Capital Strategy

2023/24 to 2028/29

Contents

Foreword

Shropshire Council's Capital Strategy sets out the local authority's long-term investment aspirations taking into account strategic objectives as set out in The Shropshire Plan, affordability criteria and available resources to guide capital investment decisions over the next five years. It is reviewed and revised annually.

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.

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 and Economic Growth 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.

This strategy documents clarifies those schemes including financing included in the fully approved capital programme. These schemes have undergone a full business case appraisal and given full approval to proceed. It also includes the wider 'priority schemes' included in the 'capital strategy'. These 'priority schemes' include a number of high profile developments, which have not yet received full business case approval. This is due to their size and complexity and the involvement of stakeholders outside the local area. Notably, schemes such as the controversial North West Relief Road and the Riverside Development in Shrewsbury are in these categories. Further detail has therefore been included to reflect the scope and scale of these schemes, and their financial implications within the wider capital strategy.

James Walton

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 external borrowing through the Public Works Loan Board (PWLB), a department of HM Treasury.

1.5 Concerns over the nature and extent of the investments by a few councils has led to updated guidance. The former 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 Each local authority that wishes to borrow from the PWLB must 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.

1.8 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

1.9 Shropshire Council does not support commercial investments as defined by PWLB. It will continue to ensure that focus will be on securing sustainable capital projects that fit with regeneration objectives.

1.10 The local capital strategy has been revised to accommodate these updates and additional guidance.

1.11 In response to the National Audit Office (NAO) Local Authority Investment in Commercial Property" report (February 2020), recommendation by the Public Accounts Committee in July 2020 that the Prudential Framework should be reviewed and the substantial increase in commercial investment, CIPFA launched its "Proposed Changes to the Prudential Code" consultation: an initial consultation on proposals to strengthen the provisions within "The Code". Following this consultation, a revised CIPFA Prudential Code for Capital Finance in Local Authorities was issued on 20 December 2021.

1.12 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.

1.13 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.

1.14 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."

1.15 This iteration of the Capital Strategy details the outturn position for 2022/23, the current approved Capital Programme covering the period 2023/24 to 2026/27 and summarises future proposed but currently unapproved capital schemes anticipated to commence over the period 2024/25 to 2029/30.

1.16 The Capital Strategy is always undergoing development and refinement.

2. Objectives

On 12th May 2022, the Council approved The Shropshire Plan which sets out its vision and key priorities for the coming years. This document will now help shape where the Council prioritises its activities and the Capital Strategy will be closely aligned to the Shropshire Plan to ensure that the Council resources are deployed to only those areas of priority.

The Council's Capital Strategy has the following 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 ('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. At Quarter 3 2023/24 the current position of expected capital receipts against budget commitments is as follows:

Detail	2023/24 £	2024/25 £	2025/26 £	2026/27 £
Corporate Resources Allocated in Capital Programme	12,675,711	15,876,462	5,952,293	1,600,000
Capital Programme Ring-fenced receipt requirements	1,224,248	16,555,333	18,371,005	-
Transformation activities	4,018,186	-	-	-
Total Commitments	**17,918,146**	**32,431,795**	**24,323,298**	**1,600,000**
Capital Receipts in hand/projected:				
Brought Forward in hand	17,465,369	12,965,717	- 18,906,078	- 43,164,376
Generated 2022/23YTD	9,009,567	-	-	-
Projected - 'Green'	4,408,927	560,000	65,000	65,000
Total in hand/projected	**30,883,863**	**13,525,717**	**- 18,841,078**	**- 43,099,376**
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	**- 12,965,717**	**18,906,078**	**43,164,376**	**44,699,376**
Further Assets Being Considered for Disposal	1,468,300	27,468,715	7,463,000	7,000,750

"Green" indicates disposals that are highly likely to be completed by the end of the financial year.

3.7 The previous table demonstrates that by 2026/27 the Council will require £44.699m of generated capital receipts to meet its current liabilities within the approved capital programme. Of this budget requirement £43.401m of assets have been identified as surplus to requirements with the potential to be disposed of.

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. The appraisal mechanism and governance process are currently under review, however in the meantime, the governance arrangements as listed below will continue. This includes 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 is 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 regeneration investment fund. 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.

4.7 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.

4.8 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.

4.9 A summary of the programme governance is detailed in Appendix A.

4.10 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.

