

DRAFT

Capital Strategy

2023 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

CONTENTS

	Page
1. Executive Summary	2
2. Introduction and Background	4
3. Current Capital Programme & Long Term Plan	6
4. Capital Funding Streams	9
5. Risk Management	11
6. Knowledge and Skills	11
7. Capital Scheme Selection	12
8. Capital Monitoring	14
Appendix A – Proposed Capital Programme	15
Appendix B – Detailed list of Council strategies	19

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

1. EXECUTIVE SUMMARY

- 1.1 An effective Capital Strategy is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 Herefordshire Council has seen a number of schemes like the City Link Road and development of the Herefordshire Enterprise Zone enable long term plans for future development. This Capital Strategy will link to the County Plan 2020-24 and its three themes, to capital planning and utilisation of resources.
- 1.3 The Capital Strategy will be reviewed annually, identifying and matching resources to deliver service priorities over a four year period. Where possible a longer term view will be incorporated to ensure we have the vision on all future development opportunities. Also to enable long term planning on capital financing through the Treasury Management Strategy to ensure the best utilisation of resources and returns on investment.
- 1.4 A key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the council is keen to support their development in the coming years.
- 1.5 The challenges given to retaining property assets will be based on value for money and delivery of the council's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of in accordance with the strategic asset management plan and proceeds will be reinvested or retained within the capital receipts reserve until a decision on how to utilise the reserve is made.
- 1.6 The strategic asset management plan sets out a framework for determining the capital property assets needed to enable future service delivery priorities to be realised. Whereas a series of key projects have already been delivered, the capital investment budget will further inform priorities and options for investment/re-investment in assets over the medium term.
- 1.7 The Capital Strategy encourages all areas of the council to put forward requests for capital funding to ensure assets are adequately invested in and development opportunities are considered. However, there are limited resources and these schemes may need to be profiled over a number of years where they are to be funded corporately. Invest to save schemes are encouraged to help the future pressures we are facing on revenue budgets with the reduction in government funding over a number of years.
- 1.8 A Programme Management Office was created in 2020 to embed new processes for managing and developing projects. They manage the delivery of all capital projects through the development stage such as Housing development, Waste and Market Town Investment Plan projects. This is so that when new projects are added to the capital programme they are robust and will be able to commence delivery.
- 1.9 The priority will be to ensure that any new capital scheme will seek external funding sources such as grants in the first instance. Although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved Public Works Loan Board (PWLB) provision that has not been used. The £6.7m per annum limit is corporately funded borrowing, borrowing funded from revenue savings will be made available over and above this limit. This is the current limit included within the MTFs if further corporately funded borrowing is required, there could be a change to the MTFs and Treasury Management Strategy to allow this but the revenue budget would need to be adjusted to repay the borrowing costs. The council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.
- 1.10 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

will be captured. The recommendation of capital projects lies with the Executive using a range of criteria to evaluate schemes, with referral to Council for approval. However, the Council may add new schemes to the capital programme and new schemes can be added once approved at any full council meeting.

- 1.11 The Capital Strategy aims to encourage innovation and remind officers of their ability to draw down funding to fund creative projects that demonstrate delivery of “spend to save / mitigate”. The governance arrangements in place must ensure robust monitoring to ensure projects deliver in terms of quality, cost and benefits. Following central government austerity measures the council is keen to promote capital investment to secure future local funding streams, council tax and business rates.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

2. INTRODUCTION AND BACKGROUND

- 2.1 This Capital Strategy sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver the core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.
- 2.2 The strategy incorporates the vision of the council, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.
- 2.3 Through this strategy, the Council makes a clear distinction between capital investments, where the strategic aims will be considered alongside affordability; and treasury management investments which are made for the purpose of cash flow management.
- 2.4 Capital investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements in place that underpin the decision making.
- 2.5 The Capital Strategy links into the main council strategic documents: Strategic Asset Management Plan, Local Transport Plan, Digital Strategy and Local Development Framework, details are provided in appendix B. It demonstrates how the council prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

- Assist in ensuring spending decisions meet key priorities
- Influence and encourage working with partners
- Encourage improvement and innovation
- Ensure revenue consequences and whole life costs are fully considered including return on investment
- Explains the fluctuating nature of capital funding
- Confirms surplus assets will be recycled or disposed of
- Implementation of three year planning and horizon scanning for longer term priorities.

