

TRAFFORD COUNCIL

Report to: Executive and Council

Date: 16th February 2022

Report for: Decision

Report of: The Executive Member for Finance and Governance and the Director of Finance and Systems

Report Title

CAPITAL STRATEGY, ASSET INVESTEMENT STRATEGY, CAPITAL PROGRAMME AND PRUDENTIAL & LOCAL INDICATORS 2022/25

Summary

This report highlights the Council's investment plans for the next three years taking into account the estimated resources to be made available from Government as well as the Council's own resources and consists of :-

Capital Strategy (Appendix 1) – The Capital Strategy which includes the core principles that underpin the Council's Capital Programme.

General Capital Programme (Appendix 2 – Section 1) - The level of resources forecasted to be available for general capital investment purposes during the period is £183.85m. The proposals included in this report will result in a Capital Programme totalling £187.23m. This equates to £3.38m of over-programming over the three year programme and will be reviewed each year to ensure actual capital resources are not overcommitted. To assist with the delivery of the capital programme individual scheme proposals are included for a number of key programmes.

Asset Investment Fund (Appendix 2 – Section 2) – This report highlights the Council's proposals to utilise the fund created during 2017 by acquiring a range of investment assets to facilitate development and regeneration whilst providing a sustainable revenue stream and covering any related borrowing costs and also supporting local authority functions. The fund was previously increased to a level of £500m to allow headroom to cover the cost of local regeneration schemes.

Prudential and Local Indicators (Appendix 3) – the Council is required to set indicators in accordance with the CIPFA Prudential Code which are designed to support decisions taken on affordability, sustainability and professional good practice.

Details of Block Budget Allocations (Appendix 4) – Provides individual details of schemes that are covered by block allocations.

Asset Investment Strategy (Appendix 5) – The refreshed Asset Investment Strategy, for approval, which has been updated to take account of the recent changes to the Council's corporate priorities, external regulations and the wider economic environment.

Recommendations

That the Executive approve the:-

1. Capital Programme as detailed in Appendix 2 of the report;
2. Schemes to be undertaken from the “block” budget allocations reported in paragraph 21 and detailed Appendix 4.

That Executive recommends the Council to approve:-

3. The Capital Strategy included in Appendix 1;
4. the overall Capital Programme in the sum of £417.38m for the period 2022/25, comprising £187.23m in respect of the General Capital Programme and £230.15m for the Investment Fund and
5. additional prudential borrowing of £50.52m as detailed in paragraph 12
6. the Prudential and Local Indicators as set out at Appendix 3 of this report.
7. the Asset Investment Strategy included in Appendix 5
8. Approves the flexible use of capital receipts of up to £0.27m to support the cost of the Modernisation Team in developing the Council’s Finance and Change Programme.
9. the flexible use of capital receipts strategy as detailed in paragraph 16 of this report

Contact person for access to background papers and further information:

Name: Frank Fallon

Extension: 4170

Background Papers – None

Relationship to Policy Framework/Corporate Priorities	<p>Value for Money</p> <p>The proposed budget for 2022/23 supported by the proposed Capital Strategy, Asset Investment Strategy and Capital Programme supports all key priorities and policies.</p>
Financial Implications	Planned capital expenditure over the next three year period will be contained within available capital resources.
Legal Implications:	All borrowing and expenditure to be incurred in accordance with capital regulations and prudential code.
Equality/Diversity Implications	In approving the detail of schemes proposed through the capital programme the Council will need to ensure that any decisions are made fully in accordance with its Public Sector Equality Duty.
Sustainability Implications	The indicative capital programme includes a number of proposals that will aid the Council in its environmental sustainability objectives, as detailed in Annex A.
Resource Implications e.g. Staffing/E-Government/ICT/Asset Management Implications	A number of improvement schemes are being undertaken in 2022/25.
Risk Management Implications	Assumptions have been made on the level of receipts from land sales and developments to be generated in 2022/23 to 2024/25. This is subject of the Strategic Land Review Programme and is being presented as a separate report. An ongoing review will be undertaken of the future funding sources and in the event that there is a shortfall in resources to finance the Capital Programme, adjustments will be made to our expenditure plans. Any other properties or other assets acquired as part of the Asset Investment Strategy will be subject to the annual review and revaluation. An appropriate risk reserve has been created and is monitored in line with the investment strategy to mitigate risk and provide protection to ourselves for potential future unknowns.
Health & Wellbeing Implications	The proposed capital programme includes a number of schemes that seek to provide a positive impact on the Health and Wellbeing of Trafford's residents, including sports and leisure improvements, home adaptations as part of the Disabled Facilities Grant, tree replacement programme and improvements to play area infrastructure across the borough.

Health and Safety Implications	A number of schemes are being undertaken on the grounds of health and safety.
Carbon Reduction	Various budget proposals in the revenue and capital budgets support the carbon neutral action plan.

Other Options

The Executive could decide to use capital receipts to repay debt which would generate revenue savings on the Medium Term Financial Plan. However, the proposed application of the capital receipts are to schemes with mandatory requirements and schemes to protect the long-term viability of the Council’s assets; enabling efficient and effective service delivery and avoiding potential increases in maintenance costs in future years, the benefits of which are greater than just using the receipts to repay debt.

Consultation

Consultations have taken place with budget holders, responsible officers and professional services to ascertain the new projects to be put forward for inclusion in the Capital Programme for 2022/25. Consultation with the public and user-groups will follow, where appropriate, once the programme is set and specific proposals within the budget allocations are developed.

Reasons for the Recommendation

The Authority is regularly assessed on the performance of its Capital Programme and how delivery matches corporate policies and proposed spending plans. To reflect budgets in line with revised expectations will assist in evidencing that compliance with the above is being met.

Key Decision

This is a key decision currently on the Forward Plan: Yes

If Key Decision has 28 day notice been given : Yes

Finance Officer Clearance ...GB.....

Legal Officer Clearance ...JL.....



DIRECTOR’S SIGNATURE

TRAFFORD COUNCIL

Capital Strategy

Contents	Page
Introduction	1
Objectives	1
Context	3
Capital Resources	9
Governance Framework	10
Risk Management and relationships with other processes	11
Knowledge and Skills	12
Summary	12

INTRODUCTION

The effective management of capital resources is an important aspect in the delivery of the Council's corporate objectives and associated priority areas. The Capital Strategy provides the framework for this delivery and ensures there is a focused approach to our capital investment.

The Strategy maintains a strong link to the Council's priorities and to its key strategy documents notably the Corporate Plan and Place Shaping Strategy, Medium Term Financial Strategy, Treasury Management Strategy, Asset Management Plans and the Asset Investment Strategy.

The Strategy is reviewed annually and updated to take account of the new challenges facing the Council and the aspirations of our residents - ensuring that we provide a Capital Strategy which meets the Council's long-term vision of ***"Where all our residents, communities and businesses prosper"***.

OBJECTIVES

The high level objectives for the Council's capital investments over the medium term are:-

- ❖ Support the Medium Term Financial Strategy (MTFS) by ensuring that capital investment decisions are not taken in isolation from revenue spending with specific emphasis on delivering future savings and income streams capable of supporting the revenue budget. Also ensuring the right capital assets are fit for purpose for the Council and partners and supports the priorities in the asset management plans
- ❖ Ensure Statutory service delivery
- ❖ Ensure health and safety and other schemes of a statutory nature are delivered
- ❖ Support the reshaping of Council services
- ❖ Support the economic recovery from the effects of the Covid-19 pandemic.
- ❖ Support achievement of Corporate Objectives and key priorities :



Reducing Health Inequalities



Supporting People out of Poverty



Addressing Our Climate Crisis

❖ Specific priorities include:-

- Regeneration of Strategic Locations including, Stretford Civic Quarter, Sale Town Centre development and the Stretford and Altrincham Town Centre Masterplans
- Development of the Bee Network/cycle schemes
- Leisure Centre Strategy
- Investment in Highways and Infrastructure
- Secondary Schools - Expansion Programme and Improvement
- Special Educational Needs Provision
- One Public Estate, particularly relating to new health related provision and best use, including rationalisation of public sector assets
- Adult Social Care provision
- Increase the availability and range of suitable housing options for older people within Trafford and improve the quality and standard of existing housing.
- Affordable Housing
- Appropriate levels of housing measures to address spatial framework
- Major infrastructure schemes to support new housing development, including Carrington Relief Road - A1 Route
- Parks, greenspaces and tree planting programme
- Contributing to achieve carbon neutrality
- Asset Investment Strategy, including the acquisition of commercial properties, provision of senior development or investment debt and direct development of council owned sites.

The Council's 2022-2025 Capital Programme, associated financing and prudential borrowing requirements is attached as an appendix to this strategy.

A developing theme for this and future capital programmes will be how our capital investment plans support the Council's ambition of achieving carbon neutrality by 2038.

In delivering both the Capital Programme and maintaining a mixed investment portfolio, opportunities to improve the carbon footprint will need to be explored. This will be done through exploring alternative delivery solutions around construction and working with potential partners to assess their green credentials. Also as part of the ongoing review of the investments portfolio, analysis of any potential carbon impact will be undertaken. This will then formulate, if required, a plan of action that will need to be delivered to improve the carbon footprint of the investments that are held.

Trafford Council was one of the first local authorities to declare a climate emergency in November 2018, whilst Greater Manchester has committed to being carbon neutral by 2038 through the Greater Manchester Combined Authority. Across the council and in partnership across Trafford, we are continuing to make progress with measures that will reduce our carbon footprint and put us on a pathway to carbon neutrality by 2038, and in doing so, help to improve the health and wellbeing of our communities, our

environment and our economy. The Council's Carbon Neutral Action Plan details those areas which are to be targeted to achieve the overall aim of carbon neutrality. These areas are;

- Governance, Engagement and Collaboration
- Production and Consumption of Resources
- Transport and Travel
- Heat and Energy
- Natural Environment
- Skills and Green Growth
- Homes, Workplaces and Buildings

Within the indicative capital programme at Appendix A are a number of schemes supporting the Council's carbon neutrality objectives detailed above with the following schemes assisting in achieving carbon neutrality;

- Mayor's Challenge Fund, cycling and walking schemes,
- Investment in parks and open spaces including tree planting schemes
- Resomation Cremators at Altrincham Cemetery
- Street Lighting replacement programme

There are a number of schemes within the current three year capital programme delivering on decarbonisation of council buildings, electrical vehicle charging points and cycling and walking schemes that are also contributing to the objectives detailed above.

In addition to schemes included in the indicative capital programme, the investments and developments that are undertaken as part of the Asset Investment Strategy consider increased level of sustainability to assist with the overall objective of carbon neutrality.

CONTEXT

The updated Prudential Code published in December 2021 requires that authorities should have a Capital Strategy with the purpose of establishing a long term direction for the management and use of capital resources for the organisation.

The Capital Strategy is closely linked to a number of other key strategies including:

- ❖ Corporate Plan
- ❖ Medium Term Financial Strategy
- ❖ Asset Management Plans
- ❖ Asset Investment Strategy and Town Centre Strategies
- ❖ Treasury Management Strategy



Our Approach

Key to successfully delivering the vision, outcomes and priorities in the corporate plan is the way we work and our approach. This is defined as: Delivering the right, quality services at the right time for residents, communities, businesses and partners using our skilled and diverse workforce. Being responsive, accessible and fair to all and placing this at the heart of everything that we do. This means becoming a digital council, improving connectivity and helping more residents to get online and access new technology. At the same time, we will ensure that residents are not left behind in our increasingly digital society. Providing value for money, targeting investment and better partnership working; ensuring our services are built around the needs of people who live, work and visit the borough.

Working with residents, communities and business to provide properly maintained, clean, attractive and safe green spaces for everyone to enjoy. Continuing to maintain tight control on our finances through the medium term financial plan (MTFP) to deliver a balanced budget. Working more closely with residents and using data effectively, to influence and inform our local decision making. Making sure our communications is open and accessible to all, continuing to engage both directly and through social

media, websites and online platforms. Working together to help develop a strong, dynamic and diverse voluntary sector as a key partner in the borough and actively encourage volunteering.

PLACE SHAPING BOARD

The Trafford Place Shaping Board reports to the Executive Member for Housing and Regeneration, chaired by the Corporate Director for Place and comprising directors and senior council officers, it meets regularly to develop, direct and deliver a Place Shaping Programme encompassing a number of inter-related programmes including Leisure, Investment and enabling projects.

The purpose of the Place Shaping Board is to ensure that development, disposal, investment and acquisitions taken forward by the Council realise and maximise the financial and strategic objectives for growth and regeneration.

The Strategic Place Shaping Board applies the direction of the Executive:

- ❖ To establish a Place Shaping Programme comprising projects from: Place Shaping, Leisure, Schools, Investment, Disposal; and Enabling categories;
- ❖ To consider the inclusion of new projects within the Place Shaping Programme;
- ❖ To consider strategic development sites and how these can contribute to place shaping objectives;
- ❖ To drive the implementation of the Place Shaping Programme through weekly meetings;
- ❖ To review a monitoring report on a monthly basis on the financial, legal, commercial (including risk management) and development milestones of the Place Shaping Board Programme to ensure programme delivery;
- ❖ To receive, review and agree Outline Business Cases and (subsequent) Full Business Cases for projects within the Place Shaping Programme prior to Executive or Investment Board approval.
- ❖ To receive and review regular updates from any Place Shaping sub / working groups including the Adult Care (place shaping) working group and Leisure Board.
- ❖ The Place Shaping Programme sponsor is the Corporate Director Place and responsibilities for individual projects will be delegated/allocated to Place Shaping Board members

MEDIUM TERM FINANCIAL STRATEGY

The objectives and supporting policies of the Medium Term Financial Strategy (MTFS) are designed to assist the Council in ensuring that the people of Trafford will continue to be provided high performing, efficient and effective services for now and into the future, whilst avoiding unnecessary tax burdens and ensuring best value for money.

The objectives of the MTFS are:

- ❖ Increasing the resources available to the Council
- ❖ Delivering value for money

- ❖ Delivering a robust, balanced and sustainable budget (both capital and revenue)

ASSET MANAGEMENT PLANS

The Council has historical data on both the property and highways infrastructure portfolios to assess the condition and backlog maintenance.

The condition data and backlog maintenance requirements identified in the asset management plans for corporate property, schools and highways infrastructure are then used to determine the priorities for investment to ensure statutory compliance along with improving the assets.

These plans set out the current and longer term condition of Trafford's infrastructure and provide information on the 10-20 year requirements of these assets, which informs the decisions made on capital investments plans into the future.

ASSET INVESTMENT STRATEGY

The Council's Asset Investment Strategy, which was originally drafted in September 2017, and subject to annual updates, with the latest being in November 2021. The latest strategy has been updated to better align with Council's strategic priorities and values, protect against near-term market uncertainty and incorporate recent guidance on Local Authority finances, including changes to the Prudential Code. The primary objective of the Asset Investment Strategy is to promote the Council's 3 Strategic Priorities while creating a suitable income stream to support frontline services. The Council will also ensure that future investments are in keeping with the Council's objective and policies around environmental sustainability.

As part of the decision making process an Investment Management Board (IMB) has been established to oversee the approval of new acquisitions and arrangements for the provision of senior development and investment debt and to undertake a performance management role. This process is supported by independent external advice on each acquisition or loan and also a robustness statement from the Director of Finance and Systems. The Investment Management Board is a cross-party decision making board consisting of:

- ❖ Leader of the Council
- ❖ The Chief Executive
- ❖ Leader of the Green Party Group
- ❖ Leader of the Conservative Group
- ❖ Leader of the Liberal Democrat Group
- ❖ Executive Member for Finance and Governance
- ❖ Executive Member for Housing and Regeneration

Representation from the Leader of the Liberal Democrat Group has not been forthcoming.

The financial performance of the investment portfolio and of each property within the portfolio is measured and reported on a bi-monthly basis by an officer group to the Executive. Annual reviews

of external revaluations and net yield generated are undertaken with a view to making recommendations concerning sales or purchases and any amendments to the adopted strategy to ensure that the main objective continues to be achieved.

In November 2019 CIPFA issued revised guidance around councils' commercial investment activity which has been reviewed and has been taken into account when considering future opportunities. This includes assessing the proportionality of the size of the Council investment portfolio, the appropriateness of any investments and the Council's legal powers that allow it to invest. Further information on the proportionality of the portfolio is included in this report in Appendix 3 as part of the Prudential and Local Indicators.

TREASURY MANAGEMENT

The Council also produces a Treasury Management Strategy which is approved by full Council annually as part of the budget setting process.

The Treasury Management Strategy aims to maximise investment interest whilst minimising risk to the Council. The main objective surrounding the Council's investment criteria is security of capital first, liquidity of its cash flows and finally yields.

The Strategy takes account of the Council's capital expenditure plans and ensures that any borrowing requirement to fund these plans remains robust, prudent, affordable and sustainable.

There are close links between the Capital Strategy and Treasury Management Strategy with the Capital Strategy determining the borrowing need of the Council. The take up of debt is done in accordance with the Treasury Management Strategy which involves arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives. The Council makes provision for the repayment of debt over the life of the asset that the borrowing is funding.

A copy of latest Treasury Management Strategy can be found at:

<http://www.trafford.gov.uk/about-your-council/budgets-and-accounts/revenue-and-capital-budgets.aspx>

CAPITAL RESOURCES

External Resources

External resources available to support the Capital Programme are received from a number of sources. These include grants from government bodies, statutory and other developer contributions (e.g. S.106) and partner contributions from bodies interested in specific projects. These resources can be very specific with little, if any, discretion on how they can be applied.

Internal Resources

The restrictions on the ability to apply external resources to specific schemes means that only internal resources are available for application on discretionary investment. Internal resources

mainly comprise **prudential borrowing** and **capital receipts** from the sale and development of council assets as included in the Strategic Land Review Programme.

Prudential Borrowing

Prudential Borrowing is an alternative way of financing capital expenditure. In considering the use of borrowing to support its capital investment proposals the Council must show how stewardship, value for money, prudence, sustainability and affordability can be demonstrated. Examples of schemes that would be appropriate for this type of financing include:

- ❖ Invest to save schemes
- ❖ Investing in income generation schemes

Generally a scheme will only be considered for Prudential Borrowing if the impact on the revenue budget is at least neutral and the scheme has gone through the capital prioritisation and appraisal process. This will ensure that the scheme will contribute to the delivery of council objectives, whilst not placing any additional pressure on the council tax. This process will take account of the risk associated with changes in interest rates (for example, in recent years government borrowing rates have been amended overnight).

A significant proportion of Council borrowing is linked to the Asset Investment Strategy, which supports economic development and regeneration proposals which will be of benefit to the borough and which generate a financial return to the Council above the borrowing cost. A lot of the schemes are asset backed.

The Council is required to set prudential indicators, supplemented by local indicators, in accordance with the CIPFA Prudential Code which are designed to support and record decisions taken on affordability, sustainability and professional good practice and these are included within the annual capital budget setting report and approved by full Council.

Capital Receipts

Capital receipts are the income the Council receives from the sale of surplus assets. In line with the Local Government Act 2003 these can only be applied to support capital expenditure, or to repay debts or other liabilities.

Traditionally local authorities have maintained a property review and disposal programme to rationalise property holdings and raise capital but this approach has changed significantly in recent years. The process of review and disposal continues, however rather than the traditional direct sale of surplus assets which only generates a capital receipt the council can also look into direct development which can increase the value of the eventual capital receipt or may produce a revenue stream which can be used to support wider Council objectives.

In order to maximise the returns from these surplus assets the Place Shaping Board reviews the sites to identify the optimum use for the asset. The result of this review process is an annual Strategic Land Review Programme which reports the delivery method for each site and the potential returns, both capital and revenue, that can be used to support future capital investment and revenue

pressures.

GOVERNANCE FRAMEWORK

It is important given the risks surrounding Capital Projects that the appropriate governance framework is in place hence the following processes are in place:

- ❖ The Capital Strategy itself to be presented annually alongside the Medium Term Financial Strategy at Council
- ❖ All new bids are prioritised and assessed by the Corporate Leadership Team
- ❖ All schemes and the overall Capital Programme are subject to approval by the Executive within the overall resource envelope agreed by Council.
- ❖ All new investments within the asset investment strategy are approved by the Investment Management Board and/or the Executive (where appropriate).
- ❖ Responsible Officers are assigned projects in line with their responsibilities
- ❖ The Strategic Place Shaping Board is led by the Executive Member for Housing and Regeneration, and chaired by the Corporate Director for Place. The group monitors the strategic direction of the council's capital investment plans.
- ❖ The progress of the programme is reported to the Executive on a bi-monthly basis.
- ❖ The Council's Finance Procedure Rules identify the parameters within which officers need to manage capital expenditure
- ❖ Regular budget monitoring meetings are held with Directorate Departmental Management Teams.
- ❖ The Capital Programme is subject to Internal and External Audit Review
- ❖ Scrutiny Committee can call in Executive Decisions.
- ❖ Capital Programme Review Group chaired by the Corporate Director for Place to support the update of the capital strategy, delivery of the capital programme and assist in the capital bid process.

The Capital Programme is agreed annually by the Executive and Council. The Programme, to assist in planning and delivery of schemes, covers three years. Each year the Executive confirm the next three years' Programme, in light of available resources. If priority schemes come forward but insufficient resources are available then the opportunity is taken to review the priority of schemes in the Programme that are not contractually committed alongside new proposals. This ensures that the capital resources available to the Council are used as affectively as possible. The overall process will continue to be led by the Council's Financial Management Service.

A de-minimis level of £10,000 exists for capital schemes. Schemes with a lower value are assessed for inclusion into the revenue budget. The only exceptions to this are if the scheme is supported by specific external resources.

As part of the budget process and annual review of the Programme a capital bidding round for those projects requiring support from discretionary resources, i.e. capital receipts and prudential borrowing is undertaken. This includes uncommitted schemes in the existing programme giving priority to:-

- ❖ Statutory implications/impact on service delivery;
- ❖ Council objectives and priorities (e.g. the Capital Strategy - Specific Capital Priorities);

- ❖ Condition of assets and the strategic importance of those assets;
- ❖ Capacity to deliver the volume of work included in the programme (minimising potential slippage);
- ❖ Availability of resources.

Larger schemes have specific working groups, for example leisure strategy developments. The make-up of the groups include service departments, professional services, legal and finance services to ensure that schemes are progressed, monitored and completed in line with the original objectives. The results and findings of these meetings are reported, on a bi-monthly basis, to Members and Senior Officers. These reports give a progress report on all schemes as well as reporting any amendments to the Capital Programme for scheme slippage and new approvals.

As part of the decision making process for the Asset Investment Programme an Investment Management Board has been established to oversee the approval of new acquisitions and to undertake a performance management role. This process is supported by independent external advice on each transaction and also a financial assessment from the Director of Finance and Systems.

RISK MANAGEMENT AND RELATIONSHIP WITH OTHER PROCESSES

The Council's management of risk is supported by the following:

- ❖ The Council's risk management strategy and strategic risk register
- ❖ The governance structure and responsibilities, particularly around the Asset Investment Strategy
- ❖ Risk reporting
- ❖ Monitoring and escalation procedures.

Risk is managed both collectively and on an individual basis as required, e.g. the treasury portfolio, asset investment strategy, and place shaping strategy etc.

KNOWLEDGE AND SKILLS

The Capital Programme and Treasury Management Strategy are managed by a team of professionally qualified accountants with extensive Local Government finance experience between them. They all follow a Continuous Professional Development Plan (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills. The Council's Director of Finance and Systems is the Section 151 Officer and is the officer with overall responsibility for Capital and Treasury activities, who is also a professionally qualified accountant and follows an ongoing CPD programme.

All the Council's commercial projects have project teams from all the relevant professional disciplines from across the Council and, when required, external professional advice is taken.

Internal and external training is offered to members on an annual basis to ensure they have up to date skills to make capital and treasury decisions. A register is also kept on member attendance.

The Council ensures that members are adequately informed at each relevant stage of a project's life cycle.

The Council's Investment Management Board reviews all commercial and investment activity from inception right through to project completion and ongoing performance management and this process is supported by a number of external advisors.

