

Report to	Council
Date of meeting	23 February 2021
Lead Member / Officer	Julian Thompson-Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Capital Plan 2020/21 – 2023/24 and Recommendations of the Strategic Investment Group

1. What is the report about?

The report updates members on the 2020/21 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?

To provide members with an updated Capital Plan including an update on major projects and the corporate plan. This report also includes the Capital Strategy Report for 2021-22. This provides a high level, concise and comprehensive overview to members of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services. 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 Strategy Report

- Appendix 8 – 15: 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 2020/21 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 approve the 2021/22 Capital Plan.
- 3.4 Members approve the Capital Strategy Report for 2021/22 as detailed in Appendix 7.

4. Report details

4.1 Capital Expenditure 2020/21

The full Capital Plan was last reported to Council in February 2020. Monthly updates are presented to Cabinet. The Estimated Capital Plan is now £42.36m. The plan has been updated since being reported to Cabinet on 16 February 2021.

4.2 Major Projects

Appendix 4 provides an update on the following major projects:

- 21st Century Schools Programme – Ysgol Llanfair
- 21st Century Schools Programme – Rhos Street and Ysgol Pen Barras
- 21st Century Schools Programme – Christ the Word, Rhyl
- Rhyl Queens Market Redevelopment
- New Waste Services Remodelling
- East Rhyl Coastal Defence

4.3 Corporate Plan

Council approved the latest Corporate Plan 2017-2022 on 17th October 2017. This sets out the Council's vision for the current term. The total cost of the plan was initially estimated at £135m, and this has changed as proposals have developed.

Cabinet on 23rd January 2018 confirmed its financial commitment to delivering Band B. However in November 2018, the Welsh Government announced changes to the grant intervention rates. For Band A, the intervention rate was 50% Welsh Government Grant. For Band B it will now be 65% Welsh Government contribution, for special schools including Pupil Referral Units a 75% contribution and for Voluntary Aided Schools the Welsh Government contribution will be 85% with 15% to be provided by the Diocesan Authority or the Governing Body. Following this announcement detailed consideration has been given to the likely direction for Band B and a number of feasibility studies have been undertaken. Based on the findings from these feasibility studies, a revised programme has emerged. However this highlighted an increased estimate above the programme envelope of £80m and the Welsh Government contribution of £45m. Cabinet on 17th December 2019 approved the submission of a revised Strategic Outline Programme to Welsh Government seeking additional funding.

Discussions between the Welsh Government and the Council have subsequently led to the delivery of the programme being considered as two phases. Cabinet on 22 September 2020 approved the commencement of Phase one projects at Ysgol Plas Brondyffryn/Denbigh High School; Ysgol Bryn Collen/Ysgol Gwernant and Ysgol Pendref. Cabinet also agreed that the Council continue to discuss with the Welsh Government the case for additional funding required for Phase two projects and to review the position in 18 months.

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 2020/21. In addition, a number of potential disposals are also currently in development.

	2020/21 £000
Bodelwyddan Castle	700
Former Donkey Field, Rhyl	90
Four Crosses Farm, Glanrafon	515
Lletty Farm, Llandyrnog	480

Land at Meliden (Deposit)	57
Barn, Ty'n Celyn, Glanrafon	15
Total	1,857

4.5 Prudential Indicators 2020/21

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. The Council's outstanding debt is currently £241.8m. This is within the Operational Boundary (£265m) and Authorised Limit (£270m) and is less than the forecast Capital Financing Requirement (£296m). 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 2020/21 is 6.64%. 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 2021/22 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/ICT/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 15.

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 all bids also 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 remain within budgets.

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.