

<b>Meeting of:</b>	<b>CABINET</b>
<b>Date of Meeting:</b>	<b>23 JULY 2024</b>
<b>Report Title:</b>	<b>CAPITAL PROGRAMME OUTTURN 2023-24 AND QUARTER 1 UPDATE 2024-25</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING AND CHANGE</b>
<b>Responsible Officer:</b>	<b>HUW POWELL CAPITAL ACCOUNTANT</b>
<b>Policy Framework and Procedure Rules:</b>	<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>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• The report provides an update on the capital programme outturn position for 2023-24, the quarter 1 spend and projected spend for 2024-25 as at 30 June 2024, the revised capital programme for 2024-25 to 2033-34 and the projected Prudential and Other Indicators for 2024-25.</li> <li>• Appendix A shows the budgets and spend for the individual schemes in 2023-24.</li> <li>• Appendix B shows the budgets, spend to date and projected year end spend as at 30 June 2024 for the individual schemes in 2024-25.</li> <li>• Appendix C shows the revised capital programme for 2024-25 to 2033-34.</li> <li>• Appendix D provides details of the projected Prudential and Other Indicators for 2024-25.</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 outturn for 2023-24 (**Appendix A**).
- Provide an update to Cabinet on the capital programme position for 2024-25 as at 30 June 2024 (**Appendix B**).
- Seek agreement from Cabinet to present a report to Council for approval of a revised capital programme for 2024-25 to 2033-34 (**Appendix C**).
- Ask Cabinet to note the projected Prudential and Other Indicators for 2024-25 (**Appendix D**).

## **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 2024-25, incorporating the Prudential Indicators for 2024-25, was approved by Council on 28 February 2024.

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 28 February 2024.

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

### **3.1 Capital Programme Outturn 2023-24**

The original budget approved by Council on 1 March 2023 has been revised and approved by Council during the year to incorporate budgets brought forward from 2022-23 and any new schemes and grant approvals during 2023-24. The revised programme for 2023-24, approved by Council on 28 February 2024 totalled £49.714 million, of which £27.279 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 £22.435 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 2023-24 compared to the actual spend. Since the last report presented to Council on 28 February 2024 there have been a few minor amendments to the 2023-24 programme. The main changes are:

- New approvals of £0.829 million, as a result of additional Welsh Government grant funding of £0.371 million for School Maintenance (in addition to an additional revenue contribution of £0.030 million) and £0.030 million for Unadopted Roads, £0.143 million contribution from Coychurch Crematorium and £0.285 million revenue/earmarked reserve contributions as a result of revised expenditure profiles across a number of schemes.
- These additions are offset by reductions of £1.065 million in the programme, including £0.062 million for the Community Focused Schools scheme, £0.033 million for the Flying Start Extension and £0.893 million for Telecare. These are as a result of some items of expenditure on the schemes being deemed to be revenue in nature, and so expenditure as well as the equivalent amount of funding was transferred to revenue. The Digital Transformation budget has also been reviewed and reduced by £0.064 million.
- £2.371 million of funding has been brought forward from 2024-25 to reflect revised spend profiles.

This brings the revised budget for 2023-24 to £51.849 million.

3.1.3 Total expenditure as at 31 March 2024 was £31.813 million which, after slippage of £19.453 million into 2024-25, and adjustments to grant funded schemes of £0.548 million, results in a total under spend of £0.035 million. 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 2024-25 of £19.453 million is required, the main schemes being:

- £2.429 million School Capital Maintenance Grant. There have been a number of delays on the individual projects within the scheme due to capacity issues, plus an additional £0.371 million was awarded by Welsh Government in March 2024 for use in 2023-24 which increased the available budget. The remaining budget is being slipped forward for use in 2024-25.
- £0.547 million Flying Start Extension Nantymoel. The Flying Start provision for Nantymoel was originally intended to be located at Nantymoel Primary but following site investigation work the site was deemed to be unsuitable, which has resulted in the scheme being delayed. A second site has now been identified within Nantymoel and site investigation and design works are now underway at the new location.
- £0.948 million Porthcawl Metro Link. Due to delays encountered by sub-contractors in procuring materials for the roof and guttering system, the scheme wasn't completed by the end of 2023-24, therefore £0.948 million has been

slipped for use in 2024-25. The main contractor has advised that the handover date to the Council will be the end of July 2024.

