

Meeting of:	CABINET
Date of Meeting:	20 JUNE 2023
Report Title:	CAPITAL PROGRAMME OUTTURN 2022-23
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	NIGEL SMITH GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	Paragraph 3.5.3 of the Finance Procedure Rules requires that the Chief Finance Officer shall report quarterly to Cabinet and Council with an update on the Capital Strategy and the Prudential Indicators. This report fulfils that requirement. There is no impact on the policy framework or procedure rules
Executive Summary:	<ul style="list-style-type: none"> • The report provides details of the capital budgets and expenditure outturn for 2022-23 and provides explanations for the main variances. • Appendix A shows the budgets and outturn spend for the individual schemes in 2022-23. • Appendix B provides details of the actual prudential and other indicators for 2022-23.

1. Purpose of Report

1.1 The purpose of this report is to:

- Comply with the Chartered Institute of Public Finance and Accountancy's (CIPFA) 'The Prudential Code for Capital Finance in Local Authorities' (2021 edition) requirement to report performance against all forward looking indicators on a quarterly basis.
- provide details of the capital outturn for 2022-23 (**Appendix A**)
- note the actual Prudential and Other Indicators for 2022-23 (**Appendix B**)

2. Background

2.1 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.

2.2 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

2.3 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 2022-23, incorporating the Prudential Indicators for 2022-23, was approved by Council on 23 February 2022.

2.4 On 23 February 2022 Council approved a capital budget of £69.979 million for 2022-23 as part of a capital programme covering the period 2022-23 to 2031-32 and Council received regular updates and approved revisions through the year. The capital programme for 2022-23 was last updated and approved by Council on 1 March 2023.

3. Current situation / proposal

3.1 Capital Programme Outturn Position 2022-23

3.1.1 The original budget approved by Council on 23 February 2022 has been revised and approved by Council during the year to incorporate budgets brought forward from 2021-22 and any new schemes and grant approvals during 2022-23. The revised programme for 2022-23, approved by Council in March 2023 totalled £58.387 million, of which £21.855 million was to be met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £36.532 million coming from external resources.

3.1.2 **Appendix A** provides details of the individual schemes within the capital programme, showing the budget available in 2022-23 compared to the actual spend. Since the last report presented to Council in March 2023 there have been a few minor amendments to the 2022-23 Programme. The main changes are:

- New approvals of £0.539 million, as a result of additional grant funded schemes including £0.357 million Safer Streets grant from the Police and Crime Commissioner for South Wales, £0.049 million Welsh Government grant for Zero Emission Vehicle/Charging Infrastructure, and £0.133 million revenue contributions as a result of revised expenditure profiles across a number of schemes.
- These additions are offset by two reductions in the programme of £0.120 million on the Free School Meals scheme and £0.060 million on the Community Focused

Schools scheme. This is as a result of some items of expenditure on the two schemes being deemed to be revenue in nature, and so expenditure as well as an equal amount of grant funding was transferred to revenue.

- £0.014 million funding has been brought forward from 2023-24 to reflect revised spend profiles.

This brings the revised budget for 2022-23 to £58.760 million.

3.1.3 Total expenditure as at 31 March 2023 was £29.230 million which, after slippage of £27.875 million into 2023-24, and adjustments to grant funded schemes of £0.860 million, results in a total under spend of £0.795 million. Of this, £0.639 million will be returned to the Council's capital funding provision to contribute to future capital projects. Slippage has arisen for a number of reasons, including delays in starting projects due to the need to undertake more detailed survey works, supply chain issues and ongoing discussions with funding bodies and other general programme delays.

3.1.4 Slippage forecast to be spent in 2023-24 of £27.875 million is required, the main schemes being:

- £0.591 million Universal Free School Meals. Delays in the procurement and tender process meant that there was a delay in the kitchen audits being completed, which assessed the equipment requirements for each school to enable them to roll out the universal free school meals programme. There have also been delays in arranging the installation of the new equipment with the contractor, as they are also working with four other Welsh authorities on their universal free school meals programmes.
- £0.703 million School Capital Maintenance Grant. Following the Council being awarded a School Capital Maintenance grant of £2.325 million in quarter 4, there have been a number of underspends due to capacity issues, which have meant that the grant has been used to fund various other schemes in the capital programme, as allowed in the grant terms and conditions, and the retrospective earmarked reserve and capital receipts funding displaced and slipped for use in 2023-24.
- £0.559 million Coychurch Crematorium. Delays in the procurement and tender process resulted in works on the Flower Court Extension not commencing until October 2022. Works are now expected to be completed in September 2023.
- £2.980 million Porthcawl Metro Link. The tender process for this scheme is not yet complete which, coupled with technical site issues, has led to a change in timescales, therefore the remaining budget is slipped for use in 2023-24.
- £0.788 million Cosy Corner. There have been slight delays in the programme timetable due to Welsh Water delays and re-programming implications as a result of the removal of asbestos from the site. The project will be completed in 2023-24.

