



**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**MUNICIPAL YEAR 2021-2022**

**COUNCIL**

**9<sup>th</sup> MARCH 2022**

**THE COUNCIL'S THREE YEAR CAPITAL PROGRAMME 2022/23 – 2024/25**

**REPORT OF THE CABINET**

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**1.0 PURPOSE OF REPORT**

- 1.1 This report sets out the Council's proposed Capital Programme for 2022/23 to 2024/25, following receipt of the final local government settlement for 2022/23.

**2.0 RECOMMENDATIONS**

It is recommended that Members:

- 2.1 Note the detail of the final 2022/23 local government settlement for capital expenditure, reproduced at Appendix 1;
- 2.2 Agree to the proposed reallocation of existing resources, and allocation of new resources as detailed in paragraph 5;
- 2.3 Agree to allocate the funding identified in the report to the investment priorities as detailed in paragraph 6.2;
- 2.4 Agree the proposed 'core' three year programme detailed at Appendix 2;
- 2.5 Agree the proposed total three-year Capital Programme, detailed at Appendices 3 (a) to (e), which includes the following non core capital funding:
- Prudential borrowing to support Sustainable Communities for Learning Schemes (formerly 21<sup>st</sup> Century Schools) and Highways Improvements schemes;
  - Capital grants for specific schemes;
  - Third party contributions;
  - Additional Council resources previously allocated to support existing schemes and Corporate Plan investment priorities; and

- The investment priorities detailed in paragraph 6.2.

### **3.0 BACKGROUND**

- 3.1 Members will be aware that each year the Council is allocated a sum of unhypothecated “Supported” borrowing and General Capital Grant from the Welsh Government (WG). Details of the final allocation for 2022/23 are shown at Appendix 1. The funding for 2022/23 totals £11.599M.
- 3.2 Members will recall that last year’s Capital Settlement included the continuation of an additional £35M at an all Wales level, which was not included as funding for our core programme due to a lack of clarity over its continuation. Our Core Programme was therefore retained at a level which did not rely on this additional funding.
- 3.3 It is now proposed that we maintain our core programme at its existing level (£14.100M).
- 3.4 In so doing and in light of latest capital receipt forecasts and use of capital reserves, we would require to use £10.985M of the WG General Capital Funding, with a remaining balance of £0.614M which can be used to fund Investment Priorities over and above the core programme as set out at paragraph 6.2.
- 3.5 WG’s final budget includes indicative General Capital Funding of £200M (all Wales) for 2023/24 and 2024/25 which includes £20M each year in respect of decarbonisation. It is proposed that any additional resources are considered as part of future Investment Priority reviews outside of our Core Programme.
- 3.6 The wider overall capital programme however includes approved prudential borrowing, specific grants and agreed additional investment in our key priorities.

### **4.0 THE NEW THREE YEAR PROGRAMME (2022/23 TO 2024/25)**

- 4.1 The proposed new 3 year capital programme for 2022/23 to 2024/25 represents a total investment of **£148.770M**. This comprises:
  - A Core programme of £42.300M over the next 3 years;
  - Prudential borrowing of £12.791M to support the Sustainable Communities for Learning Programme and Highways Improvements schemes;
  - Specific grants of £24.314M;
  - Third party contributions of £0.272M;
  - Earmarked reserves and revenue contributions previously allocated to schemes and investment priorities of £39.645M;
  - Capital resources, in addition to the 3 year core allocation, of £15.227M; and
  - Allocated earmarked reserves of £0.214M, reallocated existing funding of £3.155M, flexibility provided by additional external funding of £9.852M and £1.000M proposed in the 2022/23 Revenue Budget Strategy to fund the proposed investment priorities detailed in paragraph 6.2.
- 4.2 Having due regard to the level of available capital resources, both from WG and

from our own capital receipts, the new core programme for 2022/23 to 2024/25 is set at £14.1M per year. This represents a fully funded £42.3M core programme across the 3 years.

- 4.3 There remains a risk that the projected capital receipts are less than anticipated and projections will continue to be closely monitored.
- 4.4 Whilst allocating core resources for three years, there remains the requirement for us to continue to review and challenge any commitments made into years two and three, to robustly monitor capital receipt projections and to position ourselves to respond as appropriate and necessary as we move forward.
- 4.5 Given the timing of external funding approval processes, it will be necessary to maintain flexibility of funding across individual schemes in order to ensure the most efficient delivery of the overall programme.
- 4.6 Details of the overall capital programme for the 3 year period are set out in Section 7 of this report.

