

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

22 JUNE 2021

REPORT OF THE INTERIM CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE

CAPITAL PROGRAMME UPDATE

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 2020-21 to 2030-31 (**Appendix A**).

2. Connection to corporate well-being objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objectives under the **Well-being of Future Generations (Wales) Act 2015**:-

1. **Supporting a successful sustainable 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 and communities to be more healthy and resilient** – taking steps to reduce or prevent people from becoming vulnerable or dependent on the Council and its services. Supporting individuals and communities to build resilience, and enable them to develop solutions to have active, healthy and independent lives.
3. **Smarter use of resources** – ensuring that all its resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help deliver the Council's well-being objectives.

- 2.2 Capital investment in the Council's assets is a key factor in meeting the Council's well-being objectives as set out in the Council's Corporate Plan.

3. Background

- 3.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 as amended, contain detailed provisions for the capital finance and accounting controls, including the rules on the use of capital receipts and what is to be treated as capital expenditure. They modify accounting practice in various ways to prevent adverse impacts on authorities' revenue resources.

- 3.2 As well as the legislation, the Council manages its Treasury Management and Capital activities in accordance with the following associated guidance:-

- CIPFA's Treasury Management in the Public Services: Code of Practice
 - CIPFA's The Prudential Code for Capital Finance in Local Authorities
 - Welsh Government (WG) revised Guidance on Local Authority Investments
- 3.3 The Prudential Code for Capital Finance in Local Authorities requires Local Authorities to have in place a Capital Strategy which demonstrates that the Authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out a number of Indicators that must be set and monitored each year. The Council's Capital Strategy, incorporating the Prudential Indicators for 2021-22, was approved by Council on 24 February 2021.
- 3.4 On 24 February 2021, Council also approved a capital programme covering the period 2020-21 to 2030-31 as part of the Medium Term Financial Strategy (MTFS). Since then a review has been undertaken of available capital resources, taking into consideration uncommitted funding in the capital programme, the anticipated year end revenue position for 2020-21, the position on earmarked reserves and revenue budgets available for 2021-22.
- 3.5 As a result, a number of new capital schemes have been proposed by Directorates, which have undergone rigorous review and challenge by members of Corporate Management Board and Cabinet, before being submitted for inclusion in the capital programme.
- 3.6 This report is only seeking approval for the inclusion of new schemes within the capital programme that was approved by Council in February 2021. In July 2021 a report will be presented to Cabinet and Council outlining the 2020-21 year end capital position, showing slippage between the 2020-21 and 2021-22 financial years, the updated capital programme for 2021-22 onwards and the outturn position on the Prudential and Other Indicators.

4. Current situation/proposal

- 4.1 The capital programme approved by Council in February 2021 for the period 2020-21 to 2030-31 totalled £205.732 million, of which £116.147 million is to be met from Bridgend County Borough Council (BCBC) resources, including capital receipts and revenue contributions from earmarked reserves, with the remaining £89.585 million coming from external resources, including General Capital Grant.
- 4.2 As mentioned above, a number of proposals for new capital schemes have been received, and these have been considered and prioritised by Cabinet and Corporate Management Board, in line with the Council's Capital Strategy. Funding for these schemes has been set aside through new earmarked reserves, established during the 2020-21 year end process, from unallocated general capital funding received through the 2021-22 Local Government Settlement and from public realm fund revenue funding for the 2021-22 financial year. In addition, there is one school scheme that also needs inclusion in the

capital programme which is part funded from school delegated budgets and partly via a Salix interest free loan, to be repaid by the school.

- 4.3 The total cost of the new schemes is £4,552,271 and this is broken down in Table 1, with Table 2 showing the breakdown of funding for the proposed schemes:

Table 1: Proposed new capital schemes

Directorate	Description	£
Education	ICT Equipment for school kitchens	40,000
Education	Litchard Primary School solar panels	42,656
Social Services	HALO and AWEN Accessibility Works	150,000
Communities	Pyle Community Recycling Centre (CRC)	200,000
Communities	Cosy Corner	1,884,615
Communities	Gully Sucking equipment	140,000
Communities	Traffic Signal Replacement	250,000
Communities	Playground Refurbishment	460,000
Communities	Footpaths Refurbishment	200,000
Communities	Bryncethin Depot	300,000
Communities	Commercial Property Enhancement Fund	150,000
Communities	Fire Suppression System Tondu Waste Depot	140,000
Chief Executive	Replacement CCTV System	595,000
TOTAL		4,552,271

Table 2: Funding of new capital schemes

Funding Source	£
Welsh European Funding Office (WEFO) Grant	1,000,000
Capital Earmarked Reserves	1,875,000
General Capital Funding	974,615
Public Realm Revenue Contribution	660,000
School Revenue Contributions	20,367
SALIX Interest Free Loan	22,289
TOTAL	4,552,271

- 4.4 More detail on each of these schemes is set out below.

ICT Equipment for School Kitchens (£40,000)

Funding of £40,000 is requested to provide the 61 kitchens in schools with a basic laptop to enable staff to have access to electronic systems which will ensure communication is efficient with other services e.g. HR, Finance, suppliers and the central Catering Services management team.

The laptops would enable cooks to send wage return information, meal numbers and food stock information directly to the catering office. This would provide administrative efficiencies as this information is currently all paper based and sent to the catering office via post. There are currently no electronic forms of communication in place in school kitchens.

Litchard Primary School Solar Panels (£42,656)

Litchard Primary School has been working with the Council's Energy Manager and Corporate Landlord Section on a project to install solar panels on the roof of the school, in order to help to reduce the school energy bills and enable it to become more self-sufficient. Approval was sought via delegated power to incur the capital spend, which will be funded partly from the school's delegated budget and partly through an interest free Salix loan. Interest repayments will also be repaid from the school's delegated budget. The school is estimated to recoup the investment within four years.

HALO and AWEN Accessibility Works (£150,000)

The Council continues to work in partnership with both Halo Leisure and Awen to enhance the accessibility of the venues that remain Council assets and, beyond maintenance requirements, to develop those assets to support larger numbers of people with a protected characteristic. The scope of these works includes improving the basic infrastructure so that more people with additional needs and access requirements can make use of the facilities and then also engage in a broader range of services and opportunities, through the creation of disability access ramps and disabled parking improvements in Awen venues, such as Bryngarw House and the Grand Pavilion, and improving accessibility to swimming pools at Pyle and Pencoed through improvements to changing spaces and pool access.

Pyle Community Recycling Centre (£200,000)

The capital programme already includes a total budget of £1.594 million for the relocation of the community recycling centre from Tythegston to Pyle. An additional £200,000 of capital funding is required for the relocation and development of the Pyle CRC due to unforeseen costs on site, most notably finding contaminated ground at the Pyle site that had to be remediated to enable construction to proceed.

Cosy Corner (£1,884,615)

A report was presented to Cabinet on 9 March 2021 outlining progress on securing funding to take forward a project on Cosy Corner, Porthcawl, as part of the Tourism Attractor Destination Programme. The report outlined that a proposal had been submitted to Visit Wales and WEFO based on a total project value of £1,538,461, comprising £1 million grant and a proposed match funding requirement of £538,461 from BCBC, of which £384,615 was direct match funding, and the balance land match funding. The capital programme scheme cost of £1,884,615 comprises the original proposed direct match funding of

£384,615 plus an additional £500,000 to ensure that a comprehensive scheme can be delivered to maximise the use of the site to attract footfall and contribute to the economic recovery, in addition to the proposed £1 million grant. The scheme will help to support the local economy, tourism offer and local community groups and residents. The scheme will aim to deliver the following:

- Improvements for use by community organisations, in particular the Sea Cadets.
- Improvements to the local economy and tourism offer, in particular small retail / start up spaces.
- Improvements for marina users, in particular storage and changing facilities.
- Improvements for use by the wider community, in particular a Changing Places facility, children's free play area, public seating, public realm/landscaping and an outdoor event space.

These options are based on information known at the current time and are therefore subject to change and final agreement by Visit Wales and WEFO. It is anticipated that a decision will be made by September 2021, following RIBA 3 submission and re-profile at the end of August 2021. The scheme will be unable to deliver the commitments above without the £1 million grant from WEFO.

The proposed match funding will aim to lever an external grant of £1 million towards an overall scheme value, including land value match, of £2,038,461. This additional funding will be delivered through the overall Porthcawl Resort Investment Focus Programme (PRIF).

Gully Sucking Equipment (£140,000)

Funding of £140,000 is requested for the purchase of equipment to assist with maintenance of highway gullies to improve the authority's response to climate change in dealing with blockages on highway drainage systems.

