

# Capital Strategy

2022/23 to 2027/28





# Contents

**Foreword**

- 1. Introduction**
- 2. Objectives**
- 3. Asset Management Planning**
- 4. Governance Arrangements**
- 5. Investment Approach**
- 6. Current Capital Programme**
- 7. Funding the Current Capital Programme**
- 8. Capital Project Prioritisation & Future Schemes**
- 9. Commercial Activity & Investment**
- 10. Regeneration Investment Fund & Climate Change**

**Appendix A: Programme Governance**

**Appendix B: Capital Programme 2022/23 to 2025/26**



# Foreword



Shropshire Council's Capital Strategy considers the local authority's long-term aspirations considering 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 can 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.

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

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 continue to 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 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.
- 1.14 The updated Prudential Code includes the following as the focus for substantive changes:
  - The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions

do not include debt-for-yield as the primary purpose of the investment or represent an unnecessary risk to public funds.

- Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.
- A new requirement has been added so that capital strategies are required to report investments under the following headings: service, treasury management and commercial investments.

- 1.15 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.
- 1.16 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.
- 1.17 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."
- 1.18 This iteration of the Capital Strategy details the outturn position for 2021/22, the current approved Capital Programme covering the period 2022/23 to 2025/26 and summarises future proposed but currently unapproved capital schemes anticipated to commence over the period 2023/24 to 2027/28.
- 1.19 The Capital Strategy will continue to develop over the coming years as greater certainty over Council resources and responsibilities is ascertained. 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