- £0.607 million Shared Prosperity Framework. 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.
- £0.530 million Homelessness and Housing. To respond to increasing numbers of housing and homelessness cases, Valleys to Coast (V2C) secured £2.1 million of grant funding from Welsh Government to support a refurbishment programme to bring back into use 35 long term empty properties, or 'voids', which required significant investment. In July 2022 Council approved match funding of £530,000 to support this work and V2C confirmed that the properties would be available to the Council for nomination rights and to support those individuals and families in temporary accommodation. Due to technicalities with the Welsh Government funding V2C were unable to utilise the funding for the properties originally identified. It is therefore requested that the allocation be refocused in 2024-25 to fund other works undertaken by V2C to manage voids and to bring houses back into use. It has been confirmed that these works have been completed and nomination rights for the upgraded homes were given to BCBC.
- £1.066 million Affordable Housing. The Council was successful in purchasing one property in March 2024 and the remaining budget has been slipped to 2024-25 to purchase additional properties, with the council currently in the process of completing the purchase of a second property.
- £0.573 million Corporate Capital Fund. This is an annual allocation of funding of £200,000, approved in 2019, and intended to be used to provide, amongst other things, match funding for new grant schemes, ICT and equipment replacement and to meet unanticipated pressures. Allocation of this funding is subject to Corporate Management Board approval. This will be monitored during 2024-25 and, if it is deemed that it is not needed in part or full, an element of this budget could be allocated to other capital schemes.
- £2.765 million Minor Works. Due to delays in completing a number of minor works schemes across all directorates, funding has been slipped for use in 2024-25.

## **3.2 Capital Programme Quarter 1 Update 2024-25**

3.2.1 This section of the report provides Members with an update on the Council's capital programme for 2024-25 since the budget was last approved by Council and incorporates any new schemes and grant approvals. The revised programme for 2024-25 currently totals £82.082 million, of which £43.944 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £38.138 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the February 2024 approved Council position to Quarter 1:

**Table 1 – Capital Programme per Directorate 2024-25**

Directorate	Approved Council February 2024 £'000	Net Slippage to / (from) 2023-24 £'000	New Approvals/ (Reductions) £'000	Slippage to future years £'000	Revised Budget 2023-24 £'000
Education & Family Support	58,564	6,115	1,118	(48,151)	17,646
Social Services and Wellbeing	503	731	(395)	-	839
Communities	48,138	7,188	1,759	-	57,085
Chief Executive's	2,881	2,504	132	-	5,517
Council Wide	451	544	-	-	995
<b>Total</b>	<b>110,537</b>	<b>17,082</b>	<b>2,614</b>	<b>(48,151)</b>	<b>82,082</b>

3.2.2 Table 2 below summarises the current funding assumptions for the capital programme for 2024-25. 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 2024-25 Resources**

CAPITAL RESOURCES	£'000
<b><i>BCBC Resources:</i></b>	
Capital Receipts	18,421
Earmarked Reserves	15,605
Unsupported Borrowing	5,244
Supported Borrowing	3,937
Other Loans	160
Revenue Contribution	577
<b>Total BCBC Resources</b>	<b>43,944</b>
<b><i>External Resources:</i></b>	
S106	2,695
Grants	35,443
<b>Total External Resources</b>	<b>38,138</b>
<b>TOTAL RESOURCES</b>	<b>82,082</b>

3.2.3 **Appendix B** provides details of the individual schemes within the capital programme, showing the budget available in 2024-25 compared to the projected year end spend at 30 June 2024. There are currently no projected under or over spends on any of the schemes at year end.

3.2.4 However, a number of schemes have been identified as requiring slippage of budget to future years (2025-26 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 2025-26.

Heronbridge Replacement (£22.029 million)

The Royal Institute of British Architecture (RIBA) Stage 2 has concluded. A revised outline business case will be submitted to Welsh Government, and confirmation of Welsh Government and BCBC funding will be required in order to progress the scheme. Therefore £22.029 million has been slipped to 2025-26.

