

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET

20th FEBRUARY 2018

REPORT OF THE HEAD OF FINANCIAL SERVICES

DAVE REES

MATTER FOR DECISION

WARDS AFFECTED: ALL

CAPITAL PROGRAMME 2018/19 TO 2020/21

Purpose of report

1. The purpose of this report is to set out the capital programme for 2018/19 to 2020/21.

Background

2. Updated Capital Programme for 2017/18

The original capital programme totalled £59.273m, the updated programme for 2017/18 currently stands at £75.513m with the major variations being:

- A budget increase of £10m which represents the capital contribution required as a result of the re-negotiated residential care contract with Pobl Group/Gwalia.
- A grant award of £617k from the Welsh Government's Local Transport Network Fund (LTNF) which will enable the continuation of bus corridor improvements.
- Re-profiled expenditure in relation to the Vehicle Renewals fund programme resulting in an increase in expenditure of £817k this financial year.

- Additional grant funding towards Energy Efficiency Works (477k), Rapid Adaptation and Independent Living Grants (£260k and £177k).
- The Welsh Government has recently announced a new specific grant for Highways improvements. Of the £1.129m made available for this Council £360k will be invested this year to improve Fabian Way with the balance of £769k made next year in 2018-19.

3. **2018/19 Welsh Government All Wales Capital Settlement**

The total Capital Settlement on an all Wales basis has increased by £49m to £413.492m. 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 reduced by £6k from £7.131m to £7.125m with £2.695m paid as a capital grant and the remaining £4.430m 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 three 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

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
WG Funding	7,131	7,125	7,125	7,125
Capital Receipts	1,300	1,300	1,300	1,300
Prudential Borrowing	2,000	2,000	2,000	2,000
Total	10,431	10,425	10,425	10,425

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

Budget Allocations

Service	2017/18 £'000	2018/19 £'000	2019/20 Indicative £'000	2020/21 Indicative £'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	500	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
Social Services	150	150	150	150
Disabled Facilities Grants	3,000	3,000	3,000	3,000
Contingency	381	380	375	875
Sub – Total	10,431	10,425	10,425	10,425

Members should note that for 2019/20 and 2020/21 the allocations to service areas are indicative only and subject to confirmation each year.

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 enhance transport, bridges and other structures. The allocation for additional engineering projects includes major bridge strengthening and landslip safety work.

The largest budget continues to be Disabled Facilities Grants to enable people to live independently in their own homes with over £50m being invested by the Council in the last fifteen years.

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 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.
- 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)

This Capital Programme will see the completion of Band A of the Council's 21st Century Strategic School Improvement Programme. The programme will have delivered approximately £123m of investment into the School estate between 2014 and 2019 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 was judged the UK's 'Building Project of the Year' at the 2017 Constructing Excellence Awards having already been awarded the title of 'Best Educational Building' at the grand finals of the 2017 Local Authority Building Control (LABC) Building Excellence Awards. Earlier in the year it also won the prestigious Gold Medal for Architecture at the National Eisteddfod of Wales 2017.

The programme also includes the following major investments which will help the Council deliver on its aspiration to deliver 21st Century Education:

- Construction of a new 3-16 School in Margam to replace the Lower and Upper sites of Dyffryn Comprehensive as well as Groes Primary School (Ysgol Newydd Margam) with a budget of £30m.
- Continuation of the construction and re-modelling works at the Welsh Medium 3-18 North Campus site in Ystalyfera (Ysgol Gymraeg Ystalyfera). Also, commencement of the new Welsh Medium 11-16 South Campus (Ysgol Gymraeg Bro Dur) on the site of the former Sandfields Comprehensive School.
- Construction of a £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.

County Borough Regeneration

The Authority has completed the first phase of the regeneration of Neath Town Centre. The next phase will include the construction

of 8 retail units providing 37,000 square foot of retail space. Project details are currently being developed.

The regeneration of Port Talbot town centre continues with the refurbishment of Aberafan House and the re-development of the former Glanafan School site. Investment which is being delivered by Social Housing providers facilitated by the Council's ability to draw down funding from the Welsh Government's Viable and Vibrant Places (VVP) programme.

