

1. Capital Strategy

- 1.1 The Council's Capital Programme for 2015/16 shows a budget of £29.7m. The proposed Capital Programme through to 2019/20 is attached as Appendix D and amounts to £145.9m.
- 1.2 The Council receives a core capital allocation from Welsh Government, in 2015/16 this allocation has reduced by £0.044m to £7.523m. There is no forward indication on capital funding for future years and therefore it has been assumed that there will be no change to the level of funding.
- 1.3 There is an unallocated budget of £216k in 2015/16 and £2.755m over the period of the report.
- 1.4 The Strategy supports the Council's priorities over the next 5 years. The major changes or additions are set out below.

1.5 Schools

- 1.5.1 This budget includes the major improvement programme with a budget of £5.2m and the 21st Century Schools Programme of £77.5m. This programme includes the completion of the Severn Valley Welsh Medium School, Brecon School Campus, Gwernfyfed Catchment and the commencement of the Welshpool Review. The final project is the Ysgol Bro Dyfi. The programme is subject to the HM Treasury 5 case business model and the programme will change as project as subject to detailed modelling.
- 1.5.2 Welsh Government announced on 18th November, 2014 a £500m investment for schools in the Band B 21st Century Schools programme which will commence in 2019 to 2024. An allocation has been included for this programme but no decision have been made on the projects to be included.

1.6 Highways, Transport and Recycling

- 1.6.1 The programme includes the capitalisation of two elements of spend that were previously treated as revenue. These are Surface Dressing £0.85m and Structural Maintenance £1.1m in 2015/16 and £4.25m and £5.5m over the 5 years.
- 1.6.2 The Strategic Salt Reserve is a project to increase the salt storage capacity of the authority and has a budget of £1.588m. Following a number of colder winter seasons where salt supplies were put under extreme pressure across the UK, the Welsh Government (WG) and Welsh Local Government Association (WLGA) looked at the level of resilience across Wales. It concluded that highway authorities should hold salt stocks of 1.5 times their average annual usage over a 5 year period.
- 1.6.3 The absolute maximum level of salt that Powys could hold within existing storage facilities is 22,000 tonnes, although recent safety concerns in relation to moving stocks into storage i.e. loading shovel operations for stacking within dome facilities, may reduce this.

- 1.6.4 Based on data produced at the time the WG/WLGA conclusion was that Powys should hold 33,000 tonnes (22,000x1.5) against a current stock holding of 22,000 tonnes giving a short fall of 9,000 tonnes.
- 1.6.5 Based on the latest 5 year average this figure would increase to 40,000 tonnes. The highest amount used in a year for the last 8 year period was 32,000 tonnes in 2012/13.
- 1.6.6 The additional capacity cannot be achieved entirely within existing facilities/ depots and therefore an additional site(s) would be required. There is no external timescale/penalty for compliance except that in a period of salt shortage the council may face further supply restrictions imposed by WG control of salt allocations.
- 1.6.7 The Vehicle Replacement Programme is £13m over the 5 years.
- 1.6.8 The Waste Management is the completion of the projects started in 2014/15.

1.7 Leisure and Recreation

- 1.7.1 The Brecknock Museum phase 2 project is profiled over the next four years. The funding for this project has changed from capital receipts linked to the LABV, to prudential borrowing. It is recommended that these receipts are used in the Schools Modernisation Band B projects which commence in 2019/20.
- 1.7.2 The Archives project is awaiting decision on a grant application to the Heritage Lottery Fund so will not commence until 2016/17, the funding includes prudential borrowing based on renting out short-term surplus space to the Health Board (C209-2014).

1.8 Regeneration, Property and Development

- 1.9 The County Farm Estate has been able to contribute significant amounts towards corporate goals and capital receipts for many years and has been fortunate to retain a 10% allocation back to the Service. However, the Estate is now itself in need of increased investment with Condition Assessments being required in order to reduce risk, improve the housing condition and target spending. Having factual data readily available will be a vital part of the Farm Improvement Programme, allowing informed decisions and targeted spending, increasing capital values and rental opportunities. Prioritisation of risk issues will also protect the Authority from claims and potential injury. The budget has been increased by £110k in 2015/16 to fund the survey work.
- 1.10 Business Services
 - 1.10.1 The Cashless System in Schools is a new project that is to be rolled out to the majority of schools over the next two years.

1.11 Housing

- 1.11.1 In addition to the core allocation the programme is funded from supported and un-supported borrowing.

1.11.2 Housing Revenue Account (HRA)

1.11.3 The HRA is shown in Appendix # as a separate table. The budget for 2015/16 is £101.789m and the 5 year strategy is £152.809m.

1.11.4 The 2015/16 budget includes the latest estimate of £85.892m required to buy the authority out of the Housing Subsidy system. The actual level of borrowing will not be known until 30th March with the settlement payment and borrowing taking place in early April (C254-2014).

