

Committee: Council
Date of Meeting: 25th March, 2021

Report Subject: Capital Programme 2020/21 to 2025/26

Portfolio Holder: Councillor N. Daniels – Leader/ Executive Member
Corporate Services

Report Submitted by: Rhian Hayden – Chief Officer Resources

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Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	11.2.21						25.3.21	

1. **Purpose of the Report**

- 1.1 To provide Members with an update on the full Capital Programme (to 2025/26) and the impact upon the capital contingency as a result of recent capital investment approvals.

2. **Scope and Background**

- 2.1 A revised capital programme was approved by full Council on 26th September 2019, attached as Appendix 1 for the period 2019/20 to 2025/26. Following successful grant applications for the second Household Waste Recycling Centre and Constrained Units a capital contingency of £2.843m remained for allocation at a future date.

2.2 **Recently Agreed Allocations**

Recently, a number of reports have been presented and capital allocations have been agreed by Council for various schemes as follows:

2.2.1 ***Data Centre (£152,000) and Equipment Renewal (£61,000 per year)***

In order to relocate the SRS data centre and transfer Blaenau Gwent's data centre from the Civic Centre to Next Generation Data, an initial capital investment of £152,000 is required. With an annual allocation £61,000 to allow for equipment replacement and ensure the sustainability of the core infrastructure.

2.2.2 ***Demolition of Civic Centre - £650,000***

The Council has agreed to decommission the Civic Centre and develop an alternative operating model. The Civic Centre will be demolished with the land becoming available for housing development. The demolition will be funded from anticipated capital receipt from the land sale.

2.2.3 **Democratic and Community Hubs - £180,000**

The development of a democratic facility at the General Offices has been agreed, together with the introduction of Community Hubs in town centres.

2.2.4 **Cemeteries (£800,000)**

A report has recently been presented to Council agreeing an allocation from the Capital programme for funding to support the land purchase costs and cemetery infrastructure works necessary over the next three years -2021/22, 2022/23 and 2023/24 to extend the burial capacity at the various cemeteries across the Borough. This requires total funding of £800,000

2.2.5 The value of additional schemes agreed total £2,026,000 with further funding of £650,000 identified, net expenditure of £1,376,000 has therefore been built into the capital programme.

2.3 **Review of Funding**

2.3.1 The table below reviews the funding available for 2020/21 and 2021/22 since the capital programme was agreed in 2019.

2.3.2

<u>Budget Settlement</u>	20/21	21/22	Change
	£	£	
USB	1,932,000	1,905,000	-27,000
General Capital Grant	1,938,000	1,911,000	-27,000
Total	3,870,000	3,816,000	-54,000

<u>Capital Programme</u>	20/21	21/22	Future Yrs
	£	£	
USB	1,868,000	1,973,000	
General Capital Grant	1,742,000	1,201,000	
Total	3,610,000	3,174,000	
Funding above that in the capital programme	260,000	642,000	-272,000

2.3.3 Capital funding has reduced from 2020/21 to 2021/22 by £54,000. However, the funding built into the capital programme for 2020/21 & 2021/22 includes general capital grant at £1.2m per annum. During 2018/19 and 2019/20, the authority received a significant increase in general capital grant which was expected to revert to the pre-2018 levels from 2020/21, the latest settlements have however maintained the general capital grant at the higher level (for 2020/21 and 2021/22 at least) resulting in additional funding being available for capital purposes of £630,000.

2.4 **City Deal Profile (£603,000)**

2.4.1 Cardiff Capital Region City Deal have recently issued a re-profile of capital funding bringing forward a number of schemes, the original profile identified a funding requirement from the Council of £4,940,000 for the period 2017/18 to 2025/26, however the new profile requires funding of £5,543,000 during the same period, an increase of £603,000. It is proposed to revise the Capital Programme for this re-profiling of the City Deal funding.

3 **Options for Recommendation**

3.1 Option 1

- i. Members agree the re profiling of the City Deal funding & note the updated Capital Programme and the impact the recent approvals, revised funding and re profiling of the City Deal funding has on the capital contingency.
- ii. Members also consider maintaining a capital contingency with a target of £1m equating to 5% of Blaenau Gwent's own resources within the capital programme (2020/21 to 2025/26).

3.2 Option 2

- i. Members agree the re profiling of the City Deal funding & note the updated Capital Programme and the impact the recent approvals, revised funding and re profiling of the City Deal funding has on the capital contingency.
- ii. Members do not consider maintaining a capital contingency.

4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 All projects are considered in line with the following:

- Does the project meet Corporate Priorities identified in the 2020-2022 Corporate Plan?
- Does the project meet a statutory duty?
- The National Wellbeing goals/sustainable development principles the project delivers.

