

Meeting of:	<b>Environment and Regeneration Scrutiny Committee</b>
Date of Meeting:	<b>Tuesday, 15 December 2020</b>
Relevant Scrutiny Committee:	Environment and Regeneration
Report Title:	<b>Initial Capital Programme Proposals 2021/22 to 2025/26</b>
Purpose of Report:	To submit the Initial Capital Programme Proposals for 2021/22 to 2025/26 to Scrutiny Committees for consultation.
Report Owner:	<b>Report of the Director of Environment and Housing</b>
Responsible Officer:	<b>Carys Lord, Head of Finance / Section 151 Officer</b>
Elected Member and Officer Consultation:	All Scrutiny Committees will be consulted on the proposals.
Policy Framework:	This report follows the procedure laid down in the constitution for the making of the budget. The 2021/22 budget proposals will require the approval of Council.
Executive Summary:	<ul style="list-style-type: none"> <li>This report submits the Initial Capital Programme Proposals for the 2021/22 to 2025/26 to Scrutiny Committees for consultation .</li> </ul>

## **Recommendations**

It is recommended :-

1. That Scrutiny Committee considers the Initial Capital Programme Proposals for 2021/22 to 2025/26 and forward its recommendations to Corporate Performance and Resources Scrutiny Committee as the lead Scrutiny Committee.

## **Reasons for Recommendations**

1. In order to gain the view of Scrutiny Committees.

### **1. Background**

- 1.1 Council on 26th February 2020 (minute no 710) approved the Capital Programme for 2020/21 onwards.

### **2. Key Issues for Consideration**

- 2.1 Any changes made to the 2021/22 Capital Programme onwards that were approved at Cabinet on the 16th November 2020 have been reflected in Appendix 1.

### **2021/22 to 2025/26 Capital Programme**

- 2.2 The Provisional General Capital Funding for 2021/22 has not yet been announced by Welsh Government (WG) and is expected on 22nd December 2020 with the Final Settlement due on 2nd March 2021.
- 2.3 As stated in last year's Initial Proposals report, for the previous three years (2018/19, 2019/20 and 2020/21) additional General Capital funding had been received, however from 2021/22 onwards no further indication of additional funding has been received from Welsh Government and therefore the level of capital funding included in this report has reverted back to the same level as set out in the 2018/19 Provisional Settlement and will then remain constant for the remainder of the period of this programme. General Capital Funding has therefore been assumed as £5.505m for 2021/22 which is made up of £2.083m General Capital Grant and £3.422m Supported Borrowing. The General Capital Funding for 2020/21 was £6.796m therefore there is an assumed reduction of £1.291m between years.
- 2.4 Appendix 1 sets out the Initial Proposals for the Capital Programme between 2021/22 and 2025/26 for this Committee.

- 2.5 In addition to external funding, the Council will finance part of the Capital Programme from its own resources, e.g. capital receipts and reserves.
- 2.6 The table below details the General Capital Funding and internal resources required to fund the proposed schemes for the Council as a whole.

**Analysis of Net Funding Required for the Indicative 2021/22 Capital Programme**

<b>GENERAL FUND</b>	<b>£'000</b>	<b>£'000</b>
<b>Welsh Government Resources</b>		
Supported Borrowing	3,422	
General Capital Grant	2,083	
<b>Total Welsh Government Resources</b>		<b>5,505</b>
<b>Council Resources</b>		
General Capital Receipts	6,018	
Reserves/Revenue	9,760	
City Deal Unsupported Borrowing	675	
Unsupported Borrowing	4,194	
<b>Total Council Resources</b>		<b>20,647</b>
<b>HOUSING REVENUE ACCOUNT</b>		
Housing Reserves/Revenue	6,450	
Housing Unsupported Borrowing	24,806	
<b>Total HRA Resources</b>		<b>31,256</b>
<b>Total Net Capital Resources</b>		<b>57,408</b>

**Capital Bids 2021/22 to 2025/26**

- 2.7 New capital bids were invited for return by 25th September 2020 and the number of bids received were 19 (2 from Learning and Skills, 9 from

Neighbourhood and Transport Services, 7 from Regeneration and Planning and 1 from Social Services). Departments were requested to rank and assess their own bids in order of importance before submission and bids from each Department were forwarded to the Insight Board for evaluation.

**2.8** A number of criteria are used to assess the Capital Bids. The first criterion used is to classify the nature of the bids.