PRUDENTIAL CODE

In September 2021, CIPFA released the second proposed set of changes to the current version of the Treasury Management Code (previously updated in 2017) to all local authorities for consultation and in December 2021 the outcome of this exercise was released in the form of the publication of a revised and updated Code.

The key changes made to the code are highlighted below. All changes to the Code have been considered and implemented where necessary in this Capital Strategy:

- 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,
- 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,
- Heritage Assets are to be included in the Local Authority's Capital Financing Requirement (CFR) calculations.
- 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.
- Local Authorities will be required to monitor and report against all forward looking prudential indicators on at least a quarterly basis.
- Authorities which have an expected need to borrow should review options for exiting their financial investments for commercial purposes in their annual treasury management or investment strategies. The options should include using the sale proceeds to repay debt or reduce new borrowing requirements.
- Local Authorities will need to monitor and report on a new Prudential Indicator which reviews net income from commercial and service investments as a percentage of the Authority's net revenue stream. This indicator can be found in Appendix 3.

CATEGORISATION OF INVESTMENTS

The Prudential Code, published by CIPFA in December 2021, requires all Financial Investments and investment income to be allocated to one of the three following categories:

- **‘Investments for treasury management purposes’** (or treasury management investments) are those investments that arise from the organisation’s cash flows or treasury risk management activity, and ultimately represent balances which need to be invested until the cash is required for use in the course of business.
- **‘Investments for commercial purposes’** (or commercial investments) are taken or held primarily for financial return and not linked to treasury management activity or directly part of delivering services.
- **‘Investments for service purposes’** (or service investments) are taken or held primarily and directly for the delivery of public services (including housing, regeneration and local infrastructure) or in support of joint working with others to deliver such services.

Unless stated otherwise, all new investments found within this Capital Strategy are considered to be a new Service Investment.

As required by the Prudential Code, as issued by CIPFA in December 2021, all commercial investments held by the Council are reviewed annually for the appropriateness of any potential disposal as an element of the Asset Investment Strategy.

PROPORTIONALITY

The Prudential Code, published by CIPFA in December 2021, requires that capital expenditure plans and investment plans are affordable and proportionate. In addition, that the risks associated with investments for commercial purposes are proportionate to the financial capacity of the Local Authority.

There are three main aspects to proportionality that need to be considered for the Capital Strategy:

- The extent to which the Council’s revenue budget is reliant on income from investments
- Whether any plausible losses associated with any of the Authority’s investments could be absorbed in budgets or reserves without unmanageable detriment to local services.
- The investments included within the Capital Programme are fully funded and proportionate to the benefit provided.

Proportionality for the authority will depend on the risk that the authority is exposed to in relation to its investment portfolio and an indicator has been set, in Appendix 3, for the ratio of commercial income to net service expenditure.

Risk around the investment strategy is assessed when investment options are appraised and approved with appropriate provision being made to mitigate elements of risk, including through the use of the Council’s Risk Reserve.

SUMMARY

The above sets out the Council’s Capital and Asset Investment Strategy, in order to support the

Corporate Objectives within an appropriate level of risk management.

Capital Programme

CURRENT CAPITAL PROGRAMME

1. The current value of the three year programme, including re-profiled expenditure from 2020/21 and other changes as reported in the period 8 budget monitoring report to Executive in January 2022 is £439.06m, including £107.08m in 2021/22.
2. The Programme can be split into two distinct areas, firstly the General Capital Programme, worth £167.08m, which aims to ensure that the Council can deliver its services in line with the priorities included within the Capital Strategy and secondly the Asset Investment Fund, worth £271.98m, which has been set to support regeneration in the borough and also generate income streams which will support the revenue budget for years to come. These two elements are shown in the table below and are included in this report as :
 - Section 1 : General Capital Programme
 - Section 2 : Asset Investment Fund

Table 1 - Capital Investment Programme 2021/22	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Service Analysis:				
Children's Services	12.11	20.2	5.51	37.82
Adult Social Care	2.14	5.64	3.17	10.95
Place	24.78	45.02	45.79	115.59
Governance & Community Strategy	0.08	0.07	0.00	0.15
Finance & Systems	1.14	1.43	0.00	2.57
General Programme Total	40.25	72.36	54.47	167.08
Asset Investment Fund	66.83	104.87	100.28	271.98
Total Programme	107.08	177.23	154.75	439.06
Resourcing :				
Capital Grants	27.48	49.89	39.38	116.75
External contributions	2.07	3.61	2.92	8.60
External Resources	29.55	53.5	42.3	125.35
Reserves & revenue	0.80	1.17	0.01	1.98
Borrowing(*)	72.05	117.10	100.93	290.08
Receipts – Strategic Land Review	4.35	2.95	11.81	19.11
Internal Resources	77.20	121.22	112.75	311.17
Resourcing total	106.75	174.72	155.05	436.52
Surplus / (Deficit)	-0.33	-2.51	0.30	-2.54

(*) Borrowing level includes £271.98m for Asset Investment Fund

SECTION 1 - GENERAL CAPITAL PROGRAMME

CURRENT 2021/22 PROGRAMME

3. The current forecasted expenditure for 2021/22 to 2023/24 is £167.08m of which £40.25m relates to 2021/22 and will deliver a number of key projects including:-
- School Places and condition works of £11.58m
 - Adult Social Care of £2.14m
 - Corporate landlord investment of £1.75m
 - Decarbonisation Programme of £3.81m
 - Town centre regeneration and investment of £2.78m
 - Leisure Centre Strategy of £1.08m
 - Football Facility Provision of £0.71m
 - Highways improvements of £11.46m
 - Parks and Open Space improvements of £0.89m
 - Housing Services of £1.55m
 - ICT investment of £1.13m
 - Other investment of £1.37m
4. The current programme was subject to a detailed review as a result of slippage from 2020/21 and changes in resources supporting the approved capital programme. This was reported during the financial year and budgets revised accordingly. Throughout the year the budget has been continually updated to get the current P8 position stated above.

BUDGET PROCESS

5. As part of the budget process this year, the Programme has been reviewed to ensure it continues to meet Council priorities and remains affordable within the level of resources available; this has involved:-
- Undertaking a capital bidding round for those projects requiring discretionary support in the next three years, i.e. capital receipts and prudential borrowing. This included uncommitted schemes in the existing programme. The bids were then considered based on a number of factors including:-
 - Statutory implications/impact on service delivery,
 - Condition of assets and the strategic importance of those assets;
 - Council objectives and priorities (e.g. the Capital Strategy - Specific Capital Priorities);
 - Capacity to deliver the volume of work included in the programme (minimising potential slippage);
 - Availability of resources
 - A full review of all bids was undertaken by the Corporate Leadership Team, with bids prioritised and approved based on the capital strategy and available funding by the Executive.
 - An update to the level of all capital resources available to support the new programme.
 - Identifying those schemes that can be financed from external contributions.
-

CAPITAL RESOURCES UPDATE 2022/25

6. A review of capital resources was undertaken to determine the scope for including schemes in the Programme over the next three years and allowing for the requirement for funding the 2022/25 programme. This indicates total resources of £183.35m.

Table 2 – Changes to available resources	2022/25 Total £m
Capital Grants	97.26
External contributions	7.05
External Resources	104.31
Reserves & revenue	3.03
Borrowing(*)	63.40
Available Receipts – Strategic Land Review and other	13.11
Internal Resources	79.54
Resourcing Total*	183.85

*Excludes Asset Investment Strategy

External Resources

7. External resources available to support the Capital Programme are received from a number of sources. These include grants from government bodies, statutory and other developer contributions (e.g. S.106) and partner contributions interested in specific projects. These resources can be very specific with little, if any, discretion on how they can be applied.
8. **Capital Grants - £97.26m** : These include grants from central government departments and agencies and the major areas include :-
- **£24.19m** for schools related investment from the Department for Education.
 - **£1.68m** from the Department for Education create places and to improve facilities for pupils with special educational needs and disabilities (SEND).
 - **£8.68m** from the Department for Levelling Up, Housing and Communities for disabled facilities grants
 - **£16.04m** from Department for Levelling Up, Housing and Communities for Future High Streets Fund to support work in Stretford
 - **£10.72m** from the Department of Transport to support investment in highways and infrastructure
 - **£12.15m** from Homes England to support infrastructure improvements
 - **£5.40m** from Transport for Greater Manchester to assist with infrastructure schemes.
 - **£18.40m** from the Mayors Challenge Fund for improving the network for pedestrians and cycle users.
-

9. The estimate of grants available reflects assumed allocations for 2023/24 and 2024/25 based on current known allocations for 2022/23, and make assumptions as to the level of grant expected in 2024/25, resulting in additional resources of **£7.98m**.

