

# **REPORT OF DIRECTOR OF CORPORATE SERVICES**

## **EXECUTIVE BOARD**

**5th FEBRUARY 2018**

### **FIVE YEAR CAPITAL PROGRAMME – 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23**

<b>HEAD OF SERVICE &amp; DESIGNATION</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO.</b>
C Moore, Director of Corporate Services	Corporate Services	01267 224120
<b>AUTHOR &amp; DESIGNATION</b>	<b>DIRECTORATE</b>	<b>TELEPHONE NO.</b>
C Moore, Director of Corporate Services	Corporate Services	01267 224120

## **1. INTRODUCTION**

- 1.1. Executive Board on the 18th December 2017 considered and endorsed the draft five year Capital Programme 2018/19 to 2022/23 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 consultation exercise was launched with the approval of the three year budget strategy by executive board on 27th November 2017. The detailed provisional Capital Programme (Appendix B) was then endorsed for consultation by Executive Board on 18th December 2017 and has subsequently been presented to the Policy and Resources Scrutiny Committee on 12th January 2018 to seek its views on the five year proposals. The relevant minute of the Committee meeting is attached in Appendix A for review and comprehensive feedback on the wider consultation is detailed within the Revenue Budget report which is being presented to the same meeting.

### **3. FUNDING**

- 3.1. The final settlement, received on 20th December 2017 from the Welsh Government (WG) indicates capital funding of £9.423m for the Authority in 2018-19. There is no change from the provisional settlement, and is made up of Supported Borrowing of £5.858m and General Capital Grant of £3.565m.
- 3.2. The level of capital receipts funding included within the programme has been revised in line with latest estimates. General capital receipts of £10.5m are forecasted over the 5 year period. In addition a further £1.33m of earmarked Education receipts is expected from the sale of surplus school buildings. It should be noted that there may be a need to amend future capital programmes if there is a shortfall in expected receipts.
- 3.3. Use of earmarked reserves was approved as part of previous year's reports and were included as funding for the current capital programme. In total some £35m of reserve funding is included over the five years of the programme.
- 3.4. Within the Modernising Education Programme (MEP), additional resources have been approved in recent years for the Band A 21<sup>st</sup> Century Schools projects. (This was in response to a request by WG 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 Authority's 50% match funding contribution towards the Band A projects with the balance in funding coming from WG.

WG have recently approved the Authority's outline Band B programme submission running from 2019 to 2026, with an estimated programme value of £129.5m for Carmarthenshire. This will require a forecast Authority contribution in the region of £52m capital funding of which £19m is allocated in the programme to 2023. In addition, the £129.5m allocation includes £25m for the Mutual Investment Model (MIM) projects for which the Authority is required to contribute 25% from revenue funding. The Mutual Investment Model is an alternative funding model developed by WG, which takes account of the whole life costs of the education building and is revenue funded with a 75% WG / 25% Authority split. 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. Funding from external parties in the form of grants for the duration of the capital programme is currently expected to be in the region of £55m.

### **4. CAPITAL PROGRAMME 2018/19 TO 2022/23**

- 4.1. When the capital programme was approved by County Council on 22nd February 2017 it was fully funded to the end of the 4th year but showed a shortfall of in 2021/22. This shortfall was subsequently addressed at

the 2016/17 financial year end, where funds were allocated to balance the five year programme.

- 4.2. Both existing projects and new proposals have been reviewed and the revised capital programme is set out for consideration.

### **Community Services**

- 4.3. Within Community Services the main additions include a further £1m for Pembrey Country Park developments and £500k for Carmarthen Museums Collections. Parc Howard museum is allocated £500k (2019/20).
- 4.4. Included within the Social Care section, is the budget of £6.8m for the Llanelli Area Review. This budget will be used in conjunction with the £0.2m allocated in 2016/17. Thereby the total budget for this scheme is unchanged at £7.0m.
- 4.5. In 2022/23 within Private Sector Housing, funding is provided for Disabled Facility Grants of £2m, while in Leisure the Rights of Way Improvement Programme is allocated £50k.

