

## REPORT TO COUNCIL

10 DECEMBER 2014

### REPORT OF THE CORPORATE DIRECTOR RESOURCES

#### CAPITAL PROGRAMME 2014-15 TO 2024-25

#### 1. Purpose of the report

- 1.1 The purpose of this report is to obtain approval from Council for a revised capital programme for 2014-15 to 2024-25.

#### 2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

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

#### 3. Background

- 3.1 In February 2014 Council approved a capital programme for 2014-15 to 2023-24. Council subsequently approved a revised capital programme in July 2014, reflecting funding changes to some schemes, slippage from 2013-14, additional external funding approvals and changes to expenditure profiles.
- 3.2 Within the draft local government settlement published in October, capital funding reduced by -1.1% across Wales, with a reduction for Bridgend of £36,000. No indications have been given for 2016-17, although the assumption is that the figures will be flat lined.

#### 4. Current situation / proposal

- 4.1 Since the capital programme was approved by Council in July 2014 there have been a number of changes including:
- additional funding required to support some projects.
  - re-profiling of spend across financial years following anticipated slippage in 2014-15.
  - changes to funding profiles for various schemes.
  - new schemes in the programme such as Vibrant and Viable places.

In the MTFs approved in February 2014 new projects were incorporated into the capital programme which included the Maximising Space and Technology project (£700k), funding for which was further increased in the report to

Council in July 2014. The capital programme as approved by Council in July 2014 is attached as Appendix 1 for information.

4.2 The programme approved in July totalled £40.835 million for 2014-15. The position at the end of quarter 2 was £29.685 million. The main reasons for the variance include:

- Slippage of £5.408 million on Porthcawl infrastructure to 2015-16;
- Slippage of £837,000 into 2015-16 in respect of work on parks pavilions;
- Slippage of £3.060 million on the new Coity primary school into 2015-16.
- Slippage of £707,000 on school modernisation programmes into 2015-16.
- Slippage of £1.019 million on the new Gateway Primary and Garw Valley South Primary schools into 2015-16.

There were also a number of new approvals, including:

- Transport grant £251,000;
- Flying Start additional provision for Lewistown £353,000;
- Domestic abuse grant £101,000.

4.3 In terms of capital receipts, the Council has secured a total of £2.3 million receipts during 2010-11 to 2013-14 and is anticipating securing £19.2 million usable receipts between 2014-15 and 2017-18, £9.5 million of which are ring-fenced for the 21<sup>st</sup> Century Schools Programme. The most significant of these receipts are not anticipated to be received until 2016-17.

4.4 In addition, the Council has committed to match funding of £11.135 million of school capital receipts and £2 million of general capital receipts to the school modernisation programme. Since the requirement for the match funding is generally before the old buildings can be vacated and the receipt realised, there is a need to maintain a reasonable level of balances.

4.5 Given the current level of capital receipts held by the Council, and the need to hold a prudent balance to mitigate against any unforeseen risks, officers have not been requested to submit a range of capital bids at the current time. However, there have been changes to some schemes which require Council approval in order to adjust or include them in the proposed capital programme.

The schemes are:

### **Special Regeneration Funding (SRF) for EU Schemes**

In the current capital programme, funding has only been approved as matched funding for EU schemes until the 2016-17 financial year. The current

annual allocation is £540,000. However, the service has demonstrated its success in leveraging in European funding over the last 10 years, using SRF as matched funding. For the four year period 2010-11 to 2013-14 the service estimates that for every £1 of capital matched funding they had available they secured approximately £5.30 of European funding.

The Welsh Government's new round of EU Structural Funds covering 2014-2020 will provide the Council with significant opportunities to bid for funding for new regional schemes covering social enterprise projects, urban and town centre regeneration, green energy programmes and employment support, as long as there is secured matched funding. The proposal is that the first call on the £540,000 should be any potential new schemes which significantly contribute to the Council's corporate priorities up to and including the 2020-21 financial year to cover the period of the new European programme. The provision should be reviewed annually and allocated to other schemes if suitable EU opportunities are not identified.

### **Maximising Space and Technology**

The current capital programme includes a budget of £1 million for the physical works to the Civic office. A further £360,000 is required to address existing problems in the building which have emerged during the refurbishment and to meet essential safety requirements on level 1 that have been identified during the design phase.

### **Llynfi Valley Development**

On 12 November 2014 Council agreed to accept a loan from the Welsh Government's Capital Retained Fund to enable site investigation and land remediation work to be undertaken so that three sites within the Llynfi Valley can be taken to the open market for future residential-led development. Council agreed to include the capital works within a revised capital programme.

### **Provision of a Playground at Ffordd yr Eglwys, North Cornelly**

Cabinet agreed at its meeting of 8 March 2011 to dispose of land at Ffordd yr Eglwys, North Cornelly. As part of the negotiations it was agreed that £75,000 of the capital receipts would be ring-fenced to provide a replacement playground on adjacent land. A capital receipt of £80,000 has now been received and it is proposed that, in accordance with the Cabinet decision, £75,000 of this is used to fund the cost of a new playground in the area.

### **Nantymoel Community Facilities**

Within the existing capital programme is an allocation of £200,000 to provide alternative community facilities within Nantymoel, following the demolition of the Berwyn Centre. Initially Cabinet agreed this funding to the end of March

2015. However, due to the time taken to develop alternative options and seek agreement with the community representatives, the physical works are likely to be delayed, and a request is to be made to Cabinet to extend this deadline until 31st March 2016 as part of the revised capital programme.

- 4.6 A revised capital programme allowing for the proposed changes along with anticipated slippage from 2013-14, additional external funding approvals and changes to expenditure profiles is attached as Appendix 2 to this report.

## **5. Effect upon Policy Framework and 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 draft local government capital settlement for 2015-16 provided this Council with £6.288 million capital funding for 2015-16. Currently £4.590 million is committed for 2015-16 and 2016-17 towards fixed annual allocations e.g. minor works, disabled facilities grants and SRF. From 2016-17 this reduced to £4.050 million as the SRF funding was due to cease. There is sufficient scope within this funding allocation to reinstate the funding for SRF between 2017-18 and 2020-21.

- 7.2 The additional resources required for the MST project can be met from an earmarked reserve set aside to recognise the risk that additional work on the building could emerge during the implementation phase.

## **8. Recommendations**

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

**Ness Young**  
**Corporate Director - Resources**

**December 2014**

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**Background Papers**

Report to Council 24 July 2014