Table 3 : Updated Level of Capital Grants	2024/25 £m
<i>New notifications/ Assumptions</i>	
➤ Schools Devolved Formula	0.37
➤ Schools Maintenance	2.24
➤ Disabled Facilities	2.47
➤ Highways Structural Maintenance	1.29
➤ Highways - Pot Hole Funding	0.32
➤ Highways Incentive Fund	1.29
Total	7.98

10. **External Contributions - £7.05m** : These include contributions from public bodies and private contributions

- **£1.55m** from the Football Foundation to assist in improving football facility provision
- **£0.46m** from Lawn Tennis Association to support Parks Tennis Court Programme
- **£0.19m** contribution towards Longford Stadium track resurface
- **£4.24m** of Section 106 Contributions towards Public Realm schemes in Altrincham and Stretford
- **£0.18m** of private sector Contributions to infrastructure schemes
- **£0.43m** of Section 106 Contributions towards open spaces schemes

Internal Resources

11. The restrictions on the ability to apply external resources to specific schemes means that only internal resources are available for application on discretionary investment. Internal resources mainly comprise prudential borrowing and capital receipts.

12. Prudential Borrowing - £63.40m:

- The Leisure Strategy Review was considered by the Executive on 13th December 2021 providing an update on the Strategic Outcomes Planning Model (SOPM), aligning the leisure strategy with the Council's corporate plan to inform decisions on leisure facilities and services. As a result of this update including successful completion of RIBA Stage 2 for Altrincham, Sale and Stretford, this programme now provides an indicative £44.25m funded from prudential borrowing increasing the previously approved amount of £7.85m to support condition works of £52.10m for refurbishment works at the three sites. Further reports will be provided to Executive to approve the resources as design work continues and costs are firmed up. This will include confirming the business case for each centre

and the financial implications on the Council and Trafford Leisure CIC both during and after completion of the refurbishment works.

- Significant investment to manage the condition and prevent deterioration of the highways network is required on an ongoing basis. Additional resources of £4.2m of borrowing have been committed towards the highways network funded through a number of revenue budgets identified
 - As part of the review of new bids, the ability to provide additional income or savings to support borrowing has been assessed and a number of schemes can support being funded in this manner; albeit business cases will be kept under review and assessed against any changes in interest rates prior to final commitment on a project. The proposals put forward for inclusion in the Capital Programme, which total £2.07m, are:
 - Adult Services Data Capture £0.02m
 - Altrincham Market House Improvements £0.10m
 - Parks Tennis Court Programme £0.25m*
 - CRM Upgrade £1.10m
 - Town Centre Loans Fund £0.10m
 - ICT – Digital and Hardware Investment £0.50m
- * Subject to final business case approval

Previously approved borrowing £12.88m is still required and will support such areas as New Chapel and Resomation Cremators, Strategic investments at Manchester Airport and previously approved Leisure support. This means the new borrowing requirement for proposals in this report are £50.52m (£63.40m less £12.88m).

13. Short term borrowing (up to 3 years) may need to be taken out where receipts requirements are in advance of realising actual receipts or income stream being received which would then be used to service debt costs. In these cases the cost of the borrowing will need to be identified from within the Councils revenue budget. The Council's direct development schemes, such as at the Sale Magistrate Court and Tamworth developments are such cases and in these instances the interest incurred would be capitalised as part of the scheme.
 14. **Reserves and Revenue – £3.03m** : There are currently a range of projects supported by the application of reserve including:
 - **£1.8m** for investment highways network as previously stated.(this will mean an additional £6m of highways investment over and above that supported by external grant over 2022/23 and 2023/24))
 - **0.04m** for Allotment infrastructure
 - **£0.02m** for ICT schemes
 - **£0.13m** for the provision of artificial sports surface replacement
 - **£1.00m** additional support for Disabled Facilities programme of work
 - **£0.04m** for owner occupier grants
 15. **Capital Receipts – £13.11m** : A review of the sites included in the current Strategic Land Review Programme has been undertaken along with other potential receipts and an estimate for 2024/25 has been built into this programme. The Strategic Land Review Programme is a subject of a further report to the Executive. Total capital receipts over the next three years
-

are expected to be £15.50m, this includes £12.54m from the sites that have been identified for self-development by the Council. Of the total receipts, £2.39m is required to support a funding shortfall in 2021/22, giving a balance of £13.11m available to support the 2022/25 programme.

16. In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme, which provides Local Authorities the freedom to use capital receipts generated from the sale of assets (with the exception of right to buy disposals) to fund revenue costs arising from transformational revenue projects that deliver savings. It is proposed that the council agree “flexible use of capital receipts strategy” to support the cost of Modernisation team to the sum of 0.27m of a total cost of £0.5m in 21/22, the team will be involved in developing the Councils Finance and Change Programme targeted at delivering sustainable savings to support the revenue budget over the medium term.

17. The following table gives the current position of capital receipts for 2022/23 to 2024/25

Table 4 : Capital Receipts	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Land Sales	2.78	1.57	-	4.35
Self-development Returns	1.67	6.67	4.20	12.54
<i>Less costs :</i>				
Flexible Use Strategy	(0.27)			(0.27)
Disposal costs / MRP allowance	(0.35)	(0.37)	(0.40)	(1.12)
Total Estimated Receipts	3.83	7.87	3.80	15.50
Amount required to support estimated deficit in 2021/22	(2.39)	-	-	(2.39)
Net receipts available to support 2022/25 capital programme	1.44	7.87	3.80	13.11

INDICATIVE CAPITAL PROGRAMME 2022/2025

18. The value of the indicative three year Capital Programme is £187.23m and a summary shown in the table below, with detailed analysis shown in Annex A. The capital programme will be reviewed and updated in the monitoring reports to Executive throughout the year.

Table 5: Capital Programme and funding	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget Total
<i>Investment :</i>	£m	£m	£m	£m
Children's Services	20.20	5.51	2.61	28.32
Adult Social Care	5.13	2.57	2.47	10.17
Place	51.38	59.37	33.89	144.64
Governance & Community Strategy	0.07	-	-	0.07
Finance & Systems	2.78	1.15	0.10	4.03
General Programme Investment	79.56	68.60	39.07	187.23
<i>Funding :</i>				
Grants	49.89	39.38	7.99	97.26
External Contributions	4.13	2.92	-	7.05
Revenue & reserves	2.10	0.93	-	3.03
Prudential Borrowing	18.71	20.20	24.49	63.40
Capital Receipts available	1.44	7.87	3.80	13.11
Total Funding	76.27	71.30	36.28	183.85
Surplus / (Deficit)	(3.29)	2.70	(2.79)	(3.38)

19. Appendix 4 is a specific list of the schemes that require approval in 2022/23 for the areas of the programme covering :

- Public Building Repairs and Compliance Programme
- Integrated Transport Programme
- Highways Structural Maintenance (including street lighting)
- Park and Play Area Infrastructure

20. **Public Building Repair and Compliance Programme** – The three year programme of schemes suitable for capital funding and part of the maintenance and repair programme are assessed by surveyors and categorised in terms of priority. The programme prioritises works (category 1) required to:

- Address Safety Issues
- Negate higher repair maintenance bills in the future

21. **Integrated Transport Programme** – The programme of schemes to be undertaken in 2022/23 has been compiled in line with the adopted Highways Infrastructure Asset Management Plan (HIAMP). The proposed schemes cover the following areas:

- Collision Analysis
- Dropped crossing programme
- Minor/Medium Traffic Management schemes
- Traffic Regulation Order Programme
- Disabled Parking Spaces

22. **Highways Structural Maintenance** – The programme of schemes to be undertaken in 2022/23 has been compiled in line with the adopted HIAMP. The rationale for investment in roads and bridges is threefold:

- through resident surveys, “better roads and pavements” are consistently cited as one of the top service areas that residents and businesses wish to see supported;
- roads and bridges are a vital part of ensuring economic growth in the area, providing access to education and recreation for residents and revitalisation of town centres.
- to reduce the deterioration rate of the highway asset, there must be continual investment in maintenance.

