Cyngor Abertawe
Swansea Council

Report of the Section 151 Officer

Council - 2 March 2023

Capital Strategy 2022/23 – 2027/28

Purpose:	To approve the Capital Strategy which informs and shapes the six year capital programme.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that:
1) The Capital Strategy 2022/23- 2027/28 is approved	
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1. Introduction

1.1 Following the publication of the Revised CIPFA Prudential Code in Dec 2017, it is now a requirement for Authorities to produce a Capital Strategy in addition to its suite of reports which are required by Regulation which outline and support the capital and revenue budgets

1.2 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The Strategy, therefore, sets out the longer term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes. The Capital Strategy sets out the underlying principles in support of the capital programme presented to Council for approval on this same agenda. It seeks to ensure that each project is supportive of our corporate objectives, has clearly identified funding and has appropriate governance arrangements in place to support decision making and deliver the scheme.

1.3 The strategy covers capital expenditure, capital financing and asset management and is one of the key strategies alongside the more operational strategies for these and other areas including Treasury Management, Tax, Property Investment and service areas such as housing and other spending areas. It also gives an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy should support the delivery of the corporate objectives of the Authority and must complement and demonstrate clear links with the:

- The Corporate Plan
- Swansea: Achieving Better Together, (Post Covid Recovery Plan)
- The Revenue Budget Report
- The Capital Budget & Programme Report
- The Medium Term Financial Plan
- The Treasury Management, Investment Strategy and MRP Policy Statement Report

and have due regard to :

- The Wellbeing of Future Generations Act 2015

1.4 The Council's Corporate plan has the following pre-existing well-being priorities:

- **Safeguarding** people from harm - so that our citizens are free from harm and exploitation.
- Improving **Education and Skills** - so that everyone in Swansea gains the skills and qualifications they need to succeed in life.
- Transforming our **Economy and Infrastructure** - so that Swansea has a thriving mixed use City Centre and a local economy that will support the prosperity of our citizens.
- **Tackling Poverty** - so that every person in Swansea can achieve their potential.
- Delivering on **Nature Recovery and Climate Change** - so that we maintain and enhance nature and biodiversity in Swansea, reduce our carbon footprint and tackle climate change.
- **Transformation and Future Council development** - so that we and the services that we provide are sustainable and fit for the future.

1.5 Post Covid
The Council has subsequently adopted the Swansea: Achieving Better Together, Transformation Strategy and Programme Framework (Recovery Plan) with which it can plan and deliver services and objectives in the next 5 years directly addressing how the City moves out of the pandemic. It is utilising this framework and its other planning tools that the Council employs to steer the City to recover from the aftermath of the effects of the Covid 19 global pandemic.

1.6 In formulating the detailed schemes within the programme of capital expenditure 2022/23- 2027/28 in the Capital Budget report , it can be demonstrated that all projects promote the objectives of at least one or more of the above corporate priorities in 1.4 and included in the capital programme is significant additional capital expenditure to support the economic recovery of the City following the Covid 19 pandemic.

2. The Capital Programme 2022/23 – 2027/28

2.1 The Capital Budget and Programme 2022/23 – 2027/28 for the General Fund and HRA is reported in detail in The Capital Budget & Programme & HRA Capital Programme Reports on this agenda.

3. Asset Management Planning

3.1 The programme includes capital expenditure on the following categories of spend:

- Operational – supporting core business and service delivery
- Investment – to provide a financial return to the Council
- Regeneration/ Community & Recovery:
    - enabling strategic place shaping and economic growth
    - to support specific local community and regional projects
    - investing in the City to aid recovery from the effects of the Covid 19 pandemic

3.2 Operational – Within the capital programme, is a comprehensive schedule of programmed routine repairs and maintenance both on the existing property and housing inventory and the significant portfolio of highways assets.

3.3 Investment – It is recognised that, over the long term property offers a sound total investment opportunity, (including yield in the form of contractually agreed rental/lease income and the potential for capital growth in the form of potential asset appreciating in value). The formation of the Property Investment Board has enabled the Authority to take advantage of investing in property with a view to making a financial return, based on robust business case analysis evaluating not only on financial returns but providing strategic control of key sites within the City boundaries.

