

## **The Vale of Glamorgan Council**

### **Healthy Living and Social Care Scrutiny Committee: 8th December 2016**

#### **Report of the Director of Social Services**

#### **Initial Capital Programme Proposals 2017/18**

##### **Purpose of the Report**

1. To provide an update on the progress of the Capital Programme for 2016/17 and to submit for consultation the initial capital proposals for 2017/18.

##### **Recommendations**

It is recommended that :-

1. Committee note the progress relating to the 2016/17 Capital Programme.
2. Scrutiny Committee consider the 2017/18 initial capital budget proposals and forward its recommendations to Scrutiny Committee (Corporate Performance and Resources) as the lead Scrutiny Committee.

##### **Reasons for the Recommendations**

1. To ensure that Members are aware of the position with regards the 2016/17 Capital Programme, relevant to this Scrutiny Committee.
2. In order that Cabinet be informed of the comments of Scrutiny Committees before making a final proposal on the 2017/18 Capital Programme.

##### **Relevant Issues and Options**

###### **2016/17 Capital Programme**

2. Appendix 1 details financial progress on the Capital Programme as at 30th September 2016. There are no proposed changes to the programme as part of this report.

## 2017/18 to 2021/22 Capital Programme

3. The Welsh Government (WG) announced the provisional 2017/18 General Capital Funding, on 19th October 2016. The 2017/18 Capital Settlement is a flatlined capital settlement which for the Vale of Glamorgan Council equates to General Capital Funding of £5.405m which is made up of £2.045m General Capital Grant and £3.360m Supported Borrowing.
4. There is no indication of the level of funding likely beyond 2017/18 and therefore in line with the approach adopted in the Medium Term Financial Plan the proposals assume a reduction of 10% for each year of the programme from 2018/19.
5. Appendix 2 sets out the Initial Proposals for the Capital Programme between 2017/18 and 2021/22 for schemes relating to this Committee.
6. The Council will seek to mitigate the projected deteriorating funding situation by looking to progress only those schemes which are deemed to be a key Corporate Priority and make a clear impact to the Wellbeing and Future Generation priorities. The Council will seek assurances that schemes included in the capital programme can be delivered on time and within budget.
7. In addition to external funding, the Council will finance part of the Capital Programme from its own resources, e.g. capital receipts and reserves.
8. 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 2017/18 Capital Programme

<b>GENERAL FUND</b>	<b>£'000</b>	<b>£'000</b>
<b>Welsh Government Resources</b>		
Supported Borrowing	3,360	
General Capital Grant	2,045	
<b>Total Welsh Government Resources</b>		<b>5,405</b>
<b>Council Resources</b>		
General Capital Receipts	1,006	
Reserves/Leasing	7,142	
<b>Total Council Resources</b>		<b>8,148</b>
<b>Net Capital Resources</b>		<b>13,553</b>
<b>HOUSING REVENUE ACCOUNT</b>		
Housing Reserves	3,631	
Housing Unsupported Borrowing	12,473	
<b>Net Capital Resources</b>		<b>16,104</b>
<b>Total Net Capital Resources</b>		<b>29,657</b>

## Capital Bids 2017/18 to 2021/22

9. New capital bids were invited for return by 30th September 2016 and the number of bids received was in line with previous years since the 5 year capital programme was introduced (2 from Learning and Skills, 11 from Environment and Housing and 3 from Managing Director and Resources) in addition a joint bid was submitted from Housing and Planning. Departments were requested to rank their own bids in order of importance before submission and bids from each Department were forwarded to the Insight Group for evaluation.
10. The Insight Group 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

11. 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.
12. 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			

13. 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

14. 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
15. Each scheme was awarded one point for every one of the outcomes that it met to a maximum of 5.
16. 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 were excluded from consideration as there was insufficient funding available and these bids are detailed in Appendix 3 with a reason for their exclusion.
17. No bids were made by Social Services as a recurring budget of £100k per annum has already been included in the programme for Asset Renewal. It has been proposed that a budget of £758k is included in the programme for electrical works to various leisure centres and for roofing works at Cowbridge Leisure Centre.