23. To ensure the available funding is used optimally, the Integrated Transport and Highways Structural Maintenance programmes are the result of an analysis of condition survey data by officers, in conjunction with feedback from Elected Members, communities, businesses, residents, schools, and focus groups such as the Trafford Cycle Forum.

24. **Greenspace Programme** – The Council’s greenspace resource is required in order to meet the objectives of Trafford’s Greenspace Strategy. The list of proposed schemes and associated budget allocations have been developed following independent ROPSA surveys of the equipment and inspection results in the form of:

- Parks infrastructure audit.
 - Trafford Countryside Management Partnership infrastructure audit.
 - Play Areas annual safety inspection and infrastructure audit.
-

SECTION 2 – THE ASSET INVESTMENT STRATEGY

25. The Council on the 26th July 2017 approved a summary Investment Strategy, and the establishment of the Investment Management Board (IMB) to oversee implementation of the Strategy. The Council in October 2018 approved a revised and updated strategy, which was further updated in October 2020. The overall objective of the strategy is:

“To promote Trafford Council’s strategic priorities while creating a suitable income stream to support local services”.

26. In line with the recent changes to the Council’s corporate priorities and the wider economic environment the strategy has been refreshed. The updated strategy is found in Appendix 5, with the key changes outlined below:

- Reducing the minimum transaction size from £10m to £5m for in-borough investments;
- Inclusion of social investments – targeting a £40m allocation towards social investments
- Greater Manchester low carbon hub match funding – enabling the Council to club with the Greater Manchester Low Carbon Fund to provide match funding to support projects focusing on the generation and distribution of low carbon energy in GM.

27. In February 2020 approval was given to increase the Asset Investment Fund to £500m, supported by prudential borrowing, to support the Council’s Investment Strategy. The transactions that have been agreed by the Investment Management Board to date have a total current committed cost of £370.62m. This means the balance of the approved £500m which is available for further investment is £129.38m (table 6 below)

28. This investment to date has already has provided a net benefit to support the revenue budget in 2018/19 of £1.67m, £3.12m in 2019/20, £6.37 in 2020/21 and is forecast to provide £6.19m in 2021/22.

29. In 2022/23, the targeted net income for the Strategy is £7.56m. This target will require the Council to build upon the investments it has made to date to generate additional income, while ensuring that any new investments are commensurate with the Investment Strategy and support the Council’s Corporate Priorities. To assist with achieving this target, as investments are sold or recouped, the funds will be recycled into new investments.

30. The current level of commitment for the investments identified stands at £100.77m and relates to:

- a. Further development work at the K-Site (Lumina Village), Stretford. The purchase of this site was completed in April 2018 and a joint venture company with Bruntwood was set up to progress the development of the site. Works on the university are complete with the first intake of students in September 2019. The joint venture is now progressing development for the remainder of the site.
 - b. The cost of acquisition and planned residential development of the Sale Magistrates Court site is included within the Investment Fund. The cost of development will come from the Investment Fund, to be repaid by sales from the site, with any surplus used to support the Council’s Capital Programme.
 - c. The committed costs against the GMP Site, on Chester Road in Old Trafford, represent feasibility work being carried out, alongside the GMCA, to assess a potential residential scheme on the site.
 - d. A commitment of £16m has been made in respect of the redevelopment of the Stamford Quarter in Altrincham. This investment is split between an £8m equity investment into a
-

Joint Venture with Bruntwood Ltd, and a debt facility of £8m provided to the Council's JV partners, Bruntwood. This investment will allow vacant retail units to come back into use through the conversion to alternative uses, such as offices, co-working spaces, or leisure.

- e. The fund is providing a number debt facilities funded from PWLB borrowing. The provision of these facilities was approved by the Investment Management Board as compliant with the Investment Strategy objective of delivering a financial return to support the Council's revenue budget in addition to providing regeneration to the wider Greater Manchester area:
- £31.0m to a developer for the construction of a new residential development at Castle Irwell, Salford,
 - £67.50m in respect of the construction of a new headquarters for the HUT Group,
 - £4.6m in respect of a residential development and provision of a new community facility in Hale Village associated with the current library site.
31. Related to this Strategy is the planned investment into Stretford Town Centre which will be funded largely through the grant funding secured as part of the Future High Street Fund and which is included in the general capital programme.
32. Included in the 'Prior Years' Spend' on the table are costs listed under Development Pipeline, these costs relate to feasibility work that has been undertaken to progress future developments. Once the feasibility work is completed, any approved schemes will be brought forward and the costs included within the Asset Investment Fund envelope. Future schemes being evaluated includes the Jubilee Centre, Bowdon, and Stokoe Avenue, Altrincham.
33. In addition to the capital commitments listed in the following table, the Investment Management Board has also approved the Council to provide a debt facility of £17.62m secured against a portfolio of properties in Manchester City Centre, known collectively as Albert Estate. This facility is funded through surplus cash balances and so is a part of the Council's Treasury Management Strategy, rather than a capital investment.

PRUDENTIAL AND LOCAL INDICATORS

34. The Council is required to set indicators that are designed to support and record decisions taken on affordability and sustainability. There is also a requirement to impose *limits* on the Council's treasury management activities to ensure decisions are made in accordance with professional good practice and risks are appropriate (these are included in the Treasury Management Strategy Report). The Director of Finance and Systems will monitor these and report on them at appropriate times. The Council can revise these indicators and limits at any time.
35. All the indicators take account of the proposals in this report and a list of Prudential and Local Indicators is included at Appendix 3.
-

Table 6: Asset Investment Fund	Prior Years £m	Repayments £m	2021/22 Forecast £m	Commitment Future Years £m	Total £m
Total Investment Fund					500.00
Property Purchase:					
Sonova House, Warrington	12.17	-	-	-	12.17
DSG, Preston	17.39	-	-	-	17.39
Grafton Centre incl. Travelodge Hotel, Altrincham	10.84	-	-	-	10.84
The Fort, Wigan	13.93	-	-	-	13.93
Sainsbury's, Altrincham	25.59	-	-	-	25.59
Sub Total	79.92	-	-	-	79.92
Property Development:					
Sale Magistrates Court	4.80	-	-	-	4.80
Brown Street, Hale	6.79	-	2.04	-	8.83
Former sorting office, Lacy Street, Stretford	0.87	-	0.09	-	0.96
GMP Site, Chester Road, Old Trafford	-	-	-	0.64	0.64
Care Home Purchases	2.23	-	-	-	2.23
Development Pipeline	0.43	-	0.11	-	0.54
Sub Total	15.12	-	2.24	0.64	18.00
Equity:					
Stretford Mall, Equity	8.82	-	-	-	8.82
Stamford Quarter, Equity	16.69	-	0.25	8.00	24.94
K Site, Stretford Equity	11.00	-	0.21	1.04	12.25
Sub Total	36.51	-	0.46	9.04	46.01
Development Debt:					
Bruntwood; K site	10.90	-	0.21	1.04	12.15
Bruntwood; Stamford Qtr /Stretford Mall	25.57	-	0.25	8.00	33.82
CIS Building, Manchester	60.00	-	-	-	60.00
The Hut Group	62.45	(62.45)	-	67.50	67.50
Castle Irwell, Salford	11.28	-	5.10	2.62	19.00
Castle Irwell, Salford – Phase 2	0	-	3.57	8.43	12.00
Hale Library Redevelopment	0	0	1.10	3.50	4.60
Sub Total	170.20	(62.45)	10.23	91.09	209.07
Total Capital Investment	301.75	(62.45)	12.93	100.77	353.00
Albert Estate Investment	17.62	-	-	-	17.62
Total Investment	319.37	(62.45)	12.93	100.77	370.62
Balance available					129.38

RECOMMENDATIONS

That the Executive approve the:-

- Capital Programme as detailed in Appendix 2 of the report;
- Schemes to be undertaken from the “block” budget allocations reported in paragraph 21 and detailed Appendix 4.

