



4th October 2010

To: Cathaoirleach and Members of Carlow County Council

**Re: Multi Annual Capital Programme 2011 –2013
& Section 135 of The Local Government Act 2001**

Dear Member,

Pursuant to Section 135 of the Local Government Act 2001 the Council is required to adopt a three year capital programme. The current programme expires in 2010 and I am pleased to submit for your consideration a multi annual capital programme for the years 2011 to 2013.

As you are aware, a decline in the economy has occurred which has led to a serious deterioration in the revenues of the State exchequer. Spending had been substantially reduced across central Government departments with a consequential reduction in funding for Local Authorities. The objectives set out in the Council's previously adopted multi annual capital programmes were also very much dependent on receipts from Development Contributions which have now fallen below 20% of 2008 levels.

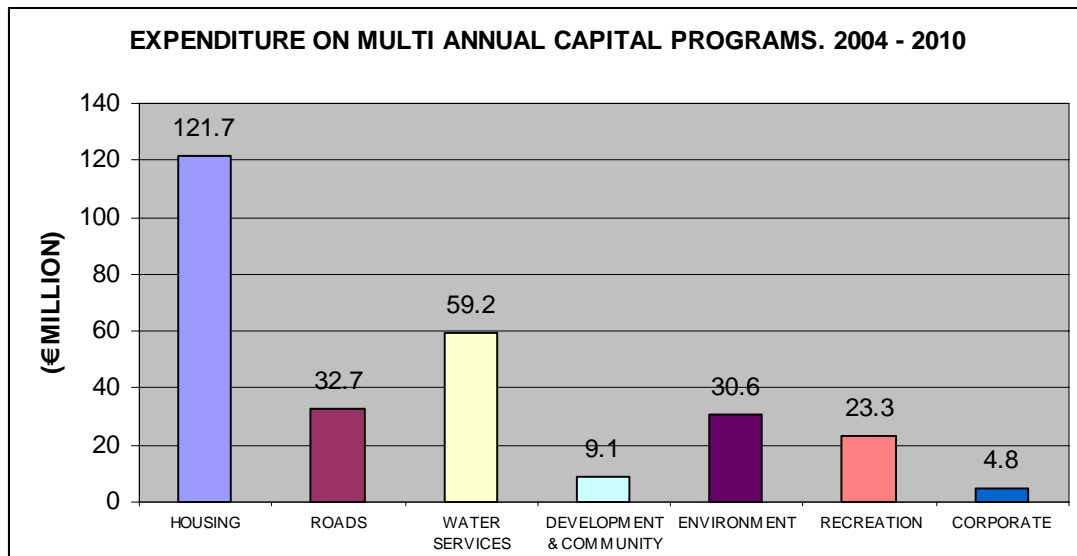
The 2011 - 2013 multi annual capital programme must take account of current economic realities and as a consequence is less ambitious than here to fore. There have also been changes in Government policy particularly in the context of Local Authority Housing with a new focus on social leasing as opposed to construction.