3.4 Historically the PWLB has been the most economically advantageous form of capital financing for the Council. Following the HM Treasury consultation on the PWLB borrowing process, strict guidance has been issued by HM Treasury which strictly **prohibits** the use of PWLB borrowing for investing in property/commercial assets 'purely for yield'. These changes clearly affect the viability of the Council buying investment assets. However alternative financing (grants, capital receipts and commercial financing) may still be used to fund these 'yielding investments' if the investment metrics still support the business case. It is envisaged that these restrictions in PWLB borrowing shall require continued very robust business case appraisal and risk management to ensure any such investment is in the best interests of the Council. Any such investments shall be subject to the governance process identified in 5.1

3.5 Regeneration/Community & Recovery

A significant portion of the current capital programme is comprised of a number of major regeneration and community construction programmes being undertaken by the Authority:

- A continuing programme of IT investment across the Council
- The continued investment in Swansea Schools through Band B of the QED/Sustainable Communities for Learning Schools Programme, which now has four completed projects, and one project under construction.
- Swansea Bay City Deal schemes, the completion of Phase 1 the North Block including the Arena with further elements due for completion during the coming 12 months and commencement of construction of Phase 2 Digital Village 71-72 Kingsway Offices
- A significant programme of capital expenditure to assist the City's economic recovery from the Covid 19 pandemic

The additional capital investment identified above will attract significant grant funding (QED/Sustainable Communities for Learning Schools Programme and Swansea Bay City Deal), however the programme will still require material unsupported borrowing to enable completion alongside the use of capital receipts as they are realised. Furthermore some schemes have the potential to provide additional revenue streams of property income, or, subject to agreement, in due course, with Welsh Government, retained elements of non-domestic rates or possibly tax increment financing as further powers devolve to Welsh Government and then on to local government.

Notwithstanding this scale of ambition, each major scheme will, as is always the case, be considered on the overall merits of each business case, both in capital cost, and revenue income streams where appropriate, and unsupported borrowing will be undertaken on a phased basis within the overall medium/long term envelope of affordability.

Furthermore it has to be recognised that the scale of funding proposed to be injected by this Council, leverages in significant additional sums:

- £107m of Welsh Government funding for Band B schools
- a City Deal, worth, across the region, around £1.3 billion.

The Council continues to face significant challenges delivering the Capital Programme during uncertain economic times with high inflation impacting on capital budgets

Band B of the Welsh Government's QEd/Sustainable Communities for Learning Programme represents the largest single component of capital investment incorporated within the proposed capital programme. The numerous schemes comprise new school builds and significant asset improvements for both English and Welsh medium Schools throughout Swansea.

The Swansea City & Waterfront Digital District project is one of nine projects comprising the wider City Deal. It has been developed by the Council, in partnership with University of Wales Trinity Saint David (UWTSD). The core aim of the project is to create a strong and vibrant digital city that will be the economic engine of the wider city region. There are 3 main components: an Innovation Matrix and Innovation Precinct project (led by UWTSD); a Digital Village, which includes 100,000 sq. ft. of flexible and affordable office accommodation for tech businesses (led by the Council); and a Digital Square and Arena which has delivered a 3,500 capacity Digital Arena and associated developments (also led by the Council). A 5 case business model was approved by UK and WG which sets out the project in great detail, including the benefits, costs, procurement process and income derived. After an FPR7 report to cabinet the Digital Square construction has been on site for 24 months and the programme shows completion of the North block in April 2023 and the St David's car park demolition in July 2023. Ambassador Theatre Group (ATG) the Arena operator have signed a 30 year lease, have been operating the arena since March 2022 and have sold 145,000 tickets in a successful first season of events. With regard to Digital Village, a contractor has been procured and funding authorised through an FPR7 report and construction has started with a completion date of October 2023.

The Council, through the Shaping Swansea procurement process, has appointed Urban Splash as a long term development partner and entered into a 20 year Strategic Partnership Agreement. The partner and the Council will then progress the 7 sites as set out in the procurement process. Urban splash are progressing Swansea Central North and the Civic site.

