

REPORT OF DIRECTOR OF CORPORATE SERVICES
EXECUTIVE BOARD 6th February 2017
FIVE YEAR CAPITAL PROGRAMME – 2017/18, 2018/19, 2019/20,
2020/21 and 2021/22

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|--|---------------------------|----------------------|
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1. INTRODUCTION

- 1.1. Executive Board on the 21st November 2017 considered and endorsed the Five Year Capital Programme 2017/18 to 2021/22 report for consultation purposes.
- 1.2. This report updates members on the latest position taking account of the consultation results and aims to establish the Authority’s Five Year Capital Programme.
- 1.3. The Authority is required to approve a rolling capital programme each year as part of the budget process. This facilitates forward planning, is consistent with the requirements of the Prudential Code in terms of financial planning and funding, and assists officers in bidding for external funding.
- 1.4. The Executive Board needs to consider the detailed proposals within the report and approve the recommendations in accordance with Council policy.

2. CONSULTATION

- 2.1. The Budget Strategy has been subject to a full consultation exercise since the initial report was presented to Executive Board on the 21st November 2016, and comprehensive feedback is detailed within the Revenue Budget report which is being presented to the same meeting.
- 2.2. The detailed Capital Programme (Appendix B) has also been presented to Scrutiny Committees to seek their views on the 5 year proposals. The minutes for the Scrutiny Committee meetings are attached in Appendix A for review.

3. FUNDING

- 3.1. The final settlement that has recently been received from the Welsh Government indicates capital funding of £9.400m for the Authority in 2017-18. This is made up of Supported Borrowing of £5.844m and General Capital Grant of £3.556m, which was unchanged from the provisional settlement. This means a small decrease in funding of £9k or 0.1% compared to the current financial year 2016-17. In the absence of any forward indications by WG this level of funding has been assumed for each year of the five year programme.
- 3.2. The level of capital receipts funding included within the programme has been revised in line with latest estimates. General capital receipts of £11.096m are forecast over the 5 year period together with earmarked Education receipts from the sale of school buildings at £1.739m. The level of receipts is continually monitored during the year and may require future capital programmes to be adjusted if there is a shortfall. Capital receipts for 2020/21 and 2021/22 are notionally included at £1.500m for each year, but no individual assets have been identified at this time.
- 3.3. Usage of earmarked reserves were approved as part of previous year's reports and were included as funding for the current capital programme. Additional funding has now been identified and allocated within the new proposed programme that has been submitted by Departments. In total some £26.722m of reserve funding is included over the five years of the programme as set out in this report.
- 3.4. Within the Modernising Education Programme (MEP) additional resources have been approved in recent years for the Band A 21st Century Schools projects. This has arisen as the WG had asked Authorities to bring forward their Band A projects for completion by 2018/19. This investment includes supported borrowing, earmarked reserves and capital receipts and is part of the County Council's 50% contribution towards the Band A projects with the balance coming from the WG. The Authority will need to monitor closely the development of this programme in order to ensure that funding is available to cover the projects as they are committed.
- 3.5. The Revenue Budget Strategy elsewhere on the agenda today, outlines the work currently being undertaken to review the Minimum Revenue Provision within the annual budget, taking account of the discretion allowed in the regulations. The report outlines the potential sum available from a change in our policy, and how such funding could be utilised. Within this capital programme therefore, an anticipated sum of £1.5m has been utilised in the funding for 2017/18, with £600k per annum thereafter on the basis that expenditure on future capital schemes will only be committed when the change in policy is agreed and funding is secured.
- 3.6. Members will further be aware from the Extraordinary meeting of Council held on the 25th January 2017, that delegated authority was granted for the Leader of Council or the Chief Executive to sign the city deal agreement on the basis set out in that report. The exact level of borrowing and structure and terms of the borrowing in respect of the projects is yet to be confirmed, and when further details of the investment are known, a full business case

appraisal of the individual projects will be completed. By the very nature and scale of the projects included within the City Deal, the capital programme over the 5 years will need to change to accommodate these developments. Future reports will be presented as and when the detailed information becomes available.

4. CAPITAL PROGRAMME 2017/18 TO 2021/22

- 4.1. When the capital programme was approved at County Council on 23rd February 2016, it was fully funded by the end of the 4th year but showed a shortfall of £2.789 in 2020/21. This shortfall was subsequently addressed during the closure of the 2016-2017 accounts.
- 4.2. The review looked at both the existing projects and the new proposals put forward and the revised capital programme is set out within this report for consideration.

