

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

18 DECEMBER 2018

REPORT OF THE INTERIM HEAD OF FINANCE

CAPITAL PROGRAMME 2018-19 TO 2027-28

1. Purpose of Report

- 1.1 The purpose of this report is to seek agreement from Cabinet to present a report to Council for approval for a revised capital programme for 2018-19 to 2027-28.

2. Connection to Corporate Plan / Other Corporate Priorities

- 2.1 This report assists in the achievement of the following corporate priorities:-
1. **Supporting a successful economy** – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.
 2. **Helping people to be more self-reliant** – taking early steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services.
 3. **Smarter use of resources** – ensuring that all its resources (financial, physical, human and technological) are used as effectively and efficiently as possible and support the development of resources throughout the community that can help deliver the Council's priorities.
- 2.2 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 28th February 2018 Council approved a capital programme covering the period 2018-19 to 2027-28 as part of the Medium Term Financial Strategy. Since then, additional schemes have been approved by Council including the Enterprise Hub Development Programme, new classrooms at Cwmfelin Primary School, Porthcawl Regeneration and Waterton Depot, along with a number of externally funded schemes.

4. Current situation / proposal.

- 4.1 Since the programme was last approved, a number of new schemes have been progressed which require that Council approve changes to the capital programme. These are outlined below.

4.2 **21st Century Schools Band A Programme – Pencoed Primary School**

Despite site investigation works being undertaken in advance of letting the Pencoed Primary School construction contract, the site required significant cut and fill activities which were not originally anticipated. This had a detrimental impact on the overall cost of the scheme, resulting in the project costs increasing by £200,000. In order to meet this additional cost, projected under spends for other Band A schemes will be used to offset the additional spend and re-balance the remaining programme. Therefore, £150,000 and £50,000 will be vired from the Brynmenyn Primary School and Garw Valley South schemes respectively, to the Pencoed Primary School scheme. Also, an additional £20,000 will be transferred from the school modernisation retention budget to offset increased costs relating to the highways works.

4.3 **Cwmfelin Primary School – Accommodation**

On 20th June 2018 Council approved the inclusion of a budget of £165,000 in the capital programme for the provision of additional accommodation at Cwmfelin Primary School. However, following design development, the original project estimate was deemed insufficient and, despite a value engineering exercise being undertaken, a revised project cost has been received of £235,000 which equates to an additional £70,000 funding over and above the approved budget. The additional funding will be vired from the school modernisation retention budget.

4.4 **Multi Agency Safeguarding Hub (MASH)**

In October 2017 Council approved a total scheme budget of £205,000 to meet the capital investment required to establish the MASH in the preferred premises. This was to cover:

- £155,000 for the procurement of furniture.
- £50,000 to install the required ICT infrastructure to support collaborative working.

Costs were to be split between the Council and the MASH partners, with Bridgend funding 40%.

However, the MASH has now moved into one wing of Raven's Court, so the costs are considerably less than anticipated due to the existing ICT infrastructure being in place along with an element of furniture. The total scheme cost has been finalised at £86,409 with contributions from partners of £49,525, leaving Bridgend to pay £36,884. As the scheme is complete the budget can be reduced within the capital programme to reflect actual spend. Bridgend's contribution is being funded from a contribution from the Change Fund so this will release funding of £45,116 for other schemes.

4.5 **Agile Working**

A report was presented to Council in October 2015 seeking approval for capital funding of £1.217 million to deliver agile working, including physical works at Sunnyside House, a scanner, and investment in laptops, plus replacement, and "follow me" phone capability. The investment in ICT was dependent on securing a tenant for Raven's Court.

As members will be aware, following work undertaken under the Rationalising the Estate programme, and following decisions on where to place the MASH, a decision has been taken to no longer pursue the active marketing of Raven's Court. Consequently the investment initially identified is no longer required at this time. A small amount of funding has been spent to date on undertaking DDA works, leaving a balance of £1.201 million to be de-committed and used to fund other schemes.

4.6 **Cemetery Extensions**

Funding of £360,000 was approved by Council in the MTFS 2018-19 to 2021-22 towards extensions to Porthcawl and North Cornelly cemeteries. However, following further investigation and feasibility works, it is estimated that the total cost to complete these works will be £530,000, which will require an additional £170,000. There is land available at both of these sites to extend the plots and infrastructure. However the costs to evaluate and mitigate environmental and ecological impacts from the extensions is now expected to be significantly higher than originally anticipated. The cost of the extensions will be met from prudential borrowing, the annual cost of which will be funded from the income from internments, as the service operates on a full cost recovery basis.

4.7 **Fleet**

The Council has an ageing Highways fleet of vehicles with some registrations dating from 2009 with vehicles at or beyond their economic life, leading to increasing maintenance costs. A capital budget of £1.64 million is required for the purchase of replacement highway maintenance vehicles including gritters, gulley cleansing, elevated platforms, schools mini bus and tipping lorries. The vehicles are to be funded from within clients' existing revenue budgets, through revenue contributions to capital or prudential borrowing. Large commercial vehicles ordered in 2018 would have a delivery time of between 9 and 12 months due to build times for specialist body types i.e. elevated platforms, gulley cleansing and winter gritting vehicles. In the interim any vehicles currently in use within the Borough Council including lease expiry vehicles would have to be extended until replacement vehicles are available.

