

<b>Report to</b>	Council
<b>Date of meeting</b>	22 February 2022
<b>Lead Member / Officer</b>	Julian Thompson-Hill
<b>Report author</b>	Steve Gadd, Head of Finance and Property
<b>Title</b>	Capital Plan 2021/22 – 2024/25 and Recommendations of the Strategic Investment Group

## 1. What is the report about?

The report updates members on the 2021/22 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 2022-23. 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 – 14: 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 2021/22 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 2022/23 Capital Plan.
- 3.4 Members approve the Capital Strategy Report for 2022/23 as detailed in Appendix 7.

### **4. Report details**

#### **4.1 Capital Expenditure 2021/22**

The full Capital Plan was last reported to Council in February 2021. Monthly updates are presented to Cabinet. The Estimated Capital Plan is now £41.16m. The plan has been updated since being reported to Cabinet on 15 February 2022.

#### **4.2 Major Projects**

Appendix 4 provides an update on the following major projects:

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

#### **4.3 Corporate Plan**

The current Corporate Plan set out our ambitious but deliverable priorities for the five year period 2017-22. Some of these priorities have required significant capital investment although the Council has not have to provide all of the funding itself.

Grants from the Welsh Government have been utilised to help fund the planned work to improve our schools and flood defences. We have also used income from housing rent to help fund the new council Housing. Work is currently underway to help develop the new Corporate Plan and it is expected that capital resources will be required. A number of these are likely to be already included in the current Capital Plan (e.g. Carbon Zero, 21 Century Schools, Highways etc.) but additional resource requirements may be identified early in the term of the new Council and will be considered as part of the usual budget and capital approval processes.

#### 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 2021/22. In addition, a number of potential disposals are also currently in development.

	<b>2021/22 £000</b>
<b>Bodelwyddan Castle</b>	<b>500</b>
<b>Land at Meliden</b>	<b>544</b>
<b>Geufron Farm, Corwen</b>	<b>470</b>
<b>Land at Rhos Street, Ruthin</b>	<b>70</b>
<b>Total</b>	<b>1,584</b>

#### 4.5 Prudential Indicators 2021/22

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. The Council's outstanding debt is currently £241.3m. This is within the Operational Boundary (£275m) and Authorised Limit (£280m) and is less than the forecast Capital Financing Requirement (£293.2m). 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 2021/22 is 7.16%. 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 2022/23 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.