

CYNGOR GWYNEDD CABINET

Meeting date:	11th June 2024
Relevant Cabinet Member:	Cllr. Dyfrig Siencyn, Council Leader
Contact officer:	Dafydd Gibbard – Chief Executive
Item Title:	Asset Plan 2024/25 – 2034/35

1. The Decision Sought

- a) The Cabinet is asked to recommend that the Council adopts the Asset Management Plan 2024-2034, including:
- The financial sums recommended in Appendix 1 for the high-risk plans.
 - The two sums in Appendix 2 for the moderate risk plans.
 - Uncommit the financial sums in the current Asset Management Plan as specified in paragraph 26 of this report.
- b) To commission the Chief Executive to carry out a further review in one year's time to seek a solution for issues whereby funding cannot be committed at present, as stated in paragraphs 29 to 32 of this report.

Rationale and justification for recommending the decision

2. Our assets (namely our buildings, roads, vehicles, Information technology and equipment), are essential for being able to provide services to the people of Gwynedd.
3. The costs of using our assets on a day-to-day basis come under the Council's revenue expenditure, while costs to renew, upgrade and provide new assets are capital expenditure.
4. Our Asset Management Plan is our long-term strategy in order to plan ahead to prioritise capital expenditure enabling us to manage our essential assets and avoid the risk of failing to provide services.
5. Our current Asset Management Plan was adopted in 2019 and reviewed in 2021. Although five years remains of our current Asset Management Plan, it is good practice to have a 10-year plan for multiple reasons:
 - a) Capital expenditure requires time to plan in advance
 - b) Departments need assurance if they will have the capital to manage risks
 - c) Opportunities to apply for grants - need to know if we have match funding

- d) The capital situation is constantly changing - inflation has had an impact which means we cannot achieve as much, as well as less money available
- e) Departments' requirements change over time - much has changed since 2019.

6. The conclusion of all this is that we need a current Asset Management Plan in order to respond to the risks and needs that are alive today and for the next few years.

Likely resources to fund the Asset Management Plan

- 7. The Council receives a capital grant from the Welsh Government annually to use for our asset management priorities.
- 8. When the Asset Management Plan was adopted in 2019, it was reported at that time that we received £6.6M of capital resource each year, and it has not increased since establishing that plan, back in 2009. Between 2018 and last year, we also received amounts above that, around £2M per year on average, in the form of grants for specific purposes.
- 9. However, the messages we receive from the Government indicate that the additional grants will cease, and that our core capital grant will remain at the same level for the coming years, which is approximately £ 6.6M per year. In reality, this means that we will not be able to achieve as much with the core resource - considering inflation levels over the last 5 years the value of £6.6M in 2019 is equivalent to £4.3M today, which is a 34% reduction.
- 10. When setting out our new 10 year plan, we predict that £47.7M of capital funding is available for us to extend our plan for an additional 5 years. This is calculated having considered our annual capital grant amount, together with unallocated capital and funds in the current Asset Management Plan.
- 11. To be able to respond to new schemes that arise, and which could not be foreseen when this plan was established, we will continue to make a provision of £0.5M per year to meet those requirements.
- 12. This brings the additional amount available to us to extend the Asset Management Plan up to 2034 to **£45.2M**.
- 13. In our current Asset Management Plan, several projects have been completed and therefore would not form part of this new Plan. There are other projects that are ongoing, or not fully completed and therefore transfer to the new plan, together with the finance that has already been approved for their funding, namely £41.96M.
- 14. By adding the new money referred to in paragraph 10 above (£47.7M) to the money we had already earmarked in the Current Plan (£41.96M), this means that our Asset Management Plan for 2024-2034 includes an investment of £89.7M in our assets to be able to provide services to the residents of Gwynedd.

Procedure for identifying capital investment requirements.

15. To start the work of establishing our new 10-year Plan, Departments were asked to identify their capital needs over the next 10 years and invited to submit their applications to that effect. Department Heads and their officers were asked to consider their capital requirements to continue providing a service to residents, to manage risks and to develop plans such as the Council's Plan priorities.
16. 70 applications were received with a total value of **£129.3M**. These applications were a combination of new schemes and continuation of annual schemes. Each of these were assessed placing each plan in one of the following categories, which indicate the risk of not realising them.

HIGH RISK – unable to continue using the asset due to significant health and safety risks, regulatory requirements or coming to the end of its life. Or, a significant loss of income for the Council if we are unable to invest.

