

REPORT OF DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD

17th DECEMBER 2018

FIVE YEAR CAPITAL PROGRAMME – 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24

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1. INTRODUCTION

- 1.1. The report provides members with an initial view of the 5 year Capital Programme 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24.
- 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 2019.

2. BACKGROUND

- 2.1. Members will recall that the authority last year agreed a 5 year capital programme 2018/19 to 2022/23 which was approved at County Council on 5th February 2018.
- 2.2. When the capital programme was approved it was fully funded for the 5 year with the exception of the 4th year (2021/22) which showed a shortfall of £1.462m. 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 during the year 2018/19, 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 2023/24 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 £260m 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	94
Housing (Non HRA)	10
Leisure	8
Regeneration	101
Environment	47

4. FUNDING

- 4.1. The provisional settlement which has recently been received from the Welsh Government (WG) indicates capital funding of £9.437m for the Authority in 2019-20. This is made up of Supported Borrowing of £5.867m and General Capital Grant of £3.570m.
- 4.2. The level of capital receipts funding included within the programme has been revised in line with latest estimates. General capital receipts of £9.642m are forecasted over the 5 year period. In addition a further £0.488m 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 £45m 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 21st 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 £36.5m capital funding of which £23m is allocated in the programme to 2024. Recently the WG introduced a contribution level of 65% towards Band B projects, with the County Council's contribution now being 35%. Special Schools have a 75% WG contribution rate. 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. On the 20 November 2018 Welsh Government announced proposals for additional funding for local authorities. Within this announcement the Cabinet Secretary identified an additional £100m general capital grant over a 3 year period, this being phased £50m 2018/19, £30m 2019/20, £20m 2020/21. This additional funding which equates £6m for this Authority has been included within proposed capital programme funding.
- 4.6. 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 £128m.

5. CAPITAL PROGRAMME 2019/20 TO 2023/24

- 5.1. When the capital programme was approved at County Council on 5th February 2018 it was fully funded apart from the 4th year (2012/22) that showed a shortfall of £1.462m. As outlined in paragraph 2.2, this shortfall was addressed during the 2018-19 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 a commitment was made previously for continued developments at Pembrey Country Park, Carmarthen Museums Collections and Park Howard meuseum.
- 5.4. A further £500k has been allocated in 2020/21 for the upgrading of Amman Valley Leisure Centre.
- 5.5. In 2023/24 within Private Sector Housing, funding is provided for Disabled Facility Grants £2m.

Environment

- 5.6. For 2023/24 further allocations to existing rolling programmes of work are included such as Highway Improvements £600k, Bridge Maintenance £400k and Road Safety Improvement £250k.
- 5.7. Highway Maintenance has been successful in securing £1.5m additional Welsh Government grant for 2019/20 and 2020/21 through a Road Refurbishment Grant.
- 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 £3m is proposed for 2023/24.
- 5.9. A 5 year Fleet Replacement Programme for £9.275m 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 21st 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 21st Century Schools improvement programme – Band B. £23m has been earmarked from County Council resources to match fund this investment. The council's investment will attract £47m of Welsh Government match funding based on a 65% grant for schools and a 75% grant for special school.

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

The Mutual Investment Model looks at life cycle cost over a 25 year period, and will be delivered with a Welsh Government partner. The model currently being developed by the Welsh Government council has identified 3 schemes that are likely to be delivered by this model. However as clarity is provided by Welsh Government, these schemes may change with other Band B proposals. The match funding available for the MIM programme currently is at an intervention rate of 75%.

Chief Executive

- 5.12. IT services have £2.2m 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 2023/24, along with allocations made in February 2018 for 2019/20 for Rural Enterprise Fund of £1m and the Commercial Property Development Fund £1.5m to meet demand on existing grant schemes for 3rd party business's and commercial developments to create new employment opportunities and encourage economic growth.
- 5.14. Included within Regeneration (City Deal) is a budget of £6.918m for the Llanelli Area Review. This budget will be used in conjunction with the £82k allocated in previous years. Thereby the total budget for this scheme still stands at £7.0m and will form part of the council's contribution to the Wellmess village.
- 5.15. Also included within the Regeneration (City Deal) is a budget of £16.470m for Llanelli Leisure Centre. This budget will be used in conjunction with the £30k allocated in previous years. Thereby the total budget for this scheme still stands at £16.5m and will form part of the council's contribution to the Wellmess village.
- 5.16. The Capital Programme includes the proposed expenditure on the 2 Capital City Deal Projects. This expenditure, whilst being incurred by the Authority will be repaid to the Authority over a 15 year period by Welsh Government. The structure of the City Deal projects is that WG expects the Authority deliver the projects and raise the funding through borrowing which will then be repaid by grant over the next 15 years. The projects or the Authority will need to accommodate the interest payments on this borrowing. The 2 Capital projects the Authority will deliver are the Wellness Village at £40m with current forecasted expenditure being profiled £20m for 2019/20, £19.6m for 2020/21 and £0.4m for 21/22., and Yr Egin at £5m being profiled £3m for 2019/20 and £2m for 2020/21.

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 assessed 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

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<u>Expenditure</u>					
Community Services	8,814	2,600	2,550	2,100	2,000
Environment	11,690	10,456	13,865	7,215	4,310
Education & Children	36,376	27,820	16,518	10,543	2,705
Chief Executive	1,060	250	900	0	0
Regeneration	48,363	35,100	6,058	4,500	4,500
Total Expenditure	106,303	76,226	39,891	24,358	13,515
<u>Grants and Contributions</u>					
External Funding	47,599	48,560	17,925	10,860	3,200
Net Expenditure Funded by CCC	58,704	27,666	21,966	13,498	10,315
<u>CCC Funding</u>					
Supported Borrowing	5,863	5,863	5,863	5,863	5,863
Unsupported Borrowing	5,000	500	0	0	0
General Capital Grant	3,574	3,574	3,574	3,574	3,574
General Capital Grant (3 year allocation of £6m)	4,800	1,200	0	0	0
Capital Receipts	7,130	1,500	1,500	0	0
Capital Reserves	23,701	8,313	49	81	628
Additional Borrowing – MEP	4,987	0	0	0	0
Prudential Borrowing - Fleet Replacement	549	366	6,380	1,980	0
MEP Reserve/DRF	0	5,750	4,000	2,000	250
Joint Venture Funding Llanelli Leisure Centre	2,500	0	0	0	0
Direct Revenue Funding	600	600	600	0	0
Overall Net Position : Surplus (+) / Deficit (-)	0	0	0	0	0

- 7.1. To summarise the overall position, the capital programme is funded for the 5 years from 2019/20 to 2023/24.
- 7.2. The total cost of the programme is £260m of which £132m is to be funded by the County Council and £128m is funded from external grants and contributions.
- 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.