

# GWYNEDD COUNCIL CABINET



## Report to a meeting of the Cabinet

<b>Date of meeting:</b>	16 February 2021
<b>Cabinet Member</b>	Councillor Ioan Thomas, Cabinet Member – Finance
<b>Contact Officer:</b>	Dilwyn Williams, Chief Executive
<b>Title of Item:</b>	The Council's Capital Strategy

### Decision sought

That the Cabinet finances the funding gap for Canolfan Dolfeurig (£600,000);

That the Cabinet finances the funding gap for the former Llanrug school house site (£150,000) and recoups the majority of the initial investment by selling the house and part of the land for affordable housing to local people and to make improvements to the primary school;

That a further £2m is provided to commence work on constructing industrial units in the county.

That the Council waits to see what the outcome of the discussions held with Welsh Government regarding Barmouth Promenade will be, before considering any further allocations in the Asset Plan.

### Background

1. At its meeting on 7 March 2019, the Council adopted an Asset Plan for the ten year period up to 2028/29.
2. A full copy of the adopted Plan can be seen by following the link below.  
<https://cyngorgwynedd.sharepoint.com/:b:/s/Allanol/EZx40oN50r5NnOlhTdP5mSEB7yn0jFlv0D4tkOH3WFMcMQ>
3. The Plan anticipated the resources we would have for the 10 years to come (£72m) and from all the plans proposed by the departments, prioritised those plans that we could achieve, considering the resource that was likely to be available.
4. Obviously, as a result of that prioritisation process, it was not possible to include a number of plans, and it was also acknowledged that plans would arise during the 10 year period that was not known to us at the time of preparing the plan.

5. Therefore, the Plan needed to be live and flexible.
6. The resources situation has changed somewhat since the plan was approved and there is a need to consider what modifications are therefore needed to the Plan.

### **Additional needs**

7. We were aware at the time of preparing the plan that schemes would arise during the ten-year period that could not be anticipated and £0.5m per year was reserved in order to address those requirements.
8. The presumption of placing such a small sum in reserve was that these would be minor schemes and larger sums would have to be coped with by considering those individual schemes and how to fund them.
9. Over the past two years 2019/20 and 2020/21, the Council has addressed the needs that have arisen.
10. Similar schemes have been included for 2021/22, and these can be seen in the Head of Finance Department's budget report.
11. However, there are other more substantial schemes that need to be considered as follows.
12. **Canolfan Dolfeurig, Dolgellau** - When this scheme was first considered, a request was made for £1.2m to establish a building that would replace the current centre in Dolgellau, which is in a dire condition and completely unsuitable for providing opportunities for people with learning disabilities. However, after doing more thorough work, it appears that constructing a building with the modern resources one would expect that such a facility would cost closer to £1.8m. Therefore, there is a funding gap of **£600,000**. The choice is to provide a resource that is short of what should be built for £1.2m or to provide an appropriate resource at a cost of £1.8m.
13. **Industrial Units** - The demand for industrial units across the county has become more apparent over the year with businesses on a waiting list for units. However, when the Asset Plan was originally drawn up, no bid was submitted for a resource to build more units to meet that demand. The North Wales Growth Deal will ensure that the strategic sites are addressed, but there is also a need for smaller units to meet local demand.

Late last year, the Government provided us with a grant for £925,000 to promote the economy and this grant can be used to provide between 4 and 5 units. On the basis that a unit costs approximately £200,000 each (excluding land costs), the Cabinet is invited to consider whether it wishes to add to this amount.

14. **Barmouth Promenade** - it was originally anticipated that £1.6m would need to be spent on the restoration of the north promenade in Barmouth as a result of damage caused to it some years ago. The Council would be required to identify 15% of this resource and £312,000 was included in the Asset Plan. However, by now, as a result of doing much more detailed work, it appears that the cost of restoring the North Promenade is likely to be between £16 and £22.5m, which means that the Council could need to find **£3.375m** as a contribution if it is going to be able to complete the work.
15. **Land near Ysgol Llanrug** - At its meeting on 3 October 2017, the Cabinet agreed to purchase a piece of land near Ysgol Gynradd Llanrug, in case it may be required for educational purposes in the future. This was an opportunity that could not be missed, should anything need to be done about the primary school in the future, but there were no plans or resources at the time to do so, therefore, the resource was "borrowed" from the Council's resources so that it could be purchased. By now, only an element of the land is required for educational purposes and it will be possible to re-claim an element of the cost by selling the house and parcels of the land for affordable housing but it is likely that there will be a gap of **£150,000** that will need to be funded.
16. There is also a need to be alert to the fact that there are schemes that could not be funded when drawing up the Asset Plan (see Part B and C of the original plan).
17. The highest on that list was the Education Department's Plan to complete the review of school organisation in Bangor (£6,370,000 towards a scheme of £18.2m). As the resources did not allow, it was noted that any saving in the cost of maintaining the Post-16 Plan should be diverted to this plan, in expectation that the Education Department would identify the revenue resources to pay the cost of any residual loan.
18. It must also be borne in mind that the Department is seeking resources to be able to build the early years facility at the new Ysgol Treferythyr from the Government, however, there are no assurances that it will be forthcoming.

#### **Available resources**

19. Since the original plan was approved, we have received various grants that could be used rather than using the Asset Plan resources. We have also seen borrowing cost savings (as the borrowing profile was later than expected) and with various other adaptations that could be made to the programme, resources to the value of £3,044,070 are available to allocate.
20. In addition, the capital settlement for 2020/21 and 2021/22 is higher than was anticipated at the time when the asset plan was prepared. This is a total of £2,135,000 that is also available.

21. The Head of Highways has now also noted that the whole provision that was provided for is not required in order to cap the former Cilgwyn refuse dump. That means that a further £600,000 has been freed-up.
22. A total of £5,779,070 is available to the Cabinet to consider how they wish to use it.

### **Recommendation**

23. It is recommended that the Cabinet uses the resource to fund Canolfan Dolfeurig (£600,000); purchase of land at Llanrug (£150,000).
24. It is recommended that a further £2m is provided to commence the work of constructing industrial units in the county.
25. With the remaining £3,029,070, it is recommended that we do not allocate it for the time being as there are various schemes which may be competing for this resource, namely Barmouth Promenade; the Bangor Area Education Plan and Ysgol Trefferthyr.
26. When the bid for resources was originally considered for Barmouth Promenade, in light of the proposed sum, coupled with the fact that the Council is not funded to cover such plans, the Department was asked to pursue Welsh Government in an attempt to convince them to fund this plan 100%. No outcome to the discussions has been reported to date.
27. Therefore, I believe that it is premature to allocate to either at present and that we should wait until the discussions regarding Barmouth Promenade and more robust budgetary details regarding the plan have been received.

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### **The Statutory Officers' observations**

#### **Monitoring Officer**

"It is appropriate for the Cabinet to review the capital programme in order to respond to changes and additional or different needs which have developed."

#### **Head of Finance**

"I have worked with the author to prepare this report. I confirm the accuracy of the figures and support the decision sought. "