

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

7 OCTOBER 2015

REPORT OF THE CORPORATE DIRECTOR RESOURCES

CAPITAL PROGRAMME 2015-16 TO 2024-25

1. Purpose of Report.

- 1.1 The purpose of this report is to obtain approval from Council for a revised capital programme for 2015-16 to 2024-25.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

- 2.1 Capital investment in our assets is a key factor in meeting the Improvement Objectives set out in the Council's Corporate Plan.

3. Background.

- 3.1 In February 2015 Council approved a capital programme for 2014-15 to 2024-25 of £153.014 million. This was since revised in July 2015 to reflect funding changes to some schemes, slippage from 2014-15, additional external funding approvals and changes to expenditure profiles. The capital programme as approved by Council in July 2015 is attached as **Appendix 1** for information. The programme has changed since July to reflect further funding changes, additional external funding approvals and changes to expenditure profiles.

- 3.2 The main reasons for the difference between the programme approved by Council in July and the current programme are:

- Slippage of £2.4 million funding for Llynfi Development into 2016-17, when works are expected to commence.
- Additional Flying Start grant for provision at Garth Primary of £246,000.
- Additional Welsh Government grant for Housing Renewal in Caerau of £417,000.
- Slippage of £5.5 million funding for Porthcawl Infrastructure into 2016-17, pending decision on the way forward for the project.
- Slippage of funding for upgrading parks pavilions into 2016-17.
- Slippage on a number of 21st Century School projects, including Garw Valley South Primary School.

4. Current situation / proposal.

4.1 The Council has been rigorously pursuing an enhanced disposal strategy over the past eighteen months and as at 31 March 2015 held capital receipts of £14.5 million. Of this figure £1 million arose from the disposal of schools sites and is therefore earmarked for the 21st Century Schools Programme. A further £5.3 million is supporting commitments already in the capital programme leaving £8.2 million available to support the Council's future capital investment requirements.

4.2 As part of the Medium Term Financial Strategy (MTFS), a review is underway to identify the Council's capital investment requirements for 2016-2025 against the following criteria:

- Link to proposed new corporate priorities:
 - 1) **Supporting a successful economy**
 - 2) **Helping people to be more self sufficient**
 - 3) **Smarter use of resources**
- High level of Risk of not progressing, based on the following criteria (in line with the allocation of funding for feasibility works):

High	High risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. Urgent/ Essential Works to prevent imminent building failure and closure. Requirement to meet approved Bridgend Change Programme Project to deliver MTFS Savings
Medium	Medium risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works required over the next 2 to 5 years . Requirement to meet Proposed Bridgend change Programme Project to deliver MTFS Savings
Low	Low risk to BCBC in terms of service delivery and/or meeting MTFS Savings e.g. identified works desirable , Requirement to meet yet to be identified Bridgend change Programme Project to deliver MTFS Savings

- Service is able to meet any additional revenue costs arising from the scheme
- Payback period (where appropriate).

4.3 In addition to the £8.2 million capital receipts available now more are forecast in the current financial year (the target is £6 million for 2015-16, but £2 million of this is for 21st Century Schools). The review will identify and prioritise investment pressures against the available capital receipts that have been realised up to January 2016 for inclusion in the MTFS which will be submitted to Cabinet and Council for approval in February 2016. In the meantime, decisions are needed before February 2016 on a number of schemes that meet the Council's proposed new corporate priorities and more detail is provided on these below.

Rationalising the Administrative Estate

4.4 Now that the refurbishment of the interior of the Civic Offices is complete the Maximising Space and Technology Programme has been wound up and a new Programme Board has been established (chaired by the Corporate Director

Resources) to take forward further rationalisation of the Council's administrative estate. Subject to Council's approval of the capital investment required, this Board will be responsible for the successful delivery of the leasing of Raven's Court; the relocation of staff to the Civic Offices; an increase in agile working to facilitate a staff to desk ratio of 3:2; and the refurbishment of the external envelope of the Civic Offices to provide a safe, dry and warm working environment for visitors, Members and staff.

