

Appendix 5

Summary of Strategic Investment Group Recommendations (Capital Plan 2017/18)

1. Report details

- 1.1 The Welsh Government's capital settlement for 2017/18 is in line with that for 2016/17 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 2017/18 includes £750k from assets that are currently proceeding to disposal. The allocation of these funds to schemes is provisional until the funds are received from disposals.
- 1.4 The available funding for 2017/18 is shown below:

Source	Amount £000
General Capital Grant	1,840
Un-hypothecated Supported Borrowing	3,025
Prudential Borrowing - Highways	2,819
Capital Receipts	650
Future Capital Receipts – Disposal of assets on-going	750
Unspent Contingency b/f	500
Total Funds Available 2017/18	9,584

- 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 is a 'block allocation'. These are on-going 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 £1.2m 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 £50k to the Agricultural Estate to support the rationalisation of the estate and address Health & Safety issues including Asbestos surveys and removal.
- 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 £2.4m be allocated to Schools Capital Maintenance Works. Of this, £375k will be provisional, subject to future disposal of assets. It is also proposed to allocate £1.375m to non-schools capital maintenance work. Of this, £375k will be provisional, subject to future disposal of assets. It is further recommended that the appropriate Heads of Service determine the precise allocations to works required, in order of priority.
- Highways have received £150k to support prudential borrowing as part of the revenue budget for 2017/18. This will allow approximately £2.550m of capital expenditure. In addition to this, it is proposed to allocate £690k block allocation for structural and other repairs including highway maintenance, street lighting and bridges. Also included within this recommendation is a further £220k for repairs to bridge structures. This is first year of a proposed ten year Highways Structure Backlog Project.
- An allocation of 110k is recommended to carry out road safety improvements.
- 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. 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 three costs of up to £269k repayable over 6 years.
- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2016/17.
- The Strategic Investment Group have considered a range of projects and applied a consistent approach with the focus of proposed funding on maintenance priorities. Appendix 7 highlights specific bids which the Strategic Investment Group have considered and have recommended no or reduced funding be allocated.

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 - £2.819m. This is £0.800m prudential borrowing to be supported from the revenue budget, as approved by Council on 26th January 2016 and a further £1.750m as supported by Council on 31st January 2017, together with a proposed £269k application for Salix funding.
- Council funds – These are funds such as general grants, capital receipts and unspent contingency.

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
- Head of Facilities, Assets and Housing
- Business Information Team Manager