- **What it sets out**

- Capital priorities and plans
- Links to key strategic documents
- How schemes are identified that meet priorities
- How schemes competing for limited resources are selected
- A summary of the capital programme
- Monitoring processes in place

2.6 The strategic objectives for our corporate assets are to:

- Since 2021/22, Herefordshire Council has largely be funded from local taxation – Council Tax and Business Rates. Through capital investment, the Council will seek to stimulate the

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Herefordshire economy in order to advance business, commerce, jobs and economic prosperity across the county – and provide for a sustainable financial future.

- Optimise the contribution property makes to the council's strategic and service objectives. To this end, assets should only be held that meet the objectives of the council, with clear evidence to demonstrate that they contribute to the key objectives.
- Prioritise investment in our operational assets to meet service delivery needs and to enhance the customer experience. Assets that no longer deliver service priorities will be reviewed and either recycled to facilitate wider community agendas, or disposed of.
- Seek innovative, value for money solutions, through use of procurement and return on investment to deliver capital projects that satisfy service need.
- Ensure maximum return from our investment property and land holdings
- Use our assets to fund new developments, re-development and urban regeneration
- Ensure that existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of environmental impact and other resources, their property management and other running costs

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by programme board over the next four years, full programme details can be seen in appendix a. The consequences of investment are reflected in both the Medium Term Financial Strategy and Treasury Management Strategy.

Proposed Capital Programme

	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total Capital Programme Budgets £000s
Sustainable Transport & Place Making Delivery Board	5,803	15,592	19,100	15,600	0	56,095
Highways Maintenance Delivery Board	23,615	24,018	20,487	5,026	4,422	77,568
Planning Delivery Board	2,532	4,720	1,443	4,187	0	12,882
Environment & Sustainability Delivery Board	5,864	24,848	4,726	0	0	35,438
Economic Development Delivery Board	9,067	9,980	20,532	12,045	0	51,624
Major External Funded Delivery Board	2,323	14,924	7,500	0	0	24,747
IT Services Partnership Board	1,591	2,278	515	415	448	5,247
Corporate Transformation Delivery Board	996	130	0	0	0	1,126
Asset Management Delivery Board	8,787	30,562	17,963	0	0	57,312
Community Wellbeing Delivery Board	3,237	4,540	2,000	0	0	9,777
Housing & Accommodation Delivery Board	2,380	8,692	9,504	14,904	1,400	36,880
Total Capital Programme	66,195	140,283	103,771	52,177	6,270	368,696

Financed by

Capital Receipts	34,505
Grants & Funding Contributions	193,082
Prudential Borrowing	141,109
Total Funding	368,696

3.2 Long Term Capital Programme

One Herefordshire

One Herefordshire consists of a number of health organisations and the council represented at a group meeting, they regularly meet to discuss opportunities of where the organisations can work together for the benefit of the County when delivering services.

Herefordshire Council are committed to working with partner organisations such as Health and Higher Education establishments such as Hereford College of Arts and the creation of NMiTE. Where possible the council will support economic development opportunities to enable the services to grow and deliver the best service.

Housing Plans

Cabinet have an ambition to create 2,500 new social and affordable homes over the next 10 years; the council intends to respond to this challenge by progressing plans to invest in developing additional affordable housing stock and retaining it in public ownership. These ambitions are for both the rental and shared ownership models. This could lead to investing up to £100m in housing from 2023/24, it is anticipated that the income streams generated would cover the revenue costs of providing the housing, including any borrowing costs. A housing strategy is being developed and this will support the council in achieving its long term ambitions for housing; improving the supply of housing to support current and future residents.