## **5.0 FURTHER AVAILABLE FUNDING**

- 5.1 The Council has maintained an Investment/Infrastructure reserve for a number of years to fund the cost of maintaining and enhancing infrastructure across the County Borough. The balance of this reserve at 31st March 2021 was £9.497M, and following release of £6.500M agreed by Council on 29<sup>th</sup> September 2021, £2.997M is available to fund further investment priorities.
- 5.2 Our capital expenditure and commitments are closely monitored across the 3 year period of the programme and it is not unusual for spend to slip into future years and present opportunities for the reallocation of resources. In this regard an amount of £2.158M has been identified which can be reprioritised without adversely impacting on wider programme delivery and whilst maintaining the new core programme.
- 5.3 The Council's Revenue Budget Strategy for 2022/23 proposes an amount of £1.000M as a base budget for funding investment to support Corporate Plan priorities. Subject to Council agreeing the Revenue Budget Strategy, this £1.000M budget is proposed to be included in the resources available for investment priorities in the capital programme.
- 5.4 The Council has also received and been successful in securing additional external funding in the form of specific grants during 2021/22. Additional grants have related to WG Capital and Revenue Maintenance for schools, WG Regeneration grants and UK Government's Levelling Up Funding. This additional funding provides flexibility to reallocate our own existing resources within the capital programme which amount to £5.084M.
- 5.5 Finally, WG have recently announced additional General Capital Grant for 2021/22 which, in line with accounting rules and the conditions of funding, can be used to support spend during 2022/23. At an all Wales level the additional funding amounts to £70M which provides this Council with additional resource of £5.418M.

- 5.6 A summary of this additional available funding is provided in the table below:

<b>Additional Funding</b>	<b>£M</b>
Infrastructure Reserve	2.997
Reprioritised Existing Funding	2.158
Revenue Budget 2022/23	1.000
Additional External Funding	5.084
General Capital Grant 2022/23	0.614
Additional General Capital Grant 2021/22 – 2022/23	5.418
<b>Total Additional Funding</b>	<b>17.271</b>

## **6.0 INVESTMENT PRIORITIES**

- 6.1 The Cabinet believe that the most appropriate use of these one off resources is to continue to invest in our infrastructure and to support the aspirations and priorities of the Corporate Plan.
- 6.2 In being able to support the above objectives, Cabinet have identified the following specific areas which it is proposed that Council agree to be invested in:

<b>Investment Priority</b>	<b>£M</b>
Highways Maintenance	3.000
Unadopted Roads	0.500
Highways Structures	1.500
Llanharan Link Road	2.000
Making Better Use/Traffic Developments	0.150
Parks Structures	0.500
Parks & Green Spaces	2.400
Play Areas	0.250
Schools	2.571
Empty Properties Grants	1.000
Electric Vehicles Charging	0.350
Investment Programme – Pipeline Development/Capacity (revenue allocation)	0.250
<b>Total Council Investment</b>	<b>14.471</b>

- 6.3 The above investment priorities can be funded from the resources identified at paragraph 5.6, with the remaining resource amounting to £2.800M being retained in our Investment / Infrastructure reserve to fund future priorities.
- 6.4 Further details on these investments are included in section 7.

## **7.0 THE THREE YEAR CAPITAL PROGRAMME 2022/23 – 2024/25**

- 7.1 The details of the 3 year proposed programme for each Service Group are provided below.

## **CHIEF EXECUTIVE'S GROUP**

- 7.2 The latest projections show expected full year capital spend of £4.419M for the Chief Executive's Group in 2021/22.
- 7.3 The total resources for 2022/23, as outlined in the proposed three-year Capital Programme is £2.909M.
- 7.4 As identified in 6.2 additional investment has been provided in Chief Executives Services in the following areas:
- Electric Vehicle Charging - £0.350M.

This additional investment is included in the figures presented in Appendix 3a.

- 7.5 As part of the Council's on-going programme to ensure high standards of health and safety and operational efficiency within its premises, appropriate resources continue to be allocated to our operational accommodation, the management and remediation of Asbestos and Legionella and resources for energy efficiency/carbon reduction measures across our property estate. The additional investment of £0.350M will support the delivery of the Council's Electric Vehicle Charging Strategy & Implementation Plan.

