

Meeting of:	COUNCIL
Date of Meeting:	18 OCTOBER 2023
Report Title:	CAPITAL PROGRAMME UPDATE QUARTER 2 2023-24
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE
Responsible Officer:	HUW POWELL CAPITAL ACCOUNTANT
Policy Framework and Procedure Rules:	Paragraph 3.5.3 of the Financial 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 an update on the capital budgets and expenditure as at 30 September 2023, the revised capital programme for 2023-24 to 2032-33 and the projected Prudential and Other Indicators for 2023-24. • Appendix A shows the budgets and spend to 30 September 2023 for the individual schemes in 2023-24. • Appendix B provides details of the revised capital programme for 2023-24 to 2032-33. • Appendix C provides details of the projected Prudential and Other Indicators for 2023-24.

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 an update on the capital programme position for 2023-24 as at 30 September 2023 (Appendix A).**
- **note the slippage of £15.809 million in to 2024-25 as detailed in Appendix B.**
- **seek approval of the virements between schemes as detailed in Appendix B.**

- seek approval of the new schemes/additions to the capital programme totalling £0.737 million as outlined in **Appendix B**.
- note the projected Prudential and Other Indicators for 2023-24 (**Appendix C**).

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 2023-24, incorporating the Prudential Indicators for 2023-24, was approved by Council on 1 March 2023.
- 2.4 On 1 March 2023 Council approved a capital budget of £69.045 million for 2023-24 as part of a capital programme covering the period 2023-24 to 2032-33. The programme was last updated and approved by Council on 19 July 2023.

3. Current situation / proposal

3.1 Capital Programme Quarter 2 Update 2023-24

- 3.1.1 This section of the report provides Members with an update on the Council's capital programme for 2023-24 since the budget was last approved by Council and incorporates any new schemes and grant approvals. The revised programme for 2023-24 currently totals £81.817 million, of which £44.574 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £37.243 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the July 2023 approved Council position to Quarter 2:

Table 1 – Capital Programme per Directorate 2023-24

Directorate	Approved Council July 2023 £'000	New Approvals/ Reductions £'000	Virements £'000	Slippage to future years £'000	Revised Budget 2023-24 £'000
Education & Family Support	32,937	1,604	75	0	34,616
Social Services and Well-being	3,379	141	0	(1,000)	2,520
Communities	52,504	(1,008)	0	(14,809)	36,687
Chief Executive's	7,197	0	(75)	0	7,122
Council Wide	872	0	0	0	872
Total	96,889	737	0	(15,809)	81,817

3.1.2 Table 2 below summarises the current funding assumptions for the capital programme for 2023-24. The capital resources are managed to ensure that maximum financial benefit for the Council is achieved. This may include the realignment of funding to maximise government grants.

Table 2 – Capital Programme 2023-24 Resources

CAPITAL RESOURCES	£'000
<i>BCBC Resources:</i>	
Capital Receipts	8,976
Earmarked Reserves	24,884
Unsupported Borrowing	5,810
Supported Borrowing	3,951
Other Loans	87
Revenue Contribution	866
Total BCBC Resources	44,574
<i>External Resources:</i>	
S106	2,445
Grants	34,798
Total External Resources	37,243
TOTAL RESOURCES	81,817

- 3.1.3 **Appendix A** provides details of the individual schemes within the capital programme, showing the budget available in 2023-24 compared to the projected spend at 30 September 2023. There are currently no projected under or over spends on any of the schemes at year end.
- 3.1.4 However, a number of schemes have been identified as requiring slippage of budget to future years (2024-25 and beyond).

Porthcawl Grand Pavilion (£1.000 million)

Due to a delay in receiving the award of Levelling Up funding from UK Government, project development has been limited. The project is currently at RIBA Stage 4 design and the planning application process is ongoing. Therefore £1.000 million is being slipped for use in 2024-25.

Parks/Pavilions/Community Centres CAT (£0.400 million)

The Community Asset Transfer (CAT) fund provides capital funding to assist community groups to improve assets post-transfer as and when self-management agreements are finalised. The timings of asset transfers are difficult to predict due to issues such as land registration, which can delay completions, therefore £0.400 million is being slipped for use in 2024-25.

Porthcawl Regeneration (£2.500 million)

Development work is ongoing across the regeneration site, including further consultation and work on the infrastructure plan for Salt Lake. Enabling works in relation to the scheme have commenced and will continue into 2024-25. Therefore £2.500 million is being slipped for future use.

Bridgend Heat (£3.265 million)

Due to changes in the economic climate, including higher prices and interest rates, the financial model for the phase 1 scheme was no longer deemed to be viable. An outline business case for a larger second phase of the heat network has been issued, which incorporates the phase 1 infrastructure. Cabinet has agreed that work on this larger scheme be progressed, and details brought back for consideration. Consequently, it is unlikely that any capital expenditure will be incurred in this financial year.

Capital Asset Management Fund (£0.500 million)

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 £0.500 million was transferred to revenue works, leaving £1.000 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). £0.500 million is being slipped to 2024-25, leaving a budget of £0.273 million in 2023-24 to fund any other unexpected health and safety works. Should there be a need for more funding in this financial year, some or all of the £0.500 million will be brought back into 2023-24.

Waterton Upgrade (£8.144 million)

The scheme has not progressed on the Waterton site as anticipated. Following changes to the Welsh Flood Risk Assessment Maps by Natural Resources Wales which resulted in the proposed disposal of land at Waterton for residential development no longer being viable, the way forward with the much needed improved

highways depot is currently under review. There is no capital spend anticipated in the current financial year, therefore £8.144 million has been slipped to 2024-25.

- 3.1.5 There are a number of amendments to the capital programme for 2023-24, such as new and amended schemes, since the capital programme was last approved, including:

Additional Learning Needs Grant (ALN) (£0.928 million)

Welsh Government has awarded the Council £0.928 million to optimise pre-16 learning environments for those with additional learning needs and increase accessibility to promote inclusive practice, support learning and pupil wellbeing. The funding can be used for eligible expenditure to support learners with ALN in both mainstream and special schools.

Flying Start Extension – Nantymoel Primary (£0.580 million)

The Council have been awarded a grant of £0.580 million from Welsh Government's Childcare and Early Years Capital Programme to provide a new build Flying Start childcare facility at Nantymoel Primary School. This funding is linked to the expansion of early years provision across Wales and forms part of the phase 2A expansion in Bridgend. The ongoing running and maintenance costs will be funded from the ringfenced expansion Flying Start funding through the Children and Communities grant.

ICT School Equipment – Brynteg iPads (£0.096 million)

Brynteg School will purchase 345 iPads which will be used exclusively for the new intake of Year 7 pupils and which includes onsite support and training for both staff and pupils. This will be funded from prudential borrowing which the school will repay from their delegated budget over a three-year period.

Youth Service Vehicle (£0.075 million)

Bridgend Youth Service will purchase a mobile youth centre, which will be used in partnership with South Wales Police and other third sector colleagues. The mobile centre will be used to engage with young people across the county borough in identified "hot spot" areas along with areas with limited or no access to centre based youth provision. The purchase of the vehicle will be funded from displaced Safer Streets funding which was used to fund part of the CCTV replacement in 2022-23. Therefore a virement from the CCTV replacement scheme is required. This will have no impact on the CCTV replacement. The ongoing running and maintenance costs will be funded from the youth service revenue budget.

Ty Cwm Ogwr Residential Care Home (£0.041 million)

The Cwm Taf Morgannwg Housing with Care Fund (HCF) is available to support independent living in the community for people with care and support needs and to provide intermediate care settings in the community so that people who need care, support and rehabilitation can return to living independently or maintain their existing independence. The Council has been awarded £0.041million funding from the Cwm Taf Morgannwg Housing with Care Fund (HCF) to upgrade the Nurse Call system at Ty Cwm Ogwr.

Breakaway (£0.100 million)

The Council has been awarded a further £0.100 million from the Cwm Taf Morgannwg Housing With Care Fund detailed above, to build a small extension which will provide

a bedroom and wet room at the Breakaway short stay provision. It is anticipated that there will be a small increase in revenue running costs such as electricity and gas which have to be met from within existing budgets.

Coychurch Crematorium Flower Court (0.194 million)

The Flower Court works at Coychurch crematorium are progressing well, but due to unforeseen additional works required to the roof and drainage an additional budget of £0.194 million is required. This addition will be funded from the Crematorium's accumulated balance.