4.11 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 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 All potential projects identified for investment can be classified in one of the following three categories:

- Commercial
- Transformation
- Economic Growth

5.4 The priority capital investments as identified in Sections 8 and 10 are summarised in these 3 categories of investment below which demonstrates the balance of our approach to investment within the capital strategy. This shows a lower level of investment in commercial projects, with most investment planned to support economic growth.

Table 5.1: Capital Schemes Analysed By Investment Category

Investment Category	Estimated Capital Cost £m
Commercial	5.503
Transformation	108.27
Economic Growth	130.953

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 2024/25 and beyond where there is an expectation that grant funding will continue, such as Highways Maintenance and School Maintenance Grants.

Table 6.1: Current Capital Programme Expenditure Budget

	2022/23 Actual £ m	2023/24 Projection £ m	2024/25 Estimate £ m	2025/26 Estimate £ m	2026/27 Estimate £ m
Non HRA Capital Expenditure	74.1	83.2	88.2	104.9	39.9
HRA Capital Expenditure	8.1	16.2	29.3	14.2	9.0
Total Capital Expenditure	**82.2**	**99.4**	**117.5**	**119.1**	**48.9**

6.2 Table 6.1 above shows the expected capital programme budget as at Quarter 3 2023/24. It will be revised following completion of the 2023/24 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2023/24 into 2024/25.

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 to 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 2025.

- 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 01/04/2023 to 31/03/2024, through its application to MHCLG.

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 most 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 2022/23 - 2026/27

The current projected capital programme is financed as follows:

Table 7.1: Financing of the Capital Programme

	2022/23 Actual £ m	2023/24 Projection £ m	2024/25 Estimate £ m	2025/26 Estimate £ m	2026/27 Estimate £ m
Capital Receipts	7.2	12.5	9.8	8.4	4.1
Capital grants	35.2	51.3	57.2	79.4	29.6
Other Contributions	14.3	7.3	5.5	6.2	0.5
Major Repairs Allowance	4.2	7.1	4.8	5.0	5.0
Revenue Contributions	1.4	3.6	0.2	0.7	0.4
Prudential Borrowing	38.1	17.6	40.0	19.4	9.3
Total Financing	**100.4**	**99.4**	**117.5**	**119.1**	**48.9**

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:

Table 7.2: Capital Programme MRP Budget Requirement					
	2022/23 Actual £ m	**2023/24 Projection £ m**	**2024/25 Estimate £ m**	**2025/26 Estimate £ m**	**2026/27 Estimate £ m**
MRP (Excluding PFI / Finance Leases)	5.1	6.2	6.2	6.6	7.2

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 2025/26. 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 The prioritised list of projects included in the February 2023 Capital Strategy has been reviewed in conjunction with Directors, Assistant Directors and Service Area Managers and where funding has now been agreed, these have been moved into the Capital Programme. The revised schedule of prioritised schemes has an estimated capital cost of £239.223, of which £38.088 is anticipated to be funded through borrowing. The schemes included in this prioritised schedule are detailed in Appendix C and are summarised by Portfolio Holder in Table 8.1 below. The revenue impact of this level of borrowing will be £2.203m by 2029/30 assuming an interest rate of 4.0% over 30 years.

Table 8.1: Priority Schemes Estimated Costs

Portfolio Holder	Estimated Scheme Costs £m
Culture & Digital	35.955
Children & Education	9.500

Table 8.1: Priority Schemes Estimated Costs	
Portfolio Holder	**Estimated Scheme Costs £m**
Adult Social Care & Public Health	1.000
Growth & Regeneration	121.365
Highways	13.908
Housing & Assets	57.495
Total	**239.223**

8.5 The total scheme costs detailed in Table 8.1 are initial estimates only and these are highly likely to change as more work is undertaken to develop robust business cases on an individual project basis including full options appraisal and detailed costings.

8.6 Table 8.2 below summarises the projected borrowing requirements associated with the capital schemes detailed in Appendix C together with the revenue impact of these schemes as reflected by an additional MRP requirement.