## **PROSPERITY, DEVELOPMENT AND FRONTLINE SERVICES**

- 7.6 The latest projections show expected full year capital spend of £83.109M for Prosperity, Development and Frontline Services in 2021/22.
- 7.7 The total resources for 2022/23, as outlined in the proposed three-year Capital Programme is £52.567M.
- 7.8 As identified in 6.2 additional investment has been provided in Prosperity, Development and Frontline Services in the following areas:
- Highways Maintenance - £3.500M
  - Highways Structures - £1.500M
  - Parks Structures Improvements - £0.500M
  - Transport Infrastructure - £2.150M (Llanharan Link Road, Making Better Use/Traffic Developments)
  - Empty Properties Grants - £1.000M

This additional investment is included in the figures presented in Appendix 3b.

## **PROSPERITY AND DEVELOPMENT**

- 7.9 The Council's Capital Programme continues to provide a long-term funding commitment to the economic regeneration of the County Borough and in doing so supports one of the Council's Corporate Plan Priorities: 'Prosperity – Creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and

fulfil their potential and prosper’.

- 7.10 In addition to the above, sustained investment has been maintained across a range of funding streams, supported by external funding and the Corporate Plan Investment Priorities. This has enabled a wide range of regeneration activity to be delivered to benefit the local economy.
- 7.11 The Council will continue to work with partners to develop and progress exciting and innovative schemes such as:
- Development of modern business accommodation with new units at Robertstown, Aberdare;
  - Townscape Enhancements across our key town centres – a targeted approach to acquiring, redeveloping and upgrading town centre buildings for increased business and commercial use and continuing to improve the quality of the townscape providing business investment and employment growth. This will be supported by the development and delivery of strategies and placemaking plans for our key town centres;
  - Development of a new integrated Transport Hub at Porth as part of the Porth Town Centre Regeneration Strategy;
  - New sources of funding are being accessed to bring forward investment such as the UK Government Levelling Up Fund where successful bids have been made for the Muni Arts Centre Redevelopment, Porth Transport Hub and A4119 Dualling projects;
  - Strategic Opportunity Areas – a number of Strategic Opportunity Areas have been developed to deliver economic growth and job creation in Rhondda Cynon Taf. These areas are:
    - Cynon Gateway – Energising the Region;
    - The Wider Pontypridd, Treforest – Edge of the City, heart of the Region;
    - Pontypridd Town – Pivotal in the Region;
    - A4119 Corridor – Regional Rhondda Gateway; and
    - Llanilid on the M4 – Driving the Regional Economy.
- 7.12 The programme of regeneration projects will add value to the significant regeneration investment that has already taken place and will act as a catalyst for further regeneration activity.

## **PRIVATE SECTOR HOUSING**

- 7.13 A budget for 2022/23 of £8.990M has been allocated and the programme comprises the following schemes to contribute to one of the Council’s Corporate Plan Priorities: ‘People – Are independent, healthy and successful’:
- Disabled Facilities Grants
  - Maintenance Repair Assistance Grants
  - Renovation Grants in Exceptional Circumstances
  - Empty Properties Grants scheme;
  - Community Regeneration budget which provides grants to support a number of initiatives underpinning the affordable warmth and energy efficiency agenda;
  - Affordable Housing;
  - Tackling Poverty Fund.

## **FRONTLINE SERVICES**

### **Highways Technical Services**

- 7.14 A budget for 2022/23 of £11.203M has been allocated to the next phase of the Council's Highways Improvement programme and in doing so supports one of the Council's Corporate Plan Priorities: 'Places – Where people are proud to live, work and play'. Schemes comprise:
- Road surface treatments and resurfacing – £4.600M;
  - Car park improvements – £0.045M;
  - Major repairs to structures such as bridges and walls – £5.650M;
  - Parks Structures Improvements - £0.548M;
  - Street lighting replacement and upgrades – £0.200M; and
  - Traffic Management - £0.160M.

