

The Vale of Glamorgan Council

Cabinet Meeting: 19th February 2018

Report of the Leader

Final Capital Proposals 2018/19 to 2022/23

Purpose of the Report

1. To gain approval for the Final Capital Programme Proposals for the years 2018/19 to 2022/23.

Recommendations

That Cabinet recommend to Council that:-

1. The final budget proposals for the Capital Programme for the years 2018/19 to 2022/23 as set out in [Appendix 1](#) are approved.
2. The Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2018/19 to 2022/23 Housing Improvement Programme as appropriate.
3. The Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2018/19 to 2022/23 Asset Renewal budgets as appropriate.
4. The Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2018/19 Victorian Schools budget as appropriate.
5. The Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to S106 funded schemes subject to Member consultation as required under the existing process.
6. The Managing Director and the Head of Finance, in consultation with the Cabinet Member for Performance and Resources, is given delegated authority to make additions, deletions or transfers to or from the 2018/19 Energy Conservation Refit budget as appropriate.
7. That Cabinet approves the following changes to the 2017/18 and 2018/19 to 2022/23 Capital Programme:

- Band B Preparatory Works Changing Rooms etc. - The carry forward of £210k into the 2018/19 Capital Programme.
- St Joseph's Nursery and Early Intervention Base (EIB) - That the budget for this scheme is re-profiled as set out in paragraph 37 of this report.
- Band A Romilly Primary - That the budget for this scheme is re-profiled as set out in paragraph 38 of this report.
- Victorian Schools - The carry forward of £50k into the 2018/19 Capital Programme.
- St Richard Gwyn R/C School Window Renewal Phase 1 - The carry forward of £95k into the 2018/19 Capital Programme.
- Legionella Control - The carry forward £17k into the 2018/19 Capital Programme.
- Disabled Access Improvements - The carry forward of £15k into the 2018/19 Capital Programme.
- Band B Schemes - That the budget for these schemes is re-profiled as set out in paragraph 84 of this report.
- Gwenfo Primary Extension - Request to include a new scheme into the capital programme with a budget of £75k, split £5k in 2017/18 and £70k in 2018/19, to be funded from s106 monies.
- ICT Infrastructure - The carry forward £370k into the 2018/19 Capital Programme.
- Dinas Powys Library Bridge - The carry forward of £170k into the 2018/19 Capital Programme.
- Murchfield Access Bridge - The carry forward of £44k into the 2018/19 Capital Programme.
- Boverton Flooding - The carry forward of £631k into the 2018/19 Capital Programme.
- Cemetery Approach - The carry forward of £198k into the 2018/19 Capital Programme.
- Leisure Centre Capital Bids - The carry forward of £185k into the 2018/19 capital programme, £10k for Cowbridge Leisure Centre Roofing and £175k for Llantwit Leisure Centre Electrical Works.
- Housing Improvement Programme 2017/18 – The carry forward of £4.581m into the 2018/19 Capital Programme.
- Penarth Pier Pavilion - Remove the £70k scheme from the 2017/18 capital programme.
- Tackling Poverty - Request to vire and carry forward £5k to the Barry Regeneration Partnership Project Fund scheme.
- Barry Regeneration Partnership Project Fund - The carry forward £19k into the 2018/19 Capital programme.
- Five Mile Lane - The carry forward of £1.7m into the 2018/19 Capital Programme.
- Innovation Quarter Regeneration Fund - Reduce the 2017/18 budget by £124k.
- North Penarth Open Space Improvements - The carry forward of £475k into the 2018/19 Capital Programme.

- Civic Offices Re-wire/ Space Project - Reduced Office accommodation -The carry forward of £198k into the 2018/19 Capital Programme.
- Carbon Management Fund - The carry forward of £387k into the 2018/19 Capital Programme into new scheme called 'Street Lighting Energy Reduction Strategy'.
- Carbon Management Allowances - It is requested to increase the 2017/18 Capital Programme by £261k to be funded by a revenue contribution from the Policy budget.
- City Deal - Increase the capital programme as set out in paragraph 60 of this report.

Reasons for the Recommendations

1. To set and approve future capital programmes to 2022/23.
2. To enable the Housing Capital budget to be managed effectively.
3. To enable the Asset Renewal budgets to be managed effectively.
4. To enable the Victorian Schools budget to be managed effectively.
5. To enable S106 schemes to be managed effectively.
6. To enable the Energy Conservation Refit budget to be managed effectively.
7. To amend the 2017/18 and future years Capital Programme and to seek approval from Cabinet and Council.

Background

2. The Initial Capital Programme Proposals 2018/19 to 2022/23 were presented to Cabinet on 20th November 2017 (minute C139). They were subsequently referred to Scrutiny Committees in November and December 2017.
3. In responding to the Initial Capital Programme Proposals, the following recommendations in relation to the Initial Proposals were made by Scrutiny Committees.

Health Living and Social Care Scrutiny Committee recommended: -

T H A T the Corporate Performance and Resources Scrutiny Committee be requested to ask Cabinet to reconsider the priority bids to include the not proposed replacement playgrounds schemes and that every opportunity and option be explored in order to resource such facilities.

Environment and Regeneration Scrutiny Committee recommended: -

T H A T in noting the healthy position of the reserves, the Corporate Performance and Resources Scrutiny Committee be requested to recommend to Cabinet that the use of further reserves for resurfacing throughout the Vale of Glamorgan be considered.

4. Corporate Performance and Resources Scrutiny Committee, at its meeting on the 14th December 2017 (minute no. 559), recommended:-

T H A T the recommendations of the Environment and Regeneration Scrutiny Committee be noted and referred to the Cabinet for further consideration.

T H A T the recommendations of the Healthy Living and Social Care Scrutiny Committee be noted and referred to the Cabinet for further consideration.

T H A T the Cabinet be requested to re-examine the below unsuccessful schemes with a view to their inclusion in the Capital Programme for 2018/19:

- EH2 – new household waste recycling centre;
- EH8 – footway renewal;
- EH6 – replacement playgrounds.

T H A T the Cabinet be requested to emphasise to officers the need to complete the Vehicle Replacement Programme procurement exercise given the budgetary pressures experienced by Waste Management as set out in the Initial Revenue and Capital Proposals under consideration.

5. The minutes and recommendations of Corporate Performance and Resources Scrutiny Committee were referred to Cabinet on the 22nd January 2018 (minute no.C189), Cabinet recommended that the contents of the report be noted and passed to the Budget Working Group for consideration in concluding the budget proposals for 2018/19.

Relevant Issues and Options

6. The 2018/19 to 2022/23 Capital Proposals have been set in accordance with the following financial strategy;
 - The Capital Programme would be approved on a five year rolling programme;
 - In order to mitigate the anticipated reduction in funding in future years, only Capital Bids that were deemed to make a contribution to the Council's priorities under the Wellbeing and Future Generations Act, meet the criteria of higher corporate priority and mitigate risk should be progressed;
 - The Capital Programme would be set with regard to the key themes of regeneration and sustainability; and
 - The Capital Programme proposals should maximise the availability of resources to address the Council's priorities.
7. Since the draft proposals were submitted in November 2017, as set out in the financial strategy, all schemes in the Capital Programme have been reviewed. All Project Managers and Project Sponsors have been asked to examine their schemes and advise if the scheme is still required. They have also been asked to review if there are any changes to the timings and/or costs of the schemes. The changes requested are reflected in these proposals and are outlined later in this report.

Prioritisation of Schemes

8. As a starting point in the budget process, all services were required to submit new bids for the 5-year period commencing 2018/19.
9. The Insight Board used a number of criteria to assess the Capital Bids. The first criteria used was to classify the nature of the bids, the criteria used is set out below;

Priority Level	Criteria
A	Health and Safety legislation
B	Other Legislation/Statutory Requirement
Ci	Economic Sense/Invest to Save
Cii	Corporate Plan
Ciii	Sufficiency
D	Condition/Suitability
E	Welsh Government Requirements
F	Low Priority

10. Where bids are rated an A or B on the above criteria there would clearly be a legal obligation to ensure that works are progressed in a timely manner within the confines of the funding available. Schemes that represent an invest to save opportunity or support the achievement of corporate priorities should also be prioritised.
11. In addition, in accordance with the criteria set out in the Budget Strategy, the bids were prioritised in terms of their corporate priority and the risk they pose to the Council if they are not pursued. The risk assessment element was undertaken in line with the Council's Corporate Risk Management Strategy as follows;

Possible Impact or Magnitude of Risk	Catastrophic	MEDIUM	MEDIUM/HIGH	HIGH	VERY HIGH
	High	MEDIUM/LOW	MEDIUM	MEDIUM/HIGH	HIGH
	Medium	LOW	MEDIUM	MEDIUM	MEDIUM/HIGH
	Low	VERY LOW	LOW	MEDIUM/LOW	MEDIUM
Risk Matrix		Very Unlikely	Possible	Probable	Almost Certain
		Likelihood/Probability of Risk Occurring			

12. Taking into account the nature of capital schemes, the following criteria were applied to assess corporate priority:

Corporate Priority	Score
Commitments and areas where the Council has no control over the expenditure, e.g. contractual and legal commitments, absolute minimum statutory service, taxes, etc.	3
Very high priority (publicly announced commitment e.g. items included in the Community Strategy, Corporate Plan etc.)	2
"Invest to Save" and preventative expenditure	2
Statutory expenditure above the absolute minimum and other priorities	1
Low Priority	0

13. The bids were also reviewed for the contribution that they made to the Wellbeing and Future Generations criteria as set out below;
 - Long Term
 - Integration
 - Collaboration
 - Prevention
 - Involvement
14. Each scheme was awarded one point for every one of the outcomes that it met to a maximum of 5.
15. Only those schemes assessed as corporate priority 1 or higher and medium risk or higher are included in these proposals. In addition the schemes put forward should contribute to at least three Wellbeing and Future Generations outcomes and should have a scheme priority factor of either A/B/Ci/Cii/Ciii. The bids that did not meet these criteria have not been put forward for inclusion in the 2018/19 to 2022/23 programme. The exception to this is the bid for the New Household Waste Recycling Centre and Old Hall Cowbridge renewal of roof coverings. These bids did meet the criteria however the Council has insufficient funds at this time to progress these schemes. The Council is looking at funding opportunities from Welsh Government in order to progress the New Household Waste Recycling Centre. Old Hall Cowbridge is not being progressed at this time as the scheme priority is not A or B.

Resources Available

16. On 20th December 2017, the Welsh Government announced the final 2018/19 General Capital funding settlement. There has been a £100k (1.85%) increase in funding from 2017/18. Following consideration of the authority's capital funding for the past two financial years and reviewing the assumptions adopted by a number of other authorities across Wales, the Initial Capital Programme Proposals in November 2017 assumed a 5% reduction year on year to 2022/23. This assumption has not changed for the final proposals.
17. On this basis, a table representing the capital funding from the Welsh Government is shown below:

Resources from Welsh Government	18/19	19/20	20/21	21/22	22/23
	£000	£000	£000	£000	£000
Supported Borrowing - General Fund	3,422	3,251	3,088	2,934	2,787
General Capital Grant	2,083	1,979	1,880	1,786	1,697
Total	5,505	5,230	4,968	4,720	4,484

18. Another means of financing capital expenditure is through capital receipts resulting from the sale of assets. Receipts from the sale of Housing Revenue Account (HRA) assets can only be spent in the HRA and cannot be used to finance General Fund capital schemes. As at 31st March 2018, the forecast balance of useable capital receipts totals £8.474m of which £1.339m is ring-fenced for Social Services and £1.299m is ring-fenced for Education. No further general capital receipts or ring-fenced Social Services capital receipts are anticipated between 2018/19 and 2022/23. A further receipt of £13.937m is estimated from Education assets between

2018/19 and 2023/24 and will be ring fenced for the School Investment Programme. It should be noted, however, that the projected value and timing of future capital receipts is not guaranteed and failure to achieve the projected level of capital receipts to timescale could impact on the affordability of the current 21st Century Schools Band B proposals.