Enterprise Zone

A capital allocation of £16m was approved by Council to fund the development of the enterprise zone; to date £14.0m has been spent with the remainder of this work being completed in 23/24. A further £5.432m was awarded by the LEP and has been spent on further development at the HEZ, which resulted in a reduction in Council funding requirement of £1.053m. Another £675k was awarded in 21/22 and was fully spent in year. This will enable growth of businesses in the zone and increase the number of jobs for Herefordshire. In 2022 both the Shell Store and Cyber Centre have opened which should result in a number of new businesses locating to the enterprise zone.

Hereford City Centre Transport Package

It was reported to Cabinet that the original budget of £40.651m is unlikely to deliver the full scope of the transport hub and public realm developments once the settlement for all the land acquisitions have been agreed. In 2022/23 a design piece of work has taken place so external grant is being sought to deliver the new hub.

Highways Maintenance

Like many councils the highways network has deteriorated over time with central government grants not able to cover all the capital investment required to prevent further deterioration of the highway network. Revenue budgets are fully utilised each year to keep up with repair work to ensure that the network is in a safe condition before longer term capital investment is available. The road network has a backlog of maintenance, the values are estimated from national guidance, as a high-level analysis the figures reflect and are representative of the view of deterioration across the highways asset. This would be to bring all assets back to a new condition.

Asset Type	Current Estimated Backlog
Carriageways	c£91m
Footways and Cycle ways	c£100m
Structures	c£85m

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Street Lighting	c£5m
Traffic Management	c£16m
Street Furniture	c£13m

Whereas the service are managing the asset within the available funding by functional requirement. The council continues to lobby central government for additional support for highways maintenance and it is not sustainable to pass all this onto local residents.

Other areas for Development

There are a number of projects that will be developed in the next financial year for waste management changes, delivery of the Hereford Town Investment Plans projects such as a new Museum and development of the Maylords site, which were part of a £25m funding bid. The third council project was for greening the city and business cases for all were approved by the Towns Board. The council is the accountable body for the £22.4m funding but the other approved projects will be run by other organisations.

Other projects being developed include the improvement works at the Shirehall and a costed plan but due to the significant costs have been put on hold. Options for expanding the Westfield school site were developed for the current site or other land owned by the Council. External grants are being sought to help deliver this project.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

4. CAPITAL FUNDING STREAMS

4.1 This section explains the source of resources available to fund the capital programme. Currently the majority of funding is allocated from central government, in part to fund specific schemes that deliver their national priorities.

4.2 The following funding sources are available;

Borrowing

- Prudential borrowing (PB) has been allowed since 2004 when government relaxed the rules to allow councils to finance their own capital, providing they could demonstrate affordability to repay the debt and interest. In a time of reduced resources PB may also be used to fund initiatives to deliver future revenue savings that can then fund the annual debt and interest cost. The Council has a number of invest to save schemes currently and there is no limit to the amount of additions to the capital programme in any year where all borrowing costs can be funded from revenue savings, as long as they can show they provide value for money, score highly enough in the review and are approved by Council.

Grants

- Government currently provide many direct grants to fund initiatives that the Council should deliver as part as their statutory duty. The major capital grants are:
 - **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, and road safety initiatives and highways maintenance. The Department for Transport has a process to allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
 - **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.
 - **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.
 - **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
 - **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the Corporate Spending Review (CSR), in fact this grant has increased annually.
 - **Broadband** – the Council continues to roll out ‘FasterShire’ to its most rural areas, utilising available grant funding.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

Regional Growth Fund (RGF)

- Local Enterprise partnerships (LEPs) will coordinate bids for RGF, they were introduced by the coalition government to replace regional development agencies. Their aim is to provide strategic leadership and long term vision for private sector led economic renewal working in partnership to deliver public service delivery, through the LEP area. The LEP are currently providing a number of grants for Integrated Wetlands, HEZ and Hereford City Centre Improvements, along with the Cyber Centre through Wolverhampton University and NMiTE.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Developer Contributions S106

