

Meeting of:	<b>CABINET</b>
Date of Meeting:	<b>6 FEBRUARY 2024</b>
Report Title:	<b>CAPITAL PROGRAMME UPDATE QUARTER 3 2023-24</b>
Report Owner / Corporate Director:	<b>CHIEF OFFICER – FINANCE, PERFORMANCE AND CHANGE</b>
Responsible Officer:	<b>HUW POWELL CAPITAL ACCOUNTANT</b>
Policy Framework and Procedure Rules:	<b>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.</b>
Executive Summary:	<ul style="list-style-type: none"> <li>• <b>The report provides an update on the capital budgets and expenditure as at 31 December 2023, the revised capital programme for 2023-24 to 2032-33 and the projected Prudential and Other Indicators for 2023-24.</b></li> <li>• <b>Appendix A shows the budgets and spend to 31 December 2023 for the individual schemes in 2023-24.</b></li> <li>• <b>Appendix B provides details of the revised capital programme for 2023-24 to 2032-33.</b></li> <li>• <b>Appendix C provides details of the projected Prudential and Other Indicators for 2023-24.</b></li> </ul>

## **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 to Cabinet on the capital programme position for 2023-24 as at 31 December 2023 (Appendix A).**
- **seek agreement from Cabinet to present a report to Council for approval of a revised capital programme for 2023-24 to 2032-33 (Appendix B).**

- ask Cabinet to 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 18 October 2023.

## **3. Current situation / proposal**

### **3.1 Capital Programme Quarter 3 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 £49.114 million, of which £27.279 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £21.835 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the October 2023 approved Council position to Quarter 3:

**Table 1 – Capital Programme per Directorate 2023-24**

Directorate	Approved Council October 2023 £'000	New Approvals/ Reductions £'000	Virements £'000	Slippage to future years £'000	Revised Budget 2023-24 £'000
Education & Family Support	34,616	-	-	(20,860)	13,756
Social Services and Wellbeing	1,983	-	-	-	1,983
Communities	37,224	169	299	(12,540)	25,152
Chief Executive's	7,122	528	-	-	7,650
Council Wide	872	-	(299)	-	573
<b>Total</b>	<b>81,817</b>	<b>697</b>	<b>-</b>	<b>(33,400)</b>	<b>49,114</b>

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
<b><i>BCBC Resources:</i></b>	
Capital Receipts	7,974
Earmarked Reserves	12,773
Unsupported Borrowing	1,516
Supported Borrowing	3,951
Other Loans	121
Revenue Contribution	944
<b>Total BCBC Resources</b>	<b>27,279</b>
<b><i>External Resources:</i></b>	
S106	1,207
Grants	20,628
<b>Total External Resources</b>	<b>21,835</b>
<b>TOTAL RESOURCES</b>	<b>49,114</b>

- 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 31 December 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).

Highways/Other Offsite Works Band B Schools (£3.300 million)

The highways budget in relation to Band B schemes will be expended once works have been designed and commissioned. It is anticipated that costs will be incurred in future years and will align to the revised Band B programme. Therefore £3.300 million has been slipped to 2024-25.

Héronsbridge Replacement (£3.700 million)

The Royal Institute of British Architecture (RIBA) Stage 2 has concluded. However, the programme is awaiting a Cabinet decision to progress to the next stage of the project. Therefore, £3.700 million has been slipped to 2024-25.

Mynydd Cynffig Replacement (£3.800 million)

The scheme is being progressed through RIBA Stage 3. Confirmation of the total funding of the scheme will be required in order to progress and £3.800 million is being slipped to 2024-25.

Y G Bro Ogwr Replacement (£2.000 million)

The scheme is being progressed to RIBA Stage 2. Confirmation of the total funding of the scheme will be required in order to progress and £2.000 million has been slipped to 2024-25.

Land Purchase Band B (£2.028 million)

The programmes for Heronsbridge School and Bridgend West Mutual Investment Model (MIM) have slipped, and land will be acquired to deliver the projects in line with revised programmes once they are confirmed. Therefore £2.028 million has been slipped to 2024-25.

Bryntirion Comprehensive School New Teaching Block (£1.532 million)

Although the scheme was tendered, the successful bid was more than the available budget. The scheme is in the process of being value engineered and will be retendered with a reduced specification. The £1.532 million funding has been slipped to 2024-25.

Welsh Medium Childcare Provision Bridgend (£0.550 million)

Cabinet and Corporate Management Board (CCMB) have determined that the preferred way forward for the Welsh Medium Childcare Provision in Bridgend is to align the scheme with the Ysgol Gymraeg Bro Ogwr replacement school. Welsh Government officials have confirmed that the funding can be slipped to 2024-25.

Welsh Medium Childcare Provision Porthcawl (£0.550 million)

Cabinet and Corporate Management Board (CCMB) have determined that the preferred way forward for the Welsh Medium Childcare Provision in Porthcawl is to align the scheme with the Porthcawl Welsh-medium seedling school. Welsh Government officials have confirmed that the funding can be slipped to 2024-25.

#### Universal Primary Free School Meals (£1.035 million)

Welsh Government have provided funding to improve and update the school kitchen infrastructure to help support the roll out of Universal Primary Free School Meals and works are progressing on the updating of kitchen facilities, provision of kitchen pods and an extension at Trelales Primary. The extension at Trelales and works on a small number of kitchen pods will not be completed by the end of the financial year, therefore £1.035 million is being slipped to 2024-25.

#### Community Focused Schools (£1.215 million)

Schemes are at various stages of development and delivery. However, due to internal resourcing capacity, not all schemes identified for completion in 2023-24 can be delivered by the end of this financial year. Welsh Government officials have confirmed that schemes can be delivered in 2024-25.

#### Community Play Areas (1.800 million)

A refurbishment programme is underway of dated Children's Play Area Facilities throughout the county borough, based on need identified via an annual externally commissioned inspection. The contract for the second phase of refurbishments has now been awarded, and due to the lead time on the delivery of the new equipment the majority of this work will now take place in 2024-25. £1.800 million has been slipped to 2024-25 to fund these refurbishments.

#### Cardiff Capital Region City Deal (£2.586 million)

As a result of a Cardiff Capital Region (CCR) reprofile of the capital contributions required for the City Deal, the Council's remaining commitment has been reprofiled over the period to 2030-31. The Council is not required to make a contribution in the current year.

#### Fleet Vehicles (£1.800 million)

There is a desire to replace existing fleet vehicles with electric vehicles to support the route to decarbonisation. However, the availability of sufficient charging facilities contributing to "mileage anxiety", as well as the increased cost per vehicle in comparison to an equivalent petrol or diesel vehicle, is resulting in departments delaying the renewal of their fleet. Two orders have been placed for the Highways department, but due to the specialist nature of these vehicles they will not be delivered until 2024-25. Therefore, £1.800 million has been slipped for use in 2024-25.

#### Ewenny Road Industrial Estate (£3.493 million)

It was originally envisaged that the Ewenny Road scheme would be delivered within the 2022-23 financial year as this was achievable at the time the CCR grant funding was secured. Since the grant was confirmed there has been substantial delays associated with reaching an agreed funding contract with CCR that did not create any undue risk for BCBC and additional planning requirements, which have now been resolved. Whilst a funding contract with CCR has now been agreed it is anticipated that works will not commence on-site until the end of March or early April. Therefore, £3.493 million has been slipped to 2024-25.

#### CESP/Arbed (£1.000 million)

The procurement process is expected to be completed in the coming weeks, with the remedial works to commence in late February 2024. The estimated value of the works

to be completed by the end of the financial year is £0.270 million, therefore £1.000 million has been slipped to fund the remedial works to be undertaken in 2024-25.

#### Shared Prosperity Fund (£0.900 million)

The Shared Prosperity fund is working with local businesses, providing funding to assist with capital works and refurbishments. Due to delays with the legal and procurement processes, works being funded from the Shared Prosperity Fund were delayed until these processes were finalised. Grant payments will be made to the recipients once the work has been completed, which means the majority of grant payments will now be made in 2024-25.

The balance of £2.111 million is made up of various other schemes with individual slippages under £0.500 million.

- 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:

#### Coychurch Crematorium Works (£0.049 million)

The contract for the construction of the Flower Court to the rear of the main chapel has required some unforeseen additional works which have increased the anticipated capital spend. These works have included groundworks and drainage alterations, additional sustainable drainage systems (SuDS), replacement and realignment of main utilities, CCTV and intruder alarm cabling, works to the existing immediate area for safety purposes (existing brick flooring, steps and tarmac area, surface of main car park), alterations to roofing materials and the addition of specialist glass artwork within the canopy. The addition of £0.049 million will be funded from the Crematorium's accumulated balance.

#### Traffic Signal Replacement (£0.299 million)

A budget has been established to replace the traffic light infrastructure on the Coity Castle Gyratory. It has been fixed numerous times but is now at the end of its life and it is at the point of failure, which would cause severe traffic congestion in and around the town centre. An urgent delegated power was processed to enable this scheme to progress quickly, and £0.299 million has been vired from the unallocated capital budget to fund this essential work.

#### Cosy Corner (£0.120 million)

The costs for Cosy Corner have now been agreed with the contractor, resulting in an overspend of £0.120 million against the existing budget. The additional budget will be funded by a revenue contribution from the Special Regeneration Fund.

#### Disability Facilities Grants (£0.122 million)

The Council have been awarded £0.122 million from Cwm Taf Morgannwg's Housing with Care Fund to fund works in 2023-24. The Purpose of the Housing with Care Fund (HCF) is 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 funding will be used to support small scale Disabled Facilities Grant projects that are regarded as a priority.

#### Leasing Scheme Wales (£0.026 million)

The Council have been awarded £1.402 million capital funding from Welsh Government's Leasing Scheme Wales fund to support a leasing scheme, of which £0.026 million is available in 2023-24. The funding relates to the period 1 January 2024 to 31 March 2032 and will support those who are at risk of or experiencing homelessness according to the definition in the Housing (Wales) Act 2014. The Scheme will provide tenants with longer term security of accommodation (of between 5 - 20 years) at a rent restricted to local housing allowance (LHA) levels. The funding will enable the Council to lease suitable quality properties for a period of between 5 - 20 years on terms which are reasonable and appropriate to the market. At the end of the lease, the properties will be returned to the property owner.

#### Hwb Schools IT (£0.380 million)

£0.380 million has been added to Hwb Schools IT in relation to a range of planned ICT purchases in 2023-24. These will be funded from an existing earmarked reserve established for the purchase of ICT equipment by schools from their annual ICT SLA contributions.

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 where relevant to specific schemes.

## **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 Council's Capital Programme 2023-24 Quarter 3 update to 31 December 2023 (**Appendix A**).
- agrees that the revised Capital Programme (**Appendix B**) be submitted to Council for approval.
- notes the projected Prudential and Other Indicators for 2023-24 (**Appendix C**).

## **Background documents**

None