Cabinet through an FPR7 report approved the capital funding to reimagine Castle Square to create a step change in the quality of its public realm. An increased level of green space with up to 4 new commercial units will create a new destination which will make it more active, distinctive and vibrant in line with other regeneration investment which is taking place in the City centre. This scheme is currently in planning with construction procurement starting in January 23 and construction on site starting in 2023 subject to the outcome of the construction tender.

3.6 Schools Programme and Financing 2022/23 -2027/28

Band A of the Welsh Government's 21st Century Schools and Colleges Programme (now called the Sustainable Communities for Learning Programme) has drawn to a close, and Band B officially commenced on the 1 April 2019.

Band A was funded by a 50% contribution from the Welsh Government and a 50% contribution from the council towards a total of £51.507m (plus £150k Challenge Cymru funding).

Welsh Government approved the Council's Strategic Outline Programme (SOP) for Band B in December 2017; the funding for Band B of the Sustainable Communities for Learning Programme is being provided through £600m capital and £500m revenue funding for the whole of Wales. The grant intervention rate for capital projects is 65%, except special schools and PRUs which is 75%, and voluntary aided schools which is 85%.

The approval in principle of the SOP for Band B does not commit the council to the funding contributions until the final approval of any capital allocation from the Welsh Government which is subject to the submission of further detailed business cases in respect of each specific project, and specific approvals in accordance with Financial Procedure Rules.

The Band B programme envelope is £149.5m (if the potential aided sector scheme is excluded this amounts to £141.3m). Of this total, £124m is being sought from traditional capital funding, requiring (after allowance for realisable capital and other receipts) a net local funding requirement of £34.5m from unsupported borrowing. The remaining £25.19m (or £16.975m if the potential aided sector scheme is excluded) is expected to be delivered through the Mutual Investment Model (MIM), which would require no local capital funding contribution but incur an annual charge once the accommodation and facilities are completed. An equivalent local share of the capital cost for the MIM scheme excluding the voluntary aided sector would be £3.225m although the 19% local contribution would apply to the annual revenue charge.

The new builds for Education Other Than At School (EOTAS) at Cockett, known as Maes Derw, YGG Tan-y-lan and YGG Tirdeunaw, and the extension to provide increased capacity for YG Gŵyr and replace sub-standard accommodation, are all now completed and occupied by pupils.

The extension, remodelling and refurbishment of Bishopston Comprehensive School started on site in June 2020 and several phases have now been completed and occupied by pupils. The project is due to be fully completed in March 2023.

Good progress has been made with the feasibility and design development for YGG Bryn Tawe to provide additional capacity and the two MIM schemes to address condition and suitability issues at Gowerton and Olchfa secondary schools.

Planning and feasibility for future phases of the programme is underway, however, it is very likely that the scope of the remainder of the programme will be reduced as it will not be possible to deliver within the funding envelope due to the significant inflationary pressures and future uncertainty.

Welsh Government announced in November 2022 that the Sustainable Communities for Learning programme will now transition away from fixed bands of funding to a more agile rolling programme. This is expected to represent a 9 year capital programme, including an indicative funding forecast for the 9 years, in 3 year phases. At the latest, delivery partners must review and resubmit their Programme by March 2024, and it is anticipated that the remainder of Band B will form part of the early phases of the new rolling programme.