- Developer contributions continue to support the capital investment need associated with developments throughout the Country.
- In future once a S106 has been completed, planning permission has been granted and the development the subject of the agreement has commenced, with the right governance in place the Council will be able to internally borrow to fund the project to commence prior to the developer contributions being received. The project to be funded must be within the terms of the S106 agreement. The borrowing will be funded short term within the cash balances and repaid once the developer contributions have been received. Do note however there may be a risks to the Council namely; if the development does not reach the trigger point for payment, the Council would then have to find alternative funding. The trigger points for the contributions to be paid are tailored to each development on a case by case basis and are not standard. The developer can advance at any stage of the development that a scheme is not viable. This would be independently reviewed by the District Valuer (at a cost to the developer) but it may conclude that the financial contributions are not viable. The scheme may proceed as a wholly 100% affordable scheme whereby financial contributions towards infrastructure are not required.

Capital Receipts

- The Council maintains a register of surplus property assets. A major review of property assets is now underway that will produce a Delivery and Rationalisation programme; implemented over the coming years.
- The public sector landscape of service delivery is now subject to major change. Annual reviews of the Council operational property portfolio will identify potential opportunities for remodelling and co-location, through alternative methods of service delivery.
- The Council must prioritise disposal for capital receipts against competing demands for affordable housing land to build social housing and Community Asset Transfers.
- The disposal of surplus assets is critical to deliver the Councils Capital Strategy. Specifically the delivery of the property maintenance and office accommodation review requires receipts to fund PB costs. Capital receipts are deemed a central receipt and so held corporately to use to deliver wider strategic priorities. Until receipts retained in the capital receipt reserve are allocated they reduce the overall borrowing costs of the Council.
- At the end of 2021/22 financial year there was a balance of £43.3m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at Council.

Revenue

- Both revenue budget and reserves can be used to fund the capital programme, either via a one off contribution to fund a project in its entirety or an annual sum to repay PB debt costs. Ongoing use of revenue should be assessed in relation to the impact on council tax via the use of assessing its prudential indicators. Funding is available throughout the year to fund both revenue and capital innovative projects that will deliver future year on year savings.

4.3 The table in 3.1 shows the expected resources available to fund the capital programme over the next four years.

4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

5. Risk Management

- 5.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully and/or limit its ability to exploit opportunities.
- 5.2 Risk management is the process of identifying risks, evaluating their potential consequence and determining the most effective methods of mitigating them. It is both a means of minimising the cost and disruption to the organisation and of ensuring staff understand and appreciate the element of risk in all their activities.
- 5.3 Through effective risk management the Council aims to minimise its exposure to unwanted risk – those risks that are not actively sought and which carry no commensurate reward to the Council. This may involve transferring risk to a third party.
- 5.4 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, a measure of risk must be taken – and therefore risk should be considered both in terms of threat to the Council as well as positive opportunities.
- 5.5 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored – and especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.
- 5.6 An assessment of risk should be built into every capital project and major risks recorded in the Risk Register. This may include political, economic, legal and regulatory, technological, environmental, reputation as well as financial risk. By managing risk effectively, the Council is better able to make careful, well thought through decisions in full knowledge of the adverse risks that apply and mitigating measures.

6. Knowledge and Skills

- 6.1 All capital investment approvals are subject to robust consideration and challenge by members and officers from across the Council with extensive experience from varying professional backgrounds.
- 6.2 All officers attend courses on an ongoing basis to keep abreast of new developments and skills to ensure their Continuous Professional Development. Members are also offered training annually to ensure they have up to date skills and are able to make capital and treasury decisions. It is important that we continue to strengthen training of officers and members on the understanding of environmental issues and the impact of these when undertaking capital works as we continue the approach to net zero carbon when producing business cases and taking decisions.
- 6.3 The Council's property portfolio is managed by its Property Services Team. The team has extensive knowledge of the Herefordshire property market and experience dealing with a mix of property types and professional work including professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management.
- 6.4 The Council's asset valuations for its financial statements are assessed on an agreed five year programme covering the whole property portfolio. The Council also has internal resources to advise on construction, repair and maintenance, and statutory compliance matters across its property portfolio.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

