | | | | |
| Section 106 | | 12,540,863 | - | - |
| Community Infrastructure Levy (CIL) | | 7,590,261 | 58,462 | - |
| Other Private Sector Contributions | | 3,332,449 | - | - |
| Other Public Sector Contributions | | 1,000,000 | - | - |
| | | 24,463,573 | 58,462 | 0 |
| Revenue Contributions to Capital - GF | | 1,585,711 | - | - |
| Revenue Contributions to Capital - HRA | | 3,348,200 | 3,048,200 | 1,000,000 |
| Major Repairs Allowance | | 3,780,100 | 3,780,100 | - |
| Corporate Resources (expectation - Capital Receipts only) | | 15,339,374 | 5,000,000 | - |
| Total Confirmed Funding | | 150,153,230 | 114,761,574 | 14,000,000 |