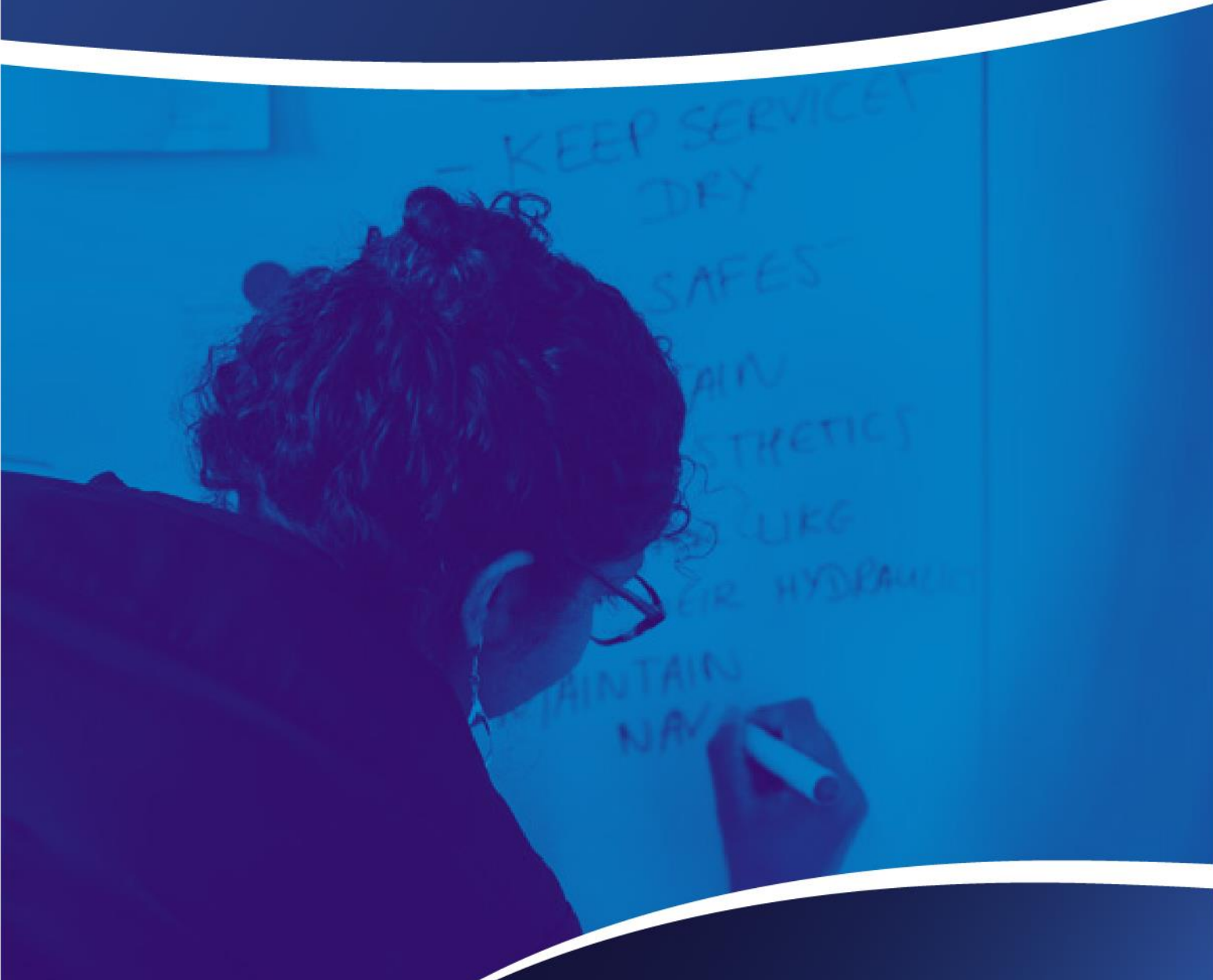


On 12th May 2022, the Council approved the Shropshire Plan which sets out its vision and key priorities for the coming years. This document will now help shape where the Council prioritises its activities and the Capital Strategy will be closely aligned to the Shropshire Plan to ensure that the Council 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, 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. At Quarter 3 2022/23 the current position of expected capital receipts against budget commitments is as follows:

Detail	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Corporate Resources Allocated in Capital Programme	7,820,881	12,079,762	10,988,707	6,952,293
Capital Receipts used to finance redundancy costs	1,000,000	987,873	-	-
To be allocated from Ring Fenced Receipts	4,881,185	6,721,370	4,000,000	21,170,916
<b>Total Commitments</b>	<b>13,702,066</b>	<b>19,789,005</b>	<b>14,988,707</b>	<b>28,123,209</b>
<b>Capital Receipts in hand/projected:</b>				
Brought Forward in hand	18,273,484	10,412,146	(8,960,858)	(23,949,565)
Generated 2022/23YTD	4,572,461	-	-	-
Projected - 'Green'	1,268,267	416,001	-	495,000
<b>Total in hand/projected</b>	<b>24,114,212</b>	<b>10,828,147</b>	<b>(8,960,858)</b>	<b>(23,454,565)</b>
Shortfall to be financed from Prudential Borrowing / (Surplus) to carry forward	(10,412,146)	8,960,858	23,949,565	51,577,774
Further Assets Being Considered for Disposal	10,087,408	19,530,044	14,847,453	2,000,000

"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 2025/26 the Council will require £51.578m of generated capital receipts to meet its current liabilities within the approved capital programme. Of this budget requirement £46.465m of assets have been identified as surplus to requirements with the potential to dispose, which even if realised would not fully resolve the currently projected shortfall in capital receipts of £5.113m. Additionally, a significant proportion (£26.580m) of these disposals are currently RAG rated "Red", meaning that 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. The appraisal mechanism and governance process is 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.
- 4.8 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 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 balanced approach to investment within the capital strategy.

<b>Investment Category</b>	<b>Estimated Capital Cost £m</b>
Commercial	14.941
Transformation	134.061
Economic Growth	167.762

# 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 2023/24 and beyond where there is an expectation that grant funding will continue, such as Highways Maintenance and School Maintenance Grants.

<b>Table 6.1: Current Capital Programme Expenditure Budget</b>					
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Actual</b>	<b>Projection</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
<b>Non HRA Capital Expenditure</b>	<b>75.1</b>	<b>88.4</b>	<b>83.6</b>	<b>85.3</b>	<b>44.0</b>
<b>HRA Capital Expenditure</b>	<b>8.1</b>	<b>18.0</b>	<b>20.5</b>	<b>15.1</b>	<b>13.3</b>
<b>Commercial activities/non financial investments</b>	<b>0.2</b>	<b>10.7</b>	<b>10.6</b>	<b>11.0</b>	<b>0.0</b>
<b>Total Capital Expenditure</b>	<b>83.3</b>	<b>117.2</b>	<b>114.7</b>	<b>111.4</b>	<b>57.3</b>

6.2 Table 6.1 above shows the expected capital programme budget as at Quarter 3 2022/23. It will be revised following completion of the 2022/23 capital closedown procedure when final figures are established, which may result in slippage of budgets from 2022/23 into 2023/24.