That Executive recommends the Council to approve:-

- the Capital Strategy as included at Appendix 1;
 - the overall Capital Programme in the sum of £417.38m for the period 2022/25, comprising £187.23m in respect of the General Capital Programme and £230.15m for the Investment Fund,
 - additional prudential borrowing of £50.52m as detailed in paragraph 12
 - the Prudential and Local Indicators as set out at Appendix 3 of this report.
 - the asset investment strategy included in Appendix 5
 - Approves the flexible use of capital receipts of up to £0.27m to support the cost of the Modernisation Team in developing the Council’s Finance and Change Programme.
-

2022/2025 INDICATIVE CAPITAL PROGRAMME					
DESCRIPTION	Council Priority (See key at end)	2022/23	2023/24	2024/25	Total
		£m	£m	£m	£m
Schools					
Basic Need – School Places		0.88	0.75		1.63
Firs Primary School		3.00			3.00
Willows Primary School		2.50	0.45		2.95
Templemoor Infant Schools		1.50	0.28		1.78
Moorlands Junior School		3.37	0.58		3.95
Davyhulme Primary School		2.50	0.45		2.95
Devolved Formula Capital		0.66	0.61	0.37	1.64
Capital Maintenance Grant		3.54	2.24	2.24	8.02
SEND		1.68			1.68
Schools - Other		0.14			0.14
Sub-total		19.77	5.36	2.61	27.74
Children's Services					
Children's Services Data Capture		0.05	0.05		0.10
Foster Carers Accommodation Improvements		0.38	0.10		0.48
Sub-total		0.43	0.15	0.00	0.58
Adults Social Care					
Disabled Facility Grants		4.74	2.47	2.47	9.68
Assistive Technology/Technology Innovation		0.10	0.10		0.20
Right Care For You		0.10			0.10
Shawe Road, Urmston – Complex Needs (Change of use)		0.10			0.10
Liquid Logic Updates		0.07			0.07
Adult Services – Data Capture		0.02			0.02
Sub-total		5.13	2.57	2.47	10.17

	Council Priority (See key at end)	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Place					
Town Centres Loans Fund		0.15	0.10		0.25
Business Loan Scheme		0.40			0.40
Altrincham Town Centre – Public Realm		1.54	1.25		2.79
Stretford Town Centre – Public Realm			1.50		1.50
9/11 Market Street, Altrincham		0.24			0.24
Future High Streets Fund		13.38	2.66		16.04
Manchester Airport Investment		3.25			3.25
Trafford Waters, Trafford Park - Infrastructure		4.00			4.00
Public Building Repairs and DDA Compliance Prog (Page 32)		0.50	0.50	0.49	1.49
Altrincham Market Hall		0.10			0.10
TTH & Sale Waterside – Updating Workspaces		0.59	0.12		0.71
Members Committee Rooms – ICT Requirements		0.15	0.02	0.01	0.18
Leisure Strategy – ‘Increasing Physical Activity’		4.52	17.10	30.48	52.10
Football Facility Provision		2.05			2.05
Artificial Pitch/Surface Replacement		0.83			0.83
Parks Tennis Court Provision		0.72			0.72
Mayors Cycling and Walking Challenge Fund		3.61	14.80		18.41
Urmston to Sale Water Park Cycling Scheme		2.00			2.00
Traffic and Transportation		0.38			0.38
Integrated Transport Schemes (Page 33)		0.15			0.15
Highways Structural Maintenance (Inc. Pot Hole & Highways Incentive grants) (Page 36)		5.54	3.71	2.91	12.16
Additional Highways Support (Page 36)		3.00	3.00		6.00
Highways Infrastructure Safety Improvements		0.54			0.54
Electrical Street Furniture		0.05	0.05		0.10
Street Lighting (Page 33)		0.50	0.50		1.00
Carrington Relief Road		0.44	13.22		13.66
New Chapel and Installing Resomation cremators		1.40	0.50		1.90
Parks Infrastructure (Page 37)		0.26	0.15		0.41

	Council Priority (See key at end)	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Play Area Refurbishments (Page 37)		0.13	0.10		0.23
Allotments Infrastructure		0.02	0.02		0.04
Parks & Open Space, Outdoor Sports & RRF - S.106 Funded		0.43			0.43
Parking – Enforcement & Permit Software Update		0.05			0.05
Parking – Car Park Charges – Updated Software and Signage		0.02			0.02
Event Day Parking		0.02			0.02
Assistance to Owner Occupiers		0.03	0.03		0.06
Housing Standards / Empty Property Initiatives		0.04	0.04		0.08
Community Safety - CCTV		0.35			0.35
Sub-total		51.38	59.37	33.89	144.64
Governance & Community Strategy					
Waterside Arts Centre – Building Refurbishment		0.07			0.07
Sub-total		0.07	0.00	0.00	0.07
Finance & Systems					
Digital Resilience		0.24			0.24
SAP Systems Upgrades		0.22			0.22
Business Intelligence – Data Warehouse Solution		0.20			0.20
Digital Inclusion / Digital Skills		0.10			0.10
Office 365 - Implémentation, training etc.		0.15			0.15
Development / Low Code Solution		0.20			0.20
Meeting Room - Video Conferencing Facilities		0.13			0.13
CRM – Update/Replacement		1.10	0.90	0.10	2.10
Digital Investment and Hardware		0.25	0.25		0.50
ICT – Other		0.19			0.19
Sub-total		2.78	1.15	0.10	4.03
GENERAL PROGRAMME TOTAL		79.56	68.60	39.07	187.23
Asset Investment Fund		130.15	75.00	25.00	230.15
TOTAL INVESTMENT		209.71	143.60	64.07	417.38

Prudential and Local Indicators – Estimates 2022/25

This section sets out the prudential indicators and local indicators for the Capital Programme and Asset Investment Strategy in accordance with the CIPFA Prudential Code, which are designed to support the decision making on affordability, prudence, sustainability and professional good practice.

It is required by Part 1 of the Local Government Act 2003 and related CIPFA Prudential Code for Capital Finances in Local Authorities that the Council set borrowing limits, which will be done as part of the Treasury Management Strategy and the prudential indicators dealt with in this report before the forthcoming year.

The Prudential Code requires authorities to look at capital expenditure and investment plans in light of the overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority.

Revision to the Prudential Code in 2021 added further requirements for Local Authorities to monitor and report against all forward looking prudential indicators on at least a quarterly basis. In addition a new indicator has been made requirement for Local Authorities to review net income from commercial and service investments as a percentage of the Authority's net revenue stream.

The purpose of this report is to set the prudential and local indicators for Trafford for the three year period beginning 2022/25

All the indicators will be constantly monitored throughout the year. If there appears to be a danger that any of the prudential indicators will be breached for a sustained period of the time, this will be reported to Council at the earliest opportunity.

Capital Prudential Indicators

	2021/22 Revised £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Capital Expenditure:				
General Programme	40.25	79.56	68.60	39.07
Investment Strategy	12.93	130.15	75.00	25.00
Capital expenditure - the table above shows the estimated capital expenditure to be incurred for 2021/22 and the following three years. Any forecasts made will vary in line with Government allocation, if any, and as such any forecasts will be updated via the capital monitoring reported through the year.				
Capital Financing Requirement as at 31 March	409.75	538.44	624.81	646.28

Capital Financing Requirement (CFR) - this reflects the estimated need to borrow for capital investment (i.e. the anticipated level of capital expenditure not financed from capital grants and contributions, revenue or capital receipts).				
Financing Cost to Net Budget	6.6%	6.7%	6.8%	6.6%
Financing costs to net budget – (above excludes financing costs of additional borrowing cost of items associated with the Asset Strategy and Leisure investment which are assumed to be paid for by new income streams. The indicator shows the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the Council's net budget.				
Incremental Impact on Band D Council Tax (£)	£0.00	£0.00	£0.00	£0.00
Incremental impact on band D council tax – reflects the incremental impact on the Council Tax arising from new borrowing undertaken in order to finance the capital investment decisions taken by the Council during the budget cycle. The figures above reflect that any additional borrowing is supported by revenue savings or external support.				
Net Commercial and Service Income Stream	7.8%	7.5%	6.0%	5.4%
Net Commercial and Service Income Stream – proportion of net income from commercial and service investments compared to budgeted net revenue stream				

Local Indicators for the Asset Investment Strategy

The code requires that the investment strategy includes quantitative indicators that will allow members and the public to assess the authority's total risk exposure as a result of its investment decisions. The indicators are used at the Authority's discretion and will reflect local risk appetite and capital investment strategy.