### **Environment**

- 4.6. WG announced on 16th January additional funding for “roads refurbishment”. Carmarthenshire will receive £2.252m which will help address priority schemes in 2018/19. Details of individual schemes are not currently available pending specific grant terms and conditions.
- 4.7. For 2022/23 further allocations to existing rolling programmes of work are included such as Highway Improvements £600k, Bridge Maintenance £400k and Road Safety Improvement £350k.
- 4.8. Funding is also allocated in 2022/23 to specific road projects such as the Cross Hands Economic Link Road Phase 2, with £750k of Authority funding being allocated.
- 4.9. A further phase of the redevelopment of the Glanamman Industrial Estate at £1m is included within the programme. The continuation and ongoing investment into Capitalised Maintenance of £2.9m is proposed for 2022/23.
- 4.10. A 5 year Fleet Replacement Programme for £9.722m is included to ensure that vehicles and plant machinery assets are replaced when they reach the end of their viable economic life. The funding for this capital spend will be provided directly from revenue budgets of the service users via prudential borrowing.

### **Education and Children**

- 4.11. In the Education and Children capital programme the MEP includes the continuation of the Band A 21<sup>st</sup> Century Schools improvement

programme. The programme has been re-profiled to reflect updated costs and the phasing of work. Schemes are funded jointly by Welsh Government grant and the Authority.

- 4.12. Further funding has been allocated for the next stage of the 21<sup>st</sup> Century Schools improvement programme – Band B. £19m has been earmarked from County Council resources to match fund this investment up to 2023.

Welsh Government have recently approved a programme of schemes totalling £129.5m for Carmarthenshire, which includes Capital Grant funding and the Mutual Investment Model.

### **Chief Executive**

- 4.13. IT services have £2.5m allocated across the programme. Priority of projects is to be reviewed by the service to ensure that the authority's needs are managed.

### **Regeneration**

- 4.14. The Transformation Strategy Project Fund has been allocated £1.5m for 2022/23, along with allocations in 2019/20 for Rural Enterprise Fund of £1m and the Commercial Property Development Fund £1.5m to meet demand on existing grant schemes for 3<sup>rd</sup> party businesses and commercial developments to create new employment opportunities and encourage economic growth.

## **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 the public bodies to carry out development sustainably, 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 five 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 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. 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 seven well-being goals and 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. Our well-being objectives are designed to maximise our contribution to achieving the seven well-being goals of the Act.
- 5.5. All additions to the programme to the programme have been assessed and scored with the five ways of working, the seven goals and our corporate well-being statement in mind.

## 6. SUMMARY

The table below gives a breakdown of the expenditure by departments and the sources of funding.

### Capital Programme Summary

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
<b><u>Expenditure</u></b>					
Community Services	10,204	15,185	13,100	3,708	2,100
Environment	17,896	9,110	8,956	13,865	7,215
Education & Children	12,492	24,584	15,205	9,167	2,253
Chief Executive	1,136	250	250	900	0
Regeneration	9,808	8,390	4,500	4,500	4,500
<b>Total Expenditure</b>	<b>51,536</b>	<b>57,519</b>	<b>42,011</b>	<b>32,140</b>	<b>16,068</b>
<b><u>Grants and Contributions</u></b>					
External Funding	16,735	14,180	14,665	6,525	3,165
<b>Net Expenditure to be funded by CCC</b>	<b>34,801</b>	<b>43,339</b>	<b>27,346</b>	<b>25,615</b>	<b>12,903</b>
<b><u>CCC Funding</u></b>					
Supported Borrowing	5,858	5,858	5,858	5,858	5,858
Unsupported Borrowing	250	5,000	0	0	0
General Capital Grant	3,565	3,565	3,565	3,565	3,565
Additional Borrowing - Highways	325	0	500	0	0
Capital Receipts	4,745	5,931	5,007	1,500	1,500
Capital Reserves	12,246	14,349	6,450	2,250	0
Additional Borrowing – MEP	4,401	4,987	0	0	0
Prudential Borrowing - Fleet Replacement	447	549	366	6,380	1,980
MEP Reserve/DRF	2,364	0	5,000	4,000	0
Joint Venture Funding Llanelli Leisure Centre	0	2,500	0	0	0
Direct Revenue Funding	600	600	600	600	0
<b>Overall Net Position : Surplus (+) / Deficit (-)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,462</b>	<b>0</b>

- 6.1. To summarise the overall position, the capital programme is funded for the first 3 years from 2018/19 to 2020/21 and year 5. There is currently a small shortfall of £1.462m in the 4<sup>th</sup> year of the programme 2021/22.
- 6.2. The total cost of the programme is £199m of which £143m is to be funded by the County Council and £55m is funded from external grants and contributions.
- 6.3. The full detail of the proposed five year capital programme 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 consider and recommend to County Council:

- 8.1.1 The five year Capital Programme and funding as detailed in Appendix B, with 2018/19 being a hard budget and 2019/20 to 2022/23 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.