Mynydd Cynffig Replacement (£9.008 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 £9.008 million is being slipped to 2025-26.

Y G Bro Ogwr Replacement (£9.791 million)

The scheme is being progressed through RIBA Stage 2. Confirmation of the total funding of the scheme will be required in order to progress and £9.791 million has been slipped to 2025-26.

Bridgend West Mutual Investment Model (MIM) (£1.995 million)

Confirmation of the total funding of the scheme will be required in order to progress and £1.995 million has been slipped to 2025-26.

Land Purchase Band B (£2.028 million)

The programmes for Heronbridge 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 2025-26.

3.2.5 There are a number of amendments to the capital programme for 2024-25, such as new and amended schemes, since the capital programme was last approved, including:

Schools Minor Works (£0.175 million)

The Council has been awarded £0.175 million from Welsh Government's Voluntary Aided Urgent Repair Programme, which will allow flat roof and window replacement works to commence at St Mary's Catholic Primary School. The total cost of the works will be £0.250 million, with the Council's £0.075 million contribution being funded from the Schools Minor Works budget.

#### Additional Learning Needs (ALN) Grant (£0.913 million)

Welsh Government has awarded the Council £0.913 million to optimise learning environments for disabled children and young people and those with additional learning needs, to increase accessibility, promote inclusive practice, support learning and pupil wellbeing. This will support the objectives of the Additional Learning Needs and Education Tribunal (Wales) Act (ALNET) and ALN reform, to create a unified bilingual system for supporting children and young people from 0 to 25 with ALN, and the delivery of the Curriculum for Wales in school settings.

#### Flying Start Extension – Nantymoel Primary (£0.030 million)

The Council were awarded £0.580 million in October 2023 to provide a new build Flying Start childcare facility at Nantymoel Primary School. After initial site investigation works at the school it was deemed the site was unsuitable. A second site in Nantymoel has since been identified and site investigation and design works are now underway at the new location. As a result, Welsh Government have awarded the Council an additional £0.030 million for the project to fund the additional cost of conducting two site investigations.

#### Flying Start Highways (£0.036 million)

As stated above, the site of Nantymoel Flying Start provision has now been identified and as part of the site investigation and feasibility work, technical officers have identified that there will be a need for highways works to be undertaken to improve pedestrian safety as well as associated traffic orders at an estimated cost of £0.036 million. Welsh Government have given approval for £0.014 million of the Flying Start Extension to part fund this work, with £0.022 million to be funded by the Council. The Council's contribution will be vired from the Welsh Medium Childcare Highways budget, as the builds at Ogmores and Bettws are now complete and no further expenditure is expected.

#### Parks/Pavilions/Community Centres Community Asset Transfers (£0.167 million)

The Council have been awarded £0.167 million from Sport Wales Court Collaboration funding to refurbish sports courts at Maesteg Welfare Park and Caedu Park. The total cost of the refurbishments will be £0.223 million, and the Council will fund the balance of £0.056 million from the existing Community Asset Transfers budget.

#### Coychurch Crematorium Works (£0.075 million)

As the work on the Flower Court is now complete, the only planned capital work at Coychurch Crematorium this financial year is for the improvement of pathways within the grounds. The addition of £0.075 million will be funded from the Crematorium's accumulated balance.

#### Road Signs 20 mph Default Speed (£0.328 million)

Welsh Government have awarded the Council £0.328 million to support the implementation of the 20 mph default speed limit on restricted roads across the County Borough, which came in to force on 17 September 2023.

#### Fleet Vehicles (£0.179 million)

There have been a number of adjustments to the fleet budget as follows:

- Coleg Cymunedol Y Dderwen had intended on purchasing a new minibus, and a revenue contribution of £0.042 million was included within the Fleet Vehicles budget.

The school have now made the decision not to purchase a new minibus, and therefore £0.042 million has been removed from the programme.