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 Ca



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 11<sup>th</sup> March 2016. The key points included:

- The direction originally only related to new receipts received in the period 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2019 that could be applied to meet the revenue costs of reform incurred in the same timeframe. This has since been extended to 31<sup>st</sup> 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 01/04/2022 to 31/03/2023, 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 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 2021/22 - 2025/26**

The current projected capital programme is financed as follows:

<b>Table 7.1: Financing of the Capital Programme</b>					
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Actual</b>	<b>Projection</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
Capital Receipts	2.7	7.8	12.1	11.0	7.0
Capital grants	57.7	47.5	48.8	58.9	30.5
Other Contributions	4.9	15.1	7.2	5.9	2.1
Major Repairs Allowance	3.3	4.1	4.8	4.8	5.0
Revenue Contributions	2.0	5.2	0.7		3.3
Prudential Borrowing	11.7	35.4	41.1	30.8	9.4
<b>Total Financing</b>	<b>82.3</b>	<b>115.1</b>	<b>114.7</b>	<b>111.4</b>	<b>57.3</b>

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:

<b>Table 7.2: Capital Programme MRP Budget Requirement</b>					
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Actual</b>	<b>Projection</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
MRP (Excluding PFI / Finance Leases)	5.1	6.3	6.8	7.4	7.7

# 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 2022 Capital Strategy has been reviewed and where funding has now been agreed, these have been moved into the Capital Programme..
- 8.6 In February 2022, the schedule of all proposed capital schemes totalled £405.691m, of which £296.748m was anticipated to be funded through borrowing.
- 8.7 Progression of all these proposed schemes would result in a revenue impact of £16.106m by 2027/28 arising from the costs of borrowing. This is unaffordable and as a result Cabinet undertook their own scrutiny in 2021/22 and determined a schedule for those aspirational capital schemes deemed to be current priorities. These schemes are detailed in Appendix C and are summarised by portfolio holder in Table 8.1 below. This list of priority list of projects will be reviewed during 2023/24 in a mid-year review of the Capital Strategy to consider which schemes should be taken forward.

Table 8.1: Aspirational Schemes Estimated Costs	
Portfolio Holder	Estimated Scheme Costs £m
Communities, Place, Tourism & Transport	44.102
Children & Education	11.954
Resources	4.285
Adult Social Care, Public Health & Assets	5.000
Economic Growth, Regeneration & Planning	119.973
Physical Infrastructure, Highways & Built Housing	116.509
<b>Total</b>	<b>301.823</b>

- 8.8 Those schemes not detailed in Appendix C will form the basis of a set of pipeline aspirational projects for development over a longer term. The estimated capital cost of these schemes is £103.868m.
- 8.9 The total scheme costs detailed in Table 8.2 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.
- 8.10 The schemes detailed in Appendix C have total estimated capital cost of £304.521m of which £90.542m is currently anticipated to require funding through borrowing. The revenue impact of this level of borrowing will be £4.914m by 2027/28 assuming an interest rate of 2.5% over 25 years. The viability of this revenue pressure is reasonable compared to the previously determined revenue impact of £16.106m.
- 8.11 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								
	2021/22 £ m	2022/23 £ m	2023/24 £ m	2024/25 £ m	2025/26 £ m	2026/27 £ m	2027/28 £ m	Total £ m
Projected Borrowing Requirement	4.0	21.9	18.2	27.7	13.2	2.6	0.0	87.6
Projected Year on Year MRP Liability	0.2	1.2	1.0	1.5	0.7	0.1	0.0	4.8
Projected Cumulative MRP liability	0.2	1.6	1.3	2.0	0.9	0.2	0.0	6.1

8.12 The projected borrowing costs of £4.914m associated with borrowing of £90.542m 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 2023/24 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.

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

<b>Table 8.3: Targeted Funding Sources</b>	
	<b>Total £'000s</b>
<b>External Grants</b>	<b>23.2</b>
<b>S106 Developer Contributions</b>	<b>24.2</b>
<b>CIL Developer Contributions</b>	<b>6.1</b>
<b>Revenue Contributions</b>	<b>1.1</b>
<b>Borrowing</b>	<b>87.6</b>
<b>Capital Receipts (Asset Disposals)</b>	<b>19.8</b>
<b>HRA</b>	<b>3.5</b>
<b>Alternative Funding Options</b>	<b>136.3</b>
<b>Total Funding</b>	<b>301.8</b>

8.14 The targeted funding sources includes a significant level of capital receipts (£28.047m) 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 £19.846m required for the North West Relief Road (NWRR) scheme. In the interests of prudence this capital receipt requirement of £19.846m has already been built into the capital receipt projections discussed in Section 3 at paragraph 3.6 Capital receipts totalling £76.603m are required to fund the currently approved capital programme including the £19.846m requirement and at present £25.023m of asset

disposals have been identified. A further £46.464m are being considered for disposal, therefore if these receipts are realised however a further £5.116m are required to fully fund the existing capital programme. Therefore there is no additional funding available within capital receipts to support the priority schemes.

- 8.15 Alternative funding sources totalling £139.611m are being targeted as funding sources for a small number of key prioritised projects (Pride Hill Repurposing, Shrewsbury Riverside Development and Civic Centre). 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.
- 8.16 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.
- 8.17 Progression of schemes detailed in Appendix C will provide the Council with a set of prioritised capital projects to progress over the medium term (2023/24 to 2027/28) and those not included on Appendix C will provide a set of aspirational pipeline projects for consideration and development over the longer term (2027/28 onwards).

# 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.



Shropshire  
Council

# 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	20,420,423	5,983,118	
Drawn down into capital programme:							
Tannery Block C & B	-7,133,862	-311,325	-16,614	- 6,000			-7,467,801
Whitchurch Medical Practice				-2,000,000	-1,778,228		-3,778,228
Oswestry Morrisons Site		-3,390,145					-3,390,145
Oswestry Castleview	-3,256,241						-3,256,241
Maesbury Tip Solar PV					-2,041,173		-2,041,173
Tannery Development - Block A			-62,500	-597,753	-6,353,606		-7,013,859
Shrewsbury Pitch & Putt			-11,927	-620,360	-4,264,298	-503,415	-5,400,000
15-18 English Walls, Oswestry				-3,326,850			-3,326,850
7-9 Pride Hill, Shrewsbury				-3,846,000			-3,846,000
Balance of unutilised fund	9,609,897	25,908,427	30,817,386	20,420,423	5,983,118	5,479,703	

10.3 The table shows that around 12% of the £45m regeneration investment fund is currently unallocated. The current remaining balance is £5,479,703.

10.4 All of the projects listed in the table have been approved and are included in the Capital Programme. In the past 12 months we have made two key site acquisitions in Shrewsbury and Oswestry which have contributed to the Council's bottom line whilst also progressing with the delivery of projects already previously approved. It is expected that the projects agreed in the capital programme will generate in excess of £1.8m each year from 2024/25.

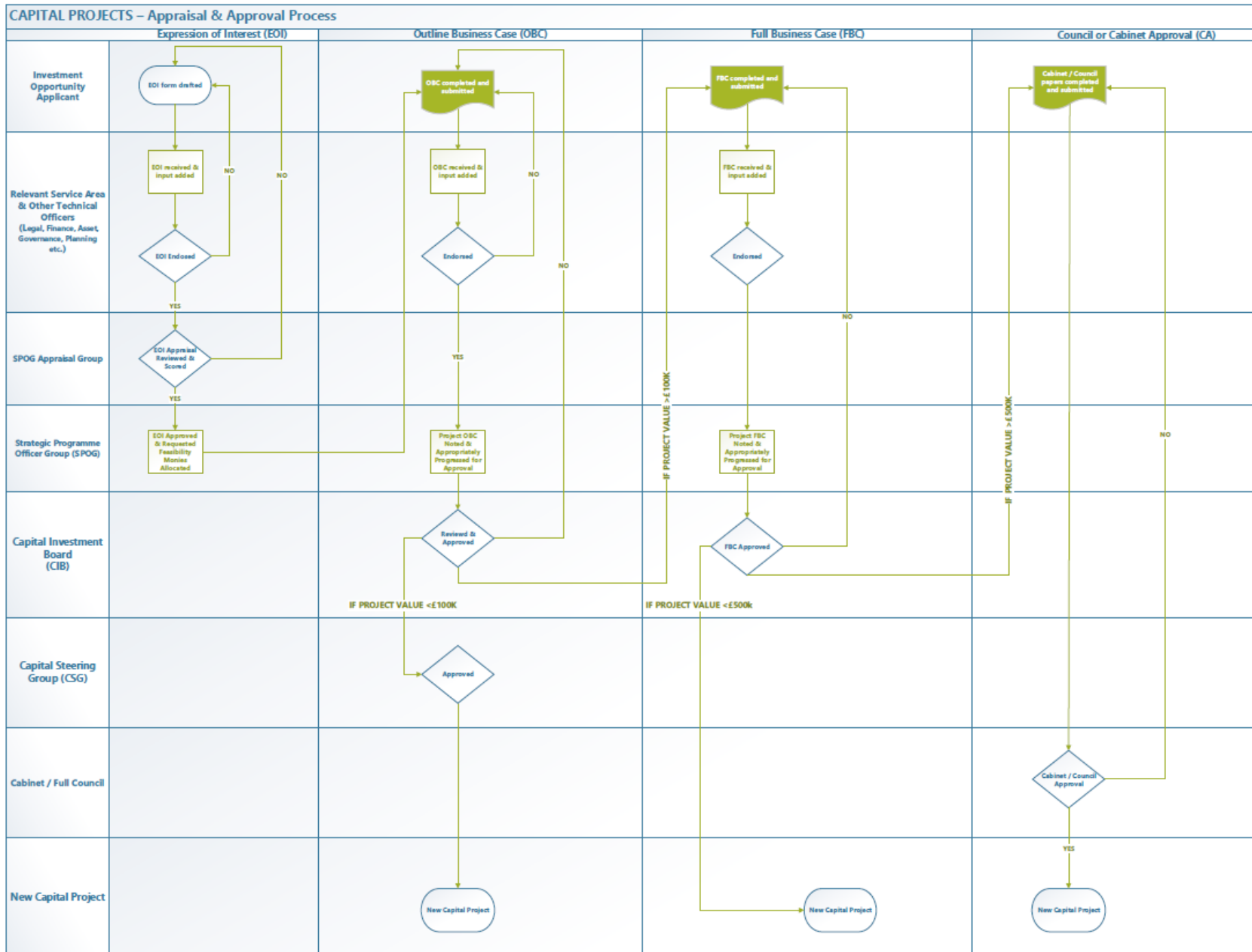
10.5 Details on progress to date for each of these approved capital projects is summarised below.

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.
- 10.9 **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.
- 10.10 **Castle View, Oswestry** was acquired at the end of the 2019/20 financial year and has provided a gross yield in excess of 5%.
- 10.11 **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.
- 10.12 **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.
- 10.13 **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 2023/24.
- 10.14 **15-18 English Walls, Oswestry** strategic acquisition was undertaken during 2022/23, generating further income against the regeneration investment fund.
- 10.15 **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.
- 10.16 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 co vid and a subsequent decision was taken to retain the asset in their ownership.

### 10.17 **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.



Directorate Service Area	Revised Budget Q3 2022/23 £	2023/24 Revised Budget £	2024/25 Revised Budget £	2025/26 Revised Budget £
<b>General Fund</b>				
<b>Health &amp; Wellbeing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Public Health Capital	0	0	0	0
Regulatory Services Capital	0	0	0	0
<b>People</b>	<b>25,225,543</b>	<b>20,639,011</b>	<b>17,577,384</b>	<b>7,399,000</b>
Adult Social Care Contracts & Provider Capital	0	0	0	0
Adult Social Care Operations Capital	1,570,411	2,405,000	1,200,000	0
Children's Residential Care Capital	1,080,041	0	0	0
Housing Services Capital	13,781,848	4,449,000	4,149,000	4,149,000
Non Maintained Schools Capital	3,059,934	2,504,877	3,000,000	0
Primary School Capital	5,742,046	1,501,246	1,000,000	0
Secondary School Capital	517,449	21,800	0	0
Special Schools Capital	77,800	13,080	0	0
Unallocated School Capital	-603,986	9,744,008	8,228,384	3,250,000
<b>Place Capital - Commercial Services</b>	<b>14,240,002</b>	<b>12,703,304</b>	<b>12,783,119</b>	<b>1,701,000</b>
Corporate Landlord Capital	14,240,002	12,703,304	12,783,119	1,701,000
<b>Place Capital - Economic Growth</b>	<b>7,041,631</b>	<b>11,081,047</b>	<b>8,817,520</b>	<b>5,371,738</b>
Broadband Capital	995,136	3,000,000	2,200,000	1,079,945
Development Management Capital	585,234	236,069	121,500	40,500
Economic Growth Capital	4,310,609	7,296,019	6,496,020	4,251,293
Planning Policy Capital	1,150,652	548,959	0	0
<b>Place Capital - Homes &amp; Communities</b>	<b>798,529</b>	<b>4,654,657</b>	<b>5,557,237</b>	<b>2,067,303</b>
Leisure Capital	723,713	4,454,657	5,357,237	2,067,303
Outdoor Partnerships Capital	74,816	200,000	200,000	0
Visitor Economy Capital	0	0	0	0
<b>Place Capital - Infrastructure</b>	<b>49,382,011</b>	<b>44,165,793</b>	<b>51,557,000</b>	<b>27,412,000</b>
Environment & Transport Capital	0	0	0	0
Highways Capital	46,453,935	44,165,793	51,232,000	27,412,000
Waste Capital	2,928,076	0	325,000	0



<b>Resources</b>	<b>485,549</b>	<b>1,000,000</b>	<b>0</b>	<b>0</b>
ICT Digital Transformation - CRM Capital	25,463	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	60,688	0	0	0
ICT Digital Transformation - Unallocated Capital	399,398	1,000,000	0	0
<b>Total General Fund</b>	<b>97,173,265</b>	<b>94,243,812</b>	<b>96,292,260</b>	<b>43,951,041</b>
<b><u>Housing Revenue Account</u></b>	<b>17,945,870</b>	<b>20,475,256</b>	<b>15,121,612</b>	<b>13,312,819</b>
HRA Dwellings Capital	17,945,870	20,475,256	15,121,612	13,312,819
<b>Total Approved Budget</b>	<b>115,119,135</b>	<b>114,719,068</b>	<b>111,413,872</b>	<b>57,263,860</b>