Table 8.2: Projected Borrowing Requirement & MRP Liability of Agreed Prioritised Capital Schemes							
	2024/25 £ m	**2025/26 £ m**	**2026/27 £ m**	**2027/28 £ m**	**2028/29 £m**	**2029/30 £m**	**Total £ m**
Projected Borrowing Requirement	3.728	17.581	14.785	1.000	0.000	0.994	38.088
Projected Year on Year MRP Liability	0.216	1.017	0.855	0.058	0.000	0.057	2.203
Projected Cumulative MRP liability	0.216	1.232	2.087	2.145	2.145	2.203	

8.7 The projected borrowing costs of £2.203m associated with borrowing of £38.088m is ostensibly a revenue pressure, although it is likely that projects may generate additional capital receipts, other income or reduce existing costs to reduce the estimated borrowing costs. The prioritised projects are not sufficiently developed at this stage to provide any clarity in relation to potential capital receipts, additional income or existing revenue budget savings or pressures. These factors will be identified during the development of the project business cases. Consequently, the currently calculated revenue impact of borrowing has not been adjusted for any of these factors and should represent the maximum revenue impact. The additional MRP requirements identified in Table 8.2 above will need to be incorporated in revenue budget setting from 2024/25 onwards in line with the profile identified in the Table 8.2. The affordability of this impact must be realistically appraised in light of other competing budget pressures.

8.8 Borrowing is only one element of the funding required to finance the prioritised projects. Other additional funding sources are targeted to finance these projects as detailed in Table 8.3.

Table 8.3: Targeted Funding Sources

	Total £'000s
External Grants	27.001
S106 Developer Contributions	10.500
CIL Developer Contributions	0.500
External Contributions	0.450
Borrowing	38.088
Capital Receipts (Asset Disposals)	20.807
Alternative Funding Options	141.877
Total Funding	239.223

8.9 The targeted funding sources includes a significant level of capital receipts (£20.087m) to be realised from asset disposals. These capital receipt requirements are additional to those highlighted at paragraph 3.6 of Section 3: Asset Management Planning with the exception of £12.258m required for the North West Relief Road (NWRR) scheme. In the interests of prudency this capital receipt requirement of £12.258m has already been built into the capital receipt projections discussed in Section 3 at paragraph 3.6.

8.10 Alternative funding sources totalling £141,877,611m are being targeted as funding sources for a small number of key prioritised projects (Pride Hill Repurposing, Shrewsbury Riverside Development and the Multi Agency Hub (MAH)). These alternative funding sources will be investigated and assessed by the relevant project board and must be a key consideration during development of the relevant business cases.

8.11 The schemes identified in Appendix C must progress through the approved capital scheme governance process as normal, with robust business cases being developed for each project. These projects and business cases must be presented and approved by Cabinet and /or Council prior to their inclusion in the Council's capital programme.

8.12 Progression of schemes detailed in Appendix C will provide the Council with a set of prioritised capital projects to progress over the medium term (2024/25 to 2028/29) and those not included on Appendix C will provide a set of aspirational pipeline projects for consideration and development over the longer term (2029/30 onwards). The estimated capital cost of these schemes is currently £175.033m (excluding the NWRR costs, which cannot be estimated with confidence at present, as detailed below).

8.13 The North West Relief Road (NWRR) project presents a number of challenges in terms of financial forecasting. The challenges include, but are not limited to, the following points:

- The initial outline business case was prepared a number of years ago, pre-pandemic and before significant cost inflation in the construction sector.
- It is a scheme which has attracted a great deal of controversy within the local community.
- Future funding for the entire NWRR (Not OLR) scheme has been indicated by Government, further to the part-cessation of the HS2 project (detail to be confirmed).
- A number of objections to the planning permission have been raised. To progress to an approved capital project within the Council's capital programme, a number of further milestones will need to be achieved, including
    - Submission of a Full Business Case to Department of Transport, and their agreement to this;
    - Confirmation of the resulting scope and cost of the project and the funding sources for it;
    - Overcoming any further objections, for example and judicial review or similar challenge.

8.14 It is not possible, therefore, to include a costed value against the NWRR in this report. The reasons are set out in the paragraph above, and in the future scenarios listed below. Quite simply – there is no valid up to date costing for a scheme which was originally described 5 years ago. To ensure necessary transparency and clarity around this key capital scheme, the reasons for the absence of a clear value are being set out and the uncertainty over the future of the scheme as a whole (from a financial planning perspective) are set out. The various future scenarios are therefore:

a) Project proceeds in line with the initial outline business case estimates, with no changes. (This is included for comparison only, as the costing dates to 2017 and is therefore out of date.)
b) Project proceeds in line with the initial outline business case, revised for subsequent changes (e.g. revised estimated costs and scope)
c) Project proceeds in line with the initial outline business case, revised for subsequent changes, and with 100% of *all* estimated costs funded by government except for incoming Section 106 contributions, CIL receipts and income associated with Oxon Link Road/SUE West developments.
d) Project proceeds in line with the initial outline business case, revised for subsequent changes, and with 100% of all *future* estimated costs funded by government.
e) Project does not proceed, with costs to date required to be written off through the revenue account.