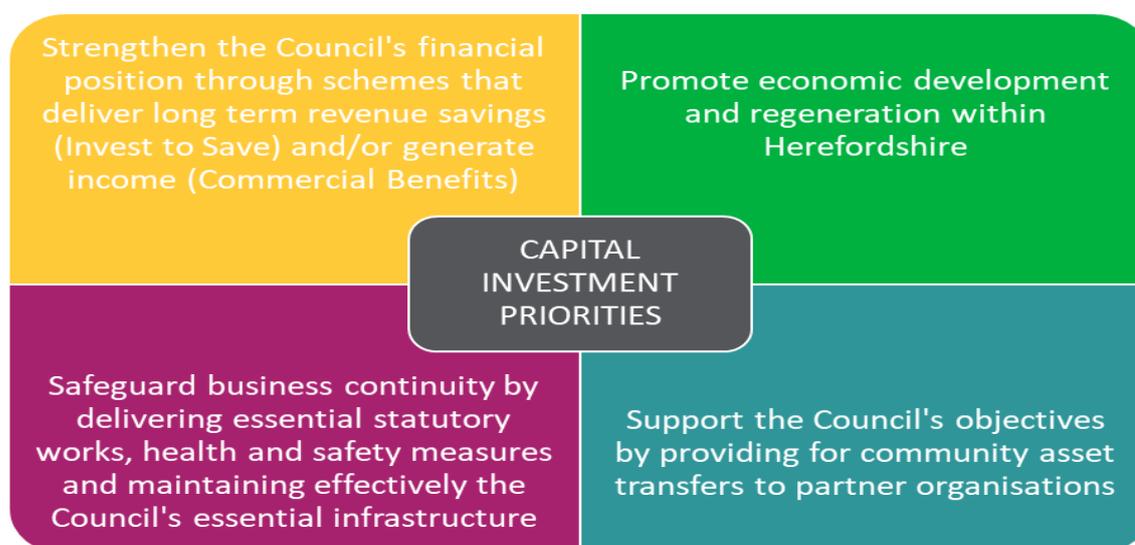
- 6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

7. CAPITAL SCHEME SELECTION

- 7.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2020-24. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFS for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 7.2 All capital schemes go through a stage process that is detailed in the project management process document.
- 7.3 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the council and provide value for money.
- 7.4 Capital funding will be initially allocated to council priorities, and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

Rationale for Investment

- 7.5 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing, future running costs and projected benefits. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;



- 7.6 Funding above the corporate limit of £6.7m is available to support capital investment that gives a clear pay back through revenue budget savings.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

- 7.7 Effectiveness and Best Value is demonstrated within the decision reports for each project and reviewed at the conclusion of a project. Value for Money on the build of a project is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects. Cabinet are keen to ensure where possible we should use Council funding to procure services from local suppliers to help improve the local economy, therefore social values should also be considered when making a best value decision.
- 7.8 The council has discretion to make loans for a number of reasons, including economic development. These loans will be treated as capital expenditure. In making loans the council is exposing itself to the risk that the borrower defaults in repayments. The council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the council is proportionate and prudent. The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans will be subject to close, regular monitoring.
- 7.9 Property services regularly review use of property assets as part of operational duties to ensure they are still required to deliver council priorities, alternatively assets may be recycled or deemed surplus to requirement. Sale of assets will deliver revenue savings and generate corporate capital receipts for investment in future capital schemes. Future building requirements will need to assess the concept of sale and leaseback and multi-use, shared approach for occupation.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

