

REPORT OF DIRECTOR OF CORPORATE SERVICES

POLICY & RESOURCES SCRUTINY COMMITTEE

6th JANUARY 2016

FIVE YEAR CAPITAL PROGRAMME – 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21

(Copy of the report to Executive Board on 04/01/16)

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1. INTRODUCTION

- 1.1. The report provides members with an initial view of the 5 year Capital Programme 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21.
- 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 2016.

2. BACKGROUND

- 2.1. Members will recall that the Authority last year agreed a 5 year capital programme 2015 to 2020 which was approved at County Council on 24th February 2015.
- 2.2. When the capital programme was approved it was fully funded by the end of the 5 years but showed a shortfall in two of the intervening years, 2017/18 and 2018/19. The programme was therefore approved on the basis that the budgets for these two years be reviewed or reprofiled in order to address the funding shortfalls.
- 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 2020/21 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 Executive Board has recently adopted the Corporate Strategy for 2015-2020 setting out the Authority's strategic priorities and aspirations and its overarching themes and core values.
- 3.2. The Corporate Strategy and subsequent Business Plans are key to being able to develop the Medium Term Financial Plan and the vision for Carmarthenshire.
- 3.3. The proposed capital programme is £221m 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	75
Housing	11
Leisure	25
Regeneration	34
Environment	47

4. FUNDING

- 4.1. The provisional settlement that has recently been received from the WG indicates capital funding of £9.406m for the Authority in 2016-17. This is made up of Supported Borrowing of £5.848m and General Capital Grant of £3.558m. This means a small increase in funding of £36k or 0.4% compared to the current financial year 2015-16. This increase is the same when compared to the indicative figure assumed in the forecast funding for 2016-17 as approved by County Council in February 2015. 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. As a consequence of the settlement the Outcome Agreement Grant (OAG) has been transferred into the Revenue Support Grant (RSG) and is therefore no longer linked to performance. This means that the funding is now secured within the RSG but there is an impact on the capital programme as it will not be available for the last three years of the programme 2018/19, 2019/20 and 2020/21. Funding of £1.328m per year is still included for 2016/17 and 2017/18 under the previous OAG regime.

- 4.3. The level of capital receipts funding included within the programme has been revised in line with latest estimates. General capital receipts of £13.585m are forecast over the 5 year period together with earmarked Education receipts from the sale of school buildings at £677k. The level of receipts is continually monitored during the year and may require future capital programmes to be adjusted if there is a shortfall.
- 4.4. Earmarked reserves were approved as part of last year's report and were included as funding for the current capital programme. Additional funding of some £20.375m has now been identified and allocated within the new proposed programme, which allows the inclusion of the new strategic projects that have been submitted by Departments. In total some £33.865m of reserve funding is included over the five years of the programme as set out in this report.
- 4.5. 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 2016/17 TO 2020/21

- 5.1. When the capital programme was approved it was fully funded by the end of the 5 years but showed a shortfall in two of the intervening years, 2017/18 and 2018/19. The programme has since been reviewed and new proposals have been submitted by Departments.
- 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 addition to the existing programme is the Llanelli Leisure Centre Development with an estimated cost of £16.5m. Part of the funding could potentially be met from within the Llanelli Waterside Joint Venture (subject to Welsh Government agreement and sale of certain development sites).
- 5.4. Other new projects in Communities include the track resurfacing and safety fencing at the Carmarthen Park Velodrome £286k (16/17) and the dredging of Burry Port Harbour £400k (16/17). A new Cycle Track at Pembrey Country Park £500k (16/17) is also included, together with the Carmarthen Archive Relocation £2m (17/18).
- 5.5. There has also been a reprofiling of the Social Care Llanelli Area Review project which previously showed a budget of £7m in 2016/17. The latest

forecast is a spend of £1.5m in 2016/17 with a slippage of £5.5m to 2017/18.

- 5.6. In 2020/21 within Private Sector Housing, funding is provided for Disabled Facility Grants £2m and Emergency Repairs Assistance £200k, while in Leisure the Rights of Way Improvement Programme is allocated £50k.

Environment

- 5.7. In the Environment programme a new project is included in 2016/17 for the Pantyglynn Retaining Wall and Culvert £500k. Urgent works are required due to the poor condition of the wall and culvert.
- 5.8. A number of new proposals for the 2020/21 year have been included. Some of these are a continuation of existing rolling programmes of work such as Highway Improvements/ Bridge Maintenance £500k, Coastal Defence £300k and Road Safety Improvement £250k.
- 5.9. There is also further funding allocated in 2020/21 to existing projects such as the Cross Hands Economic Link Road Phase 2 with £300k CCC funding and the Tywi Valley Transport Corridor Concept £500k CCC funding.

Education and Children

- 5.10. In the Education and Children capital programme the MEP includes the final elements of the Dinefwr transformation and the Band A 21st Century Schools improvement programme. The programme has been reprofiled to reflect updated costs and the phasing of work. A new scheme has also been included for the proposed school in Carmarthen West £7.5m (18/19 to 20/21) which is funded by Welsh Government grant and Developer contributions.
- 5.11. Further funding has also been allocated in 2020/21 for the next stage of the 21st Century Schools improvement programme. The Band B projects have been allocated County Council funding of £5m and it has been assumed that WG will provide 50% as is the case with Band A, although this is yet to be confirmed.
- 5.12. In 2020/21 a new scheme has been included for the upgrade of dormitory/bathrooms and school facilities at the Rhydygors school site in Carmarthen £500k.

Chief Executive and Corporate Services

- 5.13. In the Chief Executive and Corporate Services programme, which now includes Economic Development, new proposals have been included in earlier years including the redevelopment of the Glanamman Industrial Estate £1m (16/17), the Rural Enterprise Fund £2m CCC (16/17 and 17/18) for the development of new and existing commercial buildings and the Transformation Commercial Property Development Fund £3m CCC (16/17 and 17/18) for the acquisition and development of key strategic buildings.

5.14. Additional funding has also been included in 2016/17 for the existing Cross Hands East employment site £1.1m, Llanelli Market renewal works £300k and East Gate fit-out £114k.

5.15. Funding has also been allocated in 2020/21 for the continuation of ongoing schemes such as IT Strategy Developments £250k, Capitalised Maintenance £3m and the Transformation Strategy Project Fund £1.5m.

6. SUMMARY

The table below shows an overall summary of the expenditure and its funding both by County Council and externally.

Capital Programme Summary

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<u>Expenditure</u>					
Community Services	8,786	19,050	10,800	2,300	2,300
Environment	14,851	10,641	7,720	8,680	5,985
Education & Children	18,856	24,273	12,748	3,911	15,000
Chief Executive and Corporate Services	16,969	15,055	8,025	7,750	7,750
Total Expenditure	59,462	69,019	39,293	22,641	31,035
<u>Funding</u>					
External Funding	19,836	26,292	19,081	9,475	16,275
Net Expenditure Funded by CCC	39,626	42,727	20,212	13,166	14,760
<u>CCC Funding</u>					
Supported Borrowing	5,848	5,848	5,848	5,848	5,848
Unsupported Borrowing	0	4,500	0	0	0
General Capital Grant	3,558	3,558	3,558	3,558	3,558
Capital Receipts	4,509	2,538	3,076	1,962	1,500
Capital Reserves	11,307	13,446	3,047	0	817
Outcome Agreement Grant	1,328	1,328	0	0	0
Additional Borrowing - MEP	0	886	2,183	1,868	0
Prudential Borrowing - Fleet Replacement	3,689	2,521	0	0	0
Prudential Borrowing – 21 st Century Schools	5,600	2,311	0	0	0
MEP Revenue Contribution/Cap Receipts	1,971	3,791	0	163	0
Joint Venture Funding Llanelli Leisure Centre	0	2,000	2,500	0	0
Carmarthen West New Road	1,816	0	0	0	0
Funding Carried Forward	0	0	0	-233	233
Overall Net Position - Surplus (+)/Deficit (-)	0	0	0	0	-2,804

- 6.1. To summarise the overall position, the capital programme is funded for the first 4 years from 2016/17 to 2019/20. There is currently a shortfall of £2.804m in the final year of the programme 2020/21.
- 6.2. The total cost of the programme is £221.450m which is funded by the County Council £127.687m and External Funding £90.959m, leaving the shortfall of £2.804m..
- 6.3. The full detail of the proposed capital programme for the five year period 2016/17 to 2020/21 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.