Agile working investment

- 4.5 A report was presented to Cabinet on 1st September 2015 informing members of the proposal to lease out the entire Raven's Court building and to transfer staff to Civic Offices and Sunnyside House. This will require the staff working in Civic Offices to move to a ratio of three staff to every two desks, which in turn will require an increase in the number of staff who can work remotely. The increase in agile working can only be achieved through capital investment in ICT infrastructure to allow seamless and safe access to user applications. Such investment would allow designated staff to 'roam' where there is an "available connection" and allow them to access their corporate applications remotely while ensuring all security and application patches are readily available. It would require:
- An additional 287 Laptops to be procured
 - 239 Niche users to be made agile to support movement within the office environment this will be specific use cases that currently have dedicated machines to support core applications an example the Computer-aided design (CAD) high Graphic Users
 - All laptop users to have "follow me" phone and presence.
- 4.6 The total estimated cost of this investment over the period 2015-16 to 2020-21 is £1.160 million, which will enable initial investment plus replacement within the ICT rolling programme.
- 4.7 In addition, there will be a requirement to undertake some physical works to the ground floor of Sunnyside House, and to purchase an EDRM falcon scanner to improve electronic storage. The total estimated cost is £25,000 for the building works and £32,000 for the scanner (for which funding has been set aside in an earmarked reserve). The total capital investment needed to deliver agile working is therefore estimated (subject to procurement) to be **£1.217 million**.
- 4.8 It should be noted that no capital expenditure will be incurred until a tenant for the whole of the Raven's Court building has been secured.

Civic Offices External Envelope

- 4.9 There is an urgent need to improve the external fabric of the Civic Offices to continue to provide basic protection from the elements and to maximize the use of the building as our core administrative building, which will accommodate more than 800 staff, 55 members and providing front line services to 38,000 visitors each year.
- 4.10 The building has had little investment during its 33 year history and is now in desperate need of repair. The roof and windows are at the end of their design life and are failing in many areas. In addition, the parapet detailing throughout the

building has broken down and is leaking, risking further damage due to water ingress. As well as preventing inevitable increased spend in future years, the investment will provide a material improvement in energy efficiency. Failure to make the investment now will result in further degradation of the fabric due to water ingress causing dilapidation, requiring increased annual maintenance costs and eventual repair costs. Localised areas of dilapidation may not be available for use.

- 4.11 The total estimated cost (subject to procurement and detailed feasibility) to replace the roof and windows, repair the parapets, and clean/protect the stonework, is **£2.55 million**, including fees and a 10% contingency. The investment will extend the life of the building by a further 30 years ensuring an important ongoing civic presence in Bridgend town centre.
- 4.12 Investment in agile working and the external envelope will enable the Council to realise its vision for a small and centrally located administrative estate. Since 2010 the Council has reduced the number of offices from 28 to 12 delivering capital receipts of £1.671 million and revenue savings of £1.060 million per annum to date. Leasing Raven's Court will deliver further revenue savings of approximately £290,000 per annum.

21st Century Schools Programme

Mynydd Cynffig Infant and Junior School Amalgamation

- 4.13 As reported previously to Cabinet, the Council closed Mynydd Cynffig Infants School in August 2015 and extended the age range of Mynydd Cynffig Junior School to a 3-11 school, creating an all through primary school from September 2015. Initially this will operate as a split site school, but the intention is to accommodate the new primary school on one site under the 21st Century Schools Programme and there is £4.5 million built into the capital programme for this.
- 4.14 A project team is considering the options for the location of the new primary school, including relocating the whole school on the junior site (which would release the infant site for sale) as well as relocating the whole school on the Cynffig Comprehensive School site. The advantages of the Comprehensive School site would be the removal of secondary school surplus places; the opportunity for shared facilities (such as kitchen and dining) and an additional capital receipt from the sale of the junior school. A Cabinet report recommending a preferred site is expected in November 2015.
- 4.15 Should the decision be to locate the school on the Cynffig Comprehensive site, additional highways works would be required to ensure the safety of pedestrian, cycle and vehicular traffic, particularly around the school entrance sites. A consultant assessment (reviewed by the Highways Department) of the necessary works has estimated a cost of £700,000. However, highways works outside the school boundary are not eligible for 21st Century Schools funding so these costs would need to be met by the Council alone. The capital receipt expected from the release of the junior school site is expected to be sufficient to cover this additional cost without impacting on the rest of the 21st Century Schools' Programme. If the decision is taken not to relocate to the comprehensive site, this element of the scheme will be removed from the capital programme.

21st Century Schools' Matched Funding

- 4.16 The Welsh Government has committed to fund 50% (£22.475 million) of the total costs for the 21st Century Schools Programme, with the Council meeting the remaining 50%. Council has agreed that this would be met from core funding allocations of £5 million, anticipated Section 106 funding of £4 million and projected receipts from the sale of school and other sites of £13.475 million.
- 4.17 A review of the receipts likely to be realised from school sales has recently been revised following changes to market rates and current contract negotiations. The current estimate is that there is a shortfall in our match funding requirement of around £1.1 million. There is the risk of further shortfalls should potential planning consent conditions negatively impact on the sale receipts currently agreed on the larger residential development sites. We have given a commitment to the Welsh Government to provide the full match funding requirement for the 21st Century Schools Band A programme and it would therefore be prudent to provide budgetary cover for the current estimated shortfall in the capital programme now to enable the programme to progress with confidence.

Coety Primary School

- 4.18 The original cost of the Coety Primary School scheme was £8 million to be met from £4 million Section 106 receipt from the developer consortium at Parc Derwen and £4 million Welsh Government funding. The Section 106 receipts were index linked to 2006 and have increased over time as the indices have risen. Consequently there is currently an increase of approximately £988,000 on receipts, with further increases due on the remaining payments, to an estimated value of approximately £100,000. The cost of the scheme has increased by around £560,000 to date due to additional works that were not included in the contract, including works required as part of planning conditions and work necessitated by ground conditions. It is proposed that the additional scheme costs are met from the additional Section 106 payments, leaving £500,000 Section 106 funding, also to be used on the scheme in place of the equivalent level of Welsh Government funding. In turn the displaced Welsh Government funding will be moved across to another scheme under the 21st Century Schools Programme.

Community Asset Transfer

- 4.19 Cabinet agreed on 14 July 2015 to increase the funding currently allocated in the capital programme for 2016-17 to 2018-19 to Town and Community Councils from £50,000 to **£100,000**, and to refocus the funding to support Community Asset Transfer (CAT). The MTFS review of capital pressures will assess whether this level of funding is likely to be sufficient to meet the interest in CAT over the Autumn as well as funding requests for projects traditionally supported by the fund.

Fleet Vehicles

- 4.20 The Fleet Service acquires vehicles on behalf of directorates, to be funded from directorate budgets and met from revenue contributions, lease or prudential borrowing. Approval to purchase four replacement specially adapted vehicles for adult social services (**£204,000**), and a gritter and tipper trucks for highways (**£79,000**) have recently been provided under Delegated Powers.

Sports Facilities

- 4.21 A balance of **£87,000** is available from the 'replacement site' escrow account in respect of Bridgend Football Club, which is proposed to be used towards improved sporting facilities within the County Borough. The intention is to use it to contribute as match funding towards projects totaling £500,000 for focused sport facility developments within the County Borough. These projects link with the "All Wales Collaborative project" for all weather sports areas.
- 4.3 A revised capital programme allowing for the proposed changes along with additional external funding approvals and changes to expenditure profiles is attached as **Appendix 2** to this report.

5. Effect upon Policy Framework & Procedure Rules.

- 5.1 Paragraph 3 of the Financial Procedure Rules requires that any variations to the capital programme shall require the approval of the Council.

6. Equality Impact Assessment

- 6.1 Projects within the capital programme will be subject to the preparation of Equality Impact Assessments before proceeding.

7. Financial Implications.

- 7.1 These are reflected in the report.

8. Recommendation.

Council is recommended to approve the revised Capital Programme as set out in Appendix 2 of this report.

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Background documents

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