

## **The Vale of Glamorgan Council**

### **Healthy Living and Social Care Scrutiny Committee: 4th December 2017**

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

#### **Initial Capital Programme Proposals 2018/19**

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

1. To provide an update on the progress of the Capital Programme for 2017/18 and to submit for consultation the initial capital proposals for 2018/19.

##### **Recommendations**

It is recommended that :-

1. Committee note the changes to the 2017/18 Capital Programme.
2. Scrutiny Committee consider the 2018/19 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 2017/18 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 2018/19 Capital Programme.

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

###### **2017/18 Capital Programme**

2. Appendix 1 details financial progress on the Capital Programme as at 30<sup>th</sup> September 2017.
3. The changes detailed below have been reflected in Appendix 2.
4. Southway Asbestos Removal - As part of this scheme catering equipment had to be removed, which revealed that the flooring was in very poor condition and needed replacing. This flooring was not within the original budget allocation and therefore a £3k contribution from revenue is required.

5. Parks and Grounds Asset Renewal - A delegated authority request has been approved to vire £9.5k from the Resurfacing Works budget to the Fencing Works budget. These budgets are both within the Parks and Grounds Asset Renewal budget. Fencing Work costs at Belle Vue and Romilly Park were higher than originally anticipated and as the resurfacing works programme is yet to commence, the virement of the budget is not detrimental to any current projects.
6. Cemetery Approach - A specific report relating to Cemetery Approach was presented to Cabinet on 20th November 2017. As detailed within that report, it was requested that the budget is increased by £124k, £94k in 2017/18 and £30k in 2018/19 to be funded from s106 monies. Delegated authority has been requested to increase the Capital Programme for a £25k contribution from Barry Town Council once the addendum to the Funding Agreement has been signed.
7. Leisure Centre Improvements
 

Barry Leisure Centre Floor - The floor type required at Barry Leisure Centre is very specialist and there is only one company who are able to carry out the works. As a result, the works are unable to be carried out until April 2018. It has therefore been requested that £187k is carried forward into the 2018/19 Capital Programme.

Barry and Penarth Leisure Centre Upgrade Changing Rooms - It has been requested that £1,492k is carried forward into the 2018/19 Capital Programme to align with the projected implementation plan for the scheme.
8. St Paul's Church - The original Capital Programme allocation of £233k is no longer required as officers are pursuing the new project proposal (subject to statutory consents) from Newydd Housing Association in accordance with Cabinet Minute C3480 (Cabinet Meeting of 20th February 2017), which will be financed by the Housing Association, Welsh Government (in the form of Housing Finance Grant and Social Housing Grant) for the proposed affordable dwellings and by S106 funds (if approved by the S106 process) for the Community Facility. It has been requested that this budget of £233k is removed from the 2017/18 Capital Programme.

## **2018/19 to 2022/23 Capital Programme**

9. The Welsh Government (WG) announced the provisional 2018/19 General Capital Funding, on 10th October 2017. The 2018/19 Capital Settlement is a flatlined capital settlement which for the Vale of Glamorgan Council equates to General Capital Funding of £5.505m which is made up of £2.083m General Capital Grant and £3.422m Supported Borrowing.
10. There is no indication of the level of funding likely beyond 2018/19 and therefore in line with the approach adopted in the Medium Term Financial Plan the proposals assume a reduction of 5% for each year of the programme from 2019/20.
11. Appendix 2 sets out the Initial Proposals for the Capital Programme between 2018/19 and 2022/23 for this Committee.
12. 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.

13. In addition to external funding, the Council will finance part of the Capital Programme from its own resources, e.g. capital receipts and reserves.
14. 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 2018/19 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	3,633	
Reserves	4,869	
<b>Total Council Resources</b>		<b>8,502</b>
<b>Net Capital Resources</b>		
<b>HOUSING REVENUE ACCOUNT</b>		
Housing Reserves	4,566	
Housing Unsupported Borrowing	5,420	
<b>Net Capital Resources</b>		<b>9,986</b>
<b>Total Net Capital Resources</b>		<b>23,993</b>

