

Neath Port Talbot County Borough Council

CABINET

2nd FEBRUARY 2016

Report of the Head of Financial Services – Dave Rees

Matter for decision

Wards Affected:

All

Capital Programme 2016/17-2018/19

Purpose of report

1. The purpose of this report is to set out the capital programme for 2016/17 to 2018/19.
2. **Updated Capital Programme for 2015/16**

The original capital programme totalled £66.821m, the updated programme for 2015/16 currently stands at £66.729m, with the major variations being:

- Projects and funding carried forward from 2014/15 totalling £1.789m. The major project affected by this relates to the re-profiled payments for the Aberavon Leisure and Fitness Centre amounting to circa £1.1m
- Additional grant funding received during the financial year relating to PDR land compensation claims (£0.649m) and recycling collection vehicles (£0.804m).
- Expenditure in relation to the Neath Town Centre re-development incurred sooner than profiled i.e. in 2014/15 as opposed to 2015/16.

The 2015/16 Programme includes the following significant achievements:

- Progressing with the building of Ysgol Bae Baglan, the £40.7m '3-16' new build school at Western Avenue, Baglan Bay.

- Construction and re-modelling works at the existing Ysgol Gyfun Ystalyfera Comprehensive School site.
- To complete the construction of a replacement leisure facility at Aberafan Seafront.
- Completion of the first phase of the re-development of Neath Town Centre which includes the construction of a new multi storey car park and the first 23,000 square feet of retail space.

3. **2016/17 Welsh Government All Wales Capital Settlement**

Due to the close proximity of the UK Government's spending review announcement to the release of the local government settlement, additional information regarding the total capital allocation will be made available as part of the final local government settlement. The Council will be seeking to maximise its capital programme investment from such additional/match funding opportunities.

4. **General Capital Funding**

The provisional settlement provides details of the amount of general capital funding to be distributed to local authorities. The Welsh Government has kept this funding at the same level as 2015/16 i.e. £142.837m on an all Wales basis.

Neath Port Talbot's share of this funding has increased from £7.032m to £7.058m with £2.670m paid as a capital grant and the remaining £4.388m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.

The settlement includes no forward forecast for general capital funding therefore it is proposed that for planning purposes an estimate of £7m is used for future years capital programmes.

The following table sets out the amount of funding available to the Council to distribute to capital projects. In addition to the funding provided by the WG there is also an assumption included as to the amount of money which will be made available as a result of the sale of council assets (capital receipts).

The Council has also built into its revenue budget funding to support £2m per annum of prudential borrowing recognising the importance of continued capital investment within the County Borough.

Projected Capital Programme Funding

	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
WG Funding	7,032	7,058	7,000	7,000
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
Total	10,332	10,358	10,300	10,300

The following table sets out the distribution of the above mentioned funding to each service area:

Members will note from the table below that from 2016/17 the amount of funding retained as a contingency has been reduced and replaced by increased investment in Education, Leisure and Highways.

Base Budget Allocations

Service	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000
Education	950	1,200	1,100	1,100
Leisure	75	150	150	150
Highways and Engineering	1,500	1,775	1,625	1,625
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration Studies	275	275	275	275
Regeneration	2,000	2,000	2,000	2,000
Disability Access	150	150	150	150
Health & Safety	850	850	850	850
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Contingency	1,132	558	750	750
Sub – Total	10,332	10,358	10,300	10,300

The Base Budget Allocations to Education, Leisure, Pavilions and Social Services provide important investment to maintain buildings infrastructure including roofs, heating, lighting etc. The investment

in Highways and Neighbourhood improvements will enhance transport, bridges and other structures. The largest budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes. £30m has been invested by the Council over the past 10 years with a further £9m being made available for the next 3 years.

A contingency sum of £750k is provided in 2017/18 and 2018/19. The distribution of this sum will be reviewed as part of setting the 2017/18 Capital Programme.

5. **Additional Capital Funding**

In addition to the funding provided by WG the Council's capital programme is supplemented by projects funded from other sources which include:

- Prudential Borrowing
The Council only enters into prudential borrowing arrangements when it can demonstrate that it is prudent, sustainable and affordable to do so. In order to minimise the revenue costs associated with prudential borrowing the Council will look to first utilise other available sources of funding i.e. capital receipts
- Specific Grants
Funding provided for specific projects by various organisations such as European Funding, Welsh Government Departmental Budgets, Heritage Lottery fund etc. As is the nature of this type of funding there is less availability and certainty for the latter years of the Capital Programme.
- Other sources
Various other smaller sources including specific reserves, private sector investment etc.

The following paragraphs detail some of the initiatives funded from 2016/17 onwards:

Strategic School Improvement Programme (SSIP)

Provision has been made for the continued investment in the ongoing SSIP with projects being included as and when they have reached the stage of being formerly approved.

