

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

5 OCTOBER 2016

REPORT OF THE HEAD OF FINANCE

CAPITAL PROGRAMME 2016-17 TO 2025-26

1. Purpose of Report.

- 1.1 The purpose of this report is to obtain approval from Council for a revised capital programme for 2016-17 to 2025-26.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Capital investment in our assets is a key factor in meeting the Council's Priorities as set out in the Council's Corporate Plan.

3. Background.

- 3.1 In March 2016 Council approved a capital programme for 2015-16 to 2025-26 of £163.774 million as part of the Medium Term Financial Strategy (MTFS). This was amended through reports to Cabinet and Council in May and July 2016 to reflect funding changes to some schemes, slippage from 2015-16, additional external funding approvals and new capital investment requirements identified. The latest capital programme as approved by Council is attached as **Appendix 1** for information.

4. Current situation / proposal.

- 4.1 The reports to Cabinet and Council in May highlighted that officers were working with the Welsh Government on updating the project costs and funding profiles for individual schemes in the 21st Century Schools Programme. Where changes have been identified following rigorous feasibility work, revised Strategic Outline Programmes (SOPs) have been submitted to Welsh Government for approval for additional funding to meet the increased costs. However, as stated in the May reports, this also requires the Council to provide additional matched funding to enable the schemes to be completed. Approval was provided for additional funding for Mynydd Cynffig Primary school in July 2016, and a report was presented to Cabinet in September outlining a virement of £1.2 million from the 21st Century Schools scheme to provide for children with Autistic Spectrum Disorders (ASD) to the Garw Valley South scheme. There is one further scheme within Band A of the 21st Century Schools Programme where the total scheme envelope has increased from the current profile in the capital programme, and further detail on this scheme is provided below. In addition, there are a number of other schemes which require amendment or consolidation within the capital programme, and they are also outlined below.

4.2 Pencoed Primary School

In 2010 Cabinet determined to cease to maintain Heol-y-Cyw Primary School and to make a prescribed alteration to Pencoed Primary School to enable it to provide 3-11 year old provision on a split site basis from the Heol Y Cyw and Pencoed premises until the end of the Summer Term 2014, or upon completion of the new building for Pencoed Primary School. Cabinet also resolved to change the catchment area of Pencoed Primary School to include the catchment area of the former Heol Y Cyw Primary School.

The condition and sufficiency of Pencoed Primary's buildings is poor overall (they are mainly a mixture of those originally built for infant, junior and secondary provision in the early 1900s). Currently children have to cross an extremely busy main road at the Pencoed site, many times a day, to access some classrooms, gym, dining facilities and the school playing fields.

The site of Pencoed Primary's school playing fields has been identified as sufficient in size to enable a new replacement school to be located, enabling the staff and pupils from three sites to be accommodated within one school on a self-contained site. The new school will consist of a two storey building and will be built to 'BREEAM Excellent' standard and be suitable and sufficient for the delivery of the curriculum in the 21st Century.

Welsh Government had already approved the Council's Strategic Outline Programme for the school. However, when it was submitted, the budget requirement for the scheme at that time was estimated at £8.8 million. Subsequent to detailed design work which has been undertaken recently it has become apparent that the scheme budget requirement is now £10.883 million. The increased budget requirement is because the site access and topographical issues highlighted as potential risks in the original Strategic Outline Case for the programme as a whole have become issues requiring engineering solutions (e.g. retaining walls due to site levels).

A revised Strategic Outline Programme for the scheme has been submitted and Welsh Government has approved additional matched funding of £1.25 million, with the Council to provide the remaining £750,000.

In addition, similar to other school schemes within the 21st Century Schools Programme, there are also additional highways requirements to enable the scheme to progress. As the works are outside of the school boundaries they are not eligible for Welsh Government match funding, so must be accounted for and funded in full by the local authority. The estimated cost of these works for Pencoed Primary School is £310,000.

In the reports to Cabinet and Council in May, approval was given to ring fence the next available capital receipts up to £1.5 million to ensure that the programme is not delayed. There have been a number of disposals to date in 2016-17, and coupled with a balance of funding on the revenue contribution to capital earmarked reserve, there is sufficient funding to meet this requirement.