- The existing fleet of waste vehicles is experiencing reliability issues which is having a significantly detrimental impact to service delivery. Due to what can be a long lead time for the purchase of waste and recycling vehicles, approval was given via a delegated power dated 14 June 2024 for Plan B to procure a number of replacement vehicles, up to a total value of £0.981 million. The installation of CCTV cameras and livery have increased the total cost of the vehicles to £1.037 million. Refurbishment of three existing vehicles is also required, at a cost of £0.090 million, giving a total cost for waste vehicles of £1.127 million.

Of the current £1.702 million Fleet Vehicles budget £0.754 million has already been committed and orders placed for 2 Whale tankers and 3 minibuses. There is currently an uncommitted budget of £0.906 million for fleet vehicles and therefore an additional £0.221 million is required to meet the balance of funding required for the waste vehicles. The additional budget will be funded by a virement of £0.146 million from the Waterton Depot Upgrade scheme, with the balance of £0.075 million funded from prudential borrowing as follows.

	£ million
<b>Budget Requirement:</b>	
New Waste Vehicles	1.037
Waste Vehicle Refurbishment	0.090
Whale Tankers and Minibuses	0.754
<b>Total Budget</b>	<b>1.881</b>
<b>Funded by:</b>	
Current Budget	1.702
Removal of CCYD Minibus	(0.042)
Prudential Borrowing	0.075
Virement form Waterton Depot	0.146
<b>Total Funding</b>	<b>1.881</b>

#### Coal Tip Safety (£0.067 million)

Following a further grant funding application submitted by officers, an additional £0.067 million has been awarded by Welsh Government for the Coal Tip Safety scheme, which brings the total capital funding available for the scheme to £0.457 million.

#### Maesteg Town Hall (£0.250 million)

The National Lottery Heritage Fund (NLHF) have awarded the Council £0.250 million for the Maesteg Town Hall scheme, to assist in addressing the additional costs incurred due to dry rot and time extensions. Council approval was given in November 2023 to vire £1.174 million from the Waterton Upgrade scheme to Maesteg Town Hall to fund the additional costs being incurred, with the understanding that any funding received from NLHF would result in the equivalent amount being returned to the Waterton Upgrade budget. Therefore, £0.250 million will be vired back to the Waterton Upgrade budget.

#### Low Carbon Heat Grant (£0.799 million)

The Council have been awarded a total £0.799 million from Welsh Government's Energy Service to replace existing fossil-fuelled heating and Domestic Hot Water



(DHW) provision with low-carbon alternative Air Source Heat Pump (ASHP) systems at Bryn Y Cae Residential Care Home and Bridgend Resource Centre. Rooftop solar panels will also be installed at both sites to aid the decarbonisation of the buildings. The Council will be providing match funding of £0.290 million for the project, which will be funded by a virement from the 2030 Decarbonisation budget.

#### Bryncethin Depot (£0.040 million)

An additional £0.040 million of Salix interest free loan funding has been made available for the installation of solar panels and LED lighting at Bryncethin Depot.

#### Disabled Facilities Grant (£0.132 million)

Cwm Taf Morgannwg Regional Partnership Board have awarded the Council £0.132 million from their Housing with Care Fund to support independent living in the community for residents with care and support needs. The funding will help 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.

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

#### Telecare (£0.395 million)

After reviewing the expenditure in 2023-24, the Telecare scheme has been deemed to be revenue in nature and therefore the budget for 2024-25 has been removed from the capital programme and is now included in the revenue budget.

3.2.6 A revised Capital Programme is included as **Appendix C**.

### **3.3 Prudential and Other Indicators 2024-25 Monitoring**

3.3.1 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.

3.3.2 In February 2024, Council approved the Capital Strategy for 2024-25, which included the Prudential Indicators for 2024-25.

3.3.3 **Appendix C** details the actual indicators for 2023-24, the estimated indicators for 2024-25 set out in the Council's Capital Strategy and the projected indicators for 2024-25 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 Outturn for 2023-24 (**Appendix A**).
- notes the Council's Capital Programme 2024-25 Quarter 1 update to 30 June 2024 (**Appendix B**)
- agrees that the revised Capital Programme (**Appendix C**) be submitted to Council for approval.
- notes the projected Prudential and Other Indicators for 2024-25 (**Appendix D**).

## **Background documents**

None