PRIORITY CAPITAL SCHEMES SCHEDULE

APPENDIX C

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	HRA	Borrowing	Capital Receipts	Total	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	Total	
Replacement of existing swimming provision at the Quarry with new provision within Shrewsbury.	25.000			0.500				24.500		25.000			0.500	2.000	12.000	8.000	2.000		24.500
Replacement of existing swimming provision in Whitchurch.	13.100							13.100		13.100			0.622	4.421	5.357	2.067	0.633		13.100
Programme to install self-service machines .	0.152							0.152		0.152				0.152					0.152
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.	1.350	1.000						0.350		1.350				0.350					0.350
To deliver improvements to Town Centre and associated public realm works.	4.500			4.500						4.500									4.500
<b>OLDER FOR COMMUNITIES, LEISURE &amp; TOURISM &amp; TRANSPORT</b>	<b>44.102</b>	<b>1.000</b>	<b>0.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>38.102</b>	<b>0.000</b>	<b>44.102</b>	<b>0.000</b>	<b>1.122</b>	<b>6.573</b>	<b>17.707</b>	<b>10.067</b>	<b>2.633</b>	<b>0.000</b>	<b>38.102</b>	
Delivery of classroom expansion to meet Place Planning requirements.	1.126	0.326		0.800						1.126									0.000
Development of new school hall.	0.928	0.328		0.300		0.300				0.928									0.000
New Primary School requirement on former power station site subject to planning approvals.	5.100		5.100							5.100									0.000
Expansion linked to Secondary pupils from power station site.	4.400		4.400							4.400									0.000
2 class bases to support complete rebuild as part of School Rebuilding Programme.	0.400		0.400							0.400									0.000
<b>OLDER FOR CHILDREN &amp; EDUCATION</b>	<b>11.954</b>	<b>0.654</b>	<b>9.900</b>	<b>1.100</b>	<b>0.000</b>	<b>0.300</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>11.954</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
Shirehall Refurbishment	1.085			1.085						1.085									0.000
Equipment Replacement Fund.	3.200							3.200		3.200			0.800	0.800	0.800	0.800			3.200
<b>OLDER FOR RESOURCES</b>	<b>4.285</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.085</b>	<b>0.000</b>	<b>0.000</b>	<b>3.200</b>	<b>0.000</b>	<b>4.285</b>	<b>0.000</b>	<b>0.800</b>	<b>0.800</b>	<b>0.800</b>	<b>0.800</b>	<b>0.000</b>	<b>0.000</b>	<b>3.200</b>	
Acquisition of suitable accommodation to provide temporary shelter and support for homeless individuals and families.	5.000		1.500				3.500			5.000									0.000
<b>OLDER FOR ADULT SOCIAL CARE, PUBLIC HEALTH &amp; ASSETS</b>	<b>5.000</b>	<b>0.000</b>	<b>1.500</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>3.500</b>	<b>0.000</b>	<b>0.000</b>	<b>5.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
Improvements to town centres & high streets	1.100	1.100								1.100									0.000
Enhancing existing cultural historic and heritage institutions offer	1.000	1.000								1.000									0.000
Capacity building and infrastructure support local groups	0.100	0.100								0.100									0.000
Demolition of the current Riverside Shopping Centre to enable future development.	4.287							4.287		4.287			0.000	2.144	2.143				4.287
Physical infrastrucutre works critical to unlocking the vital, transformational Smithfield Riverside Development Programme.	13.154	11.904			1.250					13.154									0.000
A number of projects identified within the Big Town Plan, primarily around Public Realm improvements and town centre movement.	4.280	3.852						0.428		4.280			0.005	0.112	0.311				0.428
Future development of the Pride Hill Shopping Centre.	42.433					42.433				42.433									0.000
Following on from the demolition, investment in development of the site for end use - part if the Big Town Plan.	53.619				53.619					53.619									0.000
<b>OLDER FOR ECONOMIC GROWTH, REGENERATION &amp; PLANNING</b>	<b>119.973</b>	<b>17.956</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>97.302</b>	<b>0.000</b>	<b>4.715</b>	<b>0.000</b>	<b>119.973</b>	<b>0.000</b>	<b>0.005</b>	<b>0.112</b>	<b>2.455</b>	<b>2.143</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
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.	28.111		8.265						19.846	28.111									0.000
Council investment requirement above normal Highway Maintenance funding to bring the Shropshire Highways to a suitable managed condition.	31.565							31.565		31.565		3.983	18.012	3.545	3.695	2.330			31.565
Linked to Phase 1 Enabling Project within the capital programme - development of employment land to support local growth and provision of new skateboard park.	10.028							10.028		10.028			2.000	5.014	3.014				10.028
Traffic Flow Improvements and Road Safety on Oteley Road, Shrewsbury	4.500		4.500							4.500									0.000
A5191 Shrewsbury Northern Corridor between Railway Station and Heathgates Island	0.650	0.650								0.650									0.000
Future development of a new Civic Centre.	41.655	2.946				38.709				41.655									0.000
<b>OLDER FOR PHYSICAL INFRASTRUCTURE, HIGHWAYS &amp; BUILT HOUSII</b>	<b>116.509</b>	<b>3.596</b>	<b>12.765</b>	<b>0.000</b>	<b>0.000</b>	<b>38.709</b>	<b>0.000</b>	<b>41.593</b>	<b>19.846</b>	<b>116.509</b>	<b>3.983</b>	<b>20.012</b>	<b>8.559</b>	<b>6.709</b>	<b>2.330</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	
<b>TOTAL</b>	<b>301.823</b>	<b>23.206</b>	<b>24.165</b>	<b>6.100</b>	<b>1.085</b>	<b>136.311</b>	<b>3.500</b>	<b>87.610</b>	<b>19.846</b>	<b>301.823</b>	<b>3.983</b>	<b>21.939</b>	<b>16.044</b>	<b>27.671</b>	<b>15.340</b>	<b>2.633</b>	<b>0.000</b>	<b>87.610</b>	