

Appendix 5

Summary of Strategic Investment Group Recommendations (Capital Plan 2018/19)

1. Report details

- 1.1 The Welsh Government's capital settlement for 2018/19 has seen a reduction of £31k on the 2017-18 settlement figure. This continues the recent poor 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 2018/19 includes £325k 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 2018/19 is shown below:

Source	Amount £000
General Capital Grant	1,829
Un-hypothecated Supported Borrowing	3,005
Prudential Borrowing - Highways	2,781
Capital Receipts	602
Future Capital Receipts – Disposal of assets on-going	325
Contribution from capital financing budget	1,053
Unspent Contingency b/f	500
Total Funds Available 2017/18	10,095

- 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 11 bids over a number of meetings.

1.7 Each bid was submitted with approval of the relevant head of service. The proposed allocations are detailed in Appendix 6 and in summary are as follows:

- 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 £150k 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, Equalities etc. It is recommended that £2.8m be allocated to Schools Capital Maintenance Works. Of this, £150k will be provisional, subject to future disposal of assets. It is also proposed to allocate £1.4m to non-schools capital maintenance work. It is further recommended that the appropriate Heads of Service determine the precise allocations to works required, in order of priority.
- Highways have received £50k to support prudential borrowing as approved by Council on 26th January 2016 and included within the Corporate Plan. In addition, Council on 30th January 2018 approved £100k for Highways as part of the 2018/19 Corporate Plan priority bids. This will allow approximately £2.550m of capital expenditure.
- In addition to this, it is proposed to allocate £710k block allocation for structural and other repairs including highway maintenance, street lighting and bridges. Of this, £150k will be provisional, subject to future disposal of assets. Also included within this recommendation is a further £349k for repairs to bridge structures. This is the second year of a proposed ten year Highways Structure Backlog Project.
- An allocation of 130k is recommended to carry out road safety improvements. In addition, Cabinet on 23rd January 2018 recommended that £25k is approved in respect of the Horseshoe Pass 40 mph speed limit proposal; this will be provisional, subject to future disposal of assets. However, it is hoped that the Horseshoe Pass 40 mph speed limit works will be grant funded by the Welsh Government. If the grant submission is successful, there will be no requirement for funding from the disposal of assets.
- 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 four costs of up to £231k repayable over 6 years.

- The Strategic Investment Group recommends maintaining the allocation set aside for any contingencies at £0.5m, in line with 2017/18.
- The Strategic Investment Group have considered a range of projects and have had to make recommendations within the funding available. Appendix 7 highlights areas where points, other than basic affordability, were raised in relation to specific elements of bids as part of SIG's recommendations.

1.8 Appendix 6 shows the projects listed with recommended funding source for each highlighted in the appropriate column. For additional clarity, the following points should be noted:

- PB Highways - £2.781m. 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 30th January 2018. In addition, a proposed £231k application for Salix funding.
- Council funds column – 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, Performance and Strategic Assets (Chair)
- Cabinet Member – Leader of the Council and Lead Member for the Economy and Corporate Governance
- Cabinet Member – Lead Member for Developing Community Infrastructure
- Representative from each Scrutiny Committee
- Corporate Director – Economy and Public Realm
- Head of Finance/S.151 Officer
- Head of Facilities, Assets and Housing (County Landlord)
- Business Information Team Manager