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| Meeting of: | CABINET |
| Date of Meeting: | 4 FEBRUARY 2025 |
| Report Title: | CAPITAL PROGRAMME QUARTER 3 UPDATE 2024-25 |
| Report Owner / Corporate Director: | CHIEF OFFICER – FINANCE, HOUSING 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 quarter 3 spend and projected spend for 2024-25 as at 31 December 2024, the revised capital programme for 2024-25 to 2033-34 and the projected Prudential and Other Indicators for 2024-25. • Appendix A shows the budgets, spend to date and projected year end spend as at 31 December 2024 for the individual schemes in 2024-25. • Appendix B shows the revised capital programme for 2024-25 to 2033-34. • Appendix C provides details of the actual Prudential and Other Indicators for 2023-24 and projected for 2024-25. |

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 2024-25 as at 31 December 2024 (**Appendix A**).

- Seek agreement from Cabinet to present a report to Council for approval of a revised capital programme for 2024-25 to 2033-34 (**Appendix B**).
- Ask Cabinet to note the actual Prudential and Other Indicators for 2023-24 and projected for 2024-25 (**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 2024-25, incorporating the Prudential Indicators for 2024-25, was approved by Council on 28 February 2024.
- 2.4 On 28 February 2024 Council approved a capital budget of £110.537 million for 2024-25 as part of a capital programme covering the period 2024-25 to 2033-34. The programme was last updated and approved by Council on 20 November 2024, with a revised budget of £66.058 million.

3. Current situation / proposal

3.1 Capital Programme Quarter 3 Update 2024-25

- 3.1.1 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 £55.656 million, of which £27.343 million is met from Bridgend County Borough Council (BCBC) resources, including capital receipts, revenue contributions from earmarked reserves and borrowing, with the remaining £28.313 million coming from external resources, including Welsh Government General Capital Grant. Table 1 below shows the capital programme for each Directorate from the November 2024 approved Council position to Quarter 3:

Table 1 – Capital Programme per Directorate 2024-25

| Directorate | Approved Council November 2024 | New Approvals/ (Reductions) | Virements | Slippage (to)/from future years | Revised Budget 2024-25 |
|-------------------------------|--------------------------------------|--------------------------------|-----------|---------------------------------------|------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Education & Family Support | 18,895 | 731 | - | (2,475) | 17,151 |
| Social Services and Wellbeing | 839 | - | - | - | 839 |
| Communities | 39,499 | 250 | - | (8,517) | 31,232 |
| Chief Executive's | 5,830 | 89 | - | (480) | 5,439 |
| Council Wide | 995 | - | - | - | 995 |
| Total | 66,058 | 1,070 | - | (11,472) | 55,656 |

3.1.2 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 |
|-----------------------------------|---------------|
| <i>BCBC Resources:</i> | |
| Capital Receipts | 10,751 |
| Earmarked Reserves | 9,497 |
| Unsupported Borrowing | 2,422 |
| Supported Borrowing | 3,937 |
| Other Loans | 160 |
| Revenue Contribution | 576 |
| Total BCBC Resources | 27,343 |
| <i>External Resources:</i> | |
| S106 | 2,855 |
| Grants | 25,458 |
| Total External Resources | 28,313 |
| TOTAL RESOURCES | 55,656 |

- 3.1.3 **Appendix A** 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 31 December 2024. 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 (2025-26 and beyond).

Heronsbridge Replacement (£1.200 million)

Welsh Government has approved the revised Outline Business Case and Council subsequently approved the additional funding required to deliver the scheme in November 2024. Cabinet approval has now been received to tender the project which will begin in February 2025, therefore, £1.200 million has been slipped to 2025-26 to progress the project through the next design stages.

Coety Primary School Extension (£1.500 million)

The design of the extension is being progressed and a planning application will be submitted shortly for consideration. Subject to the outcome of the planning process, the tender process will begin in 2025-26, therefore, £1.500 million has been slipped to 2025-2026 to progress the project through the next stages of development.

Community Play Areas (£1.000 million)

Tender documentation for the next phase of the play area refurbishment programme is currently being reviewed by BCBC's procurement department, and tenders will be issued in the coming weeks. It is anticipated that the works will commence in the first quarter of 2025-26 and therefore £1.000 million has been slipped to 2025-26.

Parks/Pavilions/Community Centres Community Asset Transfers (£0.500 million)

Due to the Community Asset Transfer (CAT) officer post being vacant for a short period the number of funding applications approved has been lower than projected, resulting in a reduced spend in 2024-25. Therefore, £0.500 million is being slipped to fund works in 2025-26.

Ewenny Road Industrial Estate (£3.000 million)

The grant has been slipped due to delays in securing planning permission, which has now been granted, and the impact that has had on progressing the project, including the retender of the grant funded works. The retender has been completed and it is hoped contracts will be exchanged in the near future to enable the project to progress.

CESP/Arbed Phase 1 (£0.426 million)

Remedial works are progressing with work ongoing on 37 homes. Following the completion of planning surveys on all properties in the programme, the delivery plan provided by the main contractor has been updated and extends until December 2026. As a result, £0.426 million has been slipped to fund the remedial works to be undertaken in 2025-26.

Waterton Upgrade (£3.591 million)

On 22 October 2024 Cabinet agreed to delegate authority to officers to finalise the urgent works to the salt barn and other identified facilities. Work is now underway to pull together the procurement documentation to procure the necessary works, in line with the priorities outlined in the October report, but it is not envisaged that these works will be undertaken until 2025-26.

Health & Wellbeing Village (£0.480 million)

The Sunnyside Wellness village is an integrated social housing, health and open space project on the edge of Bridgend Town Centre that is being developed by Linc Cymru. £0.480 million of grant funding from the Integrated Care Fund has previously been approved towards the scheme's overall costs. The funding agreement is directly between Cwm Taf Morgannwg University Health Board and the Council, and a condition of the funding is that the Council must ensure that certain grant terms and conditions are fulfilled when passing on the funding to a third party, e.g. a legal charge on the property. It is anticipated that these conditions will be fulfilled in 2025-26 and the funding will then be passed to Linc Cymru.

In addition to the above schemes, one scheme has been identified as requiring budget to be brought forward from 2025-26 to 2024-25:

Mynydd Cynffig Primary School Replacement (£0.225 million)

The scheme is progressing well, and the team are currently working through Royal Institute of British Architects (RIBA) stage 4. It is projected that the spend on the scheme in 2024-25 will be £0.500 million, therefore £0.225 million is being brought forward from 2025-26 to fund the projected expenditure.

- 3.1.5 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 Capital Maintenance Grant (£0.731 million)

A variation approval letter from Welsh Government has been received, confirming an additional £0.731 million has been allocated from the Sustainable Communities for Learning Programme Repairs and Maintenance Grant, increasing the allocation for 2024-25 to £1.826 million. The funding will support capital maintenance work and will assist in reducing revenue costs by improving energy efficiency and performance of the school buildings.

Porthcawl Regeneration (£0.250 million)

The freehold of the former Monster Park in Porthcawl was acquired by BCBC voluntarily for £0.250 million in June 2023 whilst the land was subject to an ongoing Compulsory Purchase Order. Pursuant to the terms of the Owners Agreement in place between BCBC and Welsh Government, the cost of the freehold purchase is repayable by Welsh Government following production of a written demand by BCBC, and an invoice has now been submitted to Welsh Government. The repayment of the £0.250 million to BCBC does not alter the ownership position with BCBC remaining the freehold owner and the WG payment representing fulfilment of the WG obligations within the Owners agreement. The freehold purchase was funded from the Porthcawl Regeneration budget in 2023-24, therefore £0.250 million is being added back to the budget.

Hwb Schools IT (£0.089 million)

£0.089 million has been added to Hwb Schools IT in relation to a range of planned ICT purchases in 2024-25. 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 2024-25 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 on 28 February 2024. 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 2024, Council approved the Capital Strategy for 2024-25, which included the Prudential Indicators for 2024-25.
- 3.2.3 **Appendix C** details the actual indicators for 2023-24, the estimated indicators for 2024-25 set out in the Council's Capital Strategy approved by Council on 28 February 2024 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 2024-25 Quarter 3 update to 31 December 2024 (**Appendix A**).
- agrees that the revised Capital Programme (**Appendix B**) be submitted to Council for approval.
- notes the actual Prudential and Other Indicators for 2023-24 and projected for 2024-25 (**Appendix C**).

Background documents

None