4.3 **Garw Valley South Primary School**

A report was presented to Cabinet in September 2016 advising that the Chief Executive had, under his delegated functions, made a revision to the capital programme to reflect an increased budget for the proposed Garw Valley South scheme of £1.2 million and a corresponding reduction in the capital budget for the ASD scheme within the Band A funding envelope of the 21st Century Schools Programme. The report outlined the reason for the virement, including the outcome of the tender process, work undertaken by the design team since the tender deadline, and discussions with Welsh Government on the proposed transfer of funds. This virement is now built into the revised capital programme at Appendix 2.

4.4 **Multi Purpose Hub at Coleg Cymunedol y Dderwen (CCYD)**

In May 2016 Council approved capital funding to create an open plan environment within the North locality hub based at CCYD to allow for more integration and greater numbers of staff to work from this location. It was originally envisaged that this project would cost £40,000 and an earmarked reserve was set aside during the 2015-16 closing of accounts to meet the cost, as a revenue contribution to capital. However, following receipt of tenders, it became apparent that the full cost would be £73,000, an additional £33,000. Given the pressing timescale to complete the works during the school summer holidays, a decision was taken under delegated powers (Scheme B1, paragraph 2.1) to authorise an increase in the Council's capital budget for the remodelling to the Hub offices to £73,000, with the additional cost met from the directorate revenue budget. This revised budget is included within the current capital programme.

4.5 **Community Route between Pencoed and Heol y Cyw**

A report was presented to Cabinet in September 2016 seeking approval for the creation of a community route between Pencoed and Heol y Cyw, funded through a Section 106 agreement, and the subsequent adoption of the proposed route as a highway maintainable at the public expense. It also outlined progress in respect of the Section 106 agreement (P/06/1588/FUL) and the agreed purpose of the funding, totaling £242,000, including road improvement, junction improvements, vehicle actuated signage and pedestrian improvements. This part of the scheme, which is estimated to cost £61,000, is included in the revised programme attached at Appendix 2.

4.6 **Land at Aberfield Playing Fields**

The Council has received funding of £11,300 in respect of an easement enabling the laying of cabling over land at Aberfields Playing Fields. This has been formalised through a deed of agreement which requires that the area is reinstated after the works are completed. The Parks department has requested that this receipt be used for infrastructure improvements at the Aberfields site.

4.7 A revised capital programme allowing for the inclusion of the additional schemes, along with additional external funding approvals and changes to expenditure profiles since the programme approved in July 2016, is attached as **Appendix 2** to this report. The main variations and new approvals include:

- Budgets for a number of schemes within the 21st Century Schools programme have moved into 2017-18 following receipt of updated spend profiles from cost consultants. This includes Garw Valley South, Brynmenyn Primary and Pencoed Primary.
- New transport grant approval (£1.947 million) for schemes on the A48/A473 Link Road, safe routes to schools and the Metro National Cycle Network.
- Inclusion of £297,000 in respect of the construction of a car park in Brackla, as part of the first phase of the Park and Ride scheme, following planning approval in July 2016, funded from S106 contributions.
- Provision of £500,000 for replacement of fleet vehicles, funded from prudential borrowing.
- The release of an additional £30,000 from within the VVP programme, to maximise the allocation of Welsh Government grant, following realignment of funding across financial years.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 Paragraph 3 of the Financial Procedure Rules requires that any variations to the capital programme shall require the approval of the Council.

6. Equality Impact Assessment

- 6.1 Projects within the capital programme will be subject to the preparation of Equality Impact Assessments before proceeding.

7. Financial Implications.

- 7.1 The financial implications are outlined in the body of the report.

8. Recommendation.

Council is recommended to approve the revised Capital Programme as set out in Appendix 2 of this report

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Background documents:

Report to Council 10 March 2016: Medium Term Financial Strategy 2016-17 to 2019-20

Report to Cabinet 10 May 2016: Capital Programme 2016-17 to 2025-26

Report to Council 18 May 2016: Capital Programme 2016-17 to 2025-26

Report to Cabinet 5 July 2016: School Modernisation Programme - Mynydd Cynffig Primary School

Report to Council 6 July 2016: School Modernisation Programme - Mynydd Cynffig Primary School

Report to Cabinet 6 September 2016: School Modernisation – Garw Valley South

Report to Cabinet 6 September 2016: Proposed Community Route between Pencoed and Heol y Cyw