8. CAPITAL MONITORING

- 8.1 Capital investment requirements are significant, however, capital finances are limited at £6.7m, due to the repayment of interest in the revenue budget for corporately funded projects and central government current funding levels are expected to reduce. Herefordshire Council must have a prudent approach to capital allocation and monitoring to ensure scarce resources are used to maximum effect.
- 8.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:
- a reserve list of deferred capital schemes that can be accelerated or delayed as required
 - a contingency sum that should be included in all projects, due to the impact an increase in inflationary capital costs can have over the length of the project.
- 8.3 As part of a project's business case, an option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme, this is then developed to detailed costings so an informed decision to spend can be made. Each project must also state how the proposal seeks to deliver the council's environmental policy commitments to net zero carbon and aligns to the success measure in the County Plan. If there could be a detrimental impact on the environment explain how you have sought to minimise and offset this.
- 8.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, managed by experience project managers within the project management office team and using experienced officers in each service area, through a number of project boards. Through the proposed project management office changes, the Capital Programme Board will review quarterly, progress of the projects being reported through the Programme Delivery Boards. The PMO will prepare a dashboard for each Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.
- 8.5 In addition to significant individual projects, the capital programme also includes the council's annual Highways and Transportation capital programme of investment. This is guided by the Local Transport Plan to invest in the improvement and maintenance of the local transport infrastructure. Targets relating to highway maintenance standards, road safety and sustainable transport ensure that expenditure is in line with corporate plan objectives and outcomes expected by central government. This programme is currently managed through the Highways Maintenance Delivery Board and through the commissioning arrangements with Balfour Beatty.
- 8.6 However the governance process embedded follows the following processes. The PMO Capital Programme Manager will allocate the project to a Programme Delivery Board. The project manager is expected to maintain all documentation and report regularly using highlight reports to the SRO, Project Board and Programme Delivery Board as required. Details regarding the Board governance structure, reporting and escalation process will be outlined on the Project Management intranet site. In summary, individual Project Boards report into Programme Delivery Boards who are in turn monitored by Executive Programme Board. The Executive Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Appendix A

Scheme Name	Spend in Prior Years £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 Total Budget £000	2025/26 Total Budget £000	2026/27 Total Budget £000	Total Scheme Budget £000
Hereford City Centre Transport Package	35,031	3,549	4,899	3,500	0	0	46,979
Hereford City Centre Improvements (HCCI)	1,972	2,135	1,892	0	0	0	6,000
Hereford ATMs and Super Cycle Highway		0	1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	0	0	0	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	0	39,000
Sustainable Transport & Place Making Delivery Board	37,022	5,803	15,592	19,100	15,600	0	93,116
Local Transport Plan (LTP)		15,466	15,466	15,466	0	0	46,398
Priority Flood Repair Works	1,802	2,225	0	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	17	1,891	392	0	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network		2,475	2,475	0	0	0	4,950
Winter Resilience		532	145	290	435	0	1,402
Highways Equipment		548	0	0	0	0	548
Natural Flood Management		352	234	279	239	170	1,274
Highways Infrastructure Investment		0	4,085	4,085	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back		0	315	367	367	367	1,416
Moving Traffic Enforcement Phase 2		0	144	0	0	0	144
Masters House		0	762	0	0	0	762
Investment in Infrastructure Assets	1,874	126	0	0	0	0	2,000
Highways Maintenance Delivery Board	3,692	23,615	24,018	20,487	5,026	4,422	81,260
E & E's S106		1,332	3,703	1,092	1,922	0	8,049
C & F's S106		1,200	1,017	351	2,265	0	4,833
Planning Delivery Board	0	2,532	4,720	1,443	4,187	0	12,882
Integrated Wetlands	691	1,309	0	0	0	0	2,000
Solar Photovoltaic Panels	699	260	1,175	0	0	0	2,134
Wye Valley AONB		96	80	80	0	0	256
SEPUBU Grant	76	66	290	0	0	0	432