The Authority continues to actively engage with the Welsh Government's 21st Century Schools five case business case process in relation to accessing funding for future developments of its SSIP. The current proposal is that there will be investment of approximately £100m into the School estate between 2014 and 2020 with the Welsh Government providing £46.5m of the funding and the balance being funded predominantly by the Council through prudential borrowing arrangements.

The current programme includes £40.711m of funding to build 'Ysgol Bae Baglan' a new "all through" 3-16 Comprehensive School at Western Avenue Baglan Bay. This school will accommodate 1,100 mainstream secondary age pupils, 300 mainstream primary age pupils and a specialist learning support centre for 100 pupils and will open in September 2016.

Also included in the programme is provision of £17.5m which will be used to fund new build construction and remodelling works at the existing Ysgol Gyfun Ystalyfera site. This project will create a 21st Century 3-18 Welsh Medium School which will incorporate the current Ysgol Gynradd Gymraeg y Wern and Ysgol Gyfun Ystalyfera.

Members should note that investment in the "Band A" Projects within the £100m available will be added to the Programme in future years as and when Full Business Case and Funding are approved.

County Borough Regeneration

The Authority has completed the first phase of the regeneration of Neath Town Centre with the opening of the new Multi Storey Car Park and 'Wilko' retail unit.

Significant progress is being made in delivering the Vibrant and Viable Places programme in Port Talbot. This programme will see the Council receive £9m of funding from the Welsh Government with c£25m in total being invested in the area which includes

substantial investment from the private and third sectors. The programme will transform the living and working environment of Port Talbot town centre which will include 140 new homes, 2,000 square metres of additional commercial space and environmental improvements to more than 350 residential properties

In addition to the regeneration of Neath and Port Talbot projects are being delivered in the rest of the County Borough including many Valley communities.

Street Lighting

The programme includes the continuation into the final stage of the large scale public lighting infrastructure project. Included within this programme is additional investment of £800k for new energy efficient LED lamps which will last 20 years.

Major Bridge Strengthening

The Council is investing c£2.4m in major bridge strengthening work on the Bont Fawr Aqueduct in Pontrhydyfen, on the A474 river bridge which leads to and from Neath Town Centre and the Alltwen Hill Bridge from Alltwen to Pontardawe.

6. 2016-2019 Project Detail

The detailed schedule of projects to be delivered between 2016 and 2019 is included in Appendix 1 of this report. Members will note the investment of £41m in 2016/17 and whilst the proposed programme identifies some £72m over the next 3 years the final total for investment will be in excess of £100m.

Financial Impact

7. All financial impacts are detailed within the body of the report.

Equality impact assessment

8. There is no requirement for an equality impact assessment for this report.

Workforce impacts

9. The capital funding meets the cost of a number of posts across the Council.

Legal impacts

10. There are no legal impacts arising from this report.

Risk management

11. Many of the works included in the capital programme alleviate/mitigate risks faced by the Council. The capital programme is seen as an important part of the Council's risk management processes.

Consultation

12. There is no requirement under the Constitution for external consultation on this item.

Recommendations

13. It is recommended that Members commend to Council the approval of:
 - The Capital Programme for 2016/17 to 2018/19 as detailed in Appendix 1 to this report.
 - That the Programme be kept under review and updated over the coming year.

Reasons for proposed decisions

14. To approve the Authority's Capital Programme in line with the Constitution.

Implementation of decision

15. The decision is proposed for implementation after the three day call in period.

Appendices

16. Capital Programme 2016/17 to 2018/19.

List of background papers

17. Local Government Settlement 2016/17
Capital Programme Working Papers

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Appendix 1

Capital Programme - 2016/17 to 2018/19															
	Original 2015/16			Revised 2015/16			Original 2016/17			Original 2017/18			Original 2018/19		
	Funded by			Funded by			Funded by			Funded by			Funded by		
	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External	Budget	NPT	External
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service															
Education, Leisure and Lifelong Learning	36,318	26,859	9,459	35,375	25,844	9,531	18,480	12,366	6,114	7,086	5,406	1,680	1,467	1,467	0
Environment	24,601	15,748	8,853	24,778	14,922	9,856	16,784	12,590	4,194	8,134	8,134	0	5,150	5,150	0
Social Services, Health and Housing	4,770	3,850	920	5,552	3,186	2,366	4,169	3,249	920	3,150	3,150	0	3,150	3,150	0
Corporate Services				650	650		640	640		640	640		640	640	
Margam Crematorium				14	14										
Contingency	1,132	1,132		360	360		558	558		750	750		750	750	
Total	66,821	47,589	19,232	66,729	44,976	21,753	40,631	29,403	11,228	19,760	18,080	1,680	11,157	11,157	0
Funded by															
WG - General Capital Grant	2,660	2,660		2,660	2,660		2,670	2,670		2,670	2,670		2,670	2,670	
WG - Supported Borrowing	4,372	4,372		4,372	4,372		4,388	4,388		4,330	4,330		4,330	4,330	
Capital Receipts	3,400	3,400		3,700	3,700		1,300	1,300		1,300	1,300		1,300	1,300	
Prudential Borrowing	36,074	36,074		32,052	32,052		19,449	19,449		8,081	8,081		2,857	2,857	
Specific Reserves / Unapplied Grant	1,083	1,083		2,102	2,102		1,596	1,596		1,699	1,699				
Direct Revenue Funding				90	90										
External Grants and Private Investment	19,232		19,232	21,753		21,753	11,228		11,228	1,680		1,680			
Total	66,821	47,589	19,232	66,729	44,976	21,753	40,631	29,403	11,228	19,760	18,080	1,680	11,157	11,157	0