1.11.5 The first priority is to achieve Welsh Housing Quality Standard which needs to be implemented by 31st March 2018 and the capital programme is profiled to enable this deadline to be achieved.

1.11.6 The benefit of exiting from this funding mechanism are additional resources for the authority to invest in its housing stock. The new projects in the Capital Strategy include:

	£m
• New Build/Repurchase	2.0
• Other Improvements	7.1
• Zero Carbon Initiative	3.2

CAPITAL STRATEGY 2015/16 to 2019/20

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£000	£000	£000	£000	£000	£000
<u>Schools</u>						
Gwernyfed Catchment Modernisation	2,340	11,265	7,510	0	0	21,116
Severn Valley Welsh Medium School	5,680	175	0	0	0	5,855
Llanidloes/Machynlleth Catchment Modernisation	600	0	0	0	0	600
Welshpool	50	200	4,770	3,000	0	8,020
Brecon High School Campus	436	6,336	16,005	9,669	0	32,447
Ysgol Bro Dyfi	20	200	4,969	3,313	0	8,502
Band B Projects	0	0	0	0	1,000	1,000
Major Improvements	1,163	1,000	1,000	1,000	1,000	5,163
	10,289	19,177	34,255	16,982	2,000	82,702
<u>Highways, Transport & Recycling</u>						
Highways Core Allocation	1,400	1,400	1,400	1,400	1,400	7,000
Road Safety & Traffic Management	100	100	100	100	100	500
Resurfacing	90	0	0	0	0	90
Surface Dressing	850	850	850	850	850	4,250
Structural Maintenance	1,100	1,100	1,100	1,100	1,100	5,500
Strategic Salt Reserve	200	1388	0	0	0	1588
Flood Alleviation Scheme	100	0	0	0	0	100
Waste Management	4,286	0	0	0	0	4,286
Vehicle Replacement Programme	3,227	2,440	2,436	2,436	2,437	12,976
	11,352	7,278	5,886	5,886	5,887	36,289
<u>Housing and Commissioning</u>						
Disabled Facilities Grant	1,500	1,500	1,500	1,500	1,500	7,500
CO2i Assistance	448	0	0	0	0	448
Landlord Loans	310	0	0	0	0	310
	2,258	1,500	1,500	1,500	1,500	8,258
<u>Leisure and Recreation</u>						
Brecon Museum Phase 2	3,000	2,090	1,820	180	0	7,090
Archives Project	100	1,446	0	0	0	1,546
Outdoor Recreation	50	0	0	0	0	50
Footbridges - Replacement Programme	15	15	15	15	15	75
	3,165	3,551	1,835	195	15	8,761
<u>Change and Governance</u>						
Replacement DRAIG	730	0	0	0	0	730
Replacement Hardware	220	220	220	220	220	1,100
	950	220	220	220	220	1,830
<u>Regeneration, Property and Commissioning</u>						
Community Regeneration & Development Fund	230	230	230	230	230	1,150
Sustaining the Built Heritage	100					100
Cemetery Extension	60	0	0	0	0	60
County Farms	210	100	100	100	100	610
	600	330	330	330	330	1,920
<u>Business Services</u>						
Cashless System in School	400	530	0	0	0	930

Local Capital Schemes	500	500	500	500	500	2,500
Unallocated Resources	216	278	278	205	1,778	3,355

Total	29,730	33,264	44,804	25,818	12,230	145,846
Financed By						
Supported Borrowing	3,683	4,155	9,032	4,677	4,677	26,224
Prudential Borrowing	7,204	8,362	14,808	4,822	1,950	37,145
General Capital Grant	2,846	2,846	2,846	2,846	2,846	14,230
Grants	3,862	10,423	7,978	7,821	0	30,084
Capital Receipts	5,416	1,442	6,577	2,996	100	16,532
Revenue/Reserves	6,718	6,036	3,562	2,656	2,657	21,629
Total	29,930	33,264	44,804	25,818	12,230	145,846

Council Dwellings

Welsh Housing Quality Standard	14,446	14,040	14,559	5,503	6,043	54,591
Subsidy Settlement	85,892					85,892
Other Improvements	1,201	850	800	750	3,487	7,088
New Builds/Purchases	250	567	583	601	0	2,001
Zero Carbon Initiative	0	0	0	0	3,237	3,237
	101,789	15,457	15,942	6,854	12,767	152,809
Financed By						
Prudential Borrowing	90,253	6,482	7,117	1,363	0	105,215
Grant	3,710	3,710	3,710	3,710	3,710	18,550
Capital Receipts	380	0	0	0	0	380
Revenue/Reserves	7,446	5,265	5,115	1,781	9,057	28,664
Total	101,789	15,457	15,942	6,854	12,767	152,809