

Appendix 5

Summary of Strategic Investment Group Recommendations (Capital Plan 2016/17)

1. Report details

- 1.1 The Welsh Government's capital settlement for 2016/17 is in line with that for 2015/16 and continues the recent flat capital settlements.
- 1.2 With the continued lack of growth in 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 2016/17 includes £871k from assets that are currently proceeding to disposal, and are anticipated to be completed by March 2016 and £138k from assets that are anticipated to proceed to disposal during 2016/17. The allocation of these funds to schemes is provisional until the funds are received from disposals.
- 1.4 The available funding for 2016/17 is shown below:

Source	Amount £000
General Capital Grant	1,842
Un-hypothecated Supported Borrowing	3,026
Prudential Borrowing - Highways	2,776
Capital Receipts	888
Future Capital Receipts – Disposal of assets on-going	1,009
Unspent Contingency b/f	500
In Year Revenue Contribution	1,500
Total Funds Available 2016/17	11,541

- 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 11 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 £2.070m be allocated to Schools Capital Maintenance Works. Of this, £519k will be provisional, subject to disposal of assets. It is also proposed to allocate £800k to non-schools capital maintenance work. Of this, £350k 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 £150k to support prudential borrowing as part of the revenue budget for 2016/17. This will allow approximately £2.550m 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. Furthermore, it is proposed to allocate £2,535k as match funding to support a grant submission for £7,605k to the Welsh Government in relation to coastal flood risk improvement works at East Rhyl.
 - The Strategic Investment Group considered a proposal for the continuation of a six year programme of replacement of all the street lighting lanterns within Denbighshire with new LED lanterns. The programme commenced in 2015/16 and will cost £1.5m in total, providing significant savings on energy costs and on-going maintenance costs. The scheme is 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 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 two costs of £226k repayable over 6 years.

- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2015/16.

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 – £2.776m. This is £2.550m prudential borrowing to be supported from the revenue budget as approved by Council on 26th January 2016, together with proposed £226k application for Salix funding.
- Council Funds – These are funds such as general grants, capital receipts, and unspent contingency. This funding also includes £1.5m available following a review of corporate contingencies and provisions.

1.9 The membership of the Strategic Investment Group is as follows:

- Cabinet Member – Lead Member for Finance, Corporate Plan & Performance
- Cabinet Member – Leader of the Council and Lead Member for the Economy
- Cabinet Member – Lead Member for Modernising and Housing
- Representative from each Scrutiny Committee
- Corporate Director – Economy and Public Realm
- Chief Finance Officer/S .151 Officer
- Manager – Corporate Programme office