

Report

Cabinet

Part 1

Date: 13 September 2023

Subject **Capital Programme Monitoring and Additions Report – July 2023**

Purpose To provide Cabinet with a forecast of capital outturn against budget based on the activity incurred up to the end of July 2023.

To submit to Cabinet for approval, requests for new capital projects to be added to the Council's Capital Programme.

To request Cabinet approval to carry forward budget following the reprofiling exercise that has happened through July and August for existing project expenditure into the future financial years.

To update Cabinet on the current available capital resources ('headroom').

To update Cabinet on the position in relation to Treasury Management prudential indicators as at July 2023.

Author Chief Accountant / Assistant Head of Finance

Ward All

Summary The Council has an extensive capital programme, investing across the authority in areas such as schools, heritage assets, energy efficiency schemes, invest to save programmes and in the regeneration of the city centre. This report updates the Cabinet on its capital programme and the predicted outturn for the 2023/24 financial year, and specifically.

- The starting capital programme budget for 2023/24 was £94.8m. Additions (largely grants) have increased the budget by net £6.3m and reprofiling of budgets into future years have reduced this year's budget by £15.8m, and revisions of £388k to provide a revised budget of £84.868m.
- Against this budget, costs are predicted to be £84.835m introducing a £33k projected underspend.

Proposal

1. **To approve the additions to the Capital Programme requested in the report (Appendix A).**
2. **To note the predicted capital expenditure outturn position for 2023/24.**
3. **To approve the reprofiling of £15.8m from the 2023/24 budget into future years.**
4. **To note the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.**

5. To note the inclusion of the Treasury Management prudential indicators, included within the report.

Action by Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Service Budget Holders and Project Managers
- Capital Assurance Group
- Norse Representatives
- Head of Finance

Signed

Background

The Council has a 5-year capital programme, with the current one beginning in 2023/24. Going forward, the Capital Programme will be a rolling 5 year programme, with a new year added on each year. Cabinet receive monitoring updates throughout the financial year and the Capital Programme has been updated to reflect changes as they are received i.e. additions and slippage (moving budget into future years). Following the same approach as last year, approval of slippage, and associated revisions to budgets, will only be sought once this financial year as part of the reprofiling exercise that has been undertaken, with final approval for slippage being sought at the end of the financial year when outturn is known.

These revisions and the changes made to the programme throughout the financial year are shown in summary form in the table below, the detail of which is shown in Appendix A.

Table 1: Current Capital Programme

	2022/23 Budget Outturn	2023/24 Budget Budget	2024/25 Budget Budget	2025/26 Budget Budget	2026/27 Budget Budget	2027/28 Budget Budget	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Initial Budget	61,225	94,783	53,627	14,645	8,441	18,448	251,169
Revisions / Reprofiling Additions/deletions/ Amendments		-15,833 5,917	2,495 -150	13,017 -2,901	351 0	-30 -12,649	0 -9,783
Revised July 2023 Budget	0	84,868	55,972	24,761	8,792	5,769	241,387

Revisions

As highlighted in Table 1, the 'initial budget' which agrees to the programme outturn for 2022/23, reported to Cabinet in July 2023, shows that the capital programme for 2023/24 is significant. Mindful of the scale of planned spend in this year, an exercise has recently been completed with budget managers to review capital budgets and reprofile projects/expenditure into subsequent years. The budget changes and their associated funding are detailed in Appendix A and introduce a budget reduction in 2023/24 with a corresponding increase in later years. However, even following that exercise, the revised capital programme for 2023/24 is still £84.868m, which is still substantial and will be challenging to deliver in full. Therefore, it is anticipated that further slippage will be confirmed as the year progresses, although hopefully this will be minimised as much as possible.

Additions

The growth to the capital programme is materially affected by the volume of extra grants secured by Council officers, some of which are the outcome of bidding processes that occur, predominantly with Welsh Government. The table below provides a summary of the additions to date, with Appendix A providing a detailed list of all additions.

Nature	Value £'000
New Grants and Contributions	5,683
Section 106 funding	96
Service/Council funding	0
Capital Receipts funding	0
Reserve funding	526
External Contributions	0
Finance Lease	0
Total	6,305

Spending/Outturn 2023/24

Against a budget of £84.868m, costs predicted to be incurred total £84.835m, introducing a £33k net variance.

The following table reflects the activity per service area, with a more detailed scheme by scheme analysis in Appendix B.

Services	Capital Expenditure 2023/24					
	23/24 Budget approved July Cabinet	Additions / Amendments	Reprofiling	23/24 Budget to be approved September Cabinet	Forecast	Over / Underspend
Education	45,566	876	(10,844)	35,599	35,599	0
Environment & Public Protection	7,051	1,911	(1,136)	7,826	7,826	0
Housing & Communities	104	0	0	104	104	0
People, Policy & Transformation	3,728	113	(169)	3,672	3,672	0
Prevention & Inclusion	3,324	0	(213)	3,111	3,101	(10)
Regeneration & Economic Development	23,088	158	(1,213)	22,032	22,031	(1)
Social Services	3,019	72	(681)	2,410	2,410	0
City Services	8,904	2,788	(1,577)	10,114	10,092	(22)
Total	94,783	5,917	(15,833)	84,868	84,835	(33)

The column of “true” over and underspends that service managers will be eradicating or afforded throughout the year are reflected in the last column and total only £33k net underspend at the moment, and which is largely the net effect of grant that is unlikely to be used in full.

The main areas of particular note for the first monitoring of July 2023 are as follows.

- **Education**

- **Bassaleg School** – the building will be available for handover on 28th Aug 23, with all site works schedule to be completed by November 23.
- **Whiteheads** - due to delays because of site contamination that needed to be addressed, £4,400k is being slipped into 24-25
- **St Mary’s School** - £1,286k being slipped into 24-25 due to delays to design works, mainly due to the topography of the site and consultation with the site developer
- **St Andrew’s** - £510k being slipped into 24-25 due to delays with planning approval being granted
- **ALN grant** - £1,049k being forecast to be slipped into 24-25. The grant award letter was only received towards the end of July 23. Some spend may be incurred during 23-24, though a decision is still needed to be made regarding which projects to undertake and which will then still require to be tendered for.
- **Transporter Bridge** – Due to inflationary pressures and in recognition of market conditions the Heritage Fund has made an award of an additional £485k to support the scheme. Given the listed status of the bridge and the ecological sensitivities of the River Usk, the project remains one the most complex and constrained schemes undertaken by Newport City Council. The additional funding award will be utilised to increase contingency funding to the project and help meet the cost of revisions to the refurbishment package or unforeseen works.
- **Leisure centre** - £1.127m has been slipped into 24-25 to more realistically reflect the anticipated timeframe of the development.
- **Cambridge House** - £681k being slipped into 24-25 as completion of the refurbishment is not likely until May 2024.

Policy on available capital resources ('Capital Headroom')

Since February 2018, the Council has been working within a framework which maximises capital expenditure funded from sources other than borrowing and within that afforded within the Council's Medium Term Financial Plan. This was updated in the Capital and Treasury Management Strategy agreed in March 2023. The framework agreed that:

- a. Funding from sources other than borrowing needs to be maximised, by securing grant funding whenever possible and maximising capital receipts;
- b. Any change and efficiency schemes requiring capital expenditure, and generating savings as a consequence, would be funded by offsetting the capital financing costs against the savings achieved;
- c. Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

The framework seeks to limit the revenue pressures resulting from increased borrowing as far as possible, whilst maximