

# **Neath Port Talbot County Borough Council**

## **CABINET**

**31 JANUARY 2017**

### **REPORT OF THE HEAD OF FINANCIAL SERVICES**

**DAVE REES**

#### **MATTER FOR DECISION**

**WARDS AFFECTED: ALL**

#### **CAPITAL PROGRAMME 2017/18 TO 2019/20**

#### **Purpose of report**

1. The purpose of this report is to set out the capital programme for 2017/18 to 2019/20.

#### **Background**

#### **2. Updated Capital Programme for 2016/17**

The original capital programme totalled £40.631m, the updated programme for 2016/17 currently stands at £55.093m, with the major variations being:

- Projects and funding carried forward from 2015/16 totalling £3.844m. The major areas affected are the Regeneration Programme £0.575m, the Major Bridge Strengthening Projects £0.543m and the Health and Safety Programme £0.507m.
- Additional grant approvals from the Welsh Government as detailed below:
  - Vibrant and Viable Places (additional allocation) - £3.056m which includes a £2.8m contribution towards the cost of converting Aberafan House into 41 social housing units
  - Local Transport Fund £2.044m
  - Transport Grant £0.652m
  - Safe Routes in Communities and Road Safety Grant £0.7m
  - Recycling Vehicles and Containers £0.689m

### 3. 2017/18 Welsh Government All Wales Capital Settlement

The total Capital Settlement on an all Wales basis has fallen by £5.7m or 1.3% to £433m. The un-hypothecated element of the Capital Settlement for All Wales has remained static at £142.837m.

### 4. General Capital Funding

Neath Port Talbot's share of this funding has increased by £70k from £7.061m to £7.131m with £2.698m paid as a capital grant and the remaining £4.433m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges.

The Welsh Government's budget contains a four year forward estimate for general capital funding with the quantum being maintained at the current level of £142.837m. It is proposed that we plan on the basis that Neath Port Talbot's share of the quantum will remain at the current level.

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

	<b>2016/17 (Final) £'000</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/10 £'000</b>
WG Funding	7,061	7,131	7,131	7,131
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
<b>Total</b>	<b>10,361</b>	<b>10,431</b>	<b>10,431</b>	<b>10,431</b>

The table below sets out the distribution of the above mentioned funding to service areas:

## Budget Allocations

Service	2016/17 (Final)	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Education	1,200	1,100	1,100	1,100
Leisure	150	150	150	150
Highways and Engineering Maintenance	1,775	1,625	1,625	1,500
Additional Engineering Projects		500	495	645
Neighbourhood Improvements	150	150	150	150
Pavilions	100	100	100	100
Regeneration	2,275	2,275	2,275	2,275
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	561	381	386	361
<b>Sub – Total</b>	<b>10,361</b>	<b>10,431</b>	<b>10,431</b>	<b>10,431</b>

The budget Allocations to Education, Leisure 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 allocation for additional engineering projects includes further major bridge strengthening, retaining wall protection and landslip safety work.

The largest budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes. Over £30m has been invested by the Council in the last ten years with a further £9m being made available for the next 3 years.

It is anticipated that the remaining contingency budget for 2016/17 may not be required and will then be available to supplement next year's contingency budget.

## 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 from various sources 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.

## 6. **Major Investment Initiatives**

The following paragraphs detail some of the major investment initiatives being delivered across the County Borough.

### **Strategic School Improvement Programme (SSIP)**

The 2017-2020 Programme will see the completion of Band A of the Councils 21<sup>st</sup> Century Strategic School Improvement Programme. The programme will have delivered approximately £126m of investment into the School estate between 2014 and 2020 with the Welsh Government providing £61m of the funding and the balance being funded by the Council.

September 2016 saw the opening of the new £40m Ysgol Bae Baglan a new "all through" 3-16 Comprehensive School at Western Avenue Baglan Bay. The school accommodates 1,100 mainstream secondary age pupils, 300 mainstream primary age pupils and a

specialist learning support centre for 100 pupils. The School has been selected by Microsoft as a 2016/17 Microsoft Showcase School for their excellence in transforming its learning environment to deliver more personalised education to students.

The Programme also includes ongoing investment into the £17.5m transformation of the current Ysgol Gyfun Ystalyfera site. This project will create a 21<sup>st</sup> Century 3-18 Welsh Medium School which will incorporate the current Ysgol Gynradd Gymraeg y Wern and Ysgol Gyfun Ystalyfera

Also included is the £7.6m new primary school in Briton Ferry, 'Ysgol Newydd Briton Ferry', on the site of the former Cwrt Sart Comprehensive School. The project will see three primary schools (Brynhyfryd, Llansawel and Ynysmaerdy) with significant surplus capacity and backlog maintenance issues close and be replaced by a new 21st Century school.

The final two projects to be delivered are the construction of a new Welsh Medium Secondary School in the South of the County with a budget of £17.5m and £31m for a new Comprehensive School in Margam to replace the Lower and Upper sites of Dyffryn Comprehensive as well as Groes Primary School.

### **County Borough Regeneration**

The Authority has completed the first phase of the regeneration of Neath Town Centre and work is ongoing to deliver the next phase including the demolition of the former Multi Storey Car Park.

The programme includes circa £8m of funding for this phase which will include the construction of 8 units providing 37,000 square foot of retail space. Project details are currently being developed.

Significant progress is being made in delivering the Vibrant and Viable Places programme in Port Talbot. This programme will see the Council receive £12m of funding over three years 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, including some of those listed below, 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 which will have seen c£22m invested in energy efficient lighting across the County Borough.

### **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 Alltwn Hill Bridge from Alltwn to Pontardawe.

Also included in the programme is a further £1m to strengthen the A474 Vale of Neath Bridge between the A465 Saltings roundabout and the Neath Abbey Court Herbert roundabout

### **Integrated Transport Hub**

The Council has been successful in securing European and Welsh Government funding to invest in an Integrated Transport Hub at the lower end of Station Road, Port Talbot. The Hub will improve access to employment on strategic sites and integrate public transport connecting bus and rail services and will improve public transport's viability as a realistic alternative for commuting.

## **7. Impact of future developments and schemes**

The capital programme as outlined in this report reflects known planned expenditure and financing. It is clear however that there are significant potential developments which are currently under consideration which may have a significant effect on the Council's capital programme and capital expenditure during the period covered by this report. These will include:-

- Schemes which are currently in a bid stage where the overall level of expenditure and projected Council contribution is not yet confirmed. Such bids would include initial bids in respect of Band B of the 21<sup>st</sup> Century Schools and regeneration programmes

- Schemes which are being developed or considered as part of any future City Deal programme

The capital programme is updated and approved as part of the quarterly budget monitoring process and any additional commitment approved by Council will be incorporated as approved.

## **8. Summary**

The Council places great emphasis on the importance of capital investment as a means of regenerating our Communities and providing modern and safe buildings and infrastructure. Capital investment does not only lead to improved facilities and services but creates jobs and economic benefits for the citizens of Neath Port Talbot.

Members will note that in these austere times the Council is still able to invest £59m in 2017/18 and a total of over £105m over the next three years. These totals are likely to be even greater as Officers continue to seek and maximise further external funding opportunities. Details of the individual projects being delivered can be found in Appendix 1 of this report.

## **9. Financial Impact**

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

## **10. Equality Impact Assessment**

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

## **11. Workforce Impacts**

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

## **12. Legal Impacts**

There are no legal impacts arising from this report.

### **13. Risk Management**

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. There are significant risks which may require a future revision of the three year capital programme. In particular due to:-

- Urgent capital maintenance requirements
- Additional costs arising from any additions to the capital programme
- Capital financing charges arising from additional unsupported borrowing which cannot be met from existing revenue budgets
- A reduction in the availability of external grants to supplement the Council's own funding of the capital programme

### **14. Consultation**

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

### **15. Recommendations**

It is recommended that Members commend to Council the approval of:

- The Capital Programme for 2017/18 to 2019/20 as detailed in Appendix 1 to this report.
- That the Programme be kept under review and updated over the coming year.

### **16. Reasons for proposed decision**

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

### **17. Implementation of decision**

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



18. **Appendices**

Capital Programme 2017/18 to 2019/20.

19. **List of background papers**

Local Government Settlement 2017/18  
Capital Programme Working Papers

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## Appendix 1

<b>Capital Programme - 2017/18 to 2019/20</b>															
	<b>Original 2016/17</b>			<b>Revised 2016/17</b>			<b>Original 2017/18</b>			<b>Original 2018/19</b>			<b>Original 2019/20</b>		
	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
<b>Service</b>															
Education, Leisure and Lifelong Learning	18,480	12,366	6,114	22,268	14,615	7,653	42,210	17,655	24,555	18,467	9,699	8,768	2,050	2,050	0
Environment	16,784	12,590	4,194	25,684	13,948	11,736	12,892	10,353	2,539	9,980	9,980	0	8,789	8,789	0
Social Services, Health and Housing	4,169	3,249	920	6,004	3,253	2,751	3,150	3,150	0	3,150	3,150	0	3,150	3,150	0
Corporate Services	640	640	0	672	672	0	640	640		640	640		640	640	
Contingency	558	558		465	465		381	381		386	386		361	361	
<b>Total</b>	<b>40,631</b>	<b>29,403</b>	<b>11,228</b>	<b>55,093</b>	<b>32,953</b>	<b>22,140</b>	<b>59,273</b>	<b>32,179</b>	<b>27,094</b>	<b>32,623</b>	<b>23,855</b>	<b>8,768</b>	<b>14,990</b>	<b>14,990</b>	<b>0</b>
<b>Funded by</b>															
WG - General Capital Grant	2,670	2,670		2,671	2,671		2,698	2,698		2,698	2,698		2,698	2,698	
WG - Supported Borrowing	4,388	4,388		4,390	4,390		4,433	4,433		4,433	4,433		4,433	4,433	
Capital Receipts	1,300	1,300		1,300	1,300		1,300	1,300		1,300	1,300		1,300	1,300	
Prudential Borrowing	19,449	19,449		20,429	20,429		22,027	22,027		12,961	12,961		4,559	4,559	
Specific Reserves / Revenue	1,596	1,596		4,163	4,163		1,721	1,721		2,463	2,463		2,000	2,000	
External Grants and Private Investment	11,228		11,228	22,140		22,140	27,094		27,094	8,768		8,768	0		0
<b>Total</b>	<b>40,631</b>	<b>29,403</b>	<b>11,228</b>	<b>55,093</b>	<b>32,953</b>	<b>22,140</b>	<b>59,273</b>	<b>32,179</b>	<b>27,094</b>	<b>32,623</b>	<b>23,855</b>	<b>8,768</b>	<b>14,990</b>	<b>14,990</b>	<b>0</b>

**Capital Programme - 2017/18 to 2019/20**

	Original 2016/17			Revised 2016/17			Original 2017/18			Original 2018/19			Original 2019/20			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	1,200	1,200		1,283	1,283		1,100	1,100		1,100	1,100		1,100	1,100		
Special Educational Needs Nurture Centre				50	50											
Remodelling Works - Tirmorfa Primary School Site				47	47											
<b>Strategic School Improvement</b>																
Ysgol Bae Baglan	10,014	5,000	5,014	10,675	5,661	5,014	1,339	1,339								40,711
Ysgol Gyfun Ystalyfera Remodelling	6,344	5,244	1,100	6,432	5,332	1,100	4,497	2,817	1,680	217	217					17,500
Ysgol Newydd Briton Ferry				250	250		5,210	1,835	3,375	2,000	2,000		100	100		7,559
Ysgol Newydd Margam				1,480	1,480		19,418	6,418	13,000	10,000	3,919	6,081	450	450		31,348
Welsh Medium School - South Campus				1,600	100	1,500	10,196	3,696	6,500	5,000	2,313	2,687	250	250		17,046
YGGD Gwaun Cae Gurwen - Kitchen				11	11											
Ysgol Bae Baglan - Cleaning Equipment				25	25											
Flying Start				39		39										
Leisure Investment	150	150		200	200		150	150		150	150		150	150		
Aberafan Seafront Leisure Facility	500	500		162	162											13,626
Margam Park camping and caravan site	272	272		14	14		300	300								
<b>Total</b>	<b>18,480</b>	<b>12,366</b>	<b>6,114</b>	<b>22,268</b>	<b>14,615</b>	<b>7,653</b>	<b>42,210</b>	<b>17,655</b>	<b>24,555</b>	<b>18,467</b>	<b>9,699</b>	<b>8,768</b>	<b>2,050</b>	<b>2,050</b>	<b>0</b>	