5. **Implications Against Each Option**

5.1 **Impact on Budget (short and long term impact)**

5.1.1 The additional schemes approved recently (detailed in section 2.2) total £2,026,000 with further funding of £650,000. This results in a net increase in the capital programme and a subsequent reduction in the capital contingency of £1,376,000, as summarised below.

	£
Capital Contingency Funding balance (1)	-2,843,000
Data Centre and Equipment Renewal	396,000
Demolition of the Civic Centre	650,000
Anticipated Capital Receipt	-650,000
Democratic and Community Hubs	180,000
Cemeteries Extending Capacity	800,000
Capital Contingency Funding balance (2)	-1,467,000

5.1.2 The review of funding has resulted in an increase of £630,000 whilst the re profiling of the City Deal funding requires £603,000 capital expenditure to be brought forward from the later

years of the Capital Programme. These two adjustments will increase the Capital Contingency to £1,494,000.

	£
Capital Contingency Funding balance (2)	-1,467,000
Additional Funding (as per review)	- 630,000
Re profiling of City Deal Funding	603,000
Capital Contingency Funding balance (3)	-1,494,000

5.2 **Risk including Mitigating Actions**

5.2.1 If significant funding remains unallocated there will be a number of priority schemes unable to be funded.

This would also result in the Authority being unable to meet its obligations in terms of City Deal commitments, this can be mitigated by Members agreeing the City Deal re profile being built into the Capital Programme.

5.2.2 If all available funding is allocated and no contingency maintained, there will be limited funding available for future allocation i.e. for future priority projects and particularly if there are overspending capital schemes during the period 2020/21 to 2025/26. It should be noted in the next few years there are some significant projects in the pipeline for which there will be limited funding available to support, examples include:

- New Central Depot
- Future Skills Hub at the Monwel site
- Reconfiguration of Anvil Court to meet the needs of the business model going forward

If this becomes an issue in the future with new schemes needing to be prioritised the options available to the Council will be to - re-visit funding and allocations in the latter part of the programme with a view to deprioritising schemes completely, cut funding allocations accordingly or redesign projects to meet the funding available.

5.3 Legal

There are a number of statutory requirements relating to capital expenditure, capital financing that the Council must adhere to.

5.4 Human Resources

N/A

6. **Supporting Evidence**

6.1 **Performance Information and Data**

6.1.1 ***Current Schemes Exceeding Agreed Capital Programme Allocations***

The third quarter capital monitoring report is forecasting significant overspends on the following projects:

- Household Waste recycling Centre - £200,000
- Lime Avenue Business Park - £235,000

6.1.2 Discussions are ongoing with Welsh Government and requests for further funding are being pursued. Discussions are currently positive, therefore, it is not proposed that funding for these schemes be built in at this stage, however a contingency should be maintained to at least the value of these forecast overspends should the Council be unsuccessful in securing additional funding and / or other current schemes exceed agreed allocations.

6.1.3 Appendix 1 Capital Programme 2019/20 to 2025/26 (agreed September 2019)
 Appendix 2 Updated Capital Programme 2019/20 to 2025/26 for those schemes already presented to Council
 Appendix 3 Updated Capital Programme 2019/20 to 2025/26 for those schemes requiring the approval of capital funding

6.2 **Expected outcome for the public**

6.2.1 The Capital Strategy (and capital programme) details the financial implications for the Council in providing capital investment for the communities of Blaenau Gwent.

6.3 **Involvement (consultation, engagement, participation)**

Corporate Leadership Team challenged the options available for allocating capital funding to capital schemes prior to making recommendations to Council.

6.4 **Thinking for the Long term (forward planning)**

This report considers allocating funding to schemes and managing the capital programme and priorities up to the period 2025/2026. If the preferred option is agreed, some funding will remain to be allocated in the longer term.

In addition, a Capital Strategy has been developed and will continually be updated, this summarises the capital expenditure, capital financing and treasury management arrangements of the Authority, for the long term.

6.5 **Preventative focus**

Funding capital schemes could result in reduced revenue costs associated with some of the Corporate building i.e. from decommissioning the Civic Centre etc.
 In addition, the works to the Cemeteries could prevent the Authority exceeding its burial capacity in the future.

6.6 **Collaboration / partnership working**

The Accountancy Division works closely with budget holders and with external funding bodies to ensure that where possible, funding opportunities and capital investment is maximised.

6.7 **Integration (across service areas)**

NA

6.8 **EqIA (screening and identifying if full impact assessment is needed)**

N/A

7. **Monitoring Arrangements**

- 7.1 Financial reporting to the Joint Budget Scrutiny Committee and the Executive is carried out on a quarterly basis where progress against the Capital Programme is monitored. In addition, the level of capital receipts and central capital funding is reviewed every year in line with the Welsh Government revenue settlement, to consider the level of funding that can be allocated to the capital programme.

Background Documents /Electronic Links