3.7 HRA More Homes, Welsh Housing Quality Standards (WHQS), De-Carbonisation and Energy Efficiency

A programme of council house refurbishment and new council house building, utilising new borrowing powers to invest in new Council housing stock. The More Homes Strategy for providing new Council housing has been endorsed by Council.. Cabinet has approved a target of 1,000 new council homes from 2021-2031, and this 4 year programme will enable the acquisition and construction of around 340 new council homes. This will also include the acquisition of properties and land to develop for council and affordable housing. Delivery will be aided through partnerships which will increase capacity and pace in the programme. After having attained the Welsh Housing Quality Standard, the approved programme identifies the transition into WHQS Maintenance Phase, where the focus is on ensuring homes are safe and secure , in a good state of repair, adequately heated fuel efficient and well insulated and suit the requirements of the household. The Welsh Government will be introducing new standards that will require social landlords to further improve their housing stock in order to reduce occupancy borne carbon emissions and increase energy efficiency. The aim is to bring these into line with the Welsh Government's Decarbonisation agenda. Their Better Homes, Better Wales, Better World report sets out a number of recommendations and has an overall objective to reduce carbon emissions in social housing by 95%.and the current programme includes the introduction of solar panels and battery storage to planned schemes which will on average require £8.75m of investment each year across the 4 years. This investment is affordable within the HRA business plan. This investment will contribute towards reducing carbon emissions and create a platform for future measures but will not deliver carbon zero properties

3.8 Covid 19 Pandemic Response

The robust asset management planning processes outlined above in 1.3, 1.4 and 3.1. could not have foreseen the speed and depth of impact of the global Covid 19 pandemic which took hold in March 2020. It is testament to the inherent robust, resilient professional, efficient asset management, corporate building services, legal support, procurement, finance and treasury management services operating within the Council which allowed it to design, allow planning consent , contract with partners, finance, insure and build and handover a 1,000 bed Covid 19 Field Hospital in 3 months, being fully operational in June 2020. The facility has subsequently been modified to support the national Covid 19 vaccination and booster programme. Included in the capital programme are various initiatives to support the City and its citizens recover from the effects of the pandemic.

4. Commercial Activity & Property Investment

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as property held solely to earn rentals or for capital appreciation or both. Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition

4.2 In the context of the Capital Strategy, the council can use capital to invest in property and or infrastructure assets to provide a positive surplus/financial return. The council may fund the purchase of the property/infrastructure by borrowing money, (although as identified in 3.4 above, this now **precludes** PWLB). The income generated should cover the cost of servicing and repaying the borrowed money each year. If an annual surplus is generated, this can be used to support the council's budget position, and enables the council to continue to provide services for local people. The business case process shall now need to be a more challenging/rigorous in light of the PWLB position in relation to investing purely for yield. Alternative sources of commercial funding usually carry a premium compared to usual prevailing PWLB interest rates, therefore this sets a higher bar for the commercial returns expected from investing into the asset and as such the business case and risk management process shall need to continue to be extremely robust before any such investment is made.

4.3 The reasons for buying and owning property investments are primarily:

- Market and economic opportunity.
- Strategic control of key City sites
- Economic development and regeneration activity in the City (all investment property is within the City & County boundaries)

And only incidentally:

- Financial returns to fund services to residents

4.4 Historically, property has provided strong investment returns in terms of capital growth and generation of stable income. Property investment is not without risk as property values can fall as well as rise and changing economic conditions could cause tenants to leave with properties remaining vacant

4.5 The strategy makes it clear that the council will continue to consider investments on a commercial basis and to take advantage of opportunities as they present themselves, supported by our robust governance process. However the source of finance needs to be robust and the interest rates available need to be viable and support each business case. In light of this, it is expected that commercial property investment activity shall be reduced.

4.6 The Authority has established an appropriate gateway mechanism through the property investment board to appraise and evaluate all such investment opportunities.

5. Governance & Oversight

5.1 The Council has a well-established corporate governance framework with which to manage, monitor and quality assure the delivery of the capital programme:

- Cabinet

    Approval of large schemes/programmes

- Capital Budget Monitoring Cycle
    - Quarterly monitoring of progress against budget/programme

- Contract Procedure Rules
    - Identifies most appropriate procurement route for project

- Financial Procedure Rules
    - Identifies appropriate scheme approval limits and budget virements/overspends thresholds

- Regeneration Programme Board
    - Monitors all regeneration programme schemes for progress against time, budget, quality

- Housing Futures Programme Board
    - Monitors all Housing schemes for progress against time, budget, quality

- Sustainable Communities for Learning Programme Board
    - Monitors all Sustainable Communities for Learning Programme schemes for progress against time, budget, quality

- Property Investment Board
    - Identifies, appraises and approves property investment opportunities

- Risk Register
    - Corporate framework for monitoring corporate risks (including major capital schemes)