Ynysawdre to Bryncethin Active Travel Route (£0.784 million)

The Ynysawdre to Bryncethin Active Travel Route will connect two points on the existing local active travel network and, where numerous schools and sports facilities (Brynmenyn Primary School, Coleg Cymunedol Y Dderwen, Halo Ynysawdre Swimming Pool & Fitness Centre, Tondu United Football Club) are located nearby. Encouraging the use of active travel can provide health benefits associated with increased physical activity, environmental benefits associated with reductions in noise and air pollution, reduction in congestion and other associated economic benefits. It also can assist in promoting greater social inclusion and providing infrastructure that facilitates low-cost modes of transportation, ensuring equity of opportunity to the majority of the local population. The scheme will be fully funded from Welsh Government's Active Travel Fund.

Coal Tip Safety (£0.200 million)

The Council have been awarded £0.200 million from Welsh Government's Coal Tip Safety Grant Scheme to undertake remedial works on a coal tip at Ocean Colliery No.6, in Nantymoel. The work will involve renewing concrete drainage channels and grouting of voids to prevent water entering the ground and causing coal tip instability. The drainage will run to existing water courses as previously, and the works will prevent further issues that could affect the stability of the coal tip. As such the works are considered to improve the issues that may occur due to climate change.

Brilliant Basics (£0.110 million)

The purpose of Brilliant Basics is to deliver basic small scale tourism infrastructure improvements across all of Wales to ensure that all visitors to Wales have a positive and memorable experience throughout all aspects of their stay. Welsh Government have awarded the Council £0.088 million from their Brilliant Basics Fund which, along with £0.022 million of Bridgend CBC Special Regeneration Fund revenue match funding, will enable the completion of the Porthcawl Cycle Scheme which will link Rest Bay, Harbourside and the Town Centre to Trecco Bay.

Local Places for Nature (£0.115 million)

The Local Places for Nature (LNP) 2023-25 project will focus on creating and enhancing habitats in urban and peri-urban areas across Bridgend such as tree, hedge and wildflower planting, wetland creation and changing mowing practices to encourage wildflowers and diverse grasslands. These activities will be carried out on Council owned land and land owned by LNP partners, such as Valleys to Coast. The scheme will be fully funded by the Wales Council for Voluntary Action, with capital allocations of £0.115 million in 2023-24 and £0.110 million in 2024-25. Local Places for Nature is focused primarily on urban and peri-urban areas and thus these schemes will impact on the everyday lives of the residents of Bridgend, providing

positive impacts on the ecosystem services and climate change mitigation where people live, work and access public services.

In addition to the above schemes, two schemes have had their funding reduced and one scheme has been removed from the capital programme. These are shown as negative approvals:

Road Signs 20mph Default Speed (£0.217 million)

Welsh Government awarded the Council a grant of £0.924 million for the 20mph default speed scheme in April 2023, and the grant was added to the capital programme in the Quarter 1 update report. Welsh Government have since confirmed that the allocation included the £0.217 million underspend from 2022-23, which had been slipped forward to 2023-24 already. Therefore, £0.217 million of grant funding needs to be removed from the capital programme.

Public Rights of Way Access Improvement Grant (£0.017 million)

Condition 5c of the Access Improvement Grant states that authorities must have a Rights of Way Improvement Plan (ROWIP) in place to be eligible for the maximum amount of grant, and that funding will be reduced by 25% if an authority does not meet this condition. The Council advised Welsh Government in June 2023 that this condition had not been met, therefore the amount of grant available has reduced by 25% and £0.017 million needs to be removed from the capital programme.

Llynfi Valley Development Programme (£2.177 million)

The Council's request to repurpose the Welsh Government Llynfi Valley loan, and to convert the loan to non-repayable grant funding has been unsuccessful. The scheme cannot proceed without the Welsh Government funding, and as a result has been removed from the capital programme.

3.1.6 A revised Capital Programme is included as **Appendix B**.

3.2 Prudential and Other Indicators 2023-24 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 in the Capital Strategy which was 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 March 2023, Council approved the Capital Strategy for 2023-24, which included the Prudential Indicators for 2023-24.

3.2.3 **Appendix C** details the actual indicators for 2022-23, the estimated indicators for 2023-24 set out in the Council's Capital Strategy and the projected indicators for 2023-24 based on the revised Capital Programme. 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. 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 These are reflected within the 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 Council:

- notes the Council's Capital Programme 2023-24 Quarter 2 update to 30 September 2023 (**Appendix A**).
- notes the slippage of £15.809 million to 2024-25 as detailed in **Appendix B**.
- approves the virements between schemes as detailed in **Appendix B**.
- approves the new schemes/additions to the capital programme totalling £0.737 million as outlined in **Appendix B**.
- notes the projected Prudential and Other Indicators for 2023-24 (**Appendix C**).

Background documents

None