

### REPORT OF DIRECTOR OF CORPORATE SERVICES

EXECUTIVE BOARD 1<sup>st</sup> FEBRUARY 2016

### FIVE YEAR CAPITAL PROGRAMME (COUNCIL FUND)

2016/17 TO 2020/21

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#### 1. INTRODUCTION

- 1.1. Executive Board on the 4th January 2016 considered and endorsed the Five Year Capital Programme 2016/17 to 2020/21 report for consultation purposes.
- 1.2. This report updates members on the latest position taking account of the consultation results and aims to establish the Authority's Five Year Capital Programme.
- 1.3. The Authority is required to approve a rolling capital programme each year as part of the budget process. This facilitates forward planning, is consistent with the requirements of the Prudential Code in terms of financial planning and funding, and assists officers in bidding for external funding.
- 1.4. The Executive Board needs to consider the detailed proposals within the report and approve the recommendations in accordance with Council policy.

#### 2. CONSULTATION

- 2.1. The Budget Strategy has been subject to a full consultation exercise since the initial report was presented to Executive Board on the 16<sup>th</sup> November 2015, and comprehensive feedback is detailed within the Revenue Budget report which is being presented to the same meeting.
- 2.2. The detailed Capital Programme (Appendix B) has been presented to the Policy and Resources Scrutiny Committee on the 6<sup>th</sup> January 2016 to seek its views on the 5 year proposals. The minutes of the meeting are attached in Appendix A for review.

## Appendix A

- 2.3. The Capital Programme has also been presented to an all members seminar on the 18<sup>th</sup> January 2016. Minutes of the meeting to follow when finalised.

### 3. FUNDING

- 3.1. The final settlement has not yet been confirmed but the provisional settlement indicated 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.
- 3.2. 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.
- 3.3. 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.
- 3.4. 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.
- 3.5. 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 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.

## Appendix A

### 4. CAPITAL PROGRAMME 2016/17 TO 2020/21

- 4.1. When the capital programme was approved for consultation purposes by Executive Board it was fully funded for the first 4 years from 2016/17 through to 2019/20 but there was a funding shortfall of £2.804m for the final year 2020/21. Following the consultation period the shortfall remains as before and it is proposed that the programme in 2020/21 be reviewed or re-profiled over the coming year.
- 4.2. The capital programme has not changed overall since the consultation exercise and the following paragraphs summarise the outcome of the review carried out previously.

#### **Community Services**

- 4.3. 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).
- 4.4. 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 (£250k 16/17, £1.750m 17/18).
- 4.5. 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.
- 4.6. 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**

- 4.7. In the Environment programme a new project is included in 2016/17 for the Pantyglyn Retaining Wall and Culvert £500k. Urgent works are required due to the poor condition of the wall and culvert.
- 4.8. 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.
- 4.9. 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**

## Appendix A

- 4.10. In the Education and Children capital programme the MEP includes the final elements of the Dinefwr transformation and the Band A 21<sup>st</sup> 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.
- 4.11. Further funding has also been allocated in 2020/21 for the next stage of the 21<sup>st</sup> 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.
- 4.12. 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 Executives and Corporate Services

- 4.13. 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.
- 4.14. 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.
- 4.15. 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.

## 5. 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	2017/18	2018/19	2019/20	2020/21
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## Appendix A

	£'000	£'000	£'000	£'000	£'000
<b><u>Expenditure</u></b>					
Community Services	7,286	19,800	10,800	2,300	2,300
Environment	18,595	9,946	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
<b>Total Expenditure</b>	<b>61,706</b>	<b>69,074</b>	<b>39,293</b>	<b>22,641</b>	<b>31,035</b>
<b><u>Funding</u></b>					
External Funding	18,336	27,042	19,081	9,475	16,275
<b>Net Expenditure Funded by CCC</b>	<b>43,370</b>	<b>42,032</b>	<b>20,212</b>	<b>13,166</b>	<b>14,760</b>
<b><u>CCC Funding</u></b>					
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	7,433	1,826	0	0	0
Prudential Borrowing – 21 <sup>st</sup> 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
<b>Overall Net Position - Surplus (+)/Deficit (-)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,804</b>

## 6. REVENUE IMPLICATIONS

- 6.1. 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.

## 7. CONCLUSION

- 7.1. The capital programme for the years 2016/17 through to 2019/20 as presented in this report is fully funded. There is a shortfall of £2.804k in the final year of the programme 2020/21.
- 7.2. Over the five years the total cost of the capital programme is £223.749m. County Council funding of £130.736m has been identified together with External Funding of £90.209m which leaves a shortfall of £2.804m. The

## Appendix A

final proposed 5 Year Capital Programme for 2016/17 to 2020/21 is attached in Appendix B.

### 8. RECOMMENDATIONS

#### 8.1. That Executive Board approve and recommend to County Council:

- 8.1.1. The Five Year Capital Programme and funding as detailed in Appendix B, with 2016/17 being a hard budget and 2017/18 to 2020/21 soft/indicative budgets.
- 8.1.2. That the 2020/21 budget be reviewed over the coming year in order to address the funding shortfall.
- 8.1.3. That the programme be reviewed, as is usual, if anticipated External or County Council funding does not materialise.
- 8.1.4. That the Director of Corporate Services will advise and recommend to County Council on 10<sup>th</sup> March 2016 of any impact and consequential action required from the Final Settlement which is due to be published by Welsh Government on 2<sup>nd</sup> March 2016 and debated on 9<sup>th</sup> March 2016.