MODERATE RISK – Some impact on service provision or a developing plan, and included in the Council's Plan.

LOW RISK – Developing scheme only and not included in the Council's Plan.

17. The result of all this was that £79.1M worth of schemes were in the high risk category, £44.8M worth in the moderate risk category, and £5.4M worth in the low risk category.
18. A session was held with the Elected Members on 24 and 25 April 2024 in order to present the challenge to set a balanced plan, and to gather their views on our risk assessment of not fulfilling each of the plans.
19. I also presented options that we could implement in order to level the balance, asking for members' feedback on these options, namely;
 - Take advantage of every opportunity to attract grants towards the Asset Management Plan priorities.
 - Consider smaller schemes under £500k as part of the annual bidding process.
 - Look for opportunities to reduce the annual amount for some of the ongoing schemes.
 - Funding an amount less than the full amount applied for.
 - Refer some housing issues for consideration when reviewing our Housing Action Plan.
 - Asking the Education Department to prioritise school modernisation plans.
 - Prudent borrowing.

20. At the end of the session with the members, a questionnaire was distributed in order to gather their opinions. The table below summarises some of the main messages received from Members:

The steer sought	Members' views
1. Note the investment requirements across the Council and the extent of the challenge to set a balanced plan	<ul style="list-style-type: none"> • Recognised that the choices are difficult • Members of the Governance and Audit Committee present
2. Are you comfortable that we have correctly assessed the risk of the investment requirements?	<ul style="list-style-type: none"> • Move some issues from orange to green e.g. Playing fields, toilets, business units • Cibyn offices – is there scope to reduce the demand for office space or relocate staff to another office? • Upgrade establishing Children's Homes from the orange risk category to red • Aberdyfi Harbourmaster's Office – it became evident during discussions with the Members and Head of Department that we would have to invest in order to resolve the situation as we are unable to use the building at present.
3. Do you support the type of solutions offered (at the end of the presentation) to try to set a balanced plan?	<ul style="list-style-type: none"> • Using the premium to fund housing issues - specifically small holdings- a number of members supported this • Borrowing - a few comments for and against • Is there scope to transfer assets to communities e.g. Toilets and playing fields • Schools – reducing the program (several comments about children's demography)

21. With our forecasts predicting that an additional **£45.2M** would be available for our capital investments for the next 10 years, we will not be in a position to fund all the schemes and indeed we appear to be around £34M short to be able to realise all of the high risk plans.
22. With this in mind, there is no option but to limit what we are able to achieve.
23. As a result, we assessed each of the applications once again and to establish a plan that we are able to fund I have had to recommend approving a sum less than that requested by departments. For those schemes, the table below indicates the department's original request and a sum that is recommended to be approved as part of the Asset Management Plan, considering the limited funding available to us.

Department	Project	Departments' bid	Sum recommended to set a balanced plan
Education	Securing high school sites	£500,000	£300,000
Environment	Transport department feasibility studies	£375,000	£300,000
Corporate Support	Relocate registrars' records to Bloc B	£75,000	To come out of the annual bidding process
Finance	Renew IT equipment	£7,000,000	£5,500,000
Economy	Renew Byw'n lach equipment	£1,000,000	To come out of the annual bidding process
Highways, Engineering & YGC	Cibyn Offices Improvement	£700,000	£0
Highways, Engineering & YGC	Structures deterioration prevention	£500,000	£250,000
Highways, Engineering & YGC	Highways deterioration prevention	£6,000,000	£4,800,000
Highways, Engineering & YGC	Safety fencing	£500,000	£250,000
Highways, Engineering & YGC	Flooding on highways	£500,000	£250,000
Highways, Engineering & YGC	Renew fleet without renewal fund	£1,000,000	£500,000
Housing and Property	Grants to adapt homes for the disabled	£10,500,000	£6,500,000
Housing and Property	Planned maintenance of our buildings	£20,000,000	£0
Housing and Property	Small holdings – urgent investment to manage health and safety risks	£616,000	Council tax premium

24. Although there are a number of schemes in the orange risk category that we would like to carry out as they are a priority for the Council, the capital available to us will

not enable that. However, there are two schemes where I recommend that we should try to prioritise them for the following reasons:

- Aberdyfi Harbour Master's Office - it is a statutory requirement for us, as the Harbour Authority, to provide a suitable work location for the harbour master to be able to carry out their duties. The current building has come to the end of its life and its repair is not economically viable. We will therefore have to make provision for the construction of a new building (£500,000) but before that we need to ensure that we have explored all other possible solutions e.g. share a building with someone else in the vicinity.
- Bangor Health Hub - Members will be aware that a business case has been drawn up in order to submit a significant grant application to realise an innovative scheme between the Council and the Health Board on a site in the centre of Bangor City. It is proposed that the old "Debenhams" unit in the Menai centre is transformed into a Health Hub for the city and as a result increase the number of daily visitors to the city centre significantly. The business case includes a contribution of £500,000 from the Council towards the £25M needed to carry out the work.

25. With the addition of these two schemes, the total comes to £49.5M which is still £4.3M higher than the funding available and as a result, we will have to revisit what has already been approved in our current plan.

26. As a result, it is recommended that the following sums are uncommitted, as set out in the table below:

Department	Scheme	Sum in the current Asset Plan	Sum to be uncommitted
Housing and Property	Extra Care Housing (third scheme)	£1,500,000	£1,500,000
Environment	Transport service feasibility studies	£375,000	£60,000
Adults	Residential Homes	£790,000	£500,000
PP/YGC	Preventing Highway Deterioration	£4,000,000	£600,000
PP/YGC	Traffic Light upgrades	£325,000	£75,000
PP/YGC	Safety fencing	£500,000	£250,000
PP/YGC	Highway flooding	£500,000	£125,000
PP/YGC	Upgrading water pipes to housing estates	£1,500,000	£1,000,000
Children	Maesgeirchen Centre	£415,000	£215,000

			£4,325,000
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27. In a number of the above cases, I have to recommend reducing our current expenditure and that for financial reasons only i.e. in order to be able to reduce our spending requirements to match the available budget. In those cases, I recommend lesser amounts following a comparison of the level of risk in these areas with the level of risk attached to some of the new investment requirements.
28. Additional reasons lead me to recommend less investment on some schemes:
- Extra Care Housing - although the development of more Extra Care Housing is going to be essential as our population ages and the numbers needing care increase, the Social Housing Grant can be used to fund this and given our lack of capital it will be necessary ask the Housing and Property Department to prioritise the funding of a further Extended Care housing scheme out of the Social Housing Grant over the next few years.
 - Upgrading water pipes to housing estates - the work program has now dealt with pipes that were in the worst condition category and the annual maintenance costs for the remaining pipes have decreased as a result. By now, there is no justification for us to continue investing capital in this area.
 - Maesgeirchen Centre - as a result of discussions with the community, an alternative solution has been agreed for this project.
29. At the end of all this, we continue to face two significant challenges, for which we presently do not have a solution, namely that we do not have sufficient financial provision for planned maintenance of our buildings, or the next phase of projects to modernise schools.
30. In that regard, and considering the impact and seriousness of not investing in these two areas, I recommend that we should carry out a review of the Asset Management Plan in a year's time in the hope that our capital situation will have improved by then, that some plans cheaper as we set about valuing them more accurately, or that we will have discovered a way to finance a capital loan out of revenue savings. There is also the possibility that some schemes will not continue if we are unable to succeed with grant applications for match funding e.g. Penygroes Health Hub, Bangor Health Hub and Adaptability work at Ysgol Brynrefail).
31. If that happens, I recommend that we should prioritise any capital that is released for investment in these two specific areas that are currently unaddressed.
32. In the meantime, some Education schemes are already part of this Plan (Tryfan, Hirael, Brynrefail Suitability, Secondary Safety) and we have some funds displaced by grants to invest in programmed maintenance in buildings.

33. On 23 May 2024, I had the opportunity to present the proposed Asset Management Plan to the Governance and Audit Committee so that they could scrutinise the process of establishing our Asset Management Plan.

34. **Include the Governance and Audit Committee's comments here**

Further considerations

35. The Well-being of Future Generations (Wales) Act 2015 is about improving the social, economic, environmental and cultural well-being of Wales. The act imposes a well-being duty on public bodies which is aimed at achieving 7 well-being goals which are a Wales that is prosperous, resilient, healthier, more equal with cohesive communities and a vibrant culture where the Welsh language flourishes and which responsible on a global level. The plan was prepared within the principles of the Act.