19. HRA capital receipts arise from the sale of dwellings under the Right To Buy Act, HRA land and other HRA assets. In the case of HRA receipts, regulations set out that receipts since 1 April 2004 can only be used to fund HRA capital expenditure or to repay HRA debt. As at 31st March 2018, the forecast balance of useable HRA capital receipts is nil as any receipts received in a year are used to fund expenditure incurred in that same year. The Abolition of the Right to Buy and Associated Rights (Wales) Act 2018 gained Royal Assent on 24 January 2018. The provisions in the Act mean abolition of the rights will come into force on 26 January 2019 however there are some exceptions. As a result of this change in legislation, no further HRA receipts will be assumed.
20. If the schemes shown in Appendix 1 are approved, the effect on General Fund useable capital receipts will be as shown in the following table.

Capital Receipts	General	Ring-fenced Social Services	Ring-fenced Education
	£000	£000	£000
Anticipated Balance as at 1st April 2018	5,836	1,339	1,299
Anticipated Requirements – 2018/19	-4,387	0	-88
Anticipated Receipts – 2018/19	0	0	0
Balance as at 31st March 2019	1,449	1,339	1,211
Anticipated Requirements – 2019/20	-438	-1,339	-3,326
Anticipated Receipts – 2019/20	0	0	3,250
Balance as at 31st March 2020	1,011	0	1,135
Anticipated Requirements – 2020/21	-320	0	-6,685
Anticipated Receipts – 2020/21	0	0	5,550
Balance as at 31st March 2021	691	0	0
Anticipated Requirements – 2021/22	-100	0	-455
Anticipated Receipts – 2021/22	0	0	455
Balance as at 31st March 2022	591	0	0
Anticipated Requirements – 2022/23	0	0	0
Anticipated Receipts – 2022/23	0	0	0
Balance as at 31st March 2023	591	0	0
Anticipated Requirements – 2023/24	-4	0	-4,682
Anticipated Receipts – 2023/24	0	0	4,682
Balance as at 31st March 2024	587	0	0

21. The Education Capital Programme utilises general capital receipts in addition to capital receipts ring-fenced for Education.
22. Capital expenditure can also be funded by revenue contributions or the utilisation of existing reserves. A reserve is a sum of money that has been set aside by the Council for a specific purpose, they are voluntary and can be made when the Council determines. Advances can be made from a reserve for the purchase of assets, which are then repayable over the life of the asset and the reserve is constantly replenished e.g. Vehicle Renewals Fund. Alternatively schemes can be funded from reserves with no repayment, however, once spent that source of funding is lost.
23. One such reserve is the Project Fund which exists to finance capital and revenue projects. The estimated balance of the Fund as at 31st March 2018 is £3.011m. A balance of £2m will be retained as a balance on this fund. The following table shows the projected position of the fund over the next five years.

Project Fund

	£'000
Anticipated Balance as at 1st April 2018	3,011
Anticipated Requirements – 2018/19	-568
Anticipated Receipts – 2018/19	0
Balance as at 31st March 2019	2,443
Anticipated Requirements – 2019/20	-62
Anticipated Receipts – 2019/20	0
Balance as at 31st March 2020	2,381
Anticipated Requirements – 2020/21	-150
Anticipated Receipts – 2020/21	0
Balance as at 31st March 2021	2,231
Anticipated Requirements – 2021/22	0
Anticipated Receipts – 2021/22	0
Balance as at 31st March 2022	2,231
Anticipated Requirements – 2022/23	0
Anticipated Receipts – 2022/23	0
Balance as at 31st March 2023	2,231

24. In a similar vein, the Council has an IT Fund estimated at £2.689m as at the end of 2017/18. The Council relies heavily on technology to deliver its services and the Fund allows investment in this infrastructure and also enables the Council to exploit opportunities to reduce the cost of services. This is in accordance with a report from the Wales Audit Office in December 2012 entitled 'Use of Technology to Support Improvement and Efficiency in Local Government'. Best practice highlighted in the report recommends that 'A corporate technology development fund is used to fund all developments with commitment that efficiencies replenish funds'.
25. Other means of generating income to fund capital projects is through monies forthcoming under S106 planning obligations.
26. Outside of the above, the Council is heavily dependent on specific grant funding to supplement its own resources if certain capital schemes are to be progressed.

Generally, this comes via Welsh Government, although contributions from other public sector organisations or associated bodies are also forthcoming. It is estimated that over the next 5 years, the level of specific grant funding for General Fund Capital Schemes is approximately £100.508m which is around £75.6m more than the level of General Capital Funding for the same period (£24.907m). The £100.508m grant funding is made up of £0.018m Band A 21st Century Schools grant, £68.757m Band B 21st Century Schools grant, £1.307m Flood Defence and Structures grants, £13.895m Major Repairs Allowance grant and £16.531m Five Mile Lane Improvement grant. Many of these schemes require a match funding contribution to be made by the Council to the cost of the scheme.