The Council has been successful with a funding application to the Welsh European Funding Office (WEFO) to progress with the development of the Harbourside area of Port Talbot. The total project cost is £5.3m of which £3.5m will be funded through European Grant with the match funding coming from existing resources earmarked within the regeneration programme.

The development will include the construction of a road transport network and establish new employment sites to act as a catalyst for economic and physical regeneration in the former industrial area.

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.

Major Bridge Strengthening

The Council is continuing to invest in major bridge strengthening work. The programme includes the completion of work to Alltwn Hill Bridge from Alltwn to Pontardawe. Also included is £1m to strengthen the A474 Vale of Neath Bridge between the A465 Saltings roundabout and the Neath Abbey Court Herbert roundabout

Highways Infrastructure Investment

The Welsh Government has allocated the Council £1.129m late in 2017/18 for investment in Highways Infrastructure. The grant conditions allow the Council to displace its own funding in the current year as long as the funding is then invested in Highway projects during 2018/19. Of this £1.129m it is projected that £0.360m will be spent on refurbishing Fabian Way in 2017/18 with the balance invested in other projects in 2018/19. This has been reflected in the programme appended to this report.

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 including schemes being developed as part of the City Deal programme, 21st Century Schools and landslips in particular. 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

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 will invest £44m in 2018/19 and when additional external funding from 21st Century Schools, City Deal, European and other sources are included it is projected that the total investment over the next three years will be circa £120m+. 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. Additional revenue and capital funding provision will need to be built into future years' budgets once project confirmation and external grant funding are confirmed.

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 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 2018/19 to 2020/21 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 immediate implementation.

18. Appendices

Capital Programme 2018/19 to 2020/21.

19. List of background papers

Local Government Settlement 2018/19
Capital Programme Working Papers

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Appendix 1

Capital Programme - 2018/19 to 2020/21															
	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21		
	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	42,210	17,655	24,555	39,750	14,982	24,768	21,326	12,430	8,896	2,050	2,050		1,250	1,250	
Environment	12,892	10,353	2,539	20,406	13,262	7,144	17,898	14,556	3,342	7,364	7,364		5,600	5,600	
Social Services, Health and Housing	3,150	3,150		14,141	13,213	928	3,364	3,364		3,150	3,150		3,150	3,150	
Corporate Services	640	640		760	760		640	640		640	640		640	640	
Contingency	381	381		456	456		380	380		375	375		875	875	
Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0
Funded by															
WG - General Capital Grant	2,698	2,698		2,698	2,698		2,695	2,695		2,695	2,695		2,695	2,695	
WG - Supported Borrowing	4,433	4,433		4,433	4,433		4,430	4,430		4,430	4,430		4,430	4,430	
Capital Receipts	1,300	1,300		531	531		2,069	2,069		1,300	1,300		1,300	1,300	
Prudential Borrowing	22,027	22,027		36,898	30,871	6,027	19,467	19,467		2,035	2,035		3,090	3,090	
Specific Reserves / Revenue	1,721	1,721		4,140	4,140		2,709	2,709		3,119	3,119				
External Grants and Private Investment	27,094		27,094	26,813		26,813	12,238		12,238	0		0			
Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			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	1,100	1,100		1,083	1,083		1,100	1,100		1,100	1,100		1,100	1,100		
Strategic School Improvement																
Ysgol Bae Baglan	1,339	1,339		1	1											
Ysgol Gymraeg Ystalyfera (Welsh Medium North Campus)	4,497	2,817	1,680	4,025	2,345	1,680	217	217								18,053
Ysgol Newydd Briton Ferry	5,210	1,835	3,375	5,385	2,010	3,375	2,000	2,000		100	100					7,559
Ysgol Newydd Margam	19,418	6,418	13,000	16,000	3,000	13,000	12,549	6,468	6,081	450	450					30,414
Ysgol Gymraeg Bro Dur (Welsh Medium South Campus)	10,196	3,696	6,500	12,439	5,939	6,500	5,000	2,313	2,687	250	250					19,400
Ysgol Bae Baglan - Cleaning Equipment				5	5											
Additional Special Needs Provision				150	150		150	150								
Childcare Facilities - Gnoll Primary and Cymmer Afan Primary (Flying Start Funded)				213		213										
Leisure Investment	150	150		150	150		150	150		150	150		150	150		
Margam Park Drainage Works	300	300		299	299											
Margam Park All Weather Car Parking Spaces							160	32	128							
Total	42,210	17,655	24,555	39,750	14,982	24,768	21,326	12,430	8,896	2,050	2,050	0	1,250	1,250	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			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>Environment</u>																
Highways and Engineering Maintenance	1,625	1,625		2,098	1,211	887	1,625	1,625		1,625	1,625		1,625	1,625		
Highways Infrastructure Investment				360		360	769	769								
PDR Land compensation claims				500		500										
Safe Routes / Road Safety Grant				832		832										
Bus Routes and Cycle Ways				847		847										
Integrated Transport Hub	2,539		2,539	2,539	200	2,339										5,316
Transport Corridor Improvements				617		617										
<u>Major Bridge Strengthening</u>																
Bont Fawr Aqueduct				242	242											650
Alltwn Hill	715	715		864	864											900
A474 Vale of Neath Bridge	200	200		53	53		350	350		500	500					1,050
Bryn Road - Embankment Failure Retaining edge protection - Afan Valley	360	360		300	300											
Cwmafafan Road Retaining Wall	200	200		200	200											
Craig y Fan Terrace - Retaining Wall	75	75		75	75											
Tawe Terrace Refurbishment				47	47											
Gnoll Lower Dam				22	22											
Victoria Gardens Neath - Repairs				50	50											
Pontneddfechan Waterfall - Off road parking				134	40	94										
<u>Flood and Coastal Risk Projects</u>																
Design Work				211	31	180										
Match Funding Commitment							1,300	1,300		450	450		450	450		