The report will provide members with,

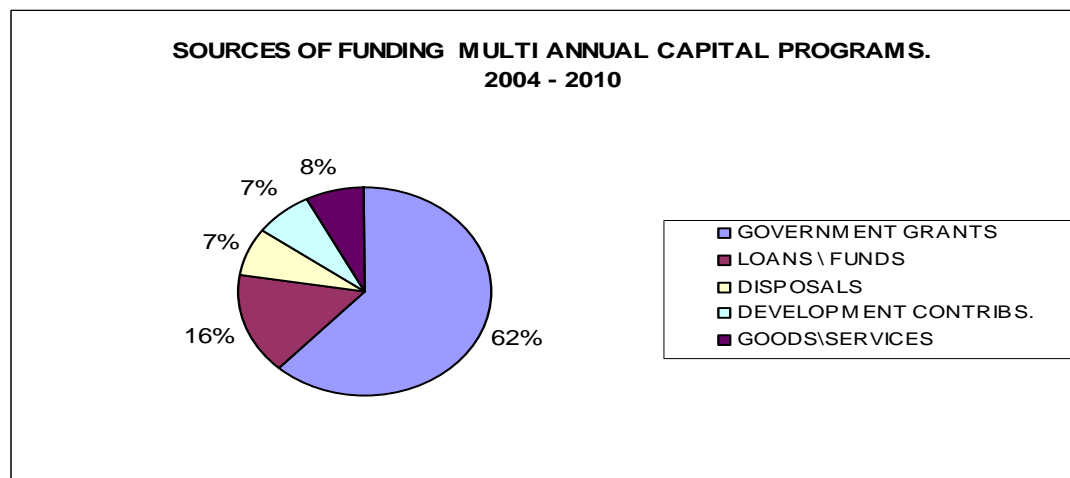
- **A review of the 2004 to 2010 Programmes**
- **Details of Exceptional Items**
- **Funding requirements 2011 to 2013 to complete current Capital Projects**
- **Proposed new Capital Projects 2011 to 2013**
- **Strategic objectives outside the scope of the 2011 to 2013 Programme pending additional funding being made available.**

A review of the 2004 to 2010 Programmes

The multi annual capital programmes previously adopted by the Council spanned 6.5 years and in that period circa 1,500 individual projects with a value of €281 million were undertaken. The following chart shows the distribution of expenditure over the principal programmes.



€74 million or 62% of funding came from Central Government Grants. Development Contributions accounted for €20.9 million or 7%. The balance of funding comprised borrowing \ sinking funds, disposal of assets and goods \ services.



Focus on the Community \ Quality of Life

In addition to the expenditure on Housing and Infrastructure the 2004 to 2010 programmes very much focused on community related projects and initiatives. The following summarises investment in this area. The flag ship projects at Oak Park, Ducketts Grove, the Town Park in Tullow and the McGrath sports facilities in Bagenalstown are just four of the seventy amenity projects undertaken. Community halls, playing pitches and playgrounds, walking routes and many other local facilities have benefited.

	NO OF PROJECTS	(MILLIONS)
PROMOTION OF COMMUNITY INTERESTS	20	€1.63
URBAN AND VILLAGE RENEWAL	28	€1.92
AMENITY PARKS & OPEN SPACES	70	€8.83
DISABILITY ACCESSIBILITY	34	€1.19
TOTAL		€13.57

In terms of the Arts the €20 million Visual & the George Bernard Shaw Theatre was developed in partnership with Carlow Town Council with grant assistance from the Department of Arts Culture & the Gaeltacht. This facility is one of the finest in the County and has received National & International acclaim for its vision and architecture. A new library has been opened in Borris and refurbishment will commence shortly on the Bagenalstown Library. A new Fire Station has also been constructed in Tullow.

From an employment perspective the Council developed the Tullow Business Park and the €220 million Merck Sharpe & Dohme plant is scheduled to open in 2011. The plant is located at the IDA Business Park Carlow the development of which was facilitated by the acquisition of the site by this Council as part of its strategic investment plan for the County.

In summary therefore in the period 2004 to 2010 there has been unprecedented investment in the County in terms of Housing, Roads, and Water Services, Environmental and Community / Quality of Life projects which will have a lasting legacy for the population of Carlow. In addition to projects within the County the final phase of the 110 km Dublin to Waterford motorway (M9) opened on September 9th. The 18.5 kms Carlow By Pass leg of the project completed in 2008 at a cost of €216 million removed traffic congestion of up to 10,000 vehicles per day from Carlow Town.

Exceptional Items

Exceptional items are those items which the Council considers are material or of such a nature that their separate disclosure is relevant to a better understanding of the Councils financial performance. The following items are excluded from the funding provisions in the 2011 to 2013 capital programme.

Land Bank

The Council currently has circa 60 acres in its Housing land bank with a book value of €12 million. In this regard the Council has loans in the sum of €8.54 million. In light of Government policy on the future provision of public housing the use of these lands is uncertain and accordingly the Council will have to decide in the near future whether to retain the lands and commence repaying the outstanding debt or transfer all or some of the lands to a central agency under the land aggregation scheme.