27. When considering options for capital financing, the ability of the Council to finance the repayment of any loans it raises for the funding of capital schemes must be evaluated. Part 1 of the Local Government Act 2003 requires local authorities to have regard to the Prudential Code, which has been developed by CIPFA (the Chartered Institute of Public Finance and Accountancy) as a professional code of practice. In setting the capital programme, the Council must ensure that the key objectives of the Prudential Code are complied with. The Council must ensure that its capital investment plans:
 - Are affordable;
 - All external borrowing and other long term liabilities are within a prudent and sustainable level; and
 - The consequent treasury management decisions for Prudential Borrowing (also referred to as Unsupported Borrowing) are taken in accordance with good professional practice.
28. The Code recognises that in making capital investment decisions the Council must have regard to option appraisal, asset management planning and strategic planning. However, given the expected severity of cuts in future revenue resources, the potential for servicing debt not funded by Welsh Government as part of General Capital Funding or already provided for (e.g. Prudential Borrowing for the Schools Investment Programme and Housing Improvement Programme) is extremely limited as this will need to be funded through the revenue budget.
29. The projected amount of prudential borrowing utilised at 31st March 2018 is £100.533m which is made up of £6.690m for Highway Improvements under the Local Borrowing Initiative, £7.444m for 21st Century Schools Programme, £17.354m Housing Improvement Programme, Vehicles £1.2m, City Deal £2.052, Housing Subsidy Buyout £63.156m and the Local Government Borrowing Initiative for 21st Century Schools £2.637m. After allowing for repayments the balance is expected to be £95.844m at 31st March 2018.
30. The table below sets out the anticipated Council's Prudential Borrowing over the next 5 years: -

Prudential Borrowing

Scheme	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£000	£000	£000	£000	£000	£000
21st Century Schools Band B	0	0	0	2,000	1,116	3,116
Housing Improvement Programme	12,765	7,756	5,930	2,862	1,096	30,409
Borrowing Pending Capital Receipt	0	0	919	774	2,290	3,983
City Deal	1,501	429	429	675	675	3,709
Total	14,266	8,185	7,278	6,311	5,177	41,217

31. Total new Prudential Borrowing over the next 5 years is estimated at £41.217m of which £30.409m relates to the Housing Improvement Programme.
32. Future Prudential Borrowing for School Investment Programme Band B schemes totals £3.116m over the five year Capital Programme.
33. A significant proportion of the Band B funding is projected to come from capital receipts some of these sites will only be vacated as a result of building a new school and therefore funding is required to bridge the timing differences between when the funding is required and when the funding will actually be received by the authority. It is proposed that prudential borrowing is used in the short term to provide this temporary funding. It should be noted that there are revenue costs associated with this approach.
34. At the end of the Capital Programme period (31st March 2023) the outstanding prudential borrowing taking into account repayments is expected to be £25.726m General Fund and £98.8m HRA.

Amendments to the 2017/18 Capital Programme

35. Reprofiling is required across some significant schemes in the Capital Programme which is set out below;

Learning and Skills

36. Band B Preparatory Works, Changing Rooms etc. - Work is anticipated on site after Easter however, the only spend this year will relate to fees. It is therefore requested to carry forward £210k into the 2018/19 Capital Programme.
37. St Joseph's Nursery and Early Intervention Base (EIB) - Work on delivering on-going large projects have taken priority over this scheme and therefore resulted in a delay in its progression. Work will now be undertaken from Easter 2019 with a completion date of August 2019. It is therefore requested to re-profile this scheme budget as shown below:-

	2017/18	2018/19	2019/20	2020/21	Total
	£000	£000	£000	£000	£000
Original Budget	67	964	0	0	1,031
Revised Budget	10	150	864	7	1,031

38. Band A Romilly Primary - It has previously been reported that this scheme has been delayed due to inaccurate utility plans and the consequential need to redesign the scheme. Work is anticipated to commence late March 2018 and complete late August 2018. It is requested that the scheme budget is reprofiled as shown below:-

	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000
Original Budget	285	894	0	1,179
Revised Budget	210	961	8	1,179

39. Victorian Schools - Final agreed accounts for works carried out in year were lower than originally anticipated and it is therefore requested to carry forward £50k into the 2018/19 Capital Programme.
40. St Richard Gwyn R/C School Window Renewal Phase 1 - This scheme has previously been tendered however no tenders were returned. The scheme will be retendered in March 2018. It is requested to carry forward £95k into the 2018/19 Capital Programme.
41. Legionella Control - Further legionella testing works are planned however they will not be carried out until next financial year, it is therefore requested to carry forward £17k into the 2018/19 Capital Programme for remedial works if necessary following testing.
42. Disabled Access Improvements - Works are based on referrals from Pupil Support. Referrals have been low this year and it is therefore requested to carry forward £15k into the 2018/19 Capital Programme.

Social Services

43. ICT Infrastructure - This funding has been allocated to implement an all Wales ICT system which will enable the interfacing of a range of different systems across local authorities and NHS organisations. The system has been implemented in part however it is requested that £370k is carried forward into the 2018/19 Capital Programme to complete full implementation.

Environment and Housing

44. Dinas Powys Library Bridge - Due to capacity to implement this scheme this financial year it is requested to carry forward £170k into the 2018/19 Capital Programme.
45. Murchfield Access Bridge - Due to capacity to implement this scheme this financial year it is requested to carry forward £44k into the 2018/19 Capital Programme.

46. Boverton Flooding - This scheme is due to complete by the end of March 2018. It is requested to carry forward £631k into the 2018/19 Capital Programme to finalise accounts.
47. Coldbrook Flood Risk Management Construction Phase - A report on the same agenda requests an increase in the capital programme of £525k in 2017/18 and £58k in 2018/19. These changes have been reflected in Appendix 1.
48. Cemetery Approach - Tenders for the community building are to be returned by 2nd March 2018 and will need to be evaluated. It is therefore requested that £198k is carried forward into the 2018/19 Capital Programme.
49. Leisure Centre Capital Bids - Within this programme there is a £242k budget for electrical rewiring at Llantwit Leisure Centre. Tenders have been returned and the contractor is being appointed. Works are anticipated to commence late February 2018. It is therefore requested that £175k is carried forward into the 2018/19 capital programme. There is also a budget of £25k in 2017/18 for Cowbridge Leisure Centre Roofing works. This scheme is being redesigned and only fees will be charged this year. It is therefore requested that £10k is carried forward into the 2018/19 Capital Programme.
50. Housing Improvement Programme 2017/18 – Slippage of £4.581m

Internals – The contract for Housing Electrical Installations is to be presented to Cabinet for approval during February 2018. Delays in the tendering process have meant that the anticipated level of work during 2017/18 has not been achieved and will therefore continue into 2018/19. It is requested that £850k is carried forward to 2018/19.