**Capital Programme - 2017/18 to 2019/20**

	Original 2016/17			Revised 2016/17			Original 2017/18			Original 2018/19			Original 2019/20			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	
Neighbourhood Improvements	150	150		150	150		150	150		150	150		150	150		
Pavilions	100	100		267	267		100	100		100	100		100	100		
Disability Access	150	150		412	412		150	150		150	150		150	150		
Health and Safety	850	850		1,357	1,357		850	850		850	850		850	850		
Street Lighting	3,592	3,592		3,705	3,705		1,650	1,650								22,400
Vehicle Replacement Programme	1,497	1,497		2,147	2,147		1,596	1,596		1,463	1,463		1,119	1,119		
Recycling collection vehicles				689		689										
Caegarw Gypsy site extension				67	67											
Coastal Risk Management				213		213										
Gnoll Park - Bottom Pond				80	80											
Lodge Drive/Fairwood Drive - Car Park Improvement Works				57	57											
Pentwyn Culvert				10	10											
Pant Teg - Remediation Works							150	150		145	145		145	145		

**Capital Programme - 2017/18 to 2019/20**

	Original 2016/17			Revised 2016/17			Original 2017/18			Original 2018/19			Original 2019/20			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	
<b>Regeneration</b>										1,147	1,147		2,275	2,275		
Valleys Regeneration Programme	50	50		51	51											
Port Talbot Regeneration Programme including Vibrant, Viable Places (VVP)	5,580	1,386	4,194	5,471	1,269	4,202	532	532								
Contribution towards Aberafan House Refurbishment (VVP)				2,850		2,850										
Neath Town Centre Regeneration	1,600	1,600		545	545		2,000	2,000		4,000	4,000		2,000	2,000		
Other regeneration projects	60	60		61	61											
<b>Total</b>	<b>16,784</b>	<b>12,590</b>	<b>4,194</b>	<b>25,684</b>	<b>13,948</b>	<b>11,736</b>	<b>12,892</b>	<b>10,353</b>	<b>2,539</b>	<b>9,980</b>	<b>9,980</b>	<b>0</b>	<b>8,789</b>	<b>8,789</b>	<b>0</b>	

**Capital Programme - 2017/18 to 2019/20**

	Original 2016/17			Revised 2016/17			Original 2017/18			Original 2018/19			Original 2019/20			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	
<b>Social Services, Health and Housing</b>																
Capital Maintenance	150	150		224	224		150	150		150	150		150	150		
Min yr Afon - Demolition & Landscaping	99	99														
Intermediate Care Fund				719		719										
Disabled Facilities Grants	3,000	3,000		3,029	3,029		3,000	3,000		3,000	3,000		3,000	3,000		
Housing Renewal Area	920		920	920		920										
Housing Energy Efficiency Projects				935		935										
ENABLE - Independent Living Adaptations				177		177										
<b>Total</b>	<b>4,169</b>	<b>3,249</b>	<b>920</b>	<b>6,004</b>	<b>3,253</b>	<b>2,751</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>	<b>3,150</b>	<b>3,150</b>	<b>0</b>	

**Capital Programme - 2017/18 to 2019/20**

	Original 2016/17			Revised 2016/17			Original 2017/18			Original 2018/19			Original 2019/20			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	
<b>Other</b>																
Corporate Services - IT / Vehicles asset financing	640	640		640	640		640	640		640	640		640	640		
Replacement CCTV Equipment				32	32											
Contingency	558	558		465	465		381	381		386	386		361	361		
<b>Grand Total</b>	<b>40,631</b>	<b>29,403</b>	<b>11,228</b>	<b>55,093</b>	<b>32,953</b>	<b>22,140</b>	<b>59,273</b>	<b>32,179</b>	<b>27,094</b>	<b>32,623</b>	<b>23,855</b>	<b>8,768</b>	<b>14,990</b>	<b>14,990</b>	<b>0</b>	