The 5 scenarios set out above are summarised in the table below.

8.16 The costs of the scheme cannot be estimated with certainty at present. The original outline business case from 2017 set out costs of £87.2m. Since that costing was prepared, there has been significant inflation in the construction sector, and it is to be expected that the original design will need to be revised for latest technology, new approaches etc. These costs will be updated following the procurement exercise currently underway and completion of the Full Business Case to be submitted to DfT at an unspecified future date.

8.17 It should also be noted that, regardless of the funding sources to be applied, any revenue impact is anticipated to fall outside the current MTFS period.

8.18 It should also be noted that the decision to continue with the scheme or not will depend upon the future decisions of the DfT and Shropshire Council.

NWRR scenario	Funding	Revenue impact
a) Per OBC (2017)	£54.4m – DfT (large majors fund) £19.8m – Shropshire Council match funding (land disposals) £8.3m – s106; £4.2m – LEP; £0.3m – CIL; £0.2m – NHB (match) Total: £87.2m	Nil – no borrowing planned
b) Per OBC, uprated for revised estimated costs and scope	As above, amended for revised scope. The scope will be determined further to future decisions and submission of a full business case (FBC) to Dept for Transport (DfT)	Borrowing is not yet confirmed as necessary as the scheme scope and costs are not yet clear. Borrowing costs would be repayable from the year following completion – which is likely to be outside the current MTFS period.
c) Per OBC, uprated for revised estimated costs and scope, with 100% of ***all*** costs funded by Government.	This would release funding set out in row (a) and previously committed.	Nil – no borrowing required.
d) Per OBC, uprated for revised estimated costs and scope, with 100% of ***future*** costs funded by government	This would confirm requirement for previous funding, but eliminate the need for any further funding.	Nil – no borrowing required.
e) Project cancelled, with sunk costs written off to revenue	To be secured via revenue reserves and/or capital receipts or capitalisation direction. Depending on the availability of these, there may also be an impact on service revenue budgets. It would be anticipated that capital receipts would be largely required either to fund works already undertaken or to support (part) write off of capital costs in revenue.	Major impact on revenue budget to be addressed via application of capital receipts, revenue reserves, revenue budget reduction, or even capitalisation direction.

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 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. Regeneration Investment Fund & Climate Change

10.1 The Council allocated an Investment Fund to facilitate regeneration of strategic assets and contribute towards the Council's revenue outturn position. An 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 fund and income targets were revised and reprofiled to £45m and £4.5m respectively 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 Regeneration Investment Fund will continue to be reviewed in light of other Council priorities.

10.2 The following table summarises the investments made to date and the remaining balance on the Investment Fund.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Approved budget allocation	20,000,000	20,000,000	5,000,000				45,000,000
Unutilised Fund Carry Forward:	0	9,609,897	25,908,427	30,817,386	22,721,932	10,986,655	
Drawn down into capital programme:							
Tannery Block C & B	(7,133,862)	(311,325)	(16,614)	(3,847)	(2,153)		(7,467,801)
Whitchurch Medical Practice				(171,509)	(3,606,719)		(3,778,228)
Site Acquisition at Ennerdale Road Shrewsbury							
Strategic Property Acquisition Shrewsbury							
Oswestry Morrisons Site		(3,390,145)					(3,390,145)
Oswestry Castleview	(3,256,241)						(3,256,241)
Maesbury Tip Solar PV				(19,682)	(2,021,491)		(2,041,173)
Tannery Development - Block A			(62,500)	(594,752)	(1,356,605)	(5,000,000)	(7,013,857)
Shrewsbury Pitch and Putt			(11,927)	(136,349)	(4,748,309)	(503,415)	(5,400,000)
15-18 English Walls, Oswestry				(3,332,304)			(3,332,304)
7-9 Pride Hill, Shrewsbury				(3,837,011)			(3,837,011)
Balance of unutilised fund	**9,609,897**	**25,908,427**	**30,817,386**	**22,721,932**	**10,986,655**	**5,483,240**	

10.3 The table shows that around 12% of the £45m regeneration investment fund is currently unallocated. The current remaining balance is £5,483,240.

10.4 All of the projects listed in the table have been approved and are included in the Capital Programme. It is expected that the projects agreed in the capital programme will generate in excess of £1.8m each year from 2024/25.

