

REPORT OF DIRECTOR OF CORPORATE SERVICES

SOCIAL CARE & HEALTH SCRUTINY COMMITTEE

12th DECEMBER 2016

**FIVE YEAR CAPITAL PROGRAMME – 2017/18, 2018/19, 2019/20,
2020/21 and 2021/22**

(Copy of the report to Executive Board on 21/11/16)

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1. INTRODUCTION

- 1.1. The report provides members with an initial view of the 5 year Capital Programme 2017/18, 2018/19, 2019/20, 2020/21, 2021/22.
- 1.2. The report will form the basis of the budget consultation process with members and other relevant parties. Feedback from this consultation process, along with the outcome of the final settlement, will inform the final budget report which will be presented to members in February 2017.

2. BACKGROUND

- 2.1. Members will recall that the Authority last year agreed a 5 year capital programme 2016 to 2021 which was approved at County Council on 23rd February 2016.
- 2.2. When the capital programme was approved it was fully funded by the end of the 4th year but showed a shortfall in the final year 2020/21. The programme was therefore approved on the basis that the budgets for this year be reviewed or reprofiled in order to address the funding shortfalls. This shortfall in funding was subsequently addressed during the closure of the 2016-17 accounts.
- 2.3. The capital programme has been revisited by the Strategic Assets Steering Group (SASG) and Departments were also asked to submit proposals to bring forward expenditure within the existing capital programme and to identify any new strategic projects.
- 2.4. Departments have also submitted proposals for new projects in 2021/22 which is the new 5th year of the programme. Projects have been assessed along similar lines to previous years with only those regarded as a high priority being included in the programme.

2.5. The proposed capital programme is detailed in the attached Appendix A showing the forecast expenditure and income over the five year period.

3. PRIORITIES

3.1. The current Corporate Strategy for 2016-2021 sets out the Authority's strategic priorities and aspirations and its overarching themes and core values, and the programme has been developed in line with these.

3.2. The proposed capital programme is £208m over the 5 years, and is aimed at delivering a number of key projects that will create jobs and improve the quality of life for the people of Carmarthenshire, with the key investment headings being:

	£m
Schools	79
Housing	10
Lesiure	23
Regeneration	28
Environment	72

4. FUNDING

4.1. The provisional settlement that has recently been received from the WG 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. 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.

4.2. 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.

4.3. 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 have been submitted by Departments. In total some £26.267m of reserve funding is included over the five years of the programme as set out in this report.

4.4. Within the Modernising Education Programme (MEP) additional resources have been approved in recent years for the Band A 21st Century Schools projects. This had 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.

5. CAPITAL PROGRAMME 2017/18 TO 2021/22

- 5.1. 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. As outlined in paragraph 2.2, this shortfall was addressed at the end of the 2016-17 financial year.
- 5.2. The review looked at both the existing projects and the new proposals put forward and the revised capital programme is set out within the report for consideration.

Community Services

- 5.3. 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)
- 5.4. 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 still stands at £7.0m
- 5.5. 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

- 5.6. 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.
- 5.7. 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.
- 5.8. 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 £3m is retained for 2021/22

Education and Children

- 5.9. In the Education and Children 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 has also been included for proposed works

at Gorslas, Dewi Sant and Laugharne £17.250m (17/18 to 19/20) which is funded by Welsh Government grant and the Authority .

- 5.10. 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 £5.538m for Ammanford Primary and Llandeilo Primary and it has been assumed that WG will provide 50% as is the case with Band A, although this is yet to be confirmed.
- 5.11. 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

- 5.12. 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 the Transformation Strategy Project Fund £1.5m. In 2017/18 and 2018/19 £200k per annum has been allocated to Digital tranformation schme development.

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
<u>Expenditure</u>					
Community Services	20,850	10,850	2,350	2,100	2,550
Environment	16,296	11,195	11,880	9,185	11,490
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	71,000	51,496	26,649	26,535	32,815
<u>Funding</u>					
External Funding	25,118	24,727	9,925	11,775	13,792
Net Expenditure Funded by CCC	45,882	26,769	16,724	14,760	19,023
<u>CCC Funding</u>					
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	3,042	2,060	1,500	1,500
Capital Reserves	14,646	3,287	147	3,860	0
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
Funding Carried Forward	0	0	0	0	0
Overall Net Position - Surplus (+)/Deficit (-)	0	0	0	0	-3,123

- 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 shortfall of £3.123m in the final year of the programme 2021/22.
- 6.2. The total cost of the programme is £208.495m which is funded by the County Council £120.035m and External Funding £85.337m, leaving the shortfall of £3.123m.
- 6.3. The full detail of the proposed capital programme for the five year period 2017/18 to 2021/22 is attached in Appendix A.

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 notes the content of this report and endorses it as a provisional capital programme for consultation purposes.