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Warm Homes Fund	579	381	0	0	0	0	960
Air Quality Monitoring Station Resource Improvements		192	0	0	0	0	192
Waste		0	18,090	0	0	0	18,090
E-Cargo Bike Share		0	73	0	0	0	73
Herefordshire Retrofit Hub		0	2,042	0	0	0	2,042
Green Homes Grant - Local Authority Delivery		1,835	0	0	0	0	1,835
Home Upgrade Grant		1,725	3,098	4,646	0	0	9,469
Environment & Sustainability Delivery Board	2,045	5,864	24,848	4,726	0	0	37,483
Hereford Enterprise Zone	13,090	1,657	200	0	0	0	14,947
Marches Business Investment Programme	1,884	1,340	205	0	0	0	3,428
Employment Land & Incubation Space in Market Towns	341	500	3,000	10,000	6,860	0	20,701
Leominster Heritage Action Zone	167	1,104	1,833	0	0	0	3,104
Safer Streets / CCTV		383	0	0	0	0	383
Herefordshire Hoard		776	0	0	0	0	776
Fastershire Broadband	22,157	3,282	2,767	7,532	0	0	35,738
Development Partnership activities	10,415	25	1,975	3,000	5,185	0	20,600
Economic Development Delivery Board	48,054	9,067	9,980	20,532	12,045	0	99,678
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	2	1,398	10,800	5,800	0	0	18,000
Stronger Towns Fund - Greening the City		78	332	0	0	0	410
UK Shared Prosperity Fund		81	210	845	0	0	1,135
Rural Prosperity Fund		0	850	856	0	0	1,706
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	1	767	2,732	0	0	0	3,500
Major External Funded Delivery Board	3	2,323	14,924	7,500	0	0	24,751
PC Replacement	1,418	98	0	0	0	0	1,516
Electronic Document Management Storage	212	103	0	0	0	0	315
Capital Development Fund		500	500	0	0	0	1,000
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		555	0	0	0	0	555
HARC SAN Lifecycle Replacement		0	372	0	0	0	372
Data Centre Equipment Lifecycle Replacement		0	329	0	0	0	329
Windows Server Upgrades		0	330	0	0	0	330
Backup Storage		0	82	0	0	0	82

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Device and Ancillary kit replacement programme	0	365	365	415	448	1,593
M365 E5 Implementation	0	300	150	0	0	450
Primary Data Storage Area Network (Plough Lane)	335	0	0	0	0	335
IT Services Partnership Board	1,630	1,591	2,278	515	415	6,877
Flexible Futures	167	683	0	0	0	850
My Account		313	130	0	0	443
Corporate Transformation Delivery Board	167	996	130	0	0	1,293
Schools Capital Maintenance Grant		3,265	3,908	1,195	0	8,368
Peterchurch Area School Investment	228	100	7,350	3,175	0	10,853
Brookfield School Improvements	214	337	3,654	795	0	5,000
High Needs Grant		300	1,077	2,678	0	4,055
Basic Needs Funding		259	7,496	8,610	0	16,365
Preliminary works to inform key investment need throughout the county	200	316	0	0	0	516
School Accessibility Works	99	141	1,000	0	0	1,240
Estates Capital Programme 2019/22	2,773	1,499	1,810	0	0	6,082
Residual property works identified in the 2019 condition reports		1,199	193	0	0	1,392
Estates Building Improvement Programme 22-25		1,329	1,414	264	0	3,007
Estates Building Improvement Programme 2023-25		0	2,460	1,247	0	3,707
Upgrade of Hereford CCTV Cameras		42	0	0	0	42
Hereford Library	145	0	200	0	0	345
Asset Management Delivery Board	3,659	8,787	30,562	17,963	0	60,972
Disabled facilities grant		3,018	2,540	2,000	0	7,558
Super Hubs		0	2,000	0	0	2,000
Unified Tech Fund – Digitising Social Care Prog		75	0	0	0	75
Rough Sleepers Accommodation Programme	280	143	0	0	0	423
Community Wellbeing Delivery Board	280	3,237	4,540	2,000	0	10,056
Hillside	589	411	0	0	0	1,000
Care home & Extra Care Development		100	500	3,000	9,000	14,000
Empty Property Investment & Development		414	900	0	0	1,314
Gypsy & Traveller Pitch development	755	30	1,092	0	0	1,877
Strategic Housing Development	140	1,252	6,200	6,504	5,904	20,000
Private sector housing improvements (Demo Centre)	25	174	0	0	0	199

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

Housing & Accommodation Delivery Board	1,508	2,380	8,692	9,504	14,904	1,400	38,389
Total Capital Programme	98,060	66,195	140,283	103,771	52,177	6,270	466,756

Strategies that Support the Capital Strategy

- **The Strategic Asset Management Plan**

Contains the Corporate Property Programme for the council.