10.5 Details on progress to date for each of these approved capital projects is summarised below.

10.6 **Tannery Block C and Tannery Block B** were completed in full within the 2020/21 Financial Year with some units currently unoccupied but with active interest.

10.7 **Whitchurch Medical Practice** project was approved in July 2018 to provide NHS facilities in the area, and following a lengthy pause due to judicial review, is now in delivery with construction starting during 2022/23.

10.8 **Oswestry Morrison's Site** acquisition was completed halfway through the 2020/21 financial year. Early surrender of the lease by Morrison's in 2021/22 has led to review of options at the site. Negotiations with prospective tenants are being explored.

10.9 **Castle View, Oswestry** was acquired at the end of the 2019/20 financial year and has provided a gross yield in excess of 5%.

10.10 **Maesbury Tip Solar PV scheme** for installation of Solar PV was approved in 21/22 for £1.1m. This scheme was reviewed and expanded to increase energy capacity and financial returns at the site and a revised budget of £2.041m was approved by Council in 2022/23.

10.11 **Tannery Block A project** received Council approval for a land acquisition alongside future development. Options for the development of the site are being explored in light of other developments in the Town Centre area.

10.12 **Shrewsbury Pitch & Putt scheme** for the development of a small retail park was approved in 2021/22. Planning has been submitted for this scheme with construction expected to start in 2024/25.

10.13 **15-18 English Walls, Oswestry** strategic acquisition was undertaken during 2022/23, generating further income against the regeneration investment fund.

10.14 **7-9 Pride Hill, Shrewsbury** strategic acquisition was undertaken during 2022/23. This is a key site linked to the redevelopment of the Pride Hill Shopping Centre.

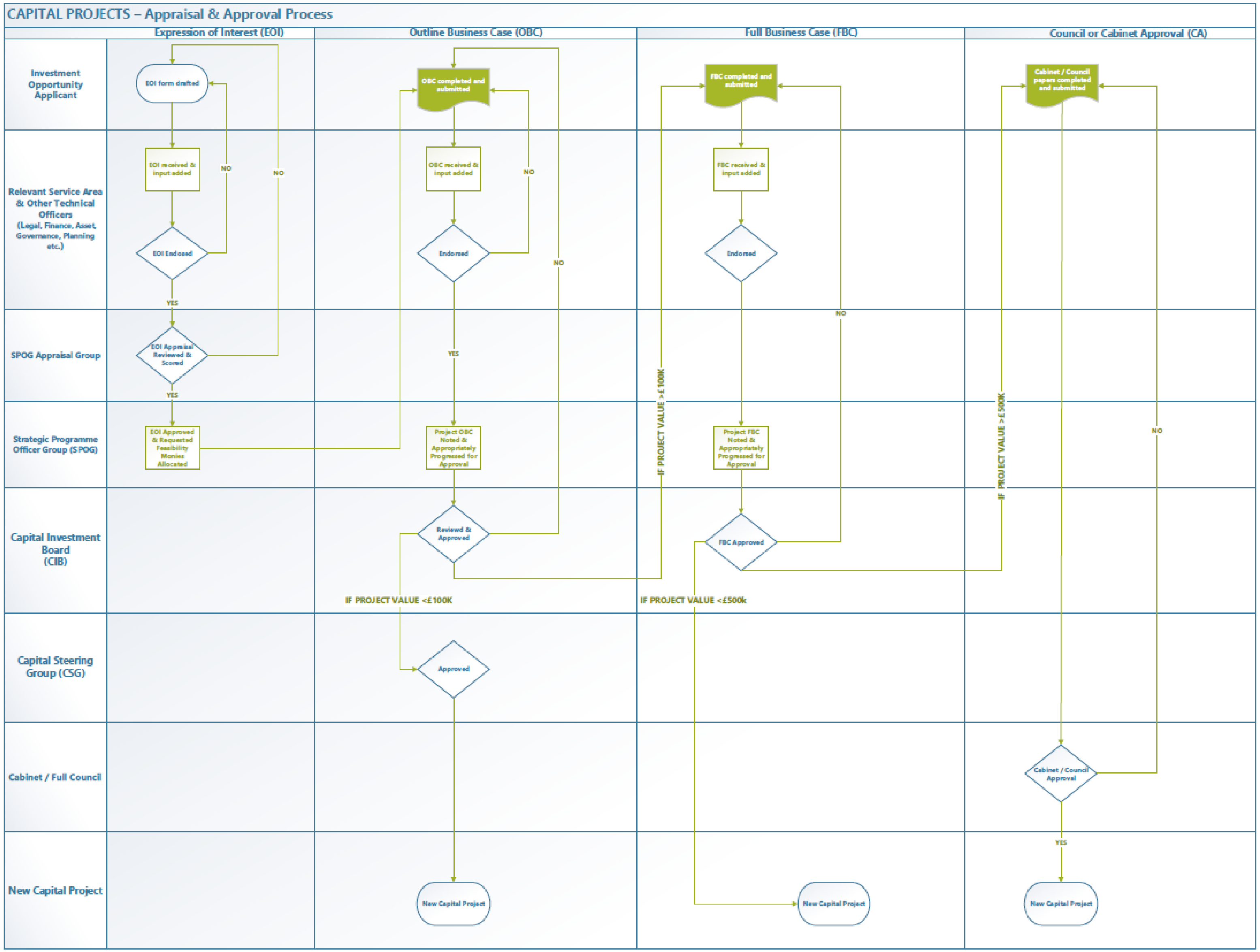
10.15 There are also two schemes that had received Cabinet or Council approval for funding via the Commercial Investment Fund but not proceeded being:

1. The freehold acquisition of land and property owned by a Government department being the Driver and Vehicle Licensing Agency in Ennerdale Road, Shrewsbury to support the economic growth of North Shrewsbury. Negotiations ceased when the freeholder chose to cease negotiations with the council and sell the site via the open market.
2. The freehold acquisition of a site located between English Bridge and the Wyle Cop, Shrewsbury, and currently under occupational lease to National Car Parks (NCP) Ltd. The freeholder chose not to dispose of the land and property due to the impact of covid and a subsequent decision was taken to retain the asset in their ownership.

10.16 **Climate Change Emergency**

Following approval of Shropshire Council's Corporate Climate Emergency Strategy, which included an Action Plan and Project Pipeline climate change projects have been progressing. In addition to Maesbury Solar PV project mentioned above there have been further projects being undertaken and embedded within the whole Capital Programme such as decarbonisation of buildings, Electric Vehicle Charging Points and improving energy efficiency across the Council's asset portfolio. The Council have been successful with obtaining external sources of funding to assist in the delivery of these Climate Change schemes and are continuing to seek further options for funding future projects.

PROGRAMME GOVERNANCE **APPENDIX A**



CAPITAL PROGRAMME 2023/24 TO 2026/27 AS AT PERIOD 10 2023/24   APPENDIX B

Directorate Service Area	Revised Budget P10 2023/24 £	2024/25 Revised Budget £	2025/26 Revised Budget £	2026/27 Revised Budget £
General Fund				
Health & Wellbeing	**0**	**0**	**0**	**0**
Public Health Capital	0	0	0	0
Regulatory Services Capital	0	0	0	0
People	**6,167,451**	**9,025,290**	**9,280,231**	**3,950,000**
Adult Social Care Contracts & Provider Capital	0	0	0	0
Adult Social Care Operations Capital	467,109	300,000	0	0
Children's Residential Care Capital	385,075	300,000	0	0
Non-Maintained Schools Capital	1,108,047	750,000	2,000,0000	0
Primary School Capital	6,117,707	2,081,777	0	0
Secondary School Capital	551,301	27,250	0	0
Special Schools Capital	11,904	0	0	0
Unallocated School Capital	-351,360	5,566,263	7,280,231	3,950,000
Place Capital - Commercial Services	**8,307,153**	**15,844,144**	**19,001,000**	**6,100,000**
Corporate Landlord Capital	8,307,153	15,844,144	19,001,000	6,100,000
Place Capital - Economic Growth	**8,811,876**	**13,636,892**	**8,602,226**	**1,500,000**
Broadband Capital	1,449,043	909,632	1,579,945	1,500,000
Development Management Capital	519,274	121,500	40,500	0
Economic Growth Capital	6,474,557	12,246,020	6,602,908	0
Planning Policy Capital	369,002	359,740	378,873	0
Place Capital - Homes & Communities	**3,138,121**	**7,736,498**	**2,090,998**	**633,261**
Leisure Capital	2,773,508	7,269,715	2,067,303	633,261
Libraries Capital	118,475	94,780	23,695	0
Outdoor Partnerships Capital	269,038	370,000	0	0
Visitor Economy Capital	-22,900	0	0	0
Place Capital - Infrastructure	**42,715,768**	**37,761,483**	**61,773,880**	**22,237,000**
Environment & Transport Capital	438,156	0	0	0
Highways Capital	42,277,612	37,761,483	61,773,880	22,23,000
Waste Capital	0	0	0	0