- Grants & Capital Manual
    - Outlines the corporate capital & grant protocols, procedures and practices for compliance by practitioners within the organisation

6. Capital Financing Strategy

6.1 The Council's adopted capital financing strategy is to:

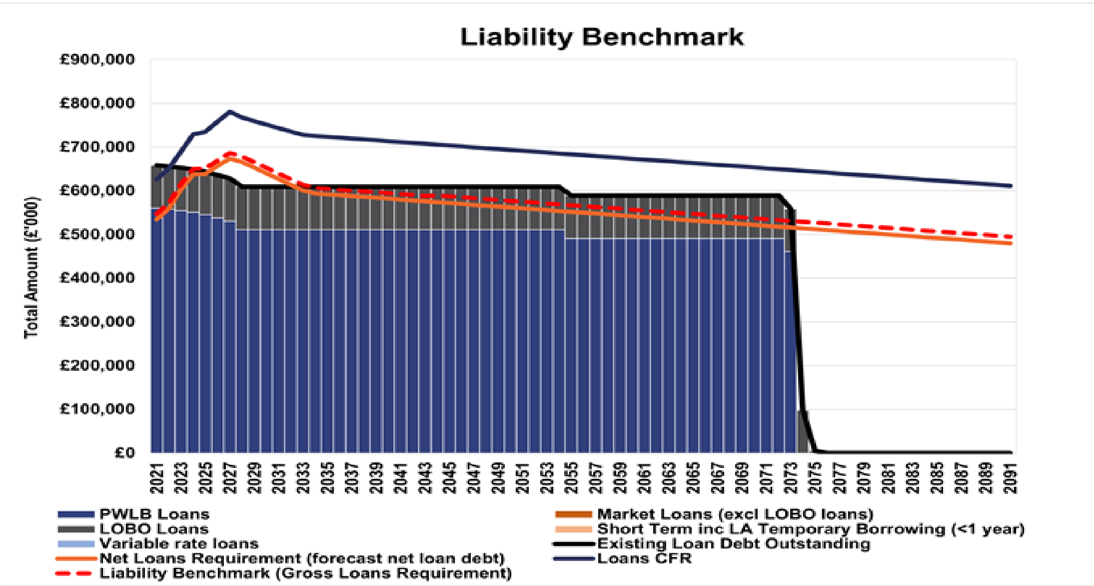
- maximise external private investment
- maximise external grant funding
- maximise capital receipt income
- finance self-funding income generative schemes
- minimise external borrowing
- minimise external funding costs

6.2 In the current difficult financial climate, capital allocations are constrained and the financing of prioritised schemes need to be carefully considered. In light of the continuing pressures on the revenue budget, unsupported borrowing is only to be utilised if there is a clear business case for expenditure and other sources of finance have been fully explored and ruled out. The corollary of austerity is that PWLB capital financing is still at relatively low levels, following the removal in Nov 2020 of the PWLB 1% premium introduced in Oct 2019, however PWLB borrowing cannot now be used in ‘purely for yield’ property investments as outlined in 3.4. but may still be used for operational and regeneration capital schemes. It should be noted that the Treasury Management Strategy Statement already forecasts interest rate rises for the short/medium term which make the recent external PWLB funding drawn down particularly prescient.

7. Treasury Management Strategy

7.1 The Capital Strategy and the Capital Programme is intrinsically linked to the Treasury Management Strategy employed to fund the programme. The capital programme determines the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. The Council approves its Treasury Management Strategy, Investment Strategy and Minimum Revenue Policy in a separate report on this agenda.

7.2 The Council is required to produce a liability benchmark informed by its underlying need to borrow, otherwise known as the Capital Financing Requirement (CFR), mapped against its actual levels of debt entered into. The attached is a projection of the benchmark as informed by the current capital programme. It can be seen that the benchmark enters into net repayment mode from 2026/27 as the current programme peaks, but in reality the ongoing capital programme shall be refreshed on an annual basis with new commitments and ongoing financing shall be required.



