

Report To: Council

Date of Meeting: 20 February 2018

Lead Member / Officer: Councillor Julian Thompson-Hill/Richard Weigh

Report Author: Richard Weigh

Title: Capital Plan 2017/18 – 2020/21 and Recommendations of the Strategic Investment Group

1. What is the report about?

The report updates members on the 2017/18 element of the Capital Plan. Also attached are the recommendations of the Strategic Investment Group of Capital bids recommended for inclusion in the Capital Plan.

2. What is the reason for making this report?

- 2.1 To provide members with an updated Capital Plan including an update on major projects and the corporate plan.

The following Appendices are included:

- Appendix 1: Summary capital plan funding
- Appendix 2: Summary capital plan by Service
- Appendix 3: Details of scheme estimates
- Appendix 4: Major capital project updates
- Appendix 5: Details of recommendations by Strategic Investment Group
- Appendix 6: Capital Bids recommended for approval
- Appendix 7: Capital Bids recommended for approval – Additional supporting information
- Appendix 8 - 17: Wellbeing Impact Assessment Report for each project considered by the Strategic Investment Group

3. What are the Recommendations?

- 3.1 That Members note the latest position on the 2017/18 element of the Capital Plan and the update on major projects.
- 3.2 Members support the recommendation of the Strategic Investment Group as detailed in Appendix 5 and summarised in Appendix 6.
- 3.3 Members support the recommendation of Cabinet to approve £25k for the Horseshoe Pass 40 mph speed limit proposal as detailed in Appendix 5 and summarised in Appendix 6.
- 3.4 To approve the 2018/19 Capital Plan.

4. Report details

4.1 Capital Expenditure 2017/18

The full Capital Plan was last reported to Council in February 2017. Monthly updates are presented to Cabinet. The Estimated Capital Plan is now **£38.5m**. The plan has been updated since being reported to Cabinet on 23rd January 2018.

4.2 Major Projects

Appendix 4 provides an update on the following major projects:

- Rhyl Harbour Development
- 21st Century Schools Programme – Rhyl New School
- 21st Century Schools Programme – Ysgol Glan Clwyd
- 21st Century Schools Programme – Rhos Street and Ysgol Penbarras
- 21st Century Schools Programme – Ysgol Carreg Emlyn
- 21st Century Schools Programme – Ysgol Llanfair
- 21st Century Schools Programme – Faith School, Rhyl
- Rhyl Waterfront and Waterpark Development

4.3 Corporate Plan

The Corporate Plan 2012-17 set out the Council's ambition to deliver significant investment in its priorities and the latest figures highlight that the Council's capital investment in the Plan will be in the region of £116.955m .

A large proportion of this investment is in the delivery of eight projects within the proposals for 21st Century Schools (Band A).

	Council Funding £m	External Funding £m
21 st Century Schools	48.010	43.029
Extra Care Housing and Cefndy	7.500	0
Highways	13.500	4.916
Total	69.010	47.945

The Plan makes critical assumptions on various factors, including funding from both the Welsh Government and the Council's own resources, estimated costs and the timing of the works.

A summary of the latest estimate of the 2012-2017 Corporate Plan is shown in Appendix 1.

Council approved the latest Corporate Plan 2017-2022 on 17 October 2017. This sets out the Council's vision for the current term. The total cost of the plan has been estimated at £135m, but this is likely to change as proposals are developed. The Plan

includes the next band of school improvement proposals. As part of this, Cabinet on 23rd January 2018 confirmed its financial commitment to delivering Band B proposals.

4.4 Capital Receipts

The Capital Plan is dependent for part of its funding on capital receipts generated by the sale of Council assets. The table below shows those gross receipts achieved in 2017/18. In addition, a number of potential disposals are also currently in development.

	2017/18 £000
Bodynys, Rhewl	900
Maes Glas, Efenechtyd	350
Land at East Parade, Rhyl	200
Total	1,450

4.5 Prudential Indicators

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. The Council's outstanding debt is currently £205.1m. This is within the Operational Boundary (£235m) and Authorised Limit (£240m) and is less than the forecast Capital Financing Requirement (£253.1m). This means the Council is adhering to the Prudential Code of Capital Finance and is not borrowing in excess of its capital needs.

The ratio of financing costs to the net revenue stream for 2017/18 is 6.85%. This ratio is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

4.6 Recommendations of the Strategic Investment Group (SIG)

The Strategic Investment Group has reviewed capital bids and has made recommendations for inclusion in the Capital Plan from 2018/19 onwards. These are detailed in Appendix 5 and summarised in Appendix 6.

5. How does the decision contribute to the Corporate Priorities?

Projects have been reviewed to ensure that they satisfy the Council's Corporate Objectives.

6. What will it cost and how will it affect other services?

6.1 Cost Implications

It is necessary to ensure that the Capital Plan is fully funded as any cost overruns above the total available funding have to be funded from revenue budgets.

6.2 Staffing/IT/Accommodation Implications

Each new project is required to complete a Business Case form and any specific implications are discussed at that stage.

6.3 Assessment of Impact on Climate Change – Mitigation and Adaptation:

New capital projects are subject to scrutiny by the Strategic Investment Group. Each business case will show, where relevant carbon tonne emission pre and post project, thus identifying whether the project is carbon emission positive, negative or neutral. In addition, it is necessary to ensure new capital projects are future proof and able to adapt to climate change.

7. What are the main conclusions of the Well-being Impact Assessment?

A full Impact Assessment has been completed for each capital bid reviewed by the Strategic Investment Group. These are included within Appendices 8 to 17.

8. What consultations have been carried out with Scrutiny and others?

Projects are prepared and subsequently monitored in consultation with Heads of Service. The figures used in the reports are based upon the latest estimates available.

All members have been informed of the bids, with hard copies of bids being located in the Members room and project bids available to view on Mod.Gov.

9. Chief Finance Officer Statement

No project should commence without being fully funded against a robust project plan and the project being discussed with the Strategic Investment Group.

Project Sponsors need to exercise tight control over their capital expenditure to ensure that the projects are able to remain within their budgets.

The Council continues to invest in its priorities through the corporate plan. Underpinning the affordability of the Plan are key assumptions around revenue budgets and cash. The scale of the Corporate Plan means that it spans a 5-7 year horizon and will undoubtedly mean that as it continues, there will be timing differences between planned and actual assumptions around the use of cash. This may mean that earmarked reserves may increase until commitments are made. It is crucial however to appreciate that if resources are diverted through the life of the Plan, it will have an impact on project delivery.

10. What risks are there and is there anything we can do to reduce them?

- 10.1 Possible risks would include schemes not progressing, loss of grant and disruptions to services. The condition of assets would continue to deteriorate if investment is not made, and this may lead to the loss of important services.

10.2 No capital project is without risk. However all schemes are reviewed by the Strategic Investment Group and also subject to on-going monthly monitoring and reporting.

11. Power to make the Decision

Local Authorities are required under section 151 of the Local Government Act (1972) to make arrangements for the proper administration of their financial affairs.