CAPITAL PROGRAMME 2023/24 TO 2026/27 AS AT PERIOD 10 2023/24 APPENDIX B

Directorate Service Area	Revised Budget P10 2023/24 £	2024/25 Revised Budget £	2025/26 Revised Budget £	2026/27 Revised Budget £
Place Capital - Housing Services	**11,795,527**	**4,149,000**	**4,149,000**	**5,452,995**
Housing Services	11,795,527	4,149,000	4,149,000	5,452,995
Resources	**142,361**	**100,000**	**0**	**0**
ICT Digital Transformation - CRM Capital	576	0	0	0
ICT Digital Transformation - ERP Capital	0	0	0	0
ICT Digital Transformation - Infrastructure & Architecture Capital	0	0	0	0
ICT Digital Transformation - Social Care Capital	0	0	0	0
ICT Digital Transformation - Unallocated Capital	141,785	100,000	0	0
Total General Fund	**81,078,257**	**88,251,307**	**104,897,335**	**39,873,256**
Housing Revenue Account	**16,201,936**	**29,252,974**	**14,231,781**	**9,000,000**
HRA Dwellings Capital	16,201,936	22,252,974	14,231,781	9,000,000
Total Approved Budget	**99,402,525**	**117,504,281**	**119,129,116**	**48,873,256**

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

Proposed Scheme	Scheme Description	Estimated Capital Cost (£m)	Proposed Sources of Finance (£m)									Anticipated Borrowing Requirement Profile (£m)						
			External Grants	Section 106 Developer Contributions	CIL Developer Contributions	Revenue Contributions	Alternative Funding Option	External Contributions	Borrowing	Capital Receipts	Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Swimming in Shrewsbury	Design and build an extension to the Shrewwsbury Sports Village to include a range of new fitness, wellbeing and swimming facilities.	28.003			0.500				22.503	5.000	28.003	3.203	9.700	9.600				22.503
Libraries Self Service Machines	Programme to install self-service machines .	0.152	0.152								0.152							0.000
Shrewsbury Museum - British Museum Gallery	Development of new British Museum Partnership Gallery at Shrewsbury Museum, to develop a major new visitor attraction (only 7 other Partnership Galleries in the UK) and thus drive income generation.	1.750	1.500							0.250	1.750							0.000
Nils Yard Redevelopment	The replacement of existing buildings and reconfiguration of the Outdoor Partnerships depot and offices at Nils Yard, Pontesbury to address health and safety and operational requirements	0.500								0.500	0.500							
Old Market Hall & Square	Restoration and redvelopment of the outdoor area beneath and around the Old Market Hall Shrewsbury to facilitate greater use of the area in order to further animate the streetscape and deter antisocial behaviour. Health and Safety issue with needles and rough sleeper possessions left on fire escape.	0.100								0.100	0.100							
Coleham Pumping Station	Restoration of chimney needed as at risk of collapse. Health and Safety issue	0.400								0.400	0.400							
SpArC Leisure Centre Bishop's Castle	Reprofiling of swimming pool, with new pool liner and new filtration system. Health and Safety issue. Requirement for major investment for De-carbonising building	4.750	4.000					0.450		0.300	4.750							
Bayston Hill Library Refurbishm	Conversion of garage on school site for either commercial or town council use and library refurbishment including required H&S works.	0.300							0.300		0.300		0.300					0.300
SUBTOTAL: PORTFOLIO HOLDER FOR CULTURE & DIGITAL		**35.955**	**5.652**	**0.000**	**0.500**	**0.000**	**0.000**	**0.450**	**22.803**	**6.550**	**35.955**	**3.203**	**10.000**	**9.600**	**0.000**	**0.000**	**0.000**	**22.803**
Buildwas Primary	New Primary School requirement on former power station site subject to planning approvals.	5.100		5.100							5.100							
William Brookes School	Expansion linked to Secondary pupils from power station site.	4.400		4.400							4.400							
SUBTOTAL: PORTFOLIO HOLDER FOR CHILDREN & EDUCATION		**9.500**	**0.000**	**9.500**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**9.500**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Greenacres Development	Inflation pressure on development	1.000							1.000		1.000				1.000			1.000
SUBTOTAL: PORTFOLIO HOLDER FOR ADULT SOCIAL CARE & PUBLIC HEALTH		**1.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**1.000**	**0.000**	**1.000**	**0.000**	**0.000**	**0.000**	**1.000**	**0.000**	**0.000**	**1.000**
UKSPF	Improvements to town centres & high streets	1.100	1.100								1.100							
UKSPF	Enhancing existing cultural historic and heritage institutions offer	0.370	0.370								0.370							