Traffic Signal Replacement (£250,000)

Maintaining traffic management controls and lights on key routes within the County Borough is critical to ensuring the efficient running of the highway network, especially during peak traffic flows. A capital budget of £250,000 is required to purchase and install new signal controllers and associated signal heads including pedestrian phases, and replacing aged expired equipment on two key sites in the County Borough.

Playground Refurbishment (£460,000)

The Council recognises that the pandemic has had a detrimental impact on the children and young people who live in the County Borough, through ongoing restrictions on play and activities. This proposed allocation of £460,000 is integral to the new Children's Play Strategy which is seeking to address this issue. It is to be used for the design, purchase and installation of children's play equipment at over 30 authority-run play areas across the County Borough. This

allocation will enable sites assessed as requiring partial or full upgrades in play equipment and surfacing to be significantly improved and provide safe opportunities for outdoor play.

Footpath Refurbishment (£200,000)

A capital budget of £200,000 is required for refurbishment of the targeted and prioritised high usage footpaths that have been identified in the County Borough. These have been assessed as either Level 5 structurally impaired or Level 4 functionally impaired and need urgent attention to ensure they remain accessible and safe to use.

Bryncethin Depot (£300,000)

Various works have been undertaken at Bryncethin Depot over recent years, as part of the overall depot rationalisation scheme, to enable the transfer of some of the parks operations and other services from Waterton Depot to this location, in order to reduce the footprint on Waterton Depot, as part of the Parc Afon Ewenni programme. A further £300,000 of capital funding is now required to continue with essential repairs and physical enhancement of the Depot in order to provide an expanded fit for purpose and low carbon facility. In addition to the existing Capital Minor Works budget commitment for 2021-22 for a significant roof replacement, additional works are required in respect of , groundworks, drainage repairs, yard resurfacing, exterior lighting, additional storage/workshop areas, plus key electrical infrastructure upgrading in order to facilitate low carbon technologies and electric vehicle charging infrastructure to be installed.

Commercial Property Enhancement Fund (£150,000)

The Commercial Property Enhancement fund has concentrated on providing grants of up to £10,000 to support businesses in developing their premises and outdoor space to operate effectively in the current climate. It has been funded to date via a combination of grant funding – TRI Thematic Projects - and BCBC funding via the Economic Futures Fund. Under the existing scheme 62 properties have been supported (with a further 9 being assessed) with total grant support of £472,295. £130,000 of private sector funds have been levered into the scheme as it is a condition of the grant that applicants have to contribute a minimum of 20% per project. The grant is currently on hold with over 30 further applicants requesting to be considered if further funding becomes available. In the current climate this is an invaluable source of support to businesses and, in particular, the retail and hospitality sector who have been hit hard during the pandemic and continue to be regulated in terms of their permitted operations.

Fire Suppression System Tondu Waste Depot (£140,000)

The Council-owned waste depot in Tondu, operated currently by Kier in providing the County Borough's waste collection service, requires a fire suppression system to be put in place as specified by the Council's insurers.

The responsibility for the installation cost of this system contractually sits with the Council.

Replacement Closed Circuit Television (CCTV) System (£595,000)

A report was presented to Cabinet in May 2021 outlining the proposal for a Smarter Borough based on the replacement of the existing CCTV estate. The recommendation to Cabinet was to recommend that Council includes a budget of £595,000 in the capital programme to enable installation of new Internet Protocol (IP) cameras, replacing the legacy equipment, to aid the day and night time economies. The advantages of upgrading to IP cameras were outlined in the report, including portability, future-proofing, ease of integration and resilience. The opportunity to leverage “Smart” technology through the CCTV infrastructure provides the Council with the possibility of maximising its investment and increasing the return on investment, and fits with the theme of a “Digital Place” within the Council’s Digital Strategy 2020-2024.

- 4.5 A revised Capital Programme, incorporating the schemes outlined above, is included as **Appendix A**.

5. Effect upon policy framework and procedure rules

- 5.1 As required by Financial Procedure Rule 3.5.3 within the Council’s Constitution, “The Chief Finance Officer shall report quarterly to Cabinet an update on the Capital Strategy and the Prudential Indicators.”

6. Equality Act 2010 implications

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. Projects within the capital programme will be subject to the preparation of Equality Impact Assessments before proceeding. However, it is considered that there will be no significant or unacceptable equality impacts as a result of this report.

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. 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.

9. Recommendation

- 9.1 It is recommended that Cabinet agrees that the revised Capital Programme (Appendix A) be submitted to Council for approval.

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June 2021

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Background documents: None