

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

31 MAY 2017

REPORT OF THE HEAD OF FINANCE

CAPITAL PROGRAMME 2016-17 TO 2026-27

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 Plan / 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 On 1st March 2017 Council approved the Medium Term Financial Strategy (MTFS) for 2017-18 to 2020-21, which included a revised capital programme covering the period 2016-17 to 2026-27. This included projected slippage into 2017-18, new externally funded schemes and additional council funded schemes identified as priorities for the coming years following a rigorous appraisal process. The capital programme as approved by Council is attached as Appendix 1 for information. The total value of the programme was £197.631 million, of which £129.340 million was met from BCBC resources, including General Capital Funding from Welsh Government, and £68.291 million met from external resources.

4. Current situation / proposal.

- 4.1 Since the Medium Term Financial Strategy was approved by Council in March 2017, Cabinet has received a number of reports which require that Council approve changes to the capital programme, either to add in a new scheme or to remove a scheme. There are also changes required to the highways schemes relating to two 21st Century School schemes. These are outlined below.

Mynydd Cynffig Primary School

- 4.2 On 28th March 2017 a report was presented to Cabinet on 'School Modernisation: Outcome of the Evaluation Regarding the Proposed Relocation and Enlargement of Mynydd Cynffig Primary School to a Remodelled School Building and New Provision on the Current Cynffig Comprehensive School Site'. The report outlined the outcome of the re-evaluation of both current junior and comprehensive school sites for primary provision and, based on the evaluation and the revised budget estimates in respect of the development at the comprehensive site it was considered that the proposal did not represent value for money. Consequently, a recommendation was made to

Cabinet to abandon the scheme to relocate Mynydd Cynffig to the Cynffig Comprehensive site. Cabinet accepted this proposal and, in line with Financial Procedure Rules, also approved the request to recommend that Council approve the removal of the school scheme from the capital programme, along with the associated highways works.

- 4.3 The current capital programme, approved by Council on 1 March 2017, includes the Mynydd Cynffig Primary School total scheme budget at £7.050 million, comprising funding from BCBC and Welsh Government. Following approval by Cabinet, a revision to the Strategic Outline Programme and 21st Century Schools funding matrix has been submitted to Welsh Government. The removal of this scheme from the programme will release £3.238 million of Welsh Government funding and £3.812 million of BCBC funding, comprising capital receipts, general capital funding and earmarked reserves.
- 4.4 The capital programme also includes a budget of £700,000 in respect of highways works identified as necessary to complete the proposed relocation of the Primary school to the Cynffig site, which was to be funded from the capital receipts generated from the sale of the junior site. This is also proposed to be removed from the capital programme.

Brynmenyn Primary School

- 4.5 The initial cost estimates for highways improvements associated with the new school were based on desktop feasibility work and transport assessments undertaken by Capita on behalf of the Council. An amount of funding was subsequently set aside in the capital programme to meet these estimated costs. However, subsequently at the planning and development control stage, conditions imposed with the planning application included the additional creation of pedestrian and cycle route links to the new school, as well more comprehensive works to two junctions leading to the school.
- 4.6 On the basis of this, more detailed estimates for this work have now been provided, and this has resulted in a significant increase in the overall estimated cost, leading to a budget shortfall of £620,000.
- 4.7 The increase in cost has occurred in two main areas - the introduction of Active Travel link costs and highway junction improvement cost estimate variance.
- 4.8 Active travel requirements had not featured initially as an integral part of the school scheme, because at the time the initial school scheme was drawn up the Active Travel (Wales) Act 2013 was in its infancy. However, as a school specific transport assessment and travel plan was developed, as part of the planning process, the requirement for an active travel route was identified. This was subsequently included as a condition of the planning application to promote a sustainable means of travel to and from school. This accounts for over £200,000 of the £620,000 shortfall.
- 4.9 The balance of the shortfall relates to a difference in early cost estimates initially indicated by Capita consultancy for the highway junction works improvements, and a second later in-depth detailed cost estimate provided by the Council's internal engineering service. This subsequent assessment identified amongst other items, the need for significant utility diversions to accommodate the works proposed.

- 4.10 Both the initial Capita work and the subsequent work carried out by the Council's internal engineering service can only provide estimated costs. However, the latest estimate is expected to be the most realistic expectation of costs that can be achieved based on what is now known about the Active Travel (Wales) Act and the specific requirements for the other highway work, including the diversion of utilities.
- 4.11 Highways works associated with schemes under the 21st Century Schools Programme are ineligible for Welsh Government funding, therefore this cost must be borne by the Council to enable the scheme to progress. This increased cost can be met from unallocated capital receipts.

Pencoed Primary School Highways Works

- 4.12 Council agreed funding of £310,000 for this scheme in October 2016. Since then the cost of the scheme has increased to £370,000 as a result of the inclusion of improved schemes for traffic calming on Penprysg Road and additional street lighting at Cae Talcen beyond those originally identified at the outline stage. This is to ensure that the Council continues to deliver its agenda in reducing risk to pupils, parents and other road users outside of Bridgend's schools. This increase in cost can be met from unallocated capital receipts.
- 4.13 There are also a number of other adjustments required to the capital programme approved in March to reflect further slippage into 2017-18 following the closure of the 2016-17 accounts (£7.670 million), new external funding approvals, reduced spend on externally funded projects and changes to expenditure profiles across financial years.
- 4.14 A revised capital programme is attached as Appendix 2 to this report. This shows a total revised programme of £191.562 million, of which £125.404 million is met from BCBC resources, including General Capital Funding from Welsh Government, and £66.158 million met from external resources.

5. Effect upon Policy Framework and Procedure Rules

- 5.1 There is no effect upon the policy framework or procedure rules.

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. Recommendations

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

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Background documents

Council Report – 1 March 2017: Medium Term Financial Strategy 2017-18 to 2020-21 and Council Tax 2017-18

Cabinet Report - 28 March 2017: 'School Modernisation: Outcome of the Evaluation Regarding the Proposed Relocation and Enlargement of Mynydd Cynffig Primary School to a Remodelled School Building and New Provision on the Current Cynffig Comprehensive School Site'.