

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

13th FEBRUARY 2019

REPORT OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

HYWEL JENKINS

MATTER FOR DECISION

WARDS AFFECTED: ALL

CAPITAL PROGRAMME 2019/20 TO 2021/22

Purpose of report

- 1 The purpose of this report is to set out the capital programme for 2019/20 to 2021/22.

Updated Capital Programme for 2018/19

- 2 The original capital programme totalled £43.608m, the updated programme for 2018/19 currently stands at £44.821m with the major variations having been reported to Cabinet and Council as part of the ongoing budget monitoring arrangements.

Welsh Government Capital Settlement

- 3 The Welsh Government have announced as part of the Final Local Government Settlement a substantial increase in un-hypothecated capital funding (referred to as General Capital Funding or GCF). On an all Wales basis this equates to an additional £50m for this financial year (2018/19); an additional £30m for 2019/20 and a further £20m for 2020/21.

- 4 Details of the original and revised funding totals including the additional amounts for this Council are shown in the following table:

	All Wales Capital Total £m	All Wales GCF £m	NPT GCF Base Allocation £m	NPT GCF Additional £m
2018/19 Original	493.946	142.837	7.125	
2018/19 Adjusted	537.899	192.837	7.125	2.494
2019/20 Final	542.867	172.837	7.215	1.516
2020/21 Estimate	532.867	162.837	7.215	1.000
Total Additional				5.010

- 5 In relation to the additional funding for 2018/19 this does not have any time limitations, it does not need to be spent by 31st March 2019 and will therefore be spent over the next two years.

Neath Port Talbot – General Capital Funding

- 6 The Council's share of the additional amount of General Capital Funding for 2018/19 is estimated to be £2.5m, it is proposed that this amount is carried forward to be spent in 2019/20 and 2020/21.
- 7 The amount of funding included in the 2019/20 settlement is £8.731m with £4.245m paid as a capital grant and the remaining £4.486m treated as supported borrowing with an allowance included in the revenue settlement to pay for the debt charges. This includes an additional £1.516m when compared to the Provisional Settlement announced in October 2018.
- 8 In addition to the funding provided by the WG the Council also assumes the use of £1.3m per annum to underpin the Capital Programme which will be made available as a result of the sale of council assets (capital receipts).

9 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.

10 The following table sets out the amount of funding available to the Council to distribute to capital projects.

Projected Capital Programme Funding for NPT Capital Programme

	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
WG Base Funding	7,125	7,215	7,215	7,215
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
Total Base Funding	10,425	10,515	10,515	10,515
WG Additional Funding		2,630	2,380	
Grand Total	10,425	13,145	12,895	10,515

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

Budget Allocations

Service	2018/19 £'000	2019/20 £'000	2020/21 '000	2021/22 £'000
Education	1,100	1,100	1,100	1,100
Leisure	150	150	150	150
Highways and Engineering Maintenance	1,625	1,625	1,625	1,625
Additional Engineering Projects	495	500		
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

Service	2018/19 £'000	2019/20 £'000	2020/21 '000	2021/22 £'000
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Contingency	380	465	965	965
Additional Projects (See Below)		2,630	2,380	
Total	10,425	13,145	12,895	10,515

12 The current 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 maintain transport, bridges and other structures.

13 The largest single budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes with some £70m being invested by the Council in the last fifteen years.

Additional Welsh Government Funding

14 The Welsh Government has provided additional capital funding of £5.010m as set out earlier in this report. It is proposed to utilise this funding as follows:

15 It is proposed to allocate £4m evenly split over two areas:

- £2m allocated to deliver Council priorities, in particular relating to Cabinet's response to the findings of the Valleys Task and Finish Group, Tourism Strategy and Town Centres. Particular emphasis will be placed on utilising this funding as leverage for drawing in additional grant funding.
- £2m to deal with some of the Council's most urgent maintenance and improvement issues.

16 Details of individual project proposals are as follows:

17 Projects - £2m Allocation

- Cefn Coed Valleys Landscape Park - £250k
Valleys Regional Park (VRP) is considering Cefn Coed Colliery Museum as one of its new Discovery Gateways. The announcement has been made with a view for the Welsh Government to work with the Council to develop the site. A master planning exercise is currently being undertaken for the proposals. This allocation will be used lever in additional funding to deliver Phase 1 development on site.
- Employment Space - £500k
The Authority is looking to expand the offer of start-up business space in the valley communities.
- Community Self Build Housing – £150k
The Council is seeking to provide opportunities for self-build housing schemes across the County Borough but, particularly within valley communities, to increase the variety of housing available and to assist with improving economic activity in the area.
- Neath Strategic Hub - £250k
An action plan of projects has been developed for Neath under the Valleys Strategic Hub initiative. The additional allocation will facilitate the development and delivery of these projects and help bring forward the programme. Match funding will be sought from the Welsh Government and partners to maximise the impact of the additional funding.
- Pontardawe, Resolven, Glynneath, Afan Forest Park and Gnoll Country Park - £150k
This allocation will fund/match fund the delivery of prioritised Destination Management Plan Projects including; Resolven Canal Car Park development (to include refurbished toilets and a café for which £128,000 Visit Wales funding has already been secured). Brown signage destination schemes for Pontardawe and Glynneath, and ongoing investment in visitor infrastructure in Afan Forest Park. This budget will also provide some additional investment to improve the offer at the Gnoll Country Park.

- Aberafan Seafront Aquasplash - £350k
The Authority is looking to replace the existing Aquasplash at Aberafan Seafront in order to provide an upgraded facility at this extremely popular visitor attraction.
- Town Centres - £290k
This fund will be utilised to provide match funding to Town Centre Projects and deliver transformational activities to protect and enhance three town centres.
- Bus Shelter Renewal Programme - £60k.

18 Maintenance and Improvement Works £2m

- Structures and Council owned Tips - £500k
The Council has a number of structures and tips under its ownership which require investment to ensure they remain safe. A number of the highest priorities will be dealt with through this funding allocation.
- Additional Maintenance and Improvements - £1.5m
A schedule of the most urgent projects will be delivered including investment in schools, leisure facilities and other properties.

Information Technology and Agile Working - £500k

- 19 The Council's new agile working arrangements are due to be rolled out over the next two years. Investment in infrastructure and new technology will facilitate this roll out and help deliver the benefits of these arrangements including dealing with the relocation of social care and making other staff groups more mobile.

Contingency - £510k

- 20 It is proposed to ring-fence £510k of this additional funding as a contingency, for unforeseen works and additional projects identified over the two years.

Roads and Highways

- 21 The Council has been allocated £748k per annum of additional funding from the Public Highways Refurbishment grant over the two years to March 2020 which will be invested to improve our roads.

Additional Capital Funding

22 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 such as 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. The Final Settlement includes a £40m (all Wales) specific capital grant for Public Highways Refurbishment. The Council's allocation is £748k for 2018/19 and 2019/20 with the 2018/19 allocation being carried forward to 2019/20.
- Other sources
Various other smaller sources including specific reserves, private sector investment etc.

Major Investment Initiatives

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

21st Century Schools

24 During 2018/19 the Council completed the first phase (Band A) of its 21st Century Schools Investment programme. This programme has seen c£123m invested in school modernisation and new buildings which will provide 21st Century Education for thousands of learners.

25 The Council is currently progressing with the second phase of 21st Century Schools investment known as Band B, this phase will see a further c£67m invested in new schools. The proposals are currently subject to the Welsh Government's business case scrutiny process

and as each business case is approved projects will be added to the Capital Programme. To date the only element of the Band B proposals included in the Programme is £1m in relation to the development of the replacement Comprehensive School at Cefn Saeson in Neath.

Welsh Medium Education

- 26 The Council has been successful in obtaining grant funding of £3.4m to improve facilities for Welsh Medium education over 3 years. At Ysgol Gynradd Gymraeg Pontardawe £1.6m is to be invested to provide three extra classrooms and additional child care spaces. Ysgol Gynradd Gymraeg Tyler Ynn will benefit from a £1.1m investment to provide two extra classrooms and childcare facilities. Also, Ysgol Gynradd Gymraeg Cwmllynfell will see £0.7m invested to provide one additional classroom and an improved childcare offer.

27 Childcare Offer Funding

The Council has been awarded £3.795m to facilitate and support the delivery of additional childcare facilities across the County Borough. Facilities will be developed at seven schools (YGG Castell Nedd, YGG Blaendulais, Abbey Primary, Baglan Primary, Blaen Baglan Primary, Rhos Primary and Wauncierch Primary). Included within the £3.795m allocation is £0.510m to provide grants to other smaller childcare providers to undertake minor Capital adaptations.

