

Appendix 5

Summary of Strategic Investment Group Recommendations (Capital Plan 2014/15)

1. Report details

- 1.1 The Welsh Government's capital settlement for 2014/15 was £22k lower than for 2013/14.
- 1.2 With the lack of capital investment from the Welsh Government, the Council has no choice but to rely on its own resources to invest in key projects. This means either selling assets to generate receipts or using Prudential Borrowing.
- 1.3 The Council is aiming to dispose of a number of sites over the next three years. Asset disposals can, however, be slow with values uncertain and the timing of receipts difficult to predict. The current economic conditions also add further risk and will put downward pressure on values. For the purposes of this report no new capital receipts have been assumed and the only funds allocated are those that have already been received.
- 1.4 The available funding for 2014/15 is shown below:

| Source | Amount £000 |
|--------------------------------------|----------------|
| General Capital Grant | 1,833 |
| Unhypothecated Supported Borrowing | 3,011 |
| Prudential Borrowing - Highways | 4,643 |
| Capital Receipts | 136 |
| Unspent Contingency b/f/ Other | 600 |
| Welsh Government Education Grant | 438 |
| Earmarked Reserves | 400 |
| Total Funds Available 2014/15 | 11,061 |

- 1.5 The Capital Plan spends money on two types of project. Firstly there are one-off projects such as a new school or refurbishment of a leisure centre, the second type of expenditure is a 'block allocation'. These are ongoing programmes of work that stretch over several years (and may never be complete) e.g. schools maintenance. Elements of this work may be paid for from repair and maintenance budgets but a significant part is funded through the capital plan.

Recommendations of the Strategic Investment Group

- 1.6 In the light of continued cuts to the capital resources available to the

Council, it was agreed by the Strategic Investment Group to invite bids in line with previously agreed block allocations from departments. The Strategic Investment Group has reviewed 11 bids over a number of meetings.

- 1.7 Each bid was presented by a head of service. Some issues that arose from this process are detailed below:
- It is proposed to allocate £1.7m in support of Private Sector Housing Renewal Assistance. The funding will be used in the main on the provision of Disabled Facilities Grants.
 - An allocation of £175k is recommended for Minor Adaptations, Community Equipment and Telecare. This funding is targeted at enabling the elderly and disabled to remain in their own homes.
 - Members agreed in 2011/12 to allocate up to £1.3m to the agricultural estate to enable works which would support the rationalisation of the estate and in turn generate capital receipts. £1.16m has been awarded for this work over the last three years, and therefore the Strategic Investment Group recommends allocating the remaining £140k to the Agricultural Estate.
 - Both the school and non-school capital maintenance bids include provision for essential maintenance such as Asbestos Removal, Fire Risk Assessment Work, DDA etc. It is recommended that £2.075m be allocated to Schools Capital Maintenance Works (an increase of £160k over 2013/14) and £450k to Non schools capital maintenance work. It is further recommended that the appropriate Heads of Service determine the precise allocations to the specific works required, in order of priority.
 - Highways have received £100k to support prudential borrowing as part of the revenue budget for 2014/15. This will allow approximately £1.65m of capital expenditure. In addition, the Welsh Government has provided £162k of revenue funding for Denbighshire to fund prudential borrowing, and together this will generate highways capital works of approximately £4.10m.
 - Funding totalling £335k in respect of A525 Crash Barrier scheme which was previously approved by Council has been released back into the capital plan because this scheme has not progressed. A revised scheme has been reviewed by the Strategic Investment Group and the group recommends combining this proposal with the Highways Block Allocation.
 - Full details of the recommended funding to Highways are shown in Appendix 7

- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2013/14.
- 1.8 Appendix 6 shows the projects listed with recommended funding for each. Each project that is being recommended for approval is shown under a different column in the appendix:
- PB Highways – £4.6m. This includes £4.1m prudential borrowing to be supported from the revenue budget as approved by Council on 27th January 2014. It also includes £0.335m released back into the capital plan in respect of the A525 Crash Barrier. In addition there are Prudential Funds available for Street Lighting Energy Reduction – £0.200m.
 - Council Funds – These are funds such as general grants, capital receipts, and unspent contingency. This funding is for one year only.
- 1.9 The membership of the Strategic Investment Group is as follows:
- Lead Cabinet Member – Finance & Assets
 - Lead Cabinet Member – Economic Development
 - Lead Cabinet Member – Modernising and Performance
 - Representative from each Scrutiny Committee
 - Corporate Director – Economic and Community Ambition
 - Head of Finance & Assets
 - Head of Housing and Community Development