

REPORT OF DIRECTOR OF CORPORATE SERVICES
ENVIRONMENTAL & PUBLIC PROTECTION SCRUTINY
COMMITTEE

16TH 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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|--|---------------------------|----------------------|
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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 | 60 |

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. WELLBEING OF FUTURE GENERATIONS (WALES) ACT 2015

- 6.1. 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’

- 6.2. 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

- 6.3. 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
- 6.4. 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.
- 6.5. 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.

7. 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 |

- 7.1. 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.
- 7.2. 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.
- 7.3. The full detail of the proposed capital programme for the five year period 2017/18 to 2021/22 is attached in Appendix A.

8. REVENUE IMPLICATIONS

- 8.1. 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.

9. RECOMMENDATIONS

- 9.1. That Executive Board notes the content of this report and endorses it as a provisional capital programme for consultation purposes.