### **Strategic Projects**

- 7.15 A budget for 2022/23 of £15.162M has been allocated to Strategic Projects for major transportation infrastructure schemes and to extend and enhance the programme of pinch-point and highways network improvement projects as well as road safety, traffic management and drainage improvements. Schemes comprise:
- Transportation Infrastructure which includes Park & Ride schemes, Llanharan Link Road, A4119 Coed Ely Dualling, Cynon Gateway North, Gelli – Treorchy Link Road, and the Making Better Use programme – £15.007M; and
  - Drainage Improvements – £0.155M.
- 7.16 The Welsh Government grant position is evolving as a result of the 3-year funding settlement. It is anticipated that overall grant funding will reduce for 2022/23 before recovering in subsequent years. Consequently the general advice is that most funding streams will be restricted to bids that are a continuation of work undertaken in previous years. In addition, the Roads Review will have a bearing on funding, with some road schemes potentially being included in the Review and consequently excluded from funding. Clarity on this aspect is anticipated ahead of the final deadline for bid submission. A number of individual grants, such as Resilient Roads fund, have now been incorporated into the Local Transport Fund grant. Bids for various funds returned during January and February are expected to be confirmed during March. Bids have also been submitted for "Small Scale" flood alleviation schemes with the upper limit of funding for individual schemes seeing an uplift from £150k to £200k.
- 7.17 A supplementary report on the detail of proposed schemes for Highways, Transportation & Strategic Projects will be presented to Cabinet shortly.

### **Storm Dennis Flood Recovery**

- 7.18 Following the unprecedented weather events of Storm Dennis in February 2020, the Council will have already spent £19M on the immediate response and subsequent recovery works (this also includes some costs relating to Storm Christoph in January 2021) by the end of March 2022.
- 7.19 Funding of £6.441M has already been secured in respect of further works during

2022/23 with remaining works estimated to be in excess of £27M. There are a significant number of schemes ongoing to repair and replace bridges, river walls and retaining walls, as well as a work programme to deal with coal spoil tip safety, including the remediation process following Tylorstown landslip. Funding for the recovery work is provided by WG on an annual basis and the Council continues to work closely with WG to ensure funding is increased and secured during the financial year to maintain the momentum of the recovery programme.

## **WASTE STRATEGY**

- 7.20 The budget for 2022/23 is £1.000M. This relates to the Eco Park at Bryn Pica.

## **FLEET**

- 7.21 The 3 year rolling programme for replacement vehicles continues. The 3 year allocation is £7.719M. This service area is subject to ongoing assessment and continuous review of requirements.

## **EDUCATION AND INCLUSION SERVICES**

- 7.22 The latest projections show expected full year capital spend of £31.806M for Education & Inclusion in 2021/22.
- 7.23 The total resources available to Education & Inclusion for 2022/23, as outlined in the proposed three-year Capital Programme is £26.128M and will support one of the Council's Corporate Plan priorities: 'Prosperity – Creating the opportunity for people and businesses to: be innovative; be entrepreneurial; and fulfil their potential and prosper'.
- 7.24 As identified in 6.2 additional investment has been provided in Education & Inclusion Services, in the following areas:
- Schools - £2.571M

This additional investment is included in the figures presented in Appendix 3c.

## **SCHOOLS**

- 7.25 The Council will continue to deliver and support its long-term strategic investment programme of modernisation to create school environments that meet the needs of our communities and provide the best learning provision and outcomes for young people and the wider community. The programme of capital investment is supported with Council funding, WG Sustainable Communities for Learning (previously the 21st Century Schools and Colleges Programme) and Community Infrastructure Levy funding.
- 7.26 In this regard, investment totalling £212M has already been made in our schools with this anticipated to increase to £445M by 2025/26.
- 7.27 The following key school projects are either in progress or planned, and are included in the overall strategic programme and include a combination of



refurbishments, remodelling, demolitions and new buildings:

- Ffynnon Taf Primary – to create a community room/childcare facility and construct a four-classroom extension and hall to increase capacity at the school;
- Cwmlai Primary – to deliver dedicated childcare facilities on the school site, to expand identified need in the community and refurbish areas of the existing school. School capacity to be increased;
- YGG Llyn Y Forwyn – to create a brand new school on a new site in the Rhondda Fach, increasing Welsh medium capacity and providing community facilities;
- Y Pant Extension – phase 1 will deliver a four-classroom extension to increase the capacity at the school to accommodate growth as a result of housing developments in the area;
- YG Rhydywaun – to construct a new teaching block to increase the capacity at the school and provide brand new learning environments including sports facilities that will be available for the wider community;
- YGG Aberdar – to construct a four-classroom extension to increase capacity; car parking provision; and to create a dedicated meithrin, to expand identified need in the community delivering additional fee-paying child-care services for the area.