**2.9** Where bids are rated an A or B on the criteria listed below 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. 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

**2.10** 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					

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

<b>Corporate Priority</b>	<b>Score</b>
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

**2.12** The bids are also reviewed for the contribution that they make to the Wellbeing and Future Generations criteria as set out below;

- Long Term
- Integration
- Collaboration
- Prevention
- Involvement

**2.13** Each scheme is awarded one point for every one of the outcomes that it meets to a maximum of 5.

**2.14** In previous years, only those schemes assessed as corporate priority 1 or higher and medium risk or higher were included in the capital programme. In addition, successful bids had also contributed to at least three Wellbeing and Future Generations outcomes and should have had a scheme priority factor of either A/B/Ci/Cii/Ciii. Usually bids that did not meet these criteria were excluded from consideration.

**2.15** These bids have been considered by the Insight Board where it was agreed that, when agreeing the final programme, consideration should also be given to those schemes that meet the requirements of the Coronavirus Recovery Strategy.

**2.16** The value of capital bids received for the Council as a whole totalled £8.586m in 2021/22 and £20.506m over the 5-year period. While the evaluation process has been carried out this year for all capital bids in the normal manner, the settlement for 2021/22 has not been confirmed. It is therefore proposed that at this point, due to the uncertainty in the level of funding that will be provided, no schemes will be approved for inclusion in the Capital Programme and further

assessment will be carried out by the Budget Working Group once the level of funding is known and consultation has taken place. A list of capital bids received for this Committee is shown in Appendix 2.

- 2.17** An allocation for Asset Renewal has currently been included in Appendix 1 over the 5 year period of the programme. Asset Renewal budgets will be reviewed and schemes will be identified prior to the approval of the Final Capital proposals for 2021/22 to ensure that funding is allocated to priority schemes.
- 2.18** There have been a number of changes approved by Cabinet since the final budget proposals 2020/21 to 2024/25 were approved in February 2020. These changes including capital sums carried forward have been included in Appendix 1.

### **Next Steps**

- 2.19** The next stage is for the capital bids and programme to be submitted to Scrutiny Committees for consultation. Each Scrutiny Committee will be asked to first consider the Initial Capital Programme proposals as shown in Appendix 1 and to make any recommendations for changes and to consider the capital bids shown in Appendix 2. If changes are requested or particular bids are supported, then the reasons need to be recorded in order to assist the Cabinet and the Budget Working Group in drawing up the final proposals. Corporate Performance and Resources Scrutiny Committee is the lead Scrutiny Committee and will consider both the Initial Capital Budget Proposals and any recommendations that other Scrutiny Committees have made. The responses of Scrutiny Committees must be made no later than the 16th December 2020.
- 2.20** Managers will be asked to revisit the recommended schemes contained in the final proposals prior to presentation to Cabinet and to confirm final costs and spend profiles.
- 2.21** Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than the 8th February 2021 and that Cabinet's final Capital Programme proposals will be considered by Council at a meeting to be held on 1st March 2021 to enable the Council Tax to be set by 11th March 2021.
- 2.22** Due to the late announcement of the final settlement it is proposed that the approved timetable is reviewed to ensure decisions regarding the budgets for 2021/2022 can be fully informed by the funding levels available.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

**3.1** The Capital Programme focuses capital investment to deliver the outcomes identified as part of the Corporate Plan. Some examples are :-

- **To work with and for our communities** - Consultations are carried out with the community on capital projects e.g. Band B and park schemes. Building Stronger Communities capital grants are being issued to support projects being carried out by members of the community.
- **To support learning, employment and sustainable economic growth** - Further investment in schools through the School Investment Programme with Band A complete and development under Band B which commenced in 2019/20. Contributing as a partner in the Cardiff Capital Region City Deal will bring economic prosperity to the area. There will be continued investment in environment and regeneration programmes to support economic growth.
- **To support people at home and in their community** - Investment in housing through the Housing Improvement Programme will maintain the Welsh Housing Quality Standard and there is a new build programme. Disabled Facility Grants are also issued to residents. Investment in leisure centres and playgrounds will encourage more use and activity. The core active travel fund allocation grant from Welsh Government is used to implement active travel schemes.
- **To respect, enhance and enjoy our environment** - In response to the climate emergency, the Council launched a project to explore how construction practices could be adapted to support decarbonisation as part the 21st Century Schools Programme. Investing in the introduction of LED street lighting will bring environmental benefits. Funding has been made available for the installation of vehicle charging infrastructure and for the purchase of electric pool cars. The school decarbonisation programme consists of a variety of energy reduction measures and renewable energy installations have been identified across a number of assets within the school portfolio. Recycling is now to be sorted into separate containers, the change is aimed at improving the quality of the materials that are collected for recycling which is better for the environment and will help the Council to recycle more.

**3.2** The setting and the monitoring of the Capital programme follows the Five Ways of Working.

**3.3** **Looking to the long term** - The development of the capital programme is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood.