### **Capital Bids 2018/19 to 2022/23**

15. New capital bids were invited for return by 30th September 2017 and the number of bids received was in line with previous years since the 5 year Capital Programme was introduced (1 from Learning and Skills, 10 from Environment and Housing and 4 from Managing Director and Resources). 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 Group for evaluation.
16. 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.
17. 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

18. 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				

19. 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

20. 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.
21. Each scheme was awarded one point for every one of the outcomes that it met to a maximum of 5.
22. 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 the bids relating to this Committee are detailed in Appendix 3 with a reason for their exclusion.
23. The bids that have been funded are set out below with the proposed funding profile:

<b>Successful Bids</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/21</b>	<b>2022/23</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Electrical Rewiring - Barry & Penarth Leisure Centres	1,107	387	36	0	0	1,530
Community Centres	15	15	15	15	15	75
<b>Total</b>	<b>1,122</b>	<b>402</b>	<b>51</b>	<b>15</b>	<b>15</b>	<b>1,605</b>

## Next Steps

24. 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 changes are requested, the reasons for these need 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 Committees must be made no later than the 14<sup>th</sup> December 2017.
25. 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.
26. Currently, the approved timetable requires Cabinet to approve the final budget proposals by no later than the 19th February 2018 and that Cabinet's final Capital Programme proposals will be considered by Council at a meeting to be held on 28<sup>th</sup> February 2018 to enable the Council Tax to be set by 11th March 2018.

## Resource Implications (Financial and Employment)

27. The total net capital expenditure of the proposed programme for the Council as a whole, over the 5 years, is £103.407m and 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	£'000	£'000
<b>Anticipated Balance as at 1st April 2018</b>	<b>4,764</b>	<b>1,339</b>	<b>1,299</b>
Anticipated Requirements – 2018/19	-3,545	0	-88
Anticipated Receipts – 2018/19	0	0	0
<b>Balance as at 31st March 2019</b>	<b>1,219</b>	<b>1,339</b>	<b>1,211</b>
Anticipated Requirements – 2019/20	-215	-1,339	-3,325
Anticipated Receipts – 2019/20	0	0	4,093
<b>Balance as at 31st March 2020</b>	<b>1,004</b>	<b>0</b>	<b>1,979</b>
Anticipated Requirements – 2020/21	-313	0	-7,603
Anticipated Receipts – 2020/21	0	0	6,012
<b>Balance as at 31st March 2021</b>	<b>691</b>	<b>0</b>	<b>388</b>
Anticipated Requirements – 2021/22	-100	0	-729
Anticipated Receipts – 2021/22	0	0	2,832
<b>Balance as at 31st March 2022</b>	<b>591</b>	<b>0</b>	<b>2,491</b>
Anticipated Requirements – 2022/23	0	0	-2,290
Anticipated Receipts – 2022/23	0	0	500
<b>Balance as at 31st March 2023</b>	<b>591</b>	<b>0</b>	<b>701</b>
Anticipated Requirements – 2023/24	-2	0	-701
Anticipated Receipts – 2023/24	0	0	0
<b>Balance as at 31st March 2024</b>	<b>589</b>	<b>0</b>	<b>0</b>

28. The capital receipt balance for Social Services has been ringfenced for Social Services capital expenditure. Whilst options are being explored by the Council, it has been assumed that the full capital receipt of £1.339m will be utilised for older person's accommodation in 2019/20, this was previously shown in 2018/19.

29. 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 2018/19 to 2022/23.

30. 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 2018</b>	<b>2,443</b>
Anticipated Requirements – 2018/19	0
Anticipated Receipts – 2018/19	0
<b>Balance as at 31st March 2019</b>	<b>2,443</b>
Anticipated Requirements – 2019/20	-62
Anticipated Receipts – 2019/20	0
<b>Balance as at 31st March 2020</b>	<b>2,381</b>
Anticipated Requirements – 2020/21	-150
Anticipated Receipts – 2020/21	0
<b>Balance as at 31st March 2021</b>	<b>2,231</b>
Anticipated Requirements – 2021/22	0
Anticipated Receipts – 2021/22	0
<b>Balance as at 31st March 2022</b>	<b>2,231</b>
Anticipated Requirements – 2022/23	0
Anticipated Receipts – 2022/23	0
<b>Balance as at 31st March 2023</b>	<b>2,231</b>

31. 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**

32. 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.
33. 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)**

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

### **Crime and Disorder Implications**

35. 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)**

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

## **Corporate/Service Objectives**

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

## **Policy Framework and Budget**

38. This report follows the procedure laid down in the Constitution for the making of the budget. The 2018/19 budget proposals will require the approval of Council. The proposals for amendments to the 2017/18 Capital Programme are the responsibility of Cabinet.

