

# **REPORT OF DIRECTOR OF CORPORATE SERVICES**

## **EXECUTIVE BOARD**

**18th DECEMBER 2017**

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

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## **1. INTRODUCTION**

- 1.1. The report provides members with an initial view of the 5 year Capital Programme 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23.
- 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 2018.

## **2. BACKGROUND**

- 2.1. Members will recall that the authority last year agreed a 5 year capital programme 2017/18 to 2021/22 which was approved at County Council on 22 February 2017.
- 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 2021/22. 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 was subsequently addressed at the 2016-17 financial year end, where funds were allocated to balance the 5 year programme.
- 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 2022/23 which is the fifth year of the new programme. Projects have been

assessed and prioritised with only those regarded as a high priority being included in the programme.

- 2.5. The proposed capital programme is attached, in Appendix A, and shows the anticipated expenditure and sources of funding over the five year period.

### 3. PRIORITIES

- 3.1. The current Corporate Strategy for 2017-2022 sets out the Authority's strategic priorities, aspirations, overarching themes and core values, and the programme has been developed in line with these.
- 3.2. The proposed capital programme of £199m over the 5 years is aimed at delivering a number of key projects that will create jobs and improve the quality of life for the people of Carmarthenshire. The key investments are:

	£m
Schools	64
Housing (Non HRA)	10
Lesiure	27
Regeneration	32
Environment	57

### 4. FUNDING

- 4.1. The provisional settlement which has recently been received from the Welsh Government (WG) indicates capital funding of £9.4m for the Authority in 2018-19. This is made up of Supported Borrowing of £5.844m and General Capital Grant of £3.556m.
- 4.2. 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 redundant 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.
- 4.3. 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.
- 4.4. 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 the 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 County Council's 50% contribution towards the Band A projects with the balance in funding coming from the WG.

WG have recently announced the approval of the Band B programme running from 2019 to 2026, with an estimated programme value of £129.5m for Carmarthenshire. This will require LA contribution in the region of £52m capital funding of which £19m is allocated in the programme to 2023. The £129.5m allocation includes £25m for the Mutual Investment Model (MIM) projects for which the LA are required to contribute 25% from revenue funding. The Mutual Investment Model is an alternative funding model developed by Welsh Government, which takes account of the whole life costs of the education building and is funding through a revenue contribution of upto 25% and WG grant funding of 75%. 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.

- 4.5. Funding from external parties in the form of grants for the whole of the capital programme is currently expected to be in the region of £56m.

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

- 5.1. When the capital programme was approved at County Council on 22 February 2017 it was fully funded by the end of the 4th year but showed a shortfall of £1m in 2021/22. 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 new proposals and the revised capital programme is set out for consideration.

### **Community Services**

- 5.3. 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).
- 5.4. 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 still stands at £7.0m.
- 5.5. In 2022/23 within Private Sector Housing, funding is provided for Disabled Facility Grants £2m, while in Leisure the Rights of Way Improvement Programme is allocated £50k.

### **Environment**

- 5.6. 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.
- 5.7. Funding is also allocated in 2022/23 to specific road projects such as the Cross Hands Economic Link Road Phase 2, with £750k of County Council funding being allocated.

- 5.8. 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.
- 5.9. 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**

- 5.10. 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.
- 5.11. 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.

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**

- 5.12. 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**

- 5.13. 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 business's and commercial developments to create new employment opportunities and encourage economic growth.

## **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 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'

- 6.2. 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
  
- 6.3. 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
  
- 6.4. Our well-being objectives are designed to maximise our contribution to achieving the seven well-being goals of the Act.
  
- 6.5. All projects within the programme have been assesses and scored with the five ways of working, the seven goals and our corporate well-being statement in mind.

## 7. 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	10,159	15,185	13,100	3,708	2,100
Environment	14,894	12,099	8,596	14,395	7,215
Education & Children	12,492	24,584	15,205	9,190	2,230
Chief Executive	1,136	250	250	900	0
Regeneration	9,808	8,390	4,500	4,500	4,500
<b>Total Expenditure</b>	<b>48,489</b>	<b>60,508</b>	<b>41,651</b>	<b>32,693</b>	<b>16,045</b>
<b><u>Grants and Contributions</u></b>					
External Funding	15,733	15,419	14,305	7,055	3,165
<b>Net Expenditure Funded by CCC</b>	<b>32,756</b>	<b>45,089</b>	<b>27,346</b>	<b>25,638</b>	<b>12,880</b>
<b><u>CCC Funding</u></b>					
Supported Borrowing	5,844	5,844	5,844	5,844	5,844
Unsupported Borrowing	250	5,000	0	0	0
General Capital Grant	3,556	3,556	3,556	3,556	3,556
Additional Borrowing - Highways	325	0	500	0	0
Capital Receipts	4,745	5,931	5,007	1,500	1,500
Capital Reserves	10,224	16,122	6,473	2,181	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>-1,577</b>	<b>0</b>

- 7.1. 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 £1.577m in the 4<sup>th</sup> year of the programme 2021/22.
- 7.2. The total cost of the programme is £199m of which £143m is to be funded by the County Council and £56m is funded from external grants and contributions.
- 7.3. 7.3 The full detail of the proposed five year capital programme 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.