Legal Proceedings – Carlow Eastern Relief Road & Pembroke

To date expenditure in the sum of €7.15 million has been incurred in respect of the above which comprises land purchase \ compensation - €3.125m , additions works required to complete road €2.157m – professional & other fees €1.87m. There are additional legal fees and related costs outstanding. This expenditure is currently financed on overdraft. Provision for loan charges will need to be made annually in the Councils Revenue budget from 2011 onwards to discharge this debt.

Contingencies – Carlow Eastern Relief Road

Following a High Court Mediation settlement, a joint contingent liability exists in the sum of €8,272,006 against Carlow County Council and Carlow Town Council. The liability will be offset against future Development Contributions payable to Carlow County Council and Carlow Town Council. At 31/08/2010 offsets in the sum of €242,993 had been applied to the original settlement figure of €8,515,000

Funding requirements 2011 - 2013 to complete current Capital Projects

The cost of completing current capital projects which are at preliminary, work in progress or final account stage is estimated at €41.568 million. An analysis of the expenditure and sources of funding is set out in the table below.

Description	Current Projects	Grants	Borrowing	Disposal of Assets	Revenue A/c	Capital Reserves
HOUSING AND BUILDING	8,850,102	5,294,264	689,008	590,312	-	2,276,518
ROAD TRANSPORTATION AND SAFETY	826,240	826,240	-	-	-	-
WATER SERVICES	28,761,447	23,950,330	-	-	470,580	4,340,537
DEVELOPMENT INCENTIVES AND CONTROL	350,272	-	-	-	-	350,272
ENVIRONMENTAL PROTECTION	2,097,194	175,000	-	-	1,362,643	559,551
RECREATION AND AMENITY	561,827	2,046	-	329,252	-	230,528
MISCELLANEOUS SERVICES	121,661	-	-	-	-	121,661
TOTAL	41,568,744	30,247,882	689,008	919,564	1,833,224	7,879,067

Water Services projects account for 70% of the expenditure, Housing 22% and Waste Management 5%. It is important to note that the completion of these schemes will eliminate reserves which the Council has benefited from in terms of cash flow and will generate overdraft requirements.

Proposed new Capital Projects 2011 to 2013

In addition to the €1,568 million on current projects, the Council proposes to commence a number of new projects and to provide ongoing funding for Housing Loans & Housing Grants (*Aid for the Elderly & Mobility grants*); which are set out in Appendix A. The estimated cost of the projects are €35.34 million of which works to a value of €25.64 will be completed in the 2011 - 2013 period subject to funding being in place.

You will note that the requirement from Development Contributions is €4.429 million. Based on current receipts this figure is very ambitious & accordingly the timing of related projects will be very much dependent on cash flow from this source of funding.

Description	BUDGET FOR SCHEME	ESTIMATED TOTAL COSTS 2011 - 2013	ESTIMATED FUNDING CENTRAL GOVERNMENT GRANTS 2011-2013	ESTIMATED FUNDING DEVELOPMENT CONTRIS 2011 - 2013	ESTIMATED FUNDING OTHER SOURCES 2011 - 2013
HOUSING AND BUILDING	€ 10,200,000	€ 10,200,000	€ 6,400,000	€ -	€ 3,800,000
ROAD TRANSPORTATION AND SAFETY	€ 3,750,000	€ 2,750,000	€ 2,250,000	€ 500,000	€ -
WATER SERVICES	€ 10,000,000	€ 6,000,000	€ 3,585,000	€ 2,415,000	€ -
DEVELOPMENT INCENTIVES AND CONTROL	€ -	€ -	€ -	€ -	€ -
ENVIRONMENTAL PROTECTION	€ 6,950,000	€ 2,250,000	€ 200,000	€ -	€ 2,050,000
RECREATION AND AMENITY	€ 4,050,000	€ 4,050,000	€ 1,780,000	€ 1,400,000	€ 870,000
MISCELLANEOUS SERVICES	€ 390,000	€ 390,000	€ 276,000	€ 114,000	€ -
TOTAL	€ 35,340,000	€ 25,640,000	€ 14,491,000	€ 4,429,000	€ 6,720,000

Strategic objectives outside the scope of the 2011 to 2013 Programme pending additional funding being made available.

In addition to the projects outlined in Appendix A, the Council has a number of long term strategic objectives which are currently outside the scope of the 2011 to 2013 programme pending additional funding being made available. The Council will actively seek funding to progress these objectives.

<i>Program</i>	<i>STRATEGIC OBJECTIVE (subject to funding)</i>
Housing	Provision of Affordable Houses and Sites
Housing	Purchase of land where there is no potential for social leasing
Housing	Support for Voluntary Housing Associations (CAS / CLSS)
Housing	Continue Traveller Accommodation Programme
Roads	Complete Tullow Inner Relief Road
Roads	Complete Carlow Eastern Relief Road.
Roads	Complete Carlow Southern Relief Road.
Roads	Muinebheag By-pass
Roads	N80 Improvement - Whitemills to Closh Cross realignment
Roads	N80 Improvement - Castletown to Graiguenaspiddogue
Roads	Traffic Management / Footpaths / Public Lighting Programmes
Roads	Car-Parking Muinebheag
Roads	Signage Provision (Tourism etc.)
Roads	Enforcement of Road Signage Policy
Roads	Works Compound Muinebheag & Tullow
Water Services	Trunk Sewers from Ring Main South and East of Carlow Town
Water Services	Upgrade Mortarstown WWTP
Water Services	Upgrade Rathvilly WTP , Pipelines and Reservoirs
Water Services	Upgrade Tullow WTP
Water Services	Water Conservation Phase 3
Economic Development	Carlow Environs Business Park
Economic Development	Carlow Biotech Project
Economic Development	Facilitate Broadband Infrastructure Providers
Environment	Gas Utilisation - Study of use of landfill gas
Fire Service	Upgrade Muinebheag Fire Station
Fire Service	Annual Fleet Replacement Programme
Fire Service	Annual Equipment Replacement Programme
Fire Service	Provision of IFSI Management System
Fire Service	ISO 9001 Quality Assurance System
Corporate	Corporate Headquarters Improvements
Corporate	Carlow Central Library Headquarters Improvements

Conclusion:

As previously noted in the period 2004 to 2010 there has been unprecedented capital investment in the County leaving a lasting legacy for the population of Carlow. The decline in the economy now necessitates a more bridled or restrained approach. Notwithstanding this fact there are certain works which must be undertaken and it is worth stating again that these works have a value exceeding €67.2 million which is a major stimulus for the County particularly given the current economic climate.

Schemes	Total Cost	2011 - 2013 Cost	Government Grants	Development Contributions	Other Sources
Current Projects	€41,568,744	€ 41,568,744	€30,247,882		€ 11,320,862
Future Projects	€35,340,000	€ 25,640,000	€14,491,000	€ 4,429,000	€ 6,720,000
Total	€76,908,744	€ 67,208,744	€44,738,882	€ 4,429,000	€ 18,040,862

The settlement of recent proceedings taken against the Council has resulted in significant and unanticipated expenditure which must now be funded with a consequential impact on cash flow and day to day spending over the coming years.

This multi annual capital programme has been framed having given due consideration to:

- The contraction of capital funding available from Central Government and other public sector stakeholders
- The decrease in income from the disposals of fixed assets
- The decline in income from Development Contributions.
- The objectives of the Councils Development Contribution Scheme

Investment in Carlow is crucial to maintaining the economic momentum of the County. The projects as set out in the programme will, in conjunction with our business and political partners aim

- To continue to eliminate infrastructure deficits
- To attract key inward investment, by further supporting the indigenous sector
- To protect, preserve and improve Carlow's natural environment,
- To achieve value for money.

I recommend this programme to Council for consideration.

T Barry

County Manager