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

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

## **Relevant Scrutiny Committee**

40. 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:**

Lance Carver  
Director of Social Services



**CAPITAL MONITORING  
FOR THE PERIOD ENDED 30TH SEPTEMBER 2017**

**APPENDIX 1**

PROFILE TO DATE £000	ACTUAL SPEND 2017/18 £000		APPROVED PROGRAMME 2017/18 £000	PROJECTED OUTTURN 2017/18 £000	VARIANCE AT OUTTURN 2017/18 £000	PROJECT SPONSOR	COMMENTS
		<b>Adult Services</b>					
0	0	Cartref Porthceri External Repairs	10	10	0	S Clifton	A drainage survey has been organised, this will then determine works required
15	18	Southway Asbestos Removal	15	18	(3)	S Clifton	Scheme complete. £3k to be funded by a contribution from revenue.
0	0	Southway Electrical Upgrade	5	5	0	S Clifton	Scheme complete, retention outstanding.
19	21	Fire Precaution Works	65	65	0	S Clifton	Scheme on-going. Works to include fire doors, fire barriers and energy lighting.
		<b>Slippage</b>					
7	7	ICT Infrastructure	400	400	0	S Clifton	To implement an all Wales scheme which is to enable the interfacing of a range of different systems across local authorities and NHS orgs.
10	0	Residential Homes Toilet Refurbishments	16	16	0	S Clifton	Scheme progressing
14	0	Residential Home Refurbishment	38	38	0	S Clifton	Works at Southway are complete. Works at Cartref are anticipated to start during November.
2	2	Hen Goleg Works	33	33	0	S Clifton	Scheme complete, awaiting quote for additional works identified. Retention outstanding.
5	1	Southway Residential Home Upgrade	5	5	0	S Clifton	Scheme Complete.
<b>72</b>	<b>49</b>		<b>587</b>	<b>590</b>	<b>-3</b>		
		<b>Children's Services</b>					
30	23	Flying Start - Family Centre	30	30	0	R Evans	Welsh Government grant funded scheme. Works complete.
		<b>Slippage</b>					
0	1	Flying Start co-location	0	1	(1)	R Evans	Invoice paid relating to previous years scheme, overspend to be picked up from revenue.
<b>30</b>	<b>23</b>		<b>30</b>	<b>30</b>	<b>0</b>		
		<b>Leisure</b>					
4	14	Leisure Centre Improvement	1,882	203	1,679	D Knevett	Consultants have been appointed to undertake the project, designs are currently being finalised for the wet and dry changing rooms at Barry and Penarth Leisure Centres. Tender documents are being prepared for Barry Leisure Centre hall floor. Request to carry forward £1,679k, £187k for Barry Leisure Centre Floor and £1,492 for Barry and Penarth Leisure Centre Changing Rooms.
223	74	Leisure Capital Bids	758	758	0	D Knevett	Tenders for Cowbridge Leisure Centre roofing are due to be returned on 10th November, tender documents are being prepared for Llantwit Leisure Centre electrical works. Cowbridge Leisure Centre electrical works are on site and are due to be completed mid November following additional fire prevention works being identified.
61	64	Wordsworth Park	70	70	0	D Knevett	Main works complete.
0	12	Community Centres Works	30	30	0	D Knevett	Works to various community centres throughout the Vale.
60	1	Romilly Mess Room	105	105	0	E Reed	Scheme progressing
		<b>Slippage</b>					
55	75	Leisure Centre Refurbishment	229	229	0	D Knevett	Various works to be carried out across the Vale Leisure Centres
0	0	St Paul's Church	233	0	233	E Reed	As previously reported Newydd has been identified as the preferred RSL to purchase St Paul's Church. Land disposal negotiations are advancing in tandem with Newydd progressing their pre planning for the scheme. Budget to be reduced by £233k.
16	10	Byrd Crescent Community Centre	16	16	0	D Knevett	Scheme complete, snagging outstanding. Final account to be settled.
0	0	Italian Shelter Penarth	2	2	0	D Knevett	Scheme complete.
62	62	Play Area Upgrades	67	67	0	E Reed	Scheme complete, retention outstanding
<b>481</b>	<b>312</b>		<b>3,392</b>	<b>1,480</b>	<b>1,912</b>		
		<b>Parks and Grounds Maintenance</b>					
344	313	Colcot Pitches	357	357	0	D Knevett	Scheme Complete.
40	50	Asset Renewal	228	228	0	E Reed	Delegated Authority detailed within this report. The fencing works have been completed. The signage and resurfacing works are anticipated to be complete by February 18.
276	265	Cemetery Approach	361	455	(94)	J Dent	The park scheme is complete. Budget to be increased by £94k in 2017/18 and £30k in 2018/19.
<b>660</b>	<b>628</b>		<b>946</b>	<b>1,040</b>	<b>(94)</b>		
<b>1,243</b>	<b>1,012</b>	<b>COMMITTEE TOTAL</b>	<b>4,955</b>	<b>3,140</b>	<b>1,815</b>		