8. Revenue Impact of The Capital Programme

8.1 Unsupported borrowing has a direct impact on the revenue budget, with revenue required to support both interest and principal repayments. The associated capital financing costs of a project are thoroughly considered when appraising a potential capital investment. The revenue impacts are considered in light of affordability, prudence and sustainability whilst considering the long term impact and benefits of a considered capital programme. The revenue impact of the capital programme are outlined in the Medium Term Financial Plan, which is also presented on this agenda.

8.2 The S 151 officer has carefully considered the impact of the many variables and unknowns inherent in the funding of the presented capital programme (e.g. Brexit impact, volatility of markets, timing of City deal funding, variability of direct capital grant funding, impact of MRP review on equalising principal repayments in later years) and has sought to mitigate the impact of the funding of the capital programme on the revenue account with the establishment of the capital equalisation reserve. The utilisation of the reserve recognises the future obligations arising out of the committed capital programme whilst prudently mitigating that impact on the revenue account by adopting professional judgement in reserving appropriately at this time in the capital equalisation reserve.

9. Risk Appetite

9.1 Under CIPFA guidance, a local authority is required to outline its risk appetite in respect of its investment activities.

9.2 For the purpose of this statement, the Authority has referenced the Orange Book (UK government publication on the strategic management of risk within government) definition of Risk Appetite, namely:

"the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time."

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, one has to take some measure of risk. Therefore, risks need to be considered both in terms of threats to the Council as well as positive opportunities. It is worth noting that the Public Accounts Committee supports well-managed risk taking across government, recognising that innovation and opportunities to improve public services requires risk taking, providing that the ability, skills, knowledge and training to manage those risks well, exist within the organisation or can be brought to bear from outside.

9.3 The risk appetite statement sets out how we balance risk and return in pursuit of achieving our objectives. It is intended to aid careful decision-making, such that the Council takes well thought through risks to aid successful delivery of its services and obligations, while also understanding the adverse aspects of risk undertaken and taking appropriate measures to mitigate these in line with its stated goals. Thereby, the Council's risk judgements are more explicit, transparent and consistent over time.

9.4 The risk appetite statement shall form a key element of the Council's governance and reporting framework. In addition, the risk appetite will be considered annually and monitored on an ongoing basis by senior management, advisors, Audit Committee and Scrutiny Panel as appropriate.

9.5 It is important to note that the risk appetite is a high level view on the key areas of risk and the qualitative quantum therein that the Council is willing to accept in pursuit of its objectives. In this, it is different to other key aspects of risk management, primarily:

- The risk universe – a detailed list of all the potential risks the Council is exposed to.
- Risk capacity – the maximum level of risk the Council can run given its reserves, revenues, and access to funding, liquidity, regulatory and legal constraints, and any other restrictions.
- Risk tolerance – the maximum amount and type of risk that the Council is willing to tolerate on a prudent assessment.

9.6 The latter two are usually quantified and given as a series of limits and analyses. The risk appetite is also supported by the following:

- The Council's risk management framework
- The governance structure and responsibilities
- Risk reporting
- Monitoring and escalation procedures

It should be noted that aspects of these will be bespoke to individual areas where risk is undertaken, e.g. managing the treasury portfolio, GDPR,

9.7 In general, the Council's risk appetite is expressed through its tolerance to risk in respect of capital preservation, meaningful liquidity and income certainty and volatility. The Council seeks to minimise its exposure to risks that are unwanted and unrewarded. Capital is managed centrally on an ongoing basis to ensure that there is sufficient liquidity in the short and medium term to meet costs and support front line services, as well as meeting long-term solvency and funding requirements. The benefits of this approach were apparent in the ability to fund the building of the 1,000 bed Covid 19 Field Hospital until such time, the Council could be reimbursed by WG.

9.8 The Council is exposed to a broad range of risks:

- **Financial risks** related to the investment of the Council's assets and cash flow, market volatility, currency etc.

- **Macroeconomic risks** related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.

- **Credit and counterparty risks** related to investments, loans to institutions and individuals and counterparties in business transactions.

- **Operational risks** related to operational exposures within its organisation, its counterparties, partners and commercial interests

- **Strategic risks** related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.

- **Reputational risks** related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.

- **Environmental and social risks** related to the environmental and social impact of the Council's strategy and interests.

