

Appendix 5

Summary of Strategic Investment Group Recommendations (Capital Plan 2015/16)

1. Report details

- 1.1 The Welsh Government's capital settlement for 2015/16 is in line with that for 2014/15 and continues the recent poor capital settlements.
- 1.2 With the continued 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. The total available funding in 2015/16 includes £590k from assets that are currently proceeding to disposal, and are anticipated to be completed by March 2015 and £1.615m in relation to the sale of commercial sites which are anticipated to be completed during 2015/16. The allocation of these funds to schemes is provisional until the funds are received from disposals.
- 1.4 The available funding for 2015/16 is shown below:

Source	Amount £000
General Capital Grant	1,834
Unhypothecated Supported Borrowing	3,013
Prudential Borrowing - Highways	2,085
Capital Receipts	280
Future Capital Receipts – Disposal of assets on-going	2,205
Unspent Contingency b/f/ Other	293
Total Funds Available 2015/16	9,710

- 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 The Strategic Investment Group decided to invite bids in line with

previously agreed block allocations from departments. The Strategic Investment Group has reviewed 12 bids over a number of meetings.

1.7 Each bid was submitted with approval of the relevant head of service.

- It is proposed to allocate £1.5m in support of Private Sector Housing Assistance. The funding will be used in the main on the provision of Disabled Facilities Grants.
- An allocation of £220k 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.
- It is proposed to allocate £140k to the Agricultural Estate to support the rationalisation of the estate and address Health and Safety issues. This allocation is provisional, subject to disposal of assets.
- 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. Of this, £275k will be provisional, subject to disposal of assets. It is also proposed to allocate £450k to Non schools capital maintenance work. Of this, £50k will be provisional, subject to disposal of assets. 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 2015/16. This will allow approximately £1.75m of capital expenditure. In addition to this, it is proposed to allocate £1m block allocation for structural and other repairs including highway maintenance, street lighting and bridges. Of this, £125k will be provisional, subject to disposal of assets. In addition to this, it is proposed to allocate £125k as match funding to support a grant submission for £375k to the Welsh Government in relation to coastal flood risk improvement works at East Rhyl.
- The Strategic Investment Group considered a proposal for the replacement of all the street lighting lanterns within Denbighshire with new LED lanterns. The proposed programme will cost £2m in total over six years and provide significant savings on energy costs and on-going maintenance costs. The scheme would be funded through the Government Salix funding initiative which provides interest free loans for energy efficient projects and will be repaid using the savings generated. The costings within the bid have been agreed with central finance. Applications for Salix funding are required on an annual basis, and the Strategic Investment Group recommends the submission of an application to take out a Salix loan for year one costs of £335k repayable over 6 years.

- The Strategic Investment Group considered a proposal for funding to deliver a programme of urban regeneration through the supply of modern business accommodation. It is recommended to allocate £1.615m to this initiative, but this will be provisional subject to disposal of commercial sites, anticipated during 2015/16.
- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2014/15.

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 – £2.085m. This is £1.75m prudential borrowing to be supported from the revenue budget as approved by Council on 3rd February 2015, together with proposed £335k application for Salix funding.
- 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:

- Cabinet Member – Finance & Assets
- Cabinet Member – Economic Development
- Cabinet Member – Modernising and Performance
- Representatives from each Scrutiny Committee: Cllrs Alice Jones; Huw Hilditch-Roberts and Gareth Sandilands
- Corporate Director – Economic and Community Ambition
- Head of Finance & Assets
- Manager – Corporate Programme office