### **Next Steps**

18. The next stage is for the estimates 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 2 and to make any recommendations for changes. If they wish to make a change, the reason for this needs to be recorded in order to assist the Cabinet and the Budget Working Group (BWG) 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 Committee must be made no later than the 13th December 2016.
19. Managers will be asked to revisit the schemes included in Appendix 2 and to confirm final costs and spend profile prior to the final proposals being presented to Cabinet.

20. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than the 20th February 2017 and that Cabinet's final Capital Programme proposals will be considered by Council at a meeting to be held on 1st March 2017 to enable the Council Tax to be set by 11th March 2017.

### Resource Implications (Financial and Employment)

21. The total net capital expenditure of the proposed programme in Appendix 2, over the 5 years, is approximately £98.628m.
22. If all proposed schemes for the Council as a whole are approved, the effect on General Fund useable capital receipts will be as shown in the following table.

Capital Receipts	General	Ringfenced Social Services	Ringfenced Education
	£000's	£000's	£000's
<b>Anticipated Balance as at 1st April 2017</b>	<b>2,343</b>	<b>1,327</b>	<b>1,299</b>
Anticipated Requirements – 2017/18	(1,006)	0	0
Anticipated Receipts – 2017/18	0	0	0
<b>Balance as at 31st March 2018</b>	<b>1,337</b>	<b>1,327</b>	<b>1,299</b>
Anticipated Requirements – 2018/19	0	(1,327)	0
Anticipated Receipts – 2018/19	0	0	8,414
<b>Balance as at 31st March 2019</b>	<b>1,337</b>	<b>0</b>	<b>9,713</b>
Anticipated Requirements – 2019/20	(405)	0	(3,764)
Anticipated Receipts – 2019/20	0	0	1,875
<b>Balance as at 31st March 2020</b>	<b>932</b>	<b>0</b>	<b>7,824</b>
Anticipated Requirements – 2020/21	(659)	0	(7,824)
Anticipated Receipts – 2020/21	0	0	0
<b>Balance as at 31st March 2021</b>	<b>273</b>	<b>0</b>	<b>0</b>
Anticipated Requirements – 2021/22	0	0	0
Anticipated Receipts – 2021/22	0	0	0
<b>Balance as at 31st March 2022</b>	<b>273</b>	<b>0</b>	<b>0</b>
Anticipated Requirements – 2022/23	0	0	0
Anticipated Receipts – 2022/23	0	0	0
<b>Balance as at 31st March 2023</b>	<b>273</b>	<b>0</b>	<b>0</b>

23. The capital receipt balance for Social Services has been ringfenced for Social Services capital expenditure. Options are being explored by the Council however, it has been assumed that the full capital receipt of £1.327m will be utilised for older persons accommodation in 2018/19.

24. In line with the overall strategy and specific suggestions proposed by the BWG, in order to resource the Capital Programme, reserves will be utilised over the period of the Capital Programme 2017/18 to 2021/22.
25. The Project Fund will be used to fund schemes assessed on an invest to save basis, and in certain circumstances business critical schemes may also be funded from this reserve with the prior approval of the Head of Finance. The projected usage of this reserve over the period of the Capital Programme is shown below;

<b>Project Fund</b>	<b>£'000</b>
<b>Anticipated Balance as at 1st April 2017</b>	<b>2,749</b>
Anticipated Requirements – 2017/18	(530)
Anticipated Receipts – 2017/18	0
<b>Balance as at 31st March 2018</b>	<b>2,219</b>
Anticipated Requirements – 2018/19	0
Anticipated Receipts – 2018/19	0
<b>Balance as at 31st March 2019</b>	<b>2,219</b>
Anticipated Requirements – 2019/20	0
Anticipated Receipts – 2019/20	0
<b>Balance as at 31st March 2020</b>	<b>2,219</b>
Anticipated Requirements – 2020/21	(212)
Anticipated Receipts – 2020/21	0
<b>Balance as at 31st March 2021</b>	<b>2,007</b>
Anticipated Requirements – 2021/22	0
Anticipated Receipts – 2021/22	0
<b>Balance as at 31st March 2022</b>	<b>2,007</b>

26. The above forecast balances need to be seen in the context of significant pressures for spending which are not yet included in the Capital Programme. These include the backlog of school, highways and buildings improvements.