Community Services

- 4.3. Within Community Services the main additions include the Restaurant/Café, Visitor Hub, Indoor Activity Centre and Beach Sports Zone Area at Pembrey Country Park in 2017/18. A further investment of £500k into Carmarthen Museum £250k (2018/19) and £250k (2019/20). Elsewhere on the Executive Board agenda today is a report relating to the urgent future maintenance needs at Burry Port harbour, which includes urgent works to the harbour walls and significant dredging works. The Capital Programme has therefore been updated to reflect the £2.340m required over the 5 years. There will also be longer term requirements beyond the 5 year life of this programme.
- 4.4. Included within the Social Care section, is the budget of £5.5m for the Llanelli Area Review. This budget will be used in conjunction with the £1.5m allocated in 2016/17. Thereby the total budget for this scheme still stands at £7.0m
- 4.5. In 2021/22 within Private Sector Housing, funding is provided for Disabled Facility Grants £2m, while in Leisure the Rights of Way Improvement Programme is allocated £50k and to replace the Astro Pitch at Carmarthen Leisure Centre £250k

Environment

- 4.6. A number of new proposals for the 2021/22 year have been included. Some of these are a continuation of existing rolling programmes of work such as Highway Improvements £600k, Bridge Maintenance £400k and Road Safety Improvement £500k.
- 4.7. There is also further funding allocated in 2021/22 to existing projects such as the Cross Hands Economic Link Road Phase 2 with £750k CCC funding and the Tywi Valley Transport Corridor Concept £500k CCC funding.

- 4.8. A new proposal has been included in 2021/12 for a further phase of redevelopment of the Glanamman Industrial Estate at £1m. The continuation and ongoing investment into Capitalised Maintenance of £2.9m is retained for 2021/22

Education and Children

- 4.9. In the Education and Children Services capital programme the MEP includes the continuation of the Band A 21st Century Schools improvement programme. The programme has been reprofiled to reflect updated costs and the phasing of work. New schemes have also been included for proposed works at Gorslas, Dewi Sant and Laugharne, to the value of £17.250m (17/18 to 19/20) which are jointly funded by Welsh Government grant and the Authority .
- 4.10. Further funding has also been allocated in 2021/22 for the next stage of the 21st Century Schools improvement programme. The Band B projects have been allocated County Council funding of £7,078m for Ammanford Primary, Llandeilo Primary, Kidwelly Primary and Five Roads Primary and it has been assumed that WG will provide grant funding for these schemes, although the rate is yet to be confirmed.
- 4.11. In 2021/22 the continuation of the Pupil Referral Unit scheme has been included for the upgrade on an existing site at Porth Tywyn old site £1.800m.

Chief Executive and Corporate Services

- 4.12. In the Chief Executive and Corporate Services programme, which now includes Economic Development, funding has also been allocated in 2021/22 for various IT Developments £900k and in 2017/18 and 2018/19 £200k per annum has been allocated to Digital tranformation scheme development.

Following the recent completion of the Parry Thomas Centre at Pendine, Economic Development are looking to pursue the next phase of investment. The proposals consist of a suit of five individual but complimentary projects and includes; Sands of Speed Visitor Attraction Museum; Carmarthenshire Heritage Coast Centre; Hotel; visitor external enhancement project; and a Dunes Eco Activity Holiday resort. The £15m development is looking to attract external match funding from a number of sources, with £1.5m already secured from Welsh Government. Advanced discussions with other funders including Europe, Heritage Lottery Fund amongst others are progressing. A £2.5 million contribution (which is partly funded from the 2016-17 capital programme) from this Authority is required to progress the development aspirations. The proposals at Pendine are an integral part of the Transformation Regeneration Strategy and will look to regenerate a key coastal resort within the County. More detail on the scheme will be found elsewhere on the agenda for today's Executive Board meeting.

5. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

5.1. In considering the capital programme, members need to take into consideration the requirements of the Wellbeing of Future Generations (Wales) Act 2015. The Act requires that we must carry out sustainable development, improving the economic, social environmental and cultural well-being of Wales.

‘... the public body must act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs’

5.2. In doing so, we must demonstrate the following 5 ways of working:

- i. Looking at the long-term so that we do not compromise the ability of future generations to meet their own needs
- ii. Understanding the root causes of the issues to prevent them recurring
- iii. Taking an integrated approach so that we look at all well-being goals and objectives of other services and partners
- iv. Collaboration – Working with others in a collaborative way to find shared sustainable solutions
- v. Involving a diversity of population in decisions that affect them

5.3. The Act identifies 7 well-being goals, they provide a shared vision for public bodies to work towards. We must work towards achieving all of them.