Capital Programme - 2016/17 to 2018/19

	Original 2015/16			Revised 2015/16			Original 2016/17			Original 2017/18			Original 2018/19			Project Total £'000
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000	
<u>Education, Leisure and Lifelong Learning</u>																
Capital Maintenance	950	950		1,044	1,044		1,200	1,200		1,100	1,100		1,100	1,100		
Strategic School Improvement																
Ysgol Newydd Bae Baglan	24,000	15,016	8,984	22,020	13,036	8,984	10,014	5,000	5,014	1,339	1,339					40,711
Ystalyfera 3-18 Welsh Medium	5,900	5,425	475	4,971	4,496	475	6,344	5,244	1,100	4,497	2,817	1,680	217	217		17,500
YGG Gwaun Cae Gurwen - New Kitchen				98	98											493
Transportation Improvements				152	152											
Flying Start				72		72										
Leisure Investment	75	75		93	93		150	150		150	150		150	150		
Aberafan Seafront Leisure Facility	5,393	5,393		6,600	6,600		500	500								13,626
Aberafan Seafront Leisure Facility - additional furniture and fittings				275	275											
Margam Park camping and caravan site				50	50		272	272								
Total	36,318	26,859	9,459	35,375	25,844	9,531	18,480	12,366	6,114	7,086	5,406	1,680	1,467	1,467	0	

Capital Programme - 2016/17 to 2018/19

	Original 2015/16			Revised 2015/16			Original 2016/17			Original 2017/18			Original 2018/19			Project Total £'000
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000	
Regeneration										2,275	2,275		2,275	2,275		
Regeneration including Vibrant, Viable Places	11,128	2,275	8,853													
Valleys Regeneration Programme				180	115	65	50	50								
Port Talbot Regeneration Programme including Vibrant, Viable Places				5,170	320	4,850	5,580	1,386	4,194							
Neath Regeneration Programme including Multi Storey Car Park and Retail Unit	4,600	4,600		2,869	2,869		1,600	1,600								
Convergence Programme including NPT Regeneration				1,442	753	689										
Other regeneration projects				434	283	151	60	60								
Total	24,601	15,748	8,853	24,778	14,922	9,856	16,784	12,590	4,194	8,134	8,134	0	5,150	5,150	0	

Capital Programme - 2016/17 to 2018/19

	Original 2015/16			Revised 2015/16			Original 2016/17			Original 2017/18			Original 2018/19			Project Total £'000
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000	
Social Services, Health and Housing																
Capital Maintenance	150	150		108	108		150	150		150	150		150	150		
Social Services Contingency	700	700														
Adults Respite Centre				70	70											
Min yr Afon - Demolition & Landscaping							99	99								
Disabled Facilities Grants	3,000	3,000		3,000	3,000		3,000	3,000		3,000	3,000		3,000	3,000		
Housing Renewal Area	920		920	920		920	920		920							
Ty Maes Marchog - retention				55	8	47										
Arbed - Eco energy efficiency improvements				1,399		1,399										
Total	4,770	3,850	920	5,552	3,186	2,366	4,169	3,249	920	3,150	3,150	0	3,150	3,150	0	

Capital Programme - 2016/17 to 2018/19

	Original 2015/16			Revised 2015/16			Original 2016/17			Original 2017/18			Original 2018/19			Project Total £'000
	Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		Budget £'000	Funded by		
		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000		NPT £'000	External £'000	
Other																
Corporate Services - IT / Vehicles asset financing				650	650		640	640		640	640		640	640		
Margam Crematorium - Cremator replacement retention				14	14											
Contingency	1,132	1,132		360	360		558	558		750	750		750	750		
Grand Total	66,821	47,589	19,232	66,729	44,976	21,753	40,631	29,403	11,228	19,760	18,080	1,680	11,157	11,157	0	0