- 3.4 Taking an integrated approach** – In setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes.
- 3.5 Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.
- 3.6 Working in a collaborative way** – It recognises 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.
- 3.7 Understanding the root cause of issues and preventing them** – The process for setting and monitoring the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

## 4. Resources and Legal Considerations

### Financial

- 4.1** The total net capital expenditure of the proposed programme for the Council as a whole over the 5 years, is £165.57m. If all these schemes are approved, the effect on General Fund useable capital receipts will be as follows.

<b>Capital Receipts</b>	<b>General</b>
	<b>£'000</b>
<b>Anticipated Balance as at 1st April 2021</b>	<b>4,381</b>
Anticipated Requirements – 2021/22	(1,182)
Anticipated Receipts – 2021/22	0
<b>Balance as at 31st March 2022</b>	<b>3,199</b>
Anticipated Requirements – 2022/23	(287)
Anticipated Receipts – 2022/23	0
<b>Balance as at 31st March 2023</b>	<b>2,912</b>
Anticipated Requirements – 2023/24	(300)
Anticipated Receipts – 2023/24	0
<b>Balance as at 31st March 2024</b>	<b>2,612</b>
Anticipated Requirements – 2024/25	0
Anticipated Receipts – 2024/25	0



<b>Balance as at 31st March 2025</b>	<b>2,612</b>
Anticipated Requirements – 2025/26	0
Anticipated Receipts – 2025/26	0
<b>Balance as at 31st March 2026</b>	<b>2,612</b>

- 4.2** In line with the overall strategy and specific suggestions proposed by the Budget Working Group, in order to resource the Capital Programme, reserves will be utilised over the period of the Capital Programme 2021/22 to 2025/26.

#### **Employment**

- 4.3** Some of the work included in the capital programme will be undertaken by Council staff and the relevant costs will be recharged to the capital scheme.

#### **Legal (Including Equalities)**

- 4.4** There are no legal implications.

### **5. Background Papers**

Bids received from departments

Correspondence received from the Welsh Government

Schemes	2021/22		2022/23		2023/24		2024/25		2025/26		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b><u>Neighbourhood Services and Transport</u></b>											
Vehicle Replacement Programme	2,002	2,002	2,272	2,272	1,164	1,164	800	800	800	800	
<b><u>Asset Renewal</u></b>											
Asset Renewal	500	500	500	500	500	500	500	500	500	500	
Visible Services Highway Improvements	300	300	300	300	300	300	300	300	300	300	
Flood Risk Management	100	100	100	100	100	100	100	100	100	100	To address various flooding & drainage issues
Coast Protection and Land Drainage General	110	110	110	110	110	110	110	110	110	110	New responsibilities on coastal protection and land drainage
<b><u>2020/21 Capital Bids</u></b>											
Car Park Refurbishments	70	70	0	0	0	0	0	0	0	0	Capital Bid approved February 2020
New Household Waste Recycling Centre (HWRC)	400	400	0	0	0	0	0	0	0	0	Capital Bid approved February 2020
<b><u>Slippage</u></b>											
Murchfield Access Bridge	17	17	0	0	0	0	0	0	0	0	Requested at Cabinet on the 16th November 2020
<b><u>Managing Director &amp; Resources</u></b>											
<b><u>Regeneration &amp; Planning</u></b>											
Barry Regeneration Partnership Project Fund	300	300	300	300	300	300	300	300	300	300	
<b><u>2020/21 Capital Bids</u></b>											
BSC2	100	100	0	0	0	0	0	0	0	0	Capital Bid approved February 2020
<b>Total Value of Capital Programme</b>	<b>3,899</b>	<b>3,899</b>	<b>3,582</b>	<b>3,582</b>	<b>2,474</b>	<b>2,474</b>	<b>2,110</b>	<b>2,110</b>	<b>2,110</b>	<b>2,110</b>	

