

Report To: Cabinet

Date of Meeting: 22 January 2019

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

Report Author: Richard Weigh

Title: **Recommendations of the Strategic Investment Group**

1. What is the report about?

Block Allocation capital bids received for inclusion in the 2019/20 Capital Plan.

2. What is the reason for making this report?

- 2.1 The Strategic Investment Group, which includes representatives from the three scrutiny committees, has met on a number of occasions to consider bids prepared by each service.

3. What are the Recommendations?

That Cabinet supports the projects shown in Appendix 1 for inclusion in the 2019/20 Capital Plan, and recommends accordingly to full Council.

4. Report details

- 4.1 The Final Local Government Settlement issued in December includes a general capital grant allocation of £2.8m. This is an increase of £1.008m from the Provisional Settlement, which takes account of recent additional funding announced by the Welsh Government. Confirmation is awaited on an anticipated further additional Welsh Government general capital grant of £1.680m for 2018-19. Given the timing of this, it is anticipated this will release an equivalent sum for 2019-20 but may be subject to grant conditions. Assumptions around how this may contribute to the Plan are set out below.
- 4.2 The Council is aiming to dispose of a number of sites over the next three years. The total available funding in 2019/20 includes £70k from assets that are currently proceeding to disposal. The allocation of these funds to schemes is provisional until the funds are received from disposals.

4.3 The available funding for 2019/20 is shown below:

Source	Amount £000
General Capital Grant	2,822
General Capital Grant – 2018-19 additional (subject to confirmation)	1,680
Un-hypothecated Supported Borrowing	2,982
Prudential Borrowing – Highways	1,970
Capital Receipts	330
Future Capital Receipts – Disposal of assets on-going	70
Contribution from capital financing budget	766
Total Funds Available 2019/20	10,620

4.4 The Capital Plan spends money on two types of project. Firstly there are one-off projects such as a new school; 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.

4.5 Appendix 1 shows the projects listed with the recommended funding source for each highlighted in the appropriate column. For additional clarity, the following points should be noted:

- PB Highways column - £1.750m. This is supported from the revenue budget as a corporate priority, which is subject to Council approval on 29th January 2019. In addition, a proposed £220k application for Salix funding is included.
- Council Funds column - these are funds such as general grants, and capital receipts.

4.6 A narrative to support the recommendations of the Strategic Investment Group is included as Appendix 2

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

- Cabinet Member – Deputy Leader and 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

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

The costs of the schemes are shown in Appendix 1. The Prudential Borrowing costs will be met through the 2019/20 revenue budget.

6.2 Staffing/ICT/Accommodation Implications

Each new project is required to complete a Project Proposal or 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. A copy of each individual Wellbeing Assessment is available in the members' library on the Modern.gov system.

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

Heads of Service approved the submission of the bids. Representatives of Cabinet and Scrutiny committees have been involved in the process.

This report has been shared with scrutiny committee chairs for comment.

9. Chief Finance Officer Statement

The Council must continue to invest appropriately in its assets. Not to do so can incur more significant costs in the long term. With the continuing reduction in the real value of Welsh Government supported borrowing, the Council must rely on its own resources more and more.

The recommendations presented include prudent assumptions of known capital receipts. The total funding position assumed is reliant upon confirmation of further

government grant support. The recommendations and the allocations are clearly caveated to show the level of funding that is confirmed and what might be available once confirmation of additional funding is received. Service capital spending plans should therefore be prioritised on this basis and not assume the full allocation until the additional funding is confirmed.

The funding position is less certain for the 2019/20 Capital Plan until confirmation of various external funding streams identified in the report has been received. The Strategic Investment Group should revisit the funding position during 2019/20 to confirm the position and assess whether there may be further investment opportunities.

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

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