36. Reducing the impact on the residents of Gwynedd and future generations was at the core of the process of establishing our Asset Management Plan. The process itself has prioritised the requests that would pose the greatest risks to the residents of Gwynedd if we are unable to fulfil them, and those that contribute to our well-being objectives / priority areas in the Council Plan. In addition, many of the plans relate to prevention work and look to the long-term, trying to ensure sustainable services for the future.

37. In accordance with the legal duties under the Equality Act 2010 ("The Act") (including Welsh public sector duties) when making decisions the Council must pay due regard to the need (1) to abolish unlawful discrimination (2) promoting equal opportunities and (3) fostering good relationships based on the protected characteristics together with paying attention to socio-economic impacts.

38. This report does not recommend any action that is going to impair the Service provided to anyone with protected characteristics. Indeed, the intention of the Asset Plan is to ensure that we direct any available capital Resources to those areas that want to have a positive impact on all our residents including those with protected characteristics.

39. Some plans, particularly in the social care field, aim to improve the quality of service for those with protected characteristics, and those plans are evident from the list.

Next steps

40. The Cabinet's recommendation will be presented to the Full Council on 4 July 2024 in order to adopt the 2024-2034 Asset Management Plan.

The views of the statutory Officers:

i. Monitoring Officer:

The responsibility for formulating the Asset Plan to be recommended to the Council rests with the Cabinet. This involves the Cabinet evaluating and coming to a view on a range of matters including statutory and legal issues, priorities and meeting needs within the anticipated

resource. The information for reaching this conclusion is included in the report and the draft Asset Plan.

ii. Statutory Finance Officer:

The Asset Management Plan is an important and far-reaching statement which sets the direction for the Council's capital strategy for the next 10 years, and I support the decision sought. Officers from the Finance Department have worked closely with the report's author and I can confirm the accuracy of the financial information contained therein, and I believe that the budgetary forecasts are reasonable and fair.

Appendices

Appendix 1: List of high risk schemes recommended to fund

Appendix 2: List of moderate risk schemes recommended to fund

Appendix 3: List of schemes continuing from the current Plan

Appendix 1 – High risk schemes recommended for the Asset Management Plan 2024-2034

Department	Plan	Description	Department Bid	Sum recommended to set a balanced plan
Education	Treferthyr	New school to replace building in serious condition that cannot be maintained in future - funding an increase in costs that have already been approved by Cabinet	£1,100,000	£1,100,000
Education	Ysgol Hiracl, Bangor	Completion of investment in Bangor's primary sector (35%) which has already Cabinet approval	£1,975,000	£1,975,000
Education	Ysgol Tryfan, Bangor	Strengthening the provision of Secondary Welsh Education in Bangor (35%) which has already received Cabinet approval	£5,200,000	£5,200,000
Education	Securing County High School sites	Numerous applications from secondary schools for financial aid to resolve safeguarding issues	£500,000	£300,000
Education	Ysgol Brynrefail / Condition and suitability	Funding of Ysgol Brynrefail's suitability work originally intended to be included in the Post-16 Scheme – has already received Cabinet approval	£940,000	£940,000
Environment	Transformation of Caerylchu and Ffridd Rasmus distribution and sorting centres	Significant investment is needed in Caerylchu and Ffridd Rasmus in the near future to continue with the transformation programme. Contribution towards an 80% Welsh Government grant	£1,000,000	£1,000,000
Environment	Transport service feasibility studies	Conduct feasibility studies and complete preparation work to enable us to apply for significant grant funding towards essential plans to deal with highway safety issues or significant repairs	£375,000	£300,000
Finance	IT equipment renewal	The use of information technology is now key to all Council services and a resource is needed to renew equipment as it comes to the end of its life. This amount is required to do so over the 10-year period of the Plan.	£7,000,000	£5,500,000

Economy and community	Pwllheli Harbour and pontoons Renovation - Dredging	Dredging the harbour	£1,400,000	£1,400,000
Economy and community	Pwllheli Harbour and pontoons Renovation - Pontoon Renovation	Renewing the pontoons that have reached the end of their lives.	£4,000,000	£4,000,000
Economy and community	Doc Fictoria	Marine gate replacement and pontoon refurbishment. The gate is in urgent need of replacement – broken for a period last year and risk losing income. Pontoons have also reached the end of their lives.	£1,700,000	£1,700,000
Adults	Provision for match funding of projects in the care sector	Provision for Cyngor Gwynedd match funding to enable us to apply for capital grants for projects in the care sector	£5,000,000	£5,000,000
Children	Small Group Homes	Set up Small Group Homes for children. We have already received a grant for the first 3 homes and this bid is for homes 4 and 5.	£1,400,000	£1,400,000
Highways, Engineering & YGC	Flood Prevention - North Prom, Barmouth	Gwynedd's contribution (15%) to attract a grant for the £23m scheme.	£3,450,000	£3,450,000
Highways, Engineering & YGC	Flood Prevention - Viaduct Gardens, Barmouth	Gwynedd's contribution (15%) to attract a grant for the £4m scheme.	£115,000	£115,000
Highways, Engineering & YGC	Ogwen Catchment Flood Prevention Scheme	Gwynedd's contribution (15%) to attract a grant for the £2m scheme.	£300,000	£300,000
Highways, Engineering & YGC	Gwyrffai Catchment Flood Prevention Scheme	Gwynedd's contribution (15%) to attract a grant for the £2m scheme.	£300,000	£300,000
Highways, Engineering & YGC	Preventing the Deterioration of Structures	Preventing deterioration of bridges- £100k a year	£500,000	£250,000

Highways, Engineering & YGC	Preventing Highway Deterioration	Continue with the £1m a year to stop the deterioration of Highways.	£6,000,000	£4,800,000
Highways, Engineering & YGC	Safety fencing	Work to upgrade security fencing to compliance and statutory rules.	£500,000	£250,000
Highways, Engineering & YGC	Highway flooding	Responding to flood damage on the highway	£500,000	£250,000
Highways, Engineering & YGC	Cremator Renewal	Bangor Crematorium – the main burner was upgraded in 2023. A backup burner is likely to need upgrading within the next 10 years.	£550,000	£550,000
Highways, Engineering & YGC	Refreshing Friog Wall Parapet	Refurbishment of a parapet above retaining walls on the A493.	£600,000	£600,000
Highways, Engineering & YGC	Fleet renewal- vehicles without renewal fund	A number of Council services use vehicles to deliver services, and while some departments refurbish those vehicles by setting up a Renewal Fund for it, others are dependent on the capital programme to refurbish them.	£1,000,000	£500,000
Housing and Property	Asbestos removal	Continue with the current scheme to remove asbestos from our buildings.	£850,000	£850,000
Housing and Property	Grants to make housing modifications for the disabled	Continue with the scheme to make property modifications to enable disabled people to continue to live in their homes and to facilitate leaving hospital. Bid for an additional £400k a year for the next 5 years and £1.7m a year for 5 years thereafter.	£10,500,000	£6,500,000
	TOTAL			£48,530,000

Appendix 3 – List of moderate risk plans recommended for the Asset Management Plan

Department	Plan	Description	Department Bid	Sum recommended to set a balanced plan
Economy and community	Aberdyfi Office	Harbourmaster Building has come to the end of its life	£700,000	£500,000
Economy and community	Bangor Health Hub	Gwynedd Council's contribution to the Hub. An opportunity to relocate health services to the City centre.	£500,000	£500,000
TOTAL				£1,000,000

Appendix 3 - Plans to continue from the current asset plan within the original financial envelope

Department	Title	Description
Education	Upgrading the condition and suitability of schools	Condition and suitability upgrades from a number of schools that would not likely qualify on their own for a scheme to make them fit for the twenty-first century
Economy and community	Health and Safety Issues in leisure centres	Carrying out works to separate traffic and people in two leisure centres
Economy and community	Padarn Park, Llanberis	Invest in trails and carry out work to protect the safety of Park visitors and public footpath users
Adults	Health and Care Hub, Penygroes	Development of a Healthcare 'hub' in collaboration with the Health Board and Grŵp Cynefin
Adults	Dolfeurig Centre	A new building for improving day care provision for adults with learning disabilities to replace an unsuitable building that is inefficient to maintain in the future
Adults	Elderly Homes	Modifications to residential homes - many completed
Children	Maesgeirchen Centre, Kitchen House	Developing provision to support families in the Maesgeirchen area of Bangor
PP/YGC	Flood Prevention	Flood prevention works in Hirael, Pwllheli, Felinheli areas
PP/YGC	Traffic Light Renovation	Renovation / replacement of traffic lights and columns
PP/YGC	Burial grounds	Ensuring an adequate burial ground