4.8 **ICT Rolling Programme**

Following a review of the ICT estate within the Council, it was identified that five hundred desktop PCs were more than five years old and had no warranty support. A procurement exercise was carried out for replacement PCs which resulted in a total cost to replace of £346,375. There is a capital budget of £120,000 already available within the capital programme, funded from an earmarked reserve, so this will be increased by £226,375 and funded from a revenue contribution from the existing ICT rolling programme budget.

4.9 **Porthcawl Resort Investment Focus (PRIF)**

A report was presented on 31st January 2017 to update Cabinet on progress in relation to the development of the EU funded, Porthcawl Resort Investment Focus (PRIF) Programme. The total value of Bridgend Council's activity for the PRIF scheme was £2.555 million, which included funding from European Regional Development Fund (ERDF) grant of £1,565,940 and match funding of £989,060. The

report to Cabinet explained that costs were still subject to final confirmation, which in part included determination of final costs following procurement processes.

Now that the major procurement exercises have been completed, the PRIF scheme has increased to a total value of £2,924,000. The ERDF grant value is currently fixed at £1,565,940 with a revised match funding requirement of £1,358,060. The Council's match funding is currently made up of a range of external resources and Council funds, including £881,000 of Strategic Regeneration capital and revenue funding, an earmarked reserve £100,000 and £277,000 of Coastal Communities Funding. This re-profile has been completed, agreed by the Porthcawl Programme Board and submitted to the funder. If opportunities arise to access further external funds, either through ERDF or other sources then these will be targeted in an effort to further reduce the requirement for Council resources.

4.10 **Registrars**

There is current significant commercial interest in the land and building (Ty'r Ardd) that the BCBC Registrar's Office and Awen's Reference Library operate from. This has coincided with an increase in wedding cancellations at the Ty'r Ardd site due to the works that are taking place on the adjacent land. This work will increase over the coming year and is likely to cause a further increase in wedding cancellations, risking the financial viability of the service.

Feasibility work has been undertaken on relocating the Registrar's Office to a core BCBC building and the service can be accommodated on the ground floor of Civic Offices. This would benefit the authority by providing a one-off capital receipt from the sale of the land as well as ongoing revenue savings from the closure of a building. It would also benefit the service through helping to safeguard its budget position and providing a less isolated and more centrally based building for the service to operate from. The indicative capital budget that will be needed to remodel the area of the Civic Offices that will be affected is £275,000 and this includes creating a patio area for wedding photos. The anticipated capital receipt, as indicated in the draft valuation report, is expected to be significantly more than the cost of the works.

4.11 **Welsh-Medium Capital Grant**

Welsh Government (WG) has made £30 million available across Wales for projects dedicated to supporting and growing the use of the Welsh language in education, and to assist the delivery of WG's ongoing commitment to achieve a million Welsh speakers by 2050. Bridgend was awarded £2.6 million in order to create Welsh-medium childcare provision in Bettws, Ogmere Valley, Bridgend Town and Porthcawl. The four projects are allocated £650,000 each.

- 4.12 A report is due to be presented to Council to update the funding package for the 21st Century Band B Programme following discussions with, and announcements from, Welsh Government with regard to proposed funding options and intervention rates. Should this report be approved, then any changes will be built into the final capital programme presented to Council as part of the Medium Term Financial Strategy in February 2019.

4.13 A revised capital programme is attached as Appendix 1 to this report, which also includes a number of other adjustments required to the capital programme to reflect new external funding approvals and changes to expenditure profiles across financial years. This shows a total revised programme of £211.185 million, of which £138.408 million is met from BCBC resources, including General Capital Funding from Welsh Government, and £72.777 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. Well-being of Future Generations (Wales) Act 2015 Implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. As the report is for information it is considered that there will be no significant or unacceptable impacts upon the achievement of wellbeing goals/objectives as a result of this report. Specifically the development of a 10 year capital programme, which reflects the Council's affordability in terms of capital receipts and borrowing, supports the principle of sustainability over the long term.

8. Financial Implications

8.1 The financial implications are outlined in the body of the report. Any capital receipts released as a result of schemes being removed from the capital programme will be re-allocated to other schemes already included within the programme, but funded from external borrowing, to reduce potential borrowing costs and therefore reduce the pressure on the revenue budget.

9. Recommendations

9.1 It is recommended that Cabinet agrees that the revised Capital Programme be submitted to Council for approval.

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Background documents:

MTFS Report to Council – 28 February 2018

Report to Council: Enterprise Hubs Development Programme – 25 April 2018

Report to Council: Cwmfelin Primary School Capital Project – 20 June 2018

Report to Council - 21 November 2018