## **PLANNED MINOR CAPITAL WORKS**

- 7.28 The planned minor capital works programme allocation for 2022/23 is £8.230M. The allocation includes an on-going rolling programme for kitchen refurbishments/remodelling, window & door replacements, essential works, electrical rewiring, fire alarm upgrades, toilet refurbishments, Equalities Act/compliance works, access condition surveys, boiler replacements, roof renewals, asbestos remediation works, 21st Century classroom upgrades, external improvements, capitalisation of IT hardware/software & licences and improvements to schools.
- 7.29 A supplementary report detailing proposals of works for consideration within the above-mentioned programme will be presented to Cabinet shortly.

## **COMMUNITY AND CHILDREN'S SERVICES**

- 7.30 The latest projections show expected full year capital spend of £8.326M for Community and Children's Services in 2021/22.
- 7.31 The total resources available to Community and Children's Services for 2022/23, as outlined in the proposed three year Capital Programme, is £12.396M.
- 7.32 As identified in 6.2 additional investment has been provided in Community and Children's Services in the following areas:
- Parks & Green Spaces - £2.400M
  - Play Areas - £0.250M

This additional investment is included in the figures presented in Appendix 3d.

## **ADULT AND CHILDREN'S SERVICES**

- 7.33 The programme for Adult and Children's Services includes a budget of £4.931M in 2022/23. This will continue to fund the essential refurbishment and improvement works to the Council's Adult & Children's Services establishments, including the extra-care programme, in line with care standards and health & safety legislation. Also included are additional costs associated with Telecare Services.
- 7.34 These investments will support one of the Council's Corporate Plan Priorities: 'People – Are independent, healthy and successful'.

## **PUBLIC HEALTH AND PROTECTION**

- 7.35 The Public Health and Protection programme has a budget of £7.465M in 2022/23. This budget is allocated across the ongoing rolling programmes for Parks Improvements, Cemeteries and Community Safety measures. Also included in this budget are allocations for investment and improvement works at Leisure Centres and Play Areas. The redevelopment of the Muni Arts Centre is also included in this programme. These areas of investment support one of the Council's Corporate Plan Priorities: 'Places – Where people are proud to live, work and play'.

## **8.0 EQUALITY & DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY**

- 8.1 Due regard has been given to the Council's public sector equality duties under the Equality Act 2010, namely the Public Sector Equality Duty and Socio-Economic Duty.
- 8.2 An Equality Impact Assessment has been completed and concluded that the recommendations set out in the report are in line with the above legislation.

## **9.0 WELSH LANGUAGE IMPLICATIONS**

- 9.1 There are no Welsh language implications as a result of the recommendations in this report.

## **10.0 CONSULTATION**

- 10.1 Consultation and engagement has been undertaken as part of formulating the revised programme and this was also built into the wider consultation exercise undertaken in respect of the recommended 2022/23 Revenue Budget Strategy, particularly in respect of investment priorities and community benefits.

## **11.0 FINANCIAL IMPLICATION(S)**

- 11.1 The financial implications of the recommendations are set out in the main body of the report.

## **12.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED**

- 12.1 The Council's proposed Capital Programme for 2022/23 to 2024/25 complies fully with all legal requirements.

## **13.0 LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT**

- 13.1 The Council's proposed Capital Programme for 2022/23 to 2024/25 has been formulated to support the delivery of the Council's strategic priorities, as set out within the Corporate Plan "Making a Difference" 2020 – 2024, with these documents being aligned to the goals and principles included within the Well-Being of Future Generations Act.

## **14.0 CONCLUSIONS**

- 14.1 The three year Capital Programme is a key component of the overall Medium Term Financial Planning and Resources Strategy for this Council. Targeted capital investment can make a significant impact on service delivery and used effectively, is able to underpin the Council's Corporate Plan Priorities, where relevant.
- 14.2 This report sets out the capital investment priorities for the Council through to March 2025. It represents an ambitious and significant level of investment (£148.770M) over the next 3 years.
- 14.3 The programme includes some element of slippage identified throughout 2021/22, which is subject to change when final spend for the capital programme is known and the 2021/22 accounts are finalised. Any changes to slippage will be reported to Members in the quarterly performance reports.
- 14.4 This report has also identified the opportunity to invest £14.471M of additional resources in our local area including our own assets in order to improve the services which are available to our residents.
- 14.5 As the year progresses, changes will be made to the programme, for example where new schemes can be supported by specific grants. Approval from Members will be sought as these opportunities arise throughout 2022/23.

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