- £0.764 million Coastal Risk Management. Works have taken longer than anticipated and there have also been some delays in receiving approvals from the designers of the scheme for revetment and grouting works. The scheme is now due for completion in June 2023.
- £3.493 million Ewenny Road Industrial Estate. Since the grant was confirmed there have been substantial delays associated with reaching an agreed funding contract with Cardiff Capital Region (CCR), which was required to ensure the agreement did not create any undue risk for Bridgend County Borough Council. Whilst a funding contract with CCR has now been agreed, the scheme requires planning permission before it can be implemented, and this element of the project has been delayed due to consultation comments from Natural Resource Wales and the resultant requirement for additional hydraulic modelling. The planning application is now expected to be determined by September 2023 with the grant funded infrastructure works to be tendered following any approval.
- £2.177 million Llynfi Development Site. The Council are currently in discussions with Welsh Government about the use of the funding, and updates will be provided in future capital reports once we have confirmation from WG about their requirements.
- £0.952 million Maesteg Town Hall Cultural Hub. During renovation works, large scale defective plaster and active dry rot were discovered within the core fabric of the building. This required remedial work to be undertaken before any further planned renovation works could take place, resulting in a lower spend in 2022-23 than anticipated.
- £1.115 million UK Shared Prosperity Fund (UKSPF). UK Government were delayed in agreeing the South East Wales UKSPF agreement with Rhondda Cynon Taff County Borough Council. This has resulted in delays in funding agreements being made available for Bridgend County Borough Council. A proposal has been submitted to UK Government through their outlined 'credible plan' process, via Rhondda Cynon Taff County Borough Council, for the underspend from 2022-23 to be rolled forward into 2023-24.
- £0.773 million Capital Asset Management Fund. A £1.5 million capital fund was established in 2019-20 to meet the costs of capital works required to comply with any health and safety or other legislative requirements in respect of the Council's assets. Subsequently £0.5 million was transferred to revenue works, leaving £1 million for capital. There have been 2 approvals on this fund to date (£0.180 million Pencoed Complex Medical Needs provision in 2019-20 and £0.047 million Puffin Crossing Kenfig Hill 2022-23) and the balance will be carried forward to meet other unexpected health and safety works.
- £0.551 million Bryncethin Depot. With the depot rationalisation project at Park Afon Ewenny being impacted by changes to the Natural Resources Wales Flood mapping guidance, a number of proposed projects at Bryncethin to facilitate this wider project have been delayed primarily as a result of end user requirements being under review. These works included drainage and yard resurfacing works, exterior lighting upgrades and the creation of additional workshop areas. All works will proceed and are currently under specification review. A number of projects

have been completed including the roof replacement of Barn Two, essential electricity upgrading works and the installation of a vehicle washdown facility. The major project to replace the office roof and associated internal works to the main building, together with ventilation upgrades to Barn Two were unsuccessful at tender stage and as such these schemes are being re-tendered.

- £0.530 million Homelessness and Housing. The legal agreement between Valleys to Coast and the Council is being finalised, which will allow the £0.530 million to be paid over to Valleys to Coast to support the scheme which brought long term empty properties back into use.
- £0.844 million Affordable Housing. The Council are actively looking at opportunities in line with housing need, although the situation is extremely difficult at present in terms of availability of housing stock.
- £2.174 million Minor Works. Due to delays in completing a number of minor works schemes across all directorates, funding has been slipped for use in 2023-24.

3.2 Prudential and Other Indicators 2022-23 Monitoring

3.2.1 The Capital Strategy is intended to give an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. To this end a number of prudential indicators were included, and approved, by Council. In line with the requirements of the Prudential Code, the Chief Finance Officer is required to establish procedures to monitor both performance against all forward-looking prudential indicators and the requirement specified.

3.2.2 In February 2022, Council approved the Capital Strategy for 2022-23, which included the Prudential Indicators for 2022-23.

3.2.3 **Appendix B** details the actual indicators for 2021-22, the estimated indicators for 2022-23 set out in the Council's Capital Strategy and the actual indicators for 2022-23 based on the Capital Programme outturn. These show that the Council is operating in line with the approved indicators.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 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. This is an information report, therefore, it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The Act provides the basis for driving a different kind of public service in Wales, with five ways of working to guide how public services should work to deliver for people. The well-being objectives are designed to complement each other and are part of an integrated way of working to improve well-being for the people of Bridgend. It is considered that there will be no significant or unacceptable impacts upon the achievement of the well-being goals or objectives as a result of this report.

6. Climate Change Implications

6.1 There are no Climate Change implications arising from this report.

7. Safeguarding and Corporate Parent Implications

7.1 There are no Safeguarding and Corporate Parent implications arising from this report.

8. Financial Implications

8.1 These are reflected within the report.

9. Recommendations

9.1 It is recommended that Cabinet:

- notes the Capital outturn for 2022-23 (**Appendix A**)
- notes the actual Prudential and Other Indicators for 2022-23 (**Appendix B**)

Background documents

None