Schemes	2018/19		2019/20		2020/21		2021/22		2022/23		Comments
	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Social Services</b>											
<b>Asset Renewal</b>											
Older Persons Accommodation	0	0	1,339	1,339	0	0	0	0	0	0	
Social Services Asset Renewal	100	100	100	100	100	100	100	100	100	100	
<b>Total Social Services</b>	<b>100</b>	<b>100</b>	<b>1,439</b>	<b>1,439</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	
<b>Leisure</b>											
Cemetery Approach	0	30	0	0	0	0	0	0	0	0	
<b>Capital Bids 2018/19</b>											
Electrical Renewal Barry & Penarth Leisure Centres	1,107	1,107	387	387	36	36	0	0	0	0	18/19 Capital Bid
Community Centres	15	15	15	15	15	15	15	15	15	15	18/19 Capital Bid
<b>Slippage</b>											
Leisure Centre Improvements	1,679	1,679	0	0	0	0	0	0	0	0	
<b>Total Leisure</b>	<b>2,801</b>	<b>2,831</b>	<b>402</b>	<b>402</b>	<b>51</b>	<b>51</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	
<b>COMMITTEE TOTAL</b>	<b>2,901</b>	<b>2,931</b>	<b>1,841</b>	<b>1,841</b>	<b>151</b>	<b>151</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	

## SCHEMES NOT PROPOSED TO BE INCLUDED IN THE CAPITAL PROGRAMME

Ref No	Scheme Title	Reason Bid Unsuccessful	2018/19		2019/20		2020/21		2021/22		2022/23		Scheme Priority Rating	Risk Assessment	Corporate Priority	WFGA Score
			£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
	<b>Not Funded</b>															
EH8	<b>Replacement Playgrounds</b> - Funding for a rolling programme of playground replacements. Examples of four requiring replacement are; Highlight Park, Celtic Way in Rhoose, St Brides, Belvedere. Limited \$106 available for St Brides Major £14k potentially \$106 available for Rhoose in the future but none confirmed.	Insufficient funds available to progress, bid has a low risk factor.	60	60	60	60	60	60	65	65	65	65	Cii	L	2	5
EH9	<b>Porthkerry Cemetery Extension</b> - Increase the size of the cemetery at Porthkerry by 300 plots as there are currently only 6 remaining. Barry Town Council manage this facility.	Insufficient funds available to progress, bid scored low on Corporate Priority rating and has a low risk factor.	150	150	-	-	-	-	-	-	-	-	D	L	0	4
EH10	<b>Severn Avenue Recreation Ground Pavilion Replacement</b> - Provision of new changing rooms at Severn Avenue in Barry which are considered unusable beyond the Winter season.	Insufficient funds available to progress, bid scored low on Corporate Priority rating and has a low risk factor.	180	180	-	-	-	-	-	-	-	-	F	L	0	5
	<b>Total</b>		<b>390</b>	<b>390</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>				