- **Governance risks** related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that manage oversight and efficiency.

9.9 Managing the Council's risks is an area of significant focus for senior management and members, and the Council adopts an integrated view to the management and qualitative assessment of risk .The Council aims to minimise its exposure to unwanted risks – those risks that are not actively sought and which carry no commensurate reward for the Council – through a range of mitigation strategies to the extent that it is cost-effective to do so. Specifically, the Council has no appetite for reputational risk, governance risk and currency risk.

For other risks, the Council's appetite is as follows:

Risk	**Appetite**
Financial	Moderate appetite for a range of asset classes, property and longer-term investments, subject to careful due diligence and an emphasis on security as well required liquidity profile. Lower appetite for capital growth oriented investments versus income generating investments. No appetite for currency risk, emerging markets and high volatility investments.
Macroeconomic	High appetite for exposure to local economic growth. Moderate appetite for exposure to national and global growth. Low appetite for interest rate risk, and inflation risk.

	No appetite for geopolitical risks and tail risk events.
Credit & Counterparty	High appetite for investment grade or secured credit risk, as well as exposure to highly rated counterparties and financial institutions with strong balance sheets. Lower appetite for unsecured non-investment grade debt. All subject to careful due diligence and an assessment of the transaction capacity, funding needs, broader goals and cashflow requirements.
Operational	Low appetite for BAU (Business as Usual) operational risks such as pricing errors, errors in administration, IT, cybersecurity etc. The Council maintains Risk Registers for key initiatives and significant investments to assess and mitigate specific risks on a more granular level. Business continuity plans have also been established to mitigate external occurrences. No appetite for fraud, regulatory breaches and exceeding risk tolerances.
Strategic	High appetite for strategic initiatives, where there is a direct gain to the Council's revenues or the ability to deliver its statutory duties more effectively and efficiently.
Environmental & Social	No appetite for environmentally negative risks. Very low appetite for social risks, especially in the local region and always subject to full due diligence.

9.10 Risk management is not a stand-alone discipline. In order to maximize risk management benefits and opportunities, it is integrated with existing business processes.

10. Skills & Knowledge

10.1 It is important that the Authority has the appropriate staff with the right skills, knowledge and expertise with which to deliver the capital strategy and the programme.

10.2 The Director of Place has operational responsibility for the delivery of the capital programme and has management responsibility for :

- Building Services (including procurement of Education Capital Programme)
- Property Services
- Regeneration & Planning Services
- Highways and Transportation
- Housing

where the staff are appropriately qualified as engineers, quantity surveyors, town planners, housing professionals, electricians, carpenters, subject matter experts and building professionals. Where required, external professionals are engaged and the appropriate framework/procurement route is adopted.

10.3 The financial management and budget monitoring of the capital programme is the responsibility of the S 151 Officer/ Director of Finance who is a CCAB qualified accountant and is supported by professionally CCAB qualified finance staff and technicians in providing the financial oversight and strategic financial advice for business case appraisal and ongoing monitoring of the capital programme.

10.4 The Head of Commercial Services is responsible for ensuring appropriate internal and external procurement and commissioning procedures are adhered to, ensuring that best value is achieved.

10.5 The Chief Legal Officer is responsible for ensuring legal compliance in the execution of contracts and completion of legal agreements in relation to the capital programme.

11. Legal Implications

11.1 The regulations requiring Authorities to have regard to The Prudential Code are issued under part 1 of The Capital Finance Act 2003. The code and subsequent guidance was revised in 2017,2018 and 2021 respectively. The 2017 Code now requires the production of a Capital Strategy.

12. Financial Implications

12.1 The financial implications of this strategy are outlined in the Capital Programme, Medium Term Financial Plan and Treasury Management Strategy and Investment Strategy also on this agenda.

13. Integrated Assessment Implications

13.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to their own needs.

13.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.

13.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

13.4 An integrated impact assessment screening has been undertaken and it concludes that there are no equality impact implications arising from this report. All future programs and schemes covered within this report will be subject to their own Integrated Impact Assessment process.

Background Papers: None

Appendices: None