It mainly focuses on proposals to:

- Rationalise the current corporate administrative estate
- Introduce better ways of working to drive efficiency, for example home working
- Support the organisation to meet its carbon reduction targets.

The overarching strategy contains a suite of supplementary procedures in the Corporate Asset Procedure that covers all aspects of purchase, disposal, owning and managing property assets as well as other supplementary procedures on items such as Community Asset Transfers, storage and listed sites.

- **Local Transport Plan**

This plan covers the policies and delivery plans relating to transport and explains how these contribute to the wider local agenda. It considers the transport needs both of people and of freight and includes the strategic countywide programme of transport infrastructure improvements and maintenance. The aim is to ensure the maintenance, operation, management and best use of the county's transport assets.

Annual funding available for local transport has over recent years been in the region of £12 million to support capital maintenance of the highway asset and support road safety and transport network improvements. In future the level of funding for transport capital investment will be constrained, but remain a significant component of the overall capital programme, reflecting the importance of maintaining this important asset and its crucial contribution to the economic vitality of the county.

- **Schools Capital Investment Strategy**

This strategy has been developed in consultation with Schools, Children and Families Service. Its principles support the vision, objectives and targets of the Herefordshire Council. In so doing, it supports and contributes to the council's Capital Strategy. It specifically seeks to ensure that assets that do not support the objectives of the Herefordshire Council are disposed of through sale to realise a capital receipt or through community asset transfer, that investment is clearly linked to specific objectives and targets; and that assets such as schools, children's centres, youth centres and children's multi-agency offices are corporate resources, available to accommodate delivery of wider services to the community from across Herefordshire. The strategy seeks to join up future capital funding streams wherever possible to ensure that best value is achieved from the funding available and to maximise the benefits realised from the investment.

- **Digital Strategy**

The Digital Strategy aims to ensure that Herefordshire Council has a stable, fit-for-purpose and sustainable information, communications and technology platform and service organisation capable of supporting the drive to deliver efficient and effective services to the citizens, directorates, businesses, organisations, members and public sector partners within Herefordshire. It will assist Herefordshire Council to make more flexible use of technology to achieve efficiencies, access services and share workspace and resources with partner agencies.

HEREFORDSHIRE CAPITAL STRATEGY 2022-2030

- **Medium Term Financial Strategy**

This document is approved annually, based on the budget setting requirements of the council and reflects on the strategic and operational intentions over a three-year time frame. It covers the capital programme and funding streams including the affordability of prudential borrowing and use of capital to facilitate revenue budget savings in future years.

- **Treasury Management Strategy**

This strategy sets out the council's overall approach to treasury management operations including the capital programme and links to the borrowing limits, minimum revenue provision in relation to debt repayment and prudential indicators.

Capital vs Treasury Management Investments

- Treasury Management investment activity covers those investments arising from the Council's cash flows and debt management activity. The power to invest is set out in the Local Government Act, Section 12.
- For treasury management investments, the security and liquidity of funds are placed ahead of investment return/yield. Treasury related activity, including the management of associated risk, are managed separately in accordance with the Council's Annual Treasury Management Strategy and are not covered by this Capital Strategy.
- The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside normal treasury management activity. These may include service and commercial investments and are subject to the guiding principles outlined in this capital strategy:
 - service investments; investments held clearly and explicitly in the course of the provision, and for the purposes of operational services including regeneration
 - commercial investments; investments taken mainly for financial reasons e.g. purchase of investment property
- Latest guidance issued by the Secretary of State makes clear that borrowing to finance the acquisition of non-financial investments (e.g. commercial property investment) made *purely* for profit shall be considered 'borrowing in advance of need'.
- The Council's policy on borrowing in advance of need forms part of the Annual Treasury Management Strategy. However, and to be clear, the Council will not borrow for capital investment made solely for yield generating opportunities. Under the Prudential Code if, exceptionally, the Council chooses not to have regard that provision, then an explanation should be brought forward explaining the rationale for its decision.