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

Proposed Scheme	Scheme Description	Estimated Capital Cost (£m)	Proposed Sources of Finance (£m)									Anticipated Borrowing Requirement Profile (£m)						
			External Grants	Section 106 Developer Contributions	CIL Developer Contributions	Revenue Contributions	Alternative Funding Option	External Contributions	Borrowing	Capital Receipts	Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
UKSPF	Capacity building and infrastructure support local groups	0.100	0.100								0.100							
Shrewsbury Riverside Development - Demolition	Demolition of the current Riverside Shopping Centre to enable future development.	4.287							4.287		4.287	0.100	4.187					4.287
Shrewsbury Riverside Enabling Works - LUF Round 2 Project 1	Physical infrastrucutre works critical to unlocking the vital, transformational Smithfield Riverside Development Programme.	19.464	14.849						4.615		19.464			4.615				4.615
Shrewsbury Town Centre Public Realm - LUF Round 2 Project 2	A number of projects identified within the Big Town Plan, primarily around Public Realm improvements and town centre movement.	4.280	4.280								4.280							
Pride Hill - Repurposing	Future development of the former Pride Hill shopping centre and adjacent gap site	31.757					31.757				31.757							
Shrewsbury Riverside Development	Following on from the demolition, investment in development of the site for end use - part of the Big Town Plan.	53.619					53.619				53.619							
Conservation Management Plan - Rowleys House, Shrewsbury	First Phase Stabilisation requirement before future use investment	2.000								2.000	2.000							
Oswestry - Cambrian Railway Building	Renovation of Cambrian Railway Building, Oswestry and reconfiguration for future use. Reconfiguration	0.570							0.570		0.570			0.570				0.570
Oswestry Innovation Park	Electricity rebate built into Business Case may not come to fruition.	2.969							2.969		2.969		2.969					2.969
White Horse, Wem	Repurpose and restoration following successful auction bid. Aiming to attract external funding - English Heritage potentially.	0.850							0.850		0.850	0.425	0.425					0.850
SUBTOTAL: PORTFOLIO HOLDER FOR GROWTH & REGENERATION		**121.365**	**20.699**	**0.000**	**0.000**	**0.000**	**85.376**	**0.000**	**13.291**	**2.000**	**121.365**	**0.525**	**7.581**	**5.185**	**0.000**	**0.000**	**0.000**	**13.291**
North West Relief Road	Linked to Phase 1 Pre Commencement Programme within the capital programme to deliver the North West Relief Road (including Oxon Link Road). This represents the Council Investment requirement that has not yet been secured at OBC Stage.	12.258								12.258	12.258							
Oteley Road, ShrewsburyTraffic Management Improvements	Traffic Flow Improvements and Road Safety on Oteley Road, Shrewsbury	1.000		1.000							1.000							
Shropshire Safety Road Fund	A5191 Shrewsbury Northern Corridor between Railway Station and Heathgates Island	0.650	0.650								0.650							
SUBTOTAL: PORTFOLIO HOLDER FOR HIGHWAYS		**13.908**	**0.650**	**1.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**12.258**	**13.908**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

Proposed Scheme	Scheme Description	Estimated Capital Cost (£m)	Proposed Sources of Finance (£m)										Anticipated Borrowing Requirement Profile (£m)						
			External Grants	Section 106 Developer Contributions	CIL Developer Contributions	Revenue Contributions	Alternative Funding Option	External Contributions	Borrowing	Capital Receipts	Total		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Development of New Multi-Agency Hub (MAH)	Future development of a new Multi-Agency Hub (MAH) including demolition of the current Riverside Shopping Centre to enable future development.	56.501					56.501				56.501								0.000
Shirehall Decant & Decommission	Underwriting of estimated costs incurred to deliver full planning permission for the Shirehall site prior to marketing for sale.	0.994							0.994		0.994							0.994	0.994
SUBTOTAL: PORTFOLIO HOLDER FOR HOUSING & ASSETS		57.495	0.000	0.000	0.000	0.000	56.501	0.000	0.994	0.000	57.495		0.000	0.000	0.000	0.000	0.000	0.994	0.994
		239.223	27.001	10.500	0.500	0.000	141.877	0.450	38.088	20.808	239.223		3.728	17.581	14.785	1.000	0.000	0.994	38.088