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			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		205	205		150	150		150	150		150	150		
Pavilions	100	100		199	199		100	100		100	100		100	100		
Disability Access	150	150		251	251		150	150		150	150		150	150		
Health and Safety	850	850		1,080	1,080		850	850		850	850		850	850		
Street Lighting	1,650	1,650		1,851	1,851											
Vehicle Replacement Programme	1,596	1,596		2,413	2,413		1,463	1,463		1,119	1,119					
Recycling collection vehicles				106		106										
Panteg - Remediation Works	150	150		190	190		145	145		145	145					
Baglan Innovation Centre - Roofing Works				129	129											
Regeneration																
Neath Town Centre Redevelopment	2,000	2,000		100	100		5,900	5,900		2,000	2,000					8,000
Harbourside Strategic Employment Sites				199	71	128	5,096	1,754	3,342							5,323
Former Crown Foods Site Acquisition				2,050	2,050											
Other Regeneration Projects	532	532		1,593	1,339	254				275	275		2,275	2,275		
Total	12,892	10,353	2,539	20,406	13,262	7,144	17,898	14,556	3,342	7,364	7,364	0	5,600	5,600	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			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		150	150		364	364		150	150		150	150		
Residential Care Home Contribution				10,000	10,000											
Disabled Facilities Grants	3,000	3,000		3,063	3,063		3,000	3,000		3,000	3,000		3,000	3,000		
Housing Energy Efficiency Projects				477		477										
ENABLE - Support for Independent Living [WG funded]				177		177										
<u>Integrated Care Fund (ICF) Projects</u>																
Rapid Adaptations Grant				260		260										
Assistive Technology Kits				14		14										
Total	3,150	3,150	0	14,141	13,213	928	3,364	3,364	0	3,150	3,150	0	3,150	3,150	0	

Capital Programme - 2018/19 to 2020/21

	Original 2017/18			Revised 2017/18			Original 2018/19			Original 2019/20			Original 2020/21			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																
Schools and Vehicle Fleet - Asset Financing	640	640		640	640		640	640		640	640		640	640		
CCTV Replacement				75	75											
Port Talbot Civic Accommodation Works				45	45											
Contingency	381	381		456	456		380	380		375	375		875	875		
Grand Total	59,273	32,179	27,094	75,513	42,673	32,840	43,608	31,370	12,238	13,579	13,579	0	11,515	11,515	0	