- i. A prosperous Wales
- ii. A resilient Wales
- iii. A healthier Wales
- iv. A more equal Wales
- v. A Wales of cohesive communities
- vi. A Wales of vibrant culture and thriving Welsh Language
- vii. A globally responsible Wales

5.4. As a Council we must set and publish well-being objectives by the 31st March 2017. Our well-being objectives must be designed to maximise our contribution to achieving the 7 well-being goals of the Act.

5.5. We must also publish a Well-being Statement that sets out how we will achieve our objectives and explain how we ensure resources, including financial are allocated to meet our objectives.

- 5.6. Carmarthenshire completed the assessments by end of 2016. Consultation will commence this month and will last 4 weeks. Comments and feedback will then be taken account and an Action Plan formulated by April 2018.

6. SUMMARY

The table below shows an overall summary of the expenditure and its funding both by County Council and externally.

Capital Programme Summary

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Expenditure | | | | | |
| Community Services | 21,710 | 11,280 | 2,700 | 2,450 | 2,900 |
| Environment | 16,196 | 11,095 | 11,780 | 9,085 | 11,390 |
| Education & Children | 22,899 | 24,226 | 7,669 | 10,500 | 13,375 |
| Chief Executive and Corporate Services | 10,955 | 5,225 | 4,750 | 4,750 | 5,400 |
| Total Expenditure | 71,760 | 51,826 | 26,899 | 26,785 | 33,065 |
| Funding | | | | | |
| External Funding | 25,118 | 24,727 | 9,925 | 11,775 | 13,792 |
| Net Expenditure Funded by CCC | 46,642 | 27,099 | 16,974 | 15,010 | 19,273 |
| CCC Funding | | | | | |
| Supported Borrowing | 5,844 | 5,844 | 5,844 | 5,844 | 5,844 |
| Unsupported Borrowing | 5,500 | 250 | 0 | 0 | 0 |
| General Capital Grant | 3,556 | 3,556 | 3,556 | 3,556 | 3,556 |
| Additional Borrowing – LGBI | 675 | 325 | 0 | 0 | 0 |
| Capital Receipts | 2,994 | 3,245 | 1,857 | 1,500 | 1,500 |
| Capital Reserves | 13,906 | 2,814 | 0 | 3,510 | 1,773 |
| Outcome Agreement Grant | 1,328 | 0 | 0 | 0 | 0 |
| Additional Borrowing - MEP | 2,438 | 4,401 | 4,987 | 0 | 0 |
| Prudential Borrowing - Fleet Replacement | 1,826 | 0 | 0 | 0 | 0 |
| Prudential Borrowing – 21 st Century Schools | 2,311 | 0 | 0 | 0 | 0 |
| MEP Revenue Contribution/Cap Receipts | 2,764 | 3,564 | 130 | 0 | 5000 |
| Joint Venture Funding Llanelli Leisure Centre | 2,000 | 2,500 | 0 | 0 | 0 |
| Direct Revenue Financing | 1,500 | 600 | 600 | 600 | 600 |
| Overall Net Position - Surplus (+)/Deficit (-) | 0 | 0 | 0 | 0 | -1,000 |

- 6.1. To summarise the overall position, the capital programme is funded for the first 4 years from 2017/18 to 2020/21. There is currently a small shortfall of £1.000m in the final year of the programme 2021/22.

- 6.2. The total cost of the programme is £210.335m which is funded by the County Council £123.998m and External Funding £85.337m, leaving the shortfall of £1.000m.
- 6.3. External funding will vary during this programme and the schemes will require amendment as and when we receive notification of funding.
- 6.4. The full detail of the proposed capital programme for the five year period 2017/18 to 2021/22 is attached in Appendix B.

7. REVENUE IMPLICATIONS

- 7.1. No revenue implications have been validated within the revenue budget and if funding is required, departments will need to find resources from within their existing budgets.

8. RECOMMENDATIONS

8.1 That Executive Board approve and recommend to County Council:

8.1.1 The Five Year Capital Programme and funding as detailed in Appendix B, with 2017/18 being a hard budget and 2018/19 to 2021/22 soft/indicative budgets.

8.1.2. That the 2021/22 budget be reviewed over the coming year in order to address the funding shortfall.

8.1.3. That the programme be reviewed, as is usual, if anticipated External or County Council funding does not materialise.