The Council has set a target of additional net income being achieved of £3m from 2021/22 to replace the income streams from investments that will end in the year. Investments have yet to be identified to deliver this target, however, the indicators listed below have been adjusted to account for the anticipated increase in turnover.

Local Indicators for the Asset Investment Strategy	2021/22 Revised £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m
Gross Commercial Income	11.64	11.34	9.09	8.34
Gross Commercial Income – this is the total estimated level of income to be received from the acquisitions of commercial property and provision of senior debt finance and is				

required to support new debt costs associated the transactions, with any balance supporting the overall revenue budget.				
External Interest Cost	4.09	5.59	6.64	6.99
External Interest Cost – this is the interest cost of the new debt required to support the strategy.				
Minimum Revenue Provision (2.0% = 50 years)	2.25	2.52	2.52	2.53
Minimum Revenue Provision - this is the amount of income set aside as a provision for the repayment of the debt, required to cover the capital cost of the new commercial activity.				
Risk Reserve	-0.60	-1.54	0.41	0.59
Risk Reserve - this is the amount of income set aside to reserve as contingency in the event of a reduction in commercial income levels.				
Cumulative Investment Reserve	5.60	4.06	4.47	5.06
Cumulative Risk Reserve - this is the cumulative amount of reserve set aside, after annual contributions and deductions, as contingency in the event of a reduction in commercial income levels.				
Gross Commercial Income as proportion of Net Budget	6.91%	6.27%	4.87%	4.32%
Gross Commercial Income as proportion of Net Budget – this illustrates the proportion of the net budget which is supported by the new commercial income streams.				

All the indicators are monitored on a regular basis. If the situation arises that any of the prudential indicators appear that they will be breached for a sustained period, then this will be reported to the Council at the earliest opportunity.

Public Buildings Repairs and DDA Compliance Programme – 3 Year Programme	
Description	Value £000
Ascot House - Installation of bedpan washing facilities	20
Broome House - Fire Alarm upgrade including rewire	59
Chassen Rd football changing room - Replacement ceiling and lighting	51
Hayeswater Contact centre - Replacement of obsolete fire alarm panel and devices	14
Old Trafford Youth Centre, Old Trafford – Rewire/New boiler replacement	192
Previously Approved Schemes Re-profiled	167
2022/23 Total	503
Partington & Carrington Children's Centre - Replacement of Emergency Lighting, light fittings and upgrade to LED	78
Sale Waterpark – Health and Safety Issues	26
Sale West Youth Centre (Integrated with Sale West Community Centre) – Rewire/New boiler replacement	276
Shaw View - Replacement of obsolete fire alarm panel	14
Stretford & Lostock Children's centre - Replacement of obsolete fire alarm panel	14
Stretford Cemetery - Phase 2 of over boarding to Mess Room walls	38
Stretford Library - Replacement Emergency Lighting System	7
DDA - Compliance with the Equalities Act 2010	48
2023/24 Total	501
Tatton Depot – Roof Repairs	300
Torbay Road Urmston (track leading to the stables) - Reduction in track height and re-conditioning of the road surface	47
Trafford Town Hall - Pneumatic survey and valve overall for carbon reduction measures	44
Sale Moor Toilets – Refurbishment	28
Trafford Town Hall - Renew windows to the committee room to allow ventilation	19
Unforeseen Urgent Works	52
2024/25 Total	490
Public Buildings Repairs and DDA Compliance Programme	1,494

Integrated Transport Programme *	
Description	Value £000
Collision Analysis	30
Traffic Regulation Orders	30
Minor/Medium Works	50
Dropped Crossing Programme	30
Disabled Persons Parking Places	10
Integrated Transport Programme Total	150

Street Lighting Programme *	
Description	Value £000
Street Lighting Programme	500
Street Lighting Programme Total	500

*Additional support from Highways Structural Maintenance budget detailed in the following table

Highways Structural Maintenance Programme	
Description	Value
Highways Structural Maintenance - Asset Management	£000
Patching and Pot Holes	325
Public Rights Of Way (PROW)	45
Drainage Programme	180
Markings, Signs & Street Furniture	110
Vehicular safety barriers and Pedestrian guardrail	150
Footways	400
Joint treatment/Over banding	75
Surveys - Highway Condition	95
Serviceability Repairs	50
Advanced Design	50
Flood Alleviation/ Duty	60
Highway Tree Programme	50
Previously Approved Schemes Re-profiled	155
Asset Management Total	1,745
Surface Treatments	£000
Bailey Road, Trafford Park	45
Old Meadow Lane, Hale	138
Broad Lane, Hale	66
A5145 Edge Lane, Stretford	172
A5106 Chester Road (Phase 2 of 2) , Old Trafford	120
M60 /A6144 Old Hall Road Roundabout - West (Drainage), Sale Moor	79
Previously Approved Schemes Re-profiled	15
Highways Resurfacing Total	635

Description	Value
Highways Road Resurfacing	£000
Crofts Bank Road, Urmston	108
Sherborne Road, Davyhulme	66
Talbot Road (phase 1) , Stretford	154
Shaftsbury Avenue (A560), Timperley	65
Moss Lane, Hale	186
Previously Approved Schemes Re-profiled	20
Highways Road Resurfacing Total	599
Highways Road Reconstruction	£000
Andrews Avenue, Flixton	104
Dairyhouse Lane, Altrincham	57
Black Moss Road, Dunham Massey	80
Chapel Lane, Partington	246
Oldfield Road, Altrincham	125
Carrington Spur (A6144) - River Mersey Crossing	225
Atlantic Street /A56 Junction, Altrincham	56
Previously Approved Schemes Re-profiled	489
Highways Road Reconstruction Total	1,381
Bridge Assessment and Strengthening	£000
Bridge Inspections (GI and PI)	85
Bridges Asset Management	32
Assessment/Studies/Advanced Design	32
Bridge Minor Works	50
Rail Road Incursion - Victoria Road , Hale	65
Sale Canal Bridge	35
Flixton Bridge	65
Dane Road Canal Bridge	80
Bridge Assessment and Strengthening Total	444

Description	Value
Street Lighting – Additional Support from Highways Structural Maintenance	
Street Lighting Programme	50
Column failure replacement	350
Street Lighting Total	400
Integrated Transport Schemes – Additional Support from Highways Structural Maintenance	
Collision Analysis	20
Traffic Regulation Orders	10
Minor Works	20
Dropped Crossing Programme	20
Disabled Person Parking Places	20
Minor-Medium sized schemes - studies	10
Walking & Cycling Schemes	40
20mph programme	40
Red Route and TRO work around MUFC Parking	40
Woodhouse Lane, Sale - Traffic calming (subject to consultation)	100
Victoria Place / Trafford Wharf Road Parking scheme	15
Integrated Transport Total	335
Highways Structural Maintenance Programme	5,539
Additional Highways Support	
Additional Highways Surface dressing and treatment (2 year programme- year 1)	3,000
Additional Highways Support Total	3,000
Total Highways Programme	8,539

Parks Infrastructure	
Description	Value £000
Stamford Park - Reinstatement work	19
Victoria Park - Recondition works	18
Davyhulme Park - Recondition works	18
Flixton - Refurbishment works	14
Worthington Park - Recondition works	14
Longford Park - Reinstatement works	20
Pickering Community Gdns - Reinstatement works	17
All major parks - Condition Survey	30
Previously Approved Schemes Re-profiled	109
Parks Infrastructure Programme Total	259

Play Area Refurbishments	
Description	Value £000
Woodstock Park – Play equipment	16
Longford Park – Repairs to surface	10
Kelsall Street – Replacement of multi play unit	24
Moor Nook Park – Replace wooden multi play unit	24
Walton Park – Refurbish under 5's play area	20
Newton Park – Replace multi play unit	20
Minster Drive – replace play unit	12
Play Area Refurbishment Programme Total	126