Ref No	Scheme Title	2021/22		2022/23		2023/24		2024/25		2025/26		Total	Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Neighbourhood &amp; Transport Services</b>																
NST1	<b>Carriageway resurfacing/Surface treatments</b> - Rolling programme of resurfacing and treatment works in accordance with the Council's Highways and Engineering 3 year plan.	2,250	2,250	2,350	2,350	2,450	2,450	2,550	2,550	2,650	2,650	12,250	A	H	2	5
NST2	<b>New Household Waste Recycling Centre (HWRC)</b> - Western Vale - The closure of the existing rented HWRC within the Llandow Industrial Trading Estate which will impact the Council's ability to meet recycling and composting targets with resultant penalties.	1,000	1,000	-	-	-	-	-	-	-	-	1,000	Ci	H	3	5
NST3	<b>Atlantic Trading Estate- Operations Fleet Parking.</b> To Develop land on ATE Barry to accommodate Neighbourhood services :Operations Waste and Recycling collection vehicles.	2,000	2,000	1,000	1,000	-	-	-	-	-	-	3,000	Ci	H	3	5
NST4	<b>Footway Renewal</b> - Renewal of footways under the requirements set out in Section 36-61 of the Highways Act 1980. Potential saving to revenue budget are as follows: £20k 2021/22, £25k 2022/23, £30k 2023/24 and £35k 2024/25.	250	250	250	250	250	250	250	250	250	250	1,250	B	H	2	5
NST5	<b>Llanmaes Village Flood Risk Management scheme</b> - To construct a flood risk management scheme to protect 48 properties in the village of Llanmaes from surface water flooding. Total scheme cost £1.415m with pending grant funding of £1.203m (net £212k)	212	212	-	-	-	-	-	-	-	-	212	Cii	H	2	5
NST9	<b>Penarth Esplanade Highway Infrastructure Improvements</b> - This scheme is proposed to incorporate key improvements to existing features including kerb lines, build-outs, pedestrian crossings, signage and footways as well as full resurfacing of the Esplanade carriageway and a scheme to regularise and relax parking restrictions on Penarth Esplanade and adjacent roads in the vicinity of the pier and pavilion which are currently subject to no waiting at any time restrictions.	400	400	-	-	-	-	-	-	-	-	400	Ci	M	2	5
		<b>6,112</b>	<b>6,112</b>	<b>3,600</b>	<b>3,600</b>	<b>2,700</b>	<b>2,700</b>	<b>2,800</b>	<b>2,800</b>	<b>2,900</b>	<b>2,900</b>	<b>18,112</b>				
<b>Regeneration &amp; Planning</b>																
R1	<b>Cosmeston Community Hub - `A room with a view`</b> - Provision of a unique, sustainable, multi-use community hub overlooking the lake at Cosmeston Lakes Country Park. Available to a wide range of user groups and providing a wide range of activities for residents, whilst extending tourism and educational opportunities whilst highlighting the sites cultural / natural heritage.	120	120	-	-	-	-	-	-	-	-	120	Ci	H	2	5
R2	<b>Cosmeston Medieval Village Byre</b> - To replace the existing roof structure and thatched roof covering to the Byre at Cosmeston Medieval village as it has deteriorated and is in a poor state of repair. The structure will need to be closed on health and safety grounds if works are not undertaken within the next twelve months as the building is becoming unsafe and not fit for use.	65	65	-	-	-	-	-	-	-	-	65	A	H	2	4
R3	<b>Cosmeston Gateway Improvement</b> - To improve the existing gateway access into the lakeside area of the Country park and improve facilities for users.	165	165	-	-	-	-	-	-	-	-	165	A/Ci	H	2	5
R4	<b>Wales Coast Path - Penarth to Lavernock</b> - The cliff line between Lavernock Point and Penarth has recently been affected by two large cliff falls. This has had the effect of bringing the Wales Coast Path within 2.0m of the cliff edge. It has further been advised that the geology of the effected section is Marl (mudstone) and that as such it is likely that further falls should be anticipated at this section. The path is also in significant disrepair, one instance of injury has been reported. The project would roll back the path into a neighbouring field thus providing an increased margin from the cliff edge and avoiding the scoured section.	49	49	-	-	-	-	-	-	-	-	49	A	M	2	3
R5	<b>Porthkerry Play Area</b> - To renovate and extend the play area at Porthkerry Country Park and provide a new multi-use destination, suitable for a wide range of age groups and abilities. The proposal will develop Porthkerry as a destination venue, benefiting both residents and visitors to the Vale, providing an area for health and wellbeing.	99	99	-	-	-	-	-	-	-	-	99	A/Ci	H	2	5
R6	<b>Cosmeston Boardwalk</b> - To replace the main arterial wooden boardwalks at Cosmeston Lakes Country park that traverse through a protected S.S.S.I wetland, linking up with the visitor centre / café, Medieval village and Bridleway running through the centre of the country park, with recycled plastic materials.	92	92	-	-	-	-	-	-	-	-	92	A/Ci	H	2	5
R7	<b>Engine Room Rear Car Park</b> - Installation of new car park to the rear of the Engine Room (formerly BSC2) in order to accommodate dedicated space for tenants – NHS (approx. 60) & Private Sector and free up space to the front of the building to be charged for.	150	150	-	-	-	-	-	-	-	-	150	Ci	H	2	2
		<b>739</b>	<b>739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>739</b>				
<b>Total</b>		<b>6,851</b>	<b>6,851</b>	<b>3,600</b>	<b>3,600</b>	<b>2,700</b>	<b>2,700</b>	<b>2,800</b>	<b>2,800</b>	<b>2,900</b>	<b>2,900</b>	<b>18,851</b>				