### **Sustainability and Climate Change Implications**

27. The bids have also been evaluated for Sustainable Development. The four areas of Sustainable Development to be considered are:
  - Living within environmental limits
  - Ensuring a strong, healthy and just society
  - Achieving a sustainable economy
  - Promoting good governance
28. Sustainability checklists were submitted by Project Managers for each of the proposed bids included in Appendix 2. These were reviewed by the Insight group, with a view to ensuring that wherever possible the four sustainable targets are addressed.

## **Legal Implications (to Include Human Rights Implications)**

29. The Council is required to show that capital expenditure is covered by identified resources.

## **Crime and Disorder Implications**

30. 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)**

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

## **Corporate/Service Objectives**

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

## **Policy Framework and Budget**

33. This report follows the procedure laid down in the constitution for the making of the budget. The 2017/18 budget proposals will require the approval of Council. The proposals for amendments to the 2016/17 Capital Programme are the responsibility of Cabinet.

## **Consultation (including Ward Member Consultation)**

34. All Scrutiny Committees will be consulted on the proposals.

## **Relevant Scrutiny Committee**

35. The lead Scrutiny Committee is Corporate Performance and Resources.

## **Background Papers**

Bids received from departments  
Correspondence received from the Welsh Government

## **Contact Officer**

Capital Accountant,  
Resources

## **Officers Consulted**

The following Officers have been consulted on the contents of this report:-  
Corporate Management Team  
Budget Working Group

## **Responsible Officer:**

Phil Evans, Director of Social Services

**CAPITAL MONITORING  
FOR THE PERIOD ENDED 30th SEPTEMBER 2016**

**APPENDIX 1**

PROFILE TO DATE £000	ACTUAL SPEND 2016/17 £000		APPROVED PROGRAMME 2016/17 £000	PROJECTED OUTTURN 2016/17 £000	VARIANCE AT OUTTURN 2016/17 £000	PROJECT SPONSOR	COMMENTS
		<b>Directorate of Social Services</b>					
		<b>Adult Services</b>					
35	35	Southway Electrical Upgrade	76	76	0	L Carver	Scheme complete
59	59	Renewal of Boilers	50	50	0	L Carver	Scheme complete
3	3	Fire Precaution Works	45	45	0	L Carver	Part of the works complete
0	0	Residential Homes Toilet Refurbishments	20	20	0	L Carver	Works currently being priced
0	0	Electrical Rewires to Social Services Properties	50	50	0	L Carver	Tenders have now been received
0	0	Residential Home Refurbishment	32	32	0	L Carver	Works in design stage
128	128	Hen Goleg Works	233	233	0	L Carver	Scheme nearing completion.
		<b>Slippage</b>					
56	56	Cartref Porthceri Electrical Upgrade	64	64	0	L Carver	Works complete
1	1	Cartref Porthceri Subsidence	15	15	0	L Carver	Works due to start imminently.
0	0	Rhoose Road Health and Safety Works	24	24	0	L Carver	Programme of works is being developed
14	14	Residential Homes Call and Assistance Systems	14	14	0	L Carver	Works complete
16	16	Social Services Lift Refurbishments	23	23	0	L Carver	Works complete
0	0	Woodlands ATC Demolition	6	6	0	L Carver	Outstanding retention on works
0	0	Southway Residential Home Upgrade	8	8	0	L Carver	Outstanding retention on works
3	3	Bryneithin Marketing and Disposal	5	5	0	L Carver	Scheme complete
<b>315</b>	<b>315</b>	<b>Total Adult Services</b>	<b>665</b>	<b>665</b>	<b>0</b>		
		<b>Childrens Services</b>					
0	0	Flying Start schemes	13	13	0	L Carver	Outstanding retention on works
<b>0</b>	<b>0</b>	<b>Total Childrens Services</b>	<b>13</b>	<b>13</b>	<b>0</b>		
		<b>Leisure</b>					
17	17	Community Centres Works	15	15	0	D Knevett	Scheme nearing completion.
0	0	Romilly Mess Room	75	75	0	E Reed	Planning passed awaiting building regulations.
0	0	Play Area Upgrades	218	218	0	E Reed	In design stages.
0	0	Wordsworth Park	75	75	0	E Reed	In design stage.
0	0	St Pauls Church	233	233	0	E Reed	Legal strategy currently being implemented in accordance with the Board
39	39	Byrd Crescent Community Centre	56	56	0	D Knevett	Works nearing completion
71	71	Leisure Centre Refurbishment	374	374	0	D Knevett	Works complete agreeing invoices with leisure centre operator
2	2	Penarth Head Park	1	1	0	D Knevett	Scheme complete.
0	0	Italian Shelter Penarth	2	2	0	D Knevett	Outstanding retention to be released
5	5	Colcot Pitches	614	614	0	D Knevett	Works to commence shortly
74	74	Maslin Park Pavilion	76	76	0	D Knevett	Works complete
7	7	Asset Renewal	162	162	0	E Reed	To maintain parks and grounds.
1	1	Cemetery Approach	555	555	0	J Dent	Works progressing on schedule.
<b>216</b>	<b>216</b>	<b>Total Leisure</b>	<b>2,456</b>	<b>2,456</b>	<b>0</b>		
<b>531</b>	<b>531</b>	<b>COMMITTEE TOTAL</b>	<b>3,134</b>	<b>3,134</b>	<b>0</b>		