County Borough Regeneration

- 28 The Council continues to invest significantly in regeneration projects across the County Borough. The next phase of the re-development of Neath Town Centre has commenced with highway modification works underway. The re-development will provide a new shopping complex with space for up to eight medium to larger units on the site of the former multi storey car park.
- 29 Also included in the programme is the purchase and redevelopment of the property formerly known as Crown Foods, Carnaud Metal Box. This proposal will deliver significant investment and job creation within the County Borough. This project is being developed as a Strategic Hub for the Valleys and is benefiting from £3.5m of Welsh Government Funding.

- 30 Successful grant applications have allowed regeneration projects to progress across the County Borough including, amongst other, the redevelopment of the former Plaza Cinema and Harbourside infrastructure projects in Port Talbot and the provision of 43 additional off street car parking spaces at Pontneddfechan waterfalls.

Impact of future developments and schemes

- 31 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. Other investments and projects such as those arising from the City Deal will also be considered when further information becomes available. There will be a requirement in future years to make specific financial provision in the Council's Revenue Budget and Capital Programme to fund such investments.
- 32 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.

Summary

- 33 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.
- 34 Members will note that in these austere times the Council will invest c£45m in 2019/20 and when additional external funding from 21st Century Schools and other sources are included it is projected that the total investment over the next three years will be over £120m. Details of the individual projects being delivered can be found in Appendix 1 of this report.

Financial Impact

- 35 All financial impacts are detailed within the body of the report. Additional revenue and capital funding provision will need to be built into future years' budgets once project confirmation and external grant funding are confirmed.

Integrated Impact Assessment

- 36 There is no requirement for an integrated impact assessment for this report.

Workforce Impacts

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

Legal Impacts

There are no legal impacts arising from this report.

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 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

Consultation

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

Recommendations

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

- The Capital Programme for 2019/20 to 2021/22 as detailed in Appendix 1 to this report.
- That the Programme be kept under review and updated over the coming year.

Reasons for proposed decision

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

Implementation of decision

The decision is proposed for implementation after consideration and approval by Council

Appendices

Capital Programme 2019/20 to 2021/22.

List of background papers

Local Government Settlement 2019/20
Capital Programme Working Papers

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Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	Budget £'000	Funded by NPT £'000	External £'000	Budget £'000	Funded by NPT £'000	External £'000	Budget £'000	Funded by NPT £'000	External £'000	Budget £'000	Funded by NPT £'000	External £'000	Budget £'000	Funded by NPT £'000	External £'000
Service															
Education, Leisure and Lifelong Learning	21,326	12,430	8,896	23,836	14,699	9,137	6,751	3,310	3,441	6,615	2,000	4,615	2,200	1,250	950
Environment Social Services, Health and Housing	17,898	14,556	3,342	16,205	11,036	5,169	32,484	17,622	14,862	16,638	9,151	7,487	6,962	5,603	1,359
Corporate Services	3,364	3,364		3,982	3,376	606	4,026	3,375	651	4,026	3,375	651	3,150	3,150	
Contingency	640	640		520	520		890	890		890	890		640	640	
	380	380		278	278		665	665		1,275	1,275		965	965	
Total	43,608	31,370	12,238	44,821	29,909	14,912	44,816	25,862	18,954	29,444	16,691	12,753	13,917	11,608	2,309
Funded by															
WG - General Capital Funding	7,125	7,125		7,125	7,125		9,845	9,845		9,595	9,595		7,215	7,215	
Capital Receipts	2,069	2,069		1,069	1,069		4,800	4,800		1,300	1,300		1,300	1,300	
Prudential Borrowing	19,467	19,467		17,058	17,058		9,873	9,873		5,571	5,571		3,093	3,093	
Specific Reserves / Revenue	2,709	2,709		4,657	4,657		1,344	1,344		225	225				
External Grants and Private Investment	12,238		12,238	14,912		14,912	18,954		18,954	12,753		12,753	2,309		2,309
Total	43,608	31,370	12,238	44,821	29,909	14,912	44,816	25,862	18,954	29,444	16,691	12,753	13,917	11,608	2,309

Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	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	1,100	1,100		1,220	1,220		1,100	1,100		1,100	1,100		1,100	1,100	
Additional Special Needs Provision	150	150		126	126										
<u>21st Century Schools - Band A</u>															
Ysgol Bae Baglan															
Ysgol Gymraeg Ystalyfera (North Campus)	217	217		930	930										
Ysgol Carreg Hir	2,000	2,000		3,396	3,396		100	100							
Ysgol Cwm Brombil	12,549	6,468	6,081	12,598	6,517	6,081	450	450							
Ysgol Gymraeg Bro Dur (South Campus)	5,000	2,313	2,687	4,772	2,085	2,687	250	250							
<u>21st Century Schools - Band B</u>															
Cefn Saeson Comprehensive - New Build							1,000	350	650						
<u>Welsh Medium Provision</u>															
<u>Classrooms and Childcare</u>															
YGG Pontardawe				20		20	780		780	820		820			
YGG Tyler'Ynn							20		20	570		570	550		550

Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000
Neath Multi Storey Car Park - External Works				70	70										
6 Station Road, Port Talbot - Re-roofing				31	31										
Highways Signage				64	64										
Pontardawe and Neath Paving Repairs				143	143										
Craig y Fan Terrace, Cymmer - Retaining Wall				14	14										
<u>Flood and Coastal Risk Projects</u>															
Design Work															
Match Funding Commitment	1,300	1,300													
Aberafan Promenade				118	57	61	3,220	805	2,415	2,019	505	1,514			
Briton Ferry Dock							396	99	297	1,800	450	1,350	1,812	453	1,359
Neighbourhood Improvements	150	150		150	150		150	150		150	150		150	150	
Pavilions	100	100		100	100		100	100		100	100		100	100	
Disability Access	150	150		150	150		150	150		150	150		150	150	
Health and Safety	850	850		850	850		850	850		850	850		850	850	
Street Lighting				422	422										
Vehicle Replacement Programme	1,463	1,463		1,660	1,660		1,119	1,119							

Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000	£'000	NPT £'000	External £'000
Cefn Coed Valleys Landscape Park							125	125		125	125				
Employment and Business Start Up Space							250	250		250	250				
Community Self Build Housing							75	75		75	75				
Neath Strategic Hub							125	125		125	125				
Destination Management Plan Match Funding and Gnoll Country Park							75	75		75	75				
Aberafan Seafront Aquasplash Upgrade							325	325		25	25				
Town Centre Transformation - Match Funding							145	145		145	145				
Bus Shelter Renewal Programme							60	60							
Maintenance - Structures and Council Owned Tips							250	250		250	250				

Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by		Budget	Funded by	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Margam Park - Turbine House				200	163	37	77	62	15						
8 Wind Street Neath - Conversion to offices							757	442	315						
Commercial Property Grant							300	150	150	150	75	75			
Property Enhancement Grant							770		770	1,205		1,205			
Other regeneration projects				513	218	295	1,582	1,107	475	710	325	385			
Total	17,898	14,556	3,342	16,205	11,036	5,169	32,484	17,622	14,862	16,638	9,151	7,487	6,962	5,603	1,359
Social Services, Health and Housing															
Capital Maintenance	364	364		375	325	50	150	150		150	150		150	150	
Disabled Facilities Grants	3,000	3,000		3,000	3,000		3,000	3,000		3,000	3,000		3,000	3,000	
Housing Energy Efficiency & Warm Homes Projects				257	51	206	876	225	651	876	225	651			
<u>Integrated Care Fund (ICF) Projects</u>															
Rapid Adaptations Grant				350		350									
Total	3,364	3,364	0	3,982	3,376	606	4,026	3,375	651	4,026	3,375	651	3,150	3,150	0

Capital Programme 2019/20 to 2021/22

	Original 2018/19			Revised 2018/19			Original 2019/20			Original 2020/21			Original 2021/22		
	Budget £'000	Funded by NPT External £'000 £'000		Budget £'000	Funded by NPT External £'000 £'000		Budget £'000	Funded by NPT External £'000 £'000		Budget £'000	Funded by NPT External £'000 £'000		Budget £'000	Funded by NPT External £'000 £'000	
Other Services															
Schools and Vehicle Fleet - Asset Financing	640	640		350	350		640	640		640	640		640	640	
Port Talbot Civic Accommodation Works				50	50										
Neath County Court Improvements				120	120										
Information Technology and Agile Working							250	250		250	250				
Contingency	380	380		278	278		665	665		1,275	1,275		965	965	
Grand Total	43,608	31,370	12,238	44,821	29,909	14,912	44,816	25,862	18,954	29,444	16,691	12,753	13,917	11,608	2,309