



15th June, 2017

TO: THE CATHAOIRLEACH AND EACH COUNCIL MEMBER

RE: DRAFT 2017-2019 CAPITAL BUDGET- KILKENNY COUNTY COUNCIL

Background

Section 135 of the Local Government Act 2001 requires a report on capital projects to be prepared by the Chief Executive and presented to the elected council annually. This report should give details of proposed capital projects for the following 3 years.

The details of the draft Capital Budget are set out in the attached report.

The total estimated expenditure for projects under construction and projects being considered is €195m of which €161m is estimated to be incurred in the period 2017 to 2019.

Housing accounts for 63% of the estimated spend over the three year period. Kilkenny County Council has an ambitious plan to deliver 560 units over this period under the Rebuilding Ireland Programme. There are in excess of twenty housing construction schemes currently being advanced.

The estimated expenditure in Roads over the three year period is €28m. Following the High Court Judicial review on the Northern Ring Road extension the matter has been referred to the European Court of Justice. When planning is confirmed the advancement of the scheme will require grant funding. The Callan Road re-alignment is currently under construction and is expected to be completed in Quarter 2 2018.

The investment in infrastructure in the Western Environs is critical to the future development of much needed housing for the City. It is envisaged that the development of the Western Environs Road linking the Callan Road to the Kilmanagh Road will be completed in the next three years. A substantial funding allocation has been secured under the Local Infrastructure Housing Activation Fund toward the cost of developing this infrastructure.

It is also intended to advance planning of the Breaghagh Valley Park Infrastructure Scheme linking the Kilmanagh Road to the Waterbarrack roundabout over the next three years. The overall cost of this scheme is not included in the estimated expenditure for the three year period as actual construction will be outside the 3 year period of this capital budget.

The Community and Enterprise Budget of €7.7m provides for the new County & City Library at a cost of €4.5m. Grant funding of €2.45m has already been secured for this project. The Budget makes provision for the continuation of the Recreational and Amenity Grant Scheme with an allocation of €250k per annum.

The draft Budget also makes provision for a number of projects that will have a significant impact on Tourism and Economic Development in the County. Plans for the redevelopment of the Evans Home to house the Butler Gallery are at an advanced stage. Discussions are ongoing to secure the remaining grant funding. Plans for the development of the Tholsel, The South Kilkenny Greenway, Belview Port and Woodstock are being progressed.

The development of the former Diageo Site in the centre of Kilkenny City is of huge strategic importance to future economic development of the City and County. Kilkenny County Council took possession of the site in Quarter 4 2016. In excess of 60% of this site will remain in public ownership and the balance is being transferred to the funding partnership with the NTMA. The Partnership will be responsible for the development of buildings on the site.

Kilkenny County Council is advancing plans to develop the public realm and park areas on the portion of the site remaining in public ownership. It is planned to commence development of the first phase in late 2017/early 2018.

Since the economic downturn there has been no significant investment in Information Technology within the Council. Over the next three years investment is required in both hardware and software. The biggest area of expenditure is on software licences with Microsoft which have not been updated since 2009. The networks and hardware also require upgrading.

The draft Capital Budget does not include any expenditure on water services as these projects are funded by Irish Water.

The funding sources for the proposed expenditure over the three year period are summarized in Table 1:

Table 1	Housing €m	Other €m	Total €m
Local Funding	1.00	12.59	13.59
Grants	101.0	31.06	132.06
Other	-	0.85	0.85
Balance of Funding Required	-	14.60	14.60
Total	102.00	59.10	161.10

The ability of the council to deliver all these projects is dependent on having all the planning and other statutory consents in place and securing the funds required. This is dependent on the approval of grants, the collection of development charges and the provision of funds from annual revenue budgets if required.

There remains a funding shortfall of €14.6m on the budgeted expenditure for the three year period. IPB recently announced that they intend making a capital distribution to all Local Authorities over the period 2017 – 2019. Kilkenny County Council's share of this distribution is €4.74m and this funding will be used to fund the shortfall identified.

Kilkenny County Council has some capacity to raise new loan finance (subject to the necessary approvals) in addition to the term loan of €13.5m drawn down in 2016. However, provision will have to be made in the annual Income and Expenditure Account for the repayment of any new loan finance. Proposals will come before the elected members for any proposed borrowings for approval.

Once the Capital Programme is approved this will determine the Council's capital spending plans for the next three years. Any project proposal not contained within the approved Capital Programme can only proceed if alternative funding source is identified and is available or alternatively projects already approved will need to be reviewed.

This 3 year capital budget will be reviewed on an annual basis having regard to changing circumstances. Should the budgeted funding not meet projections the Capital Budget will need to be adjusted accordingly and members will be advised.

Colette Byrne

Colette Byrne,
Chief Executive
14th June, 2017