## UNSUCCESSFUL CAPITAL BIDS

Ref No.	Scheme Title	Reason Bid Unsuccessful	2017/18		2018/19		2019/20		2020/21		2021/22		Scheme Priority Rating	Risk Factor	Corporate Priority	WFGA Score
			Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross				
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
	<b>Not Funded</b>															
EH8	<b>Asset Renewal: Community Centres</b> -To continue the on-going asset renewal programme that has operated in the Council's 22 Community Centres for a number of years. Items to address include boiler replacements, roof works, upgrading of guttering, new windows and doors etc.	Insufficient funds available to fund, bid scored D scheme priority rating	30	30	30	30	30	30	30	30	30	30	D	M	2	3
EH9	<b>Severn Avenue Recreation Ground Pavilion Replacement</b> - The existing temporary pavilion is reaching the end of its useful economic life and falls below the quality standard for changing facilities.	Insufficient funds available to fund, bid scored D scheme priority rating	5	5	250	250	5	5	-	-	-	-	D	M	2	4
EH10	<b>Belle Vue Bowling Pavilion Replacement</b> - The existing pavilion has reached the end of its economic life and falls below the quality standard for bowling facilities and as a meeting room for the Friends of Belle Vue Park.	Insufficient funds available to fund, bid scored D scheme priority rating	5	5	15	15	575	575	5	5	-	-	D	M	2	4
EH11	<b>Porthkerry Cemetery Extension</b> - To significantly increase the size of the cemetery at Porthkerry by approximately 300 plots as it is presently close to capacity.	Insufficient funds available to fund, bid scored low scheme priority rating, low Wellbeing and Future Generations Score	150	150	-	-	-	-	-	-	-	-	F	M	1	1
	<b>TOTAL BIDS</b>		<b>190</b>	<b>190</b>	<b>295</b>	<b>295</b>	<b>610</b>	<b>610</b>	<b>35</b>	<b>35</b>	<b>30</b>	<b>30</b>				

**Key**

PL/H Planning and Housing Joint Bid  
 LS Learning & Skills  
 SS Social Services  
 EH Environment & Housing  
 RES Resources