

<b>Report to</b>	Council
<b>Date of meeting</b>	28 February 2023
<b>Lead Member / Officer</b>	Councillor Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets
<b>Report author</b>	Steve Gadd, Head of Finance and Property
<b>Title</b>	Capital Plan 2022/23 – 2025/26 and Recommendations of the Budget Board - Capital

## 1. What is the report about?

The report updates members on the 2022/23 element of the Capital Plan. Also attached are the recommendations of the Budget Board - Capital 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 2023/24. 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 Budget Board - Capital
- 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 Budget Board - Capital.

### **3. What are the Recommendations?**

- 3.1 That Members note the latest position on the 2022/23 element of the Capital Plan and the update on major projects.
- 3.2 Members support the recommendation of the Budget Board - Capital as detailed in Appendix 5 and summarised in Appendix 6.
- 3.3 Members approve the 2023/24 Capital Plan.
- 3.4 Members approve the Capital Strategy Report for 2023/24 as detailed in Appendix 7.

### **4. Report details**

#### **4.1 Capital Expenditure 2022/23**

The full Capital Plan was last reported to Council in February 2023. Monthly updates are presented to Cabinet. The Estimated Capital Plan is now £55.1m.

#### **4.2 Major Projects**

Appendix 4 provides an update on the following major projects:

- Rhyl Queens Market Redevelopment
- Waste Services Remodelling
- 21<sup>st</sup> Century Schools Programme – Band B

#### **4.3 Corporate Plan**

This new Corporate Plan is ambitious and will need a large amount of financial resources to succeed in full. However, it should be noted that most of the activities identified have already started, and will therefore have resources identified in order to help them be achieved. Examples of large commitments include the investment in our highways, flooding schemes, school buildings, and our Climate and Ecological Change Strategy.

Since the last Corporate Plan a robust budget process has been established, which along with a new approach to managing our capital spend will ensure that services can put forward requests for further funding as part of the annual budget process. This will help prevent funds being allocated before need, and help with prioritisation across the council.

It should also be noted, however, that the council is entering a very uncertain financial environment due to inflationary and demand pressures far exceeding the projected level of funding. This may impact the availability of funding. The proposed strategy will allow the council to identify resources as and when the need arises and within available funding restrictions.

#### 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 2022/23. In addition, a number of potential disposals are also currently in development.

	<b>2022/23 £000</b>
<b>Hammerhead disposal at Colomendy Industrial Estate</b>	<b>18</b>
<b>Geufron Bach Farm</b>	<b>500</b>
<b>Total</b>	<b>518</b>

#### 4.5 Prudential Indicators 2022/23

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. The Council's outstanding debt is currently £273.7m. This is within the Operational Boundary (£315m) and Authorised Limit (£320m) and is less than the forecast Capital Financing Requirement (£321.6m). 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 2022/23 is 6.83%. 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 Budget Board – Capital**

The Budget Board - Capital has reviewed capital bids and has made recommendations for inclusion in the Capital Plan from 2023/24 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 Budget Board – Capital (Capital Scrutiny Group from April). 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 Budget Board - Capital. 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.

## **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 Budget Board - Capital.

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 Budget Board – Capital 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.