Externals – The contract for Gibbonsdown External Wall Insulation (EWI) is yet to be confirmed. Tenders are to be returned and assessed by the beginning of March 2018 with work commencing in due course. It is therefore requested that £805k is carried forward to 2018/19.

Common Parts – Works to communal areas were not included in the original framework agreement and as a result, had to be tendered. This, along with contractor capacity issues has caused delays, pushing the work back to 2018/19. It is requested that £2.75m is carried forward to 2018/19.

Williams Crescent – Works to the communal areas at Williams Crescent were delayed due to the issues described above. It is therefore requested that £176k is carried forward to 2018/19.

Managing Director and Resources

51. Penarth Pier Pavilion - £70k has been included in the capital programme as a contingency to cover any repairs and maintenance work required at the Pavilion. To date no works have been identified and it is therefore requested that the £70k is removed from the capital programme. Any future requirement for repairs will be considered as they are identified.
52. Tackling Poverty - There is £5k unallocated within the Tackling Poverty Scheme. It is requested to vire and carry this forward to the Barry Regeneration Partnership Project Fund scheme to contribute towards the Main Street area improvements. Works will include the construction of a new boundary wall.

53. Barry Regeneration Partnership Project Fund - Within this scheme there is a budget of £19k for Main Street Area improvements, which will include the construction of a new boundary wall. Work will require planning consent and a licence agreement. It is therefore requested to carry forward £19k into the 2018/19 Capital programme.
54. Five Mile Lane - Delays with regard to compulsory purchase orders along with programme delays appointing the main contractor have meant that the full budget will not be spent in 2017/18. It is requested that £1.7m is carried forward into the 2018/19 Capital Programme.
55. Innovation Quarter Regeneration Fund - Due to a change in the scope of the project this scheme is expected to underspend. It is therefore requested that the budget for the scheme is reduced by £124k.
56. North Penarth Open Space Improvements - Plassey Square has now been completed, albeit some wild flower planting which will be implemented in the Spring. The new play area and multi-use games area proposed at Paget Road is currently being tendered (closing mid-February). It is anticipated that works will start on site in April 2018, subject to contracts. A project team comprising Highway Officers and Landscape Architects are currently working together to undertake feasibility for improvements to The Dingle and associated highway works on Windsor Road/Plassey Street. Cogan Skate Park requires further consultation. It is therefore requested to carry forward £475k into the 2018/19 Capital Programme.
57. Civic Offices Re-wire/ Space Project - Reduced Office accommodation - There have been some delays due to additional fire precaution works and this scheme is anticipated to complete in May 2018. It is requested to carry forward £198k into the 2018/19 Capital Programme.
58. Carbon Management Fund - £387k is ring-fenced within this scheme to match fund the Street Lighting Energy Reduction Strategy Salix Scheme. The application for an interest free loan to Salix will be made imminently and if successful works will commence next financial year. It is therefore requested to carry forward the £387k into the 2018/19 Capital Programme as a new scheme called 'Street Lighting Energy Reduction Strategy'.
59. Carbon Management Allowances - The advance purchase of Carbon Management Allowances attracts a reduction in cost and is therefore more cost effective. However when purchased in advance, the expenditure has to be classed as capital. Purchases to the sum of £261k will be undertaken this year and it is therefore requested that the 2017/18 Capital Programme is increase accordingly, funded by a revenue contribution from the Policy budget.
60. City Deal - The Cardiff Capital Region joint Cabinet is responsible for preparing the Joint Working Agreement (JWA) Business Plan in respect of the wider investment fund. The JWA Business Plan will then be submitted to each of the ten Local Authority partners for approval. At its meeting on the 15th January 2018, joint Cabinet reviewed proposals for the financing of the JWA Business Plan which includes £120m of Local Authority funding. The Vale of Glamorgan Council's share of this is £10.17m in the period to 2026/27 as set out below. It is requested that these current indicative funding proposals are reflected in the Capital Programme. At the time of writing the report the final Business Plan has not been approved and therefore the figures in this report are indicative only. The development of the Business Plan will be kept under review by the Section 151 Officer and when approved by all ten Local Authority partners Council's the Capital Programme will be amended accordingly.

Year	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Budget	2,052	1,501	429	429	675	675	1,103	1,103	1,103	1,103

Proposed Capital Programme 2018/19 to 2022/23

61. Following consideration of all of the above, the proposed 5-year Capital Programme 2018/19 to 2022/23 is attached at Appendix 1.
62. Slippage requested in this report has been included in Appendix 1.
63. Since the Initial Capital Programme Proposals were prepared, a small number of amendments were received and are outlined below.
64. Llansannor Extension - It is requested to include a new scheme into the 2018/19 Capital programme with a budget of £120k, to be funded £85k from s106 monies and £35k from the 2018/19 schools asset renewal allocation. Works include an extension of a small teaching room and are anticipated to start on site June 2018 and complete August 2018.
65. Gwenfio Primary Extension - It is requested to include a new scheme into the capital programme with a budget of £75k, split £5k in 2017/18 and £70k in 2018/19. This scheme will be funded from s106 monies. Works will include a classroom extension to increase capacity at the school and are anticipated to start during the Easter School holidays.
66. Social Services Asset Renewal - Social Services have a £100k asset renewal budget for 2018/19 and it is requested that £80k of this budget is allocated to the following schemes:-
 - Hen Goleg Day Centre Fire Alarm £35k
 - Hen Goleg Day Centre Lighting Upgrade £20k
 - External ground works to Youth Offending and Cartref Porthceri buildings £25k
67. Several schemes have been included in Appendix 1 which will be funded from S106 monies. These include Maes Dyfan Open Space Improvements, North Penarth Open Space Improvements, Colwinston play area, Court Ward park improvements, improving the pedestrian and cycling facilities between St Joseph's School and Ash Path and sustainable transport improvements at Maendy, St Athan and Fferm Goch. Schemes to implement Nursery and Early Intervention provision at St Josephs, Llansannor Extension, Wick Primary Nursery and Remodel of Building and the Band B schemes also have significant contributions from S106 as a result of local developments in the respective areas.
68. Vehicle Replacement Programme - An amendment to the level of expenditure in the Capital Programme is required, to reflect the continuing need to replace vehicles across the Council. The latest revised budget profile is set out in the table below. Vehicles can be funded from the Vehicle Renewals Fund, alternatively the vehicles could be leased or financed by a loan using prudential borrowing. The level of and financing of this expenditure will be reviewed during 2018/19.

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000
Original Expenditure	2,256	1,184	900	900	900
Revised Expenditure	2,256	684	900	900	900

69. Welsh Government Highway Refurbishment Fund - A road refurbishment scheme of up to £30m across Wales has been announced by Welsh Government and the Vale of Glamorgan Council have been awarded a grant allocation of £1.136m based on an established highway allocation formula. This grant will provide vital new investment for the Council's roads. This allocation is for one year and will be received for 2017/18. It will operate as a capital displacement fund allowing the Council to fund expenditure it has incurred during 2017/18 from the grant which will allow the Council to carry its original funding forward into 2018/19 for further resurfacing works to be carried out. It is proposed that a budget of £1.136m is included in the 2018/19 Capital Programme to be funded from the funds no longer required in 2017/18.
70. As part of the Initial Revenue Proposals report presented to Cabinet on 20th November 2017 it was projected that the outturn for Policy for 2017/18 would be a favourable variance of £4m. Cabinet resolved " T H A T a sum of £2m be set aside in the Schools Investment Strategy reserve, funded by the projected underspend on revenue in 2017/18, with further details in the Initial Capital Programme Proposals 2018/19 report." and "T H A T a sum of £2m be set aside in the Council Fund, with its use being considered as part of the final budget proposals for 2018/19."
71. As noted earlier in the report, Environment and Regeneration Scrutiny Committee recommended '*T H A T in noting the healthy position of the reserves, the Corporate Performance and Resources Scrutiny Committee be requested to recommend to Cabinet that the use of further reserves for resurfacing throughout the Vale of Glamorgan be considered*'. The Budget Working group considered options for this funding and it is proposed that £500k is transferred into the Visible Services reserve and used to carry out additional road and pavement resurfacing works in 2018/19.
72. Energy Conservation Refit Programme - On the 4th September 2017 a report was considered by Cabinet on Refit works for Council Building Assets (Minute C63). Refit Cymru is a Welsh Government promoted scheme that aims to accelerate the energy efficiency improvement of all public sector buildings in Wales. Refit Cymru gives Welsh public bodies the opportunity to use a UK framework comprising 16 contractors to undertake works to improve the energy efficiency of their buildings. Measures such as energy efficient lighting upgrades, boiler system upgrades and fabric insulation are some of sixty three potential measures that could be included within Refit.
73. Loans can be made available for Refit phases that include measures with an overall 8 year simple payback through the guaranteed energy savings. It is the appointed contractor that guarantees the savings, over the loan term. The monitoring and verification report that they provide alongside their saving predictions specifies an agreed methodology for how the savings are going to be measured. If there is an under performance then the contractor will make payments to the Council against the guarantee. The loans have to be repaid by the Council through the savings over what could be up to a maximum term of 10 years. The costs of the Refit works will be resourced through interest free invest to save loans from the Welsh Government. The loans will be repaid through the guaranteed savings resulting from the installed

measures. Refit works will be carried out in phases, and for each phase a loan will be bid for from Welsh Government. At the present time the cost of the first phase is unknown therefore delegated authority has been requested within this report to increase the capital programme as and when this information becomes available.

74. Carbon Management Fund - The Carbon Management Fund Scheme is an on-going scheme to assist with the Council's energy reduction measures. To enable these works to continue, it is proposed that a budget of £200k is included in the 2018/19 Capital Programme. This will be funded from the Energy Management Fund Reserve.

Delivering Well Being

75. The Capital Programme is set having regard to the Council's corporate priorities, which are included in the Corporate Plan through the 4 well-being outcomes which are: -

- An Inclusive and Safe Vale
- An Environmentally Responsible and Prosperous Vale
- An Aspirational and Culturally Vibrant Vale
- An Active and Healthy Vale

76. These outcomes demonstrate the Council's commitment to the Well-being of Future Generations Act which aims to improve the social, economic, environmental and cultural well-being of Wales and ensures that the needs of the present are met without compromising the ability of future generations to meet their own need. Examples are as follows:-

- Continued investment in housing through the Housing Improvement Programme to maintain the Welsh Housing Quality Standard and plans for new build and environment and regeneration programmes;
- Investing in the introduction of LED street lighting will bring environmental benefits;
- Further investment in schools through the School Investment Programme with Band A substantially complete and future development under Band B anticipated to commence in 2019/20;
- Additional funding being provided in 2018/19 through to 2022/23 for Disabled Facilities grants; and
- Investment in the Leisure Centres to encourage more use and activity.

77. In developing the Corporate Plan, the Council has reflected on the way it works and has stated 5 principles it will follow. These budget proposals reflect this new approach to working. The 5 ways of working are :

Looking to the long term - The capital proposals are a means of planning for the future and takes a strategic approach to ensure services are sustainable and that future need and demand for services is understood;

Taking an integrated approach - The capital proposals highlight and encourages ways of working with partners as it utilises funding received from various sources to deliver schemes such as Welsh Government and S106 funding;

Involving the population in decisions – As part of the budget proposal process there has been engagement with residents, customers and partners;

Working in a collaborative way – The capital proposals recognise that more can be achieved and better services can be provided by collaboration and it encourages this as a way of working in the future which includes providing funding to work with local communities; and

Understanding the root cause of issues and preventing them – The capital budget setting process is proactive and allows an understanding of the financial position so that issues can be tackled at the source.

Financial Strategy

78. In previous Capital proposals a number of pressures have been identified that would need to be subject to on-going review and management as follows;

Capital Budget Pressure	Mitigating Action Taken
The possibility of increased demands upon flooding, coastal protection and the environment generally (including an accelerated deterioration of the highways infrastructure).	Recurring sums have been set aside to fund annual works for flood and coastal protection. Recurring sums have also been set aside for resurfacing. An additional sum of £500k is to be set aside from the projected 2017/18 underspend into the Visible Services Reserve to assist with the pressures in these areas.
The general shortfall of funding available to address the Council's asset renewal requirements.	Rationalisation of accommodation should assist with this pressure as it will minimise the number of properties with Asset Renewal requirements. The asset renewal budget for schools is £965k in 2018/19 but drops to £550k in 2019/20. In the 2018/19 to 2022/23 Capital proposals a recurrent £100k for Social Services asset renewal is allocated. Any underspends against these budgets should be reported and will be ring-fenced for future asset renewal requirements against the service's assets.
The Council's ambitions for further regeneration and how they can be realised.	Regeneration is a central theme of the capital programme. The Council has committed to a recurring sum for Regeneration of £300k within the Capital Programme.
The continued expansion over time of the Schools Investment Programme.	Band B Schemes for the School Investment Strategy have now been included in the Capital Programme. Welsh Government has confirmed that Band B will commence in 2019/20. It is estimated that the cost of Band B will be in the region of £142.417m and that the Welsh Government grant intervention rate will be 50%, the intervention rate for Faith schools will be 85%.
Funding of Renewal Areas to address housing, social and environmental problems in the light of reduced grant availability.	The WG renewal area grant came to an end in March 2017. The Council has allocated in the capital programme a sum of £300k in 2018/19 and 2019/20 to Housing Regeneration and this could be used as match funding for any potential future sources of WG funding.

School Investment Programme

79. The 21st Century Schools Programme is the Welsh Government's funding initiative for investment in schools. The first tranche of schemes under the Band A funding were submitted prior to November 2011. Band A schemes run between 2013/14 and 2018/19. Band B schemes are expected to commence in 2019/20.
80. The schemes included under the Band A submission for construction between 2013/14 and 2018/19 were as follows; Ysgol Nant Talwg, Ysgol Dewi Sant, Ysgol Gwaun Y Nant and Oakfield , Colcot, Llantwit Learning Community and Romilly Primary School. The Ysgol Nant Talwg, Ysgol Dewi Sant, Ysgol Gwaun Y Nant and Oakfield schemes are now complete. The tenders for the Romilly Primary School scheme are in the process of being evaluated and Llantwit Learning Community is complete, except for minor snagging items and grass seeding and planting which will take place at Easter 2018.
81. Band B Schemes are expected to commence in 2019/20 and in December 2014 the Council submitted proposals for a number of schemes to Welsh Government. During 2016/17 reports were taken to Cabinet regarding two key schemes to be progressed under Band B, namely, a proposal to establish new Mixed Sex Secondary Schools in Barry and a proposal to increase Welsh Medium Secondary School Places.
82. At the end of July 2017 the Council had to submit a Strategic Outline Programme to Welsh Government for Band B. Based on latest indications, it has been advised that 50% funding will be available from Welsh Government to fund non faith school schemes and 85% funding will be available for faith school schemes.
83. On the 6th December 2017 the Council received an approval in principal letter for Band B with an estimated programme envelope cost of £142.4m, subject to the approval of individual project business cases. A report was presented to Cabinet on 22nd January 2018 (Minute C199) to seek Cabinet approval to progress the proposed Band B phase of the 21st Century Schools Programme subject to the approval of the final Capital Programme 2018/19 by Full Council. A detailed business case will be required for each scheme contained in the Band B Programme.
84. Band B schemes were included in the Initial Budget Proposals however it is proposed that Band B schemes are reprofiled as shown in the table below and are included in Appendix 1:-

Band B Schemes	17/18 £000	18/19 £000	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Total £000
Barry Comprehensive & Bryn Hafren Comprehensive	50	315	19,635	20,000	8,840	0	0	48,840
Ysgol Gymraeg Bro Morgannwg	50	518	11,115	9,740	0	0	0	21,423
Barry Waterfront	0	23	3,977	3,417	0	0	0	7,417
Primary Provision in the Western Vale	0	19	2,311	1,855	0	0	0	4,185
Cowbridge Primary Provision	0	0	0	4,000	4,417	1,430	0	9,847
St David's Primary School	0	4	348	3,833	0	0	0	4,185
St Nicholas	0	0	0	0	515	2,183	0	2,698
St Helen's/St Richard Gwyn	0	0	0	0	3,857	16,000	12,000	31,857
Penarth Cluster - Review Primary Provision to include Cosmeston	0	0	0	0	0	2,478	6,761	9,239
Review Nursery Provision	0	0	0	0	0	0	2,726	2,726
Total	100	879	37,386	42,845	17,629	22,091	21,487	142,417

85. Funding for the above proposals are set out below:-

Funding	£000
WG Grant	83,823
S106	18,211
Borrowing Pending Capital Receipts	3,982
Capital Receipts	11,496
General Capital Funding	5,430
Reserves and Revenue Contribution	13,488
Prudential Borrowing	5,987
Total	142,417

86. The total allocation for Victorian Schools in 2018/19 is £1.438m to support on-going works across 21 Victorian Schools to address the existing issues with lath and

plaster and masonry deterioration. These works are expected to be completed during 2018/19.

87. There is an asset renewal budget of £0.965m in 2018/19. From 2019/20 the asset renewal budget will reduce to £550k due to increasing constraints on resources due to the funding of the 21st Century Schools Band B Programme. This also allows for a £50k contingency budget each year within the Capital Programme. Education in consultation with Property Services, allocate this budget in year to various schemes including rolling programmes of boiler and toilet renewal.
88. Appendix 1 details the planned spend on the Education Capital Programme from 2018/19 to 2022/23 incorporating expenditure under Band A and Band B schemes funded under 21st Century Schools Programme. Gross expenditure totals £130.484m.
89. The Education Capital programme is anticipated to be funded as follows;

By Funding Source	18/19	19/20	20/21	21/22	22/23	Total
	£000	£000	£000	£000	£000	£000
General Capital Funding	2,001	2,448	2,204	1,972	956	9,581
Capital Receipts	2,296	3,664	6,905	455	0	13,320
Other Reserves and Revenue Contribution	25	1,066	504	0	0	1,595
School Investment Reserve	467	9,114	685	875	0	11,141
IT Fund	46	200	981	200	200	1,627
Prudential Borrowing	0	0	0	2,000	1,116	3,116
Prudential Borrowing pending capital receipts	0	0	919	774	2,290	3,983
Total Internal Funding	4,835	16,492	12,198	6,276	4,562	44,363
S106 Agreements	1,111	5,078	7,384	2,223	1,549	17,345
Welsh Government Grant	508	17,488	24,070	9,930	16,780	68,776
Total Funding	6,454	39,058	43,652	18,429	22,891	130,484

Housing Improvement Programme

90. The Welsh Government requires all local authorities who retain their housing stock to submit an acceptable Housing Business Plan annually that incorporates a detailed financial forecast in the form of a 30 year financial model. The Business Plan is the primary tool for a local authority's housing landlord service and includes all assets within the Council's Housing Revenue Account (HRA).
91. The Housing Business Plan will be reported to Cabinet during March 2018 and will also need to be approved by Council. The Plan will form the basis of the Major Repairs Allowance (MRA) grant application, which is a pivotal financing component for the Housing Improvement Programme.
92. The MRA for 2018/19 has not yet been announced by the Welsh Government but the assumed budget in Appendix 1 remains at £2.779m per annum as received in 2017/18.

93. The Final Capital Programme Proposals reflect the level of works required to maintain WHQS. It is expected that WHQS will be attained by the 31st March 2018, with on-going work required to maintain the standard based on component lifecycles. In addition, the proposed Housing Improvement Programme includes new build and regeneration work from 2018/2019 going forward.
94. The budget for the Housing Improvement Programme has been re-profiled since the Initial Capital Proposals report in line with the Housing Business Plan and is shown in Appendix 1. A slippage request of £4.581m has been made as part of this report and is detailed in paragraph 50. The sources of funding are detailed in the table below.

Funding	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000
Revenue/Reserves	4,585	5,152	5,540	6,157	6,746
MRA Grant	2,779	2,779	2,779	2,779	2,779
Unsupported Borrowing	12,765	7,756	5,930	2,862	1,096
Total Budget	20,129	15,687	14,249	11,798	10,621

Other Schemes

95. A sum of £2.986m in 2018/19 and £800k per annum in 2019/20 - 2022/23 is included to address high priority Visible Services assets and infrastructure improvements.
96. Flood Risk Management funding of £100k per annum is provided in addition to recurring coastal protection funding of £110k per annum. The Llanmaes, Coldbrook and Boverton schemes which are included in the Capital Programme will also enhance flood protection in the area.
97. A sum of £324k (including slippage from 2017/18) in 2018/19 and £300k from 2019/20-2022/23 has been allocated in relation to the Barry Regeneration Partnership. As well as being used for preparatory work (e.g. site investigations), this may also be applied as match funding to lever additional sources of grant funding.
98. Funding for Disabled Facilities Grants of £5.750m has been provided in total over the 5 years.

Resource Implications (Financial and Employment)

99. The table below details the General Capital Funding and internal resources required to fund the schemes proposed in Appendix 1.

Analysis of Net Funding Required for the 2018/19 Capital Programme

General Fund	£'000
Welsh Government Resources:	
General Capital Funding	2,083
Supported Borrowing	3,422
Council Resources:	
Capital Receipts	4,475
Unsupported (Prudential) Borrowing	1,501
Revenue/Reserves/Leasing	8,684
Net Capital Resources	20,165

Housing

Council Resources:

Capital Receipts	0
Unsupported (Prudential) Borrowing	12,765
Housing Reserves	4,585
Net Capital Resources	37,515

100. An anticipated reduction in resources in the future will restrict the number and size of capital schemes that the Council is able to fund. There will be significant pressures on spending post 2022/23 which are not yet funded. These include the backlog of school, highway and buildings repairs which in time could expand beyond issues associated with repairs and maintenance to those of 'fit for purpose' considerations.

Sustainability and Climate Change Implications

101. Sustainability is one of the main strands of the financial strategy for capital. Several of the schemes included in these proposals will assist in addressing the impact of climate change.

102. One of the purposes of the Insight Board is to review the sustainability of major capital schemes. Wherever possible, the Council strives to reduce carbon emissions and improve energy efficiency and positively encourages waste reduction initiatives.

Legal Implications (to Include Human Rights Implications)

103. The Council is required to show that capital expenditure is covered by identified resources when developing its Final Capital Programme proposals.

Crime and Disorder Implications

104. The obligations of the Council with regard to Section 17 need to be fully considered in the budget decision making process.

Equal Opportunities Implications (to include Welsh Language issues)

105. Additional finance improves the Council's opportunities for assisting disadvantaged members of society.

Corporate/Service Objectives

106. Funds allocated contribute to the wide range of corporate service objectives as set out in the Corporate Plan.

Policy Framework and Budget

107. This report is following the procedure laid down in the constitution for the making of the capital budget and needs to be referred to Council to make the final decision.

Consultation (including Ward Member Consultation)

108. The Corporate Management Team has been consulted on the proposals.

Relevant Scrutiny Committee

109. Corporate Performance and Resources

Background Papers

Bids received from departments

Correspondence received from the Welsh Government

Contact Officer

Section 151 Officer

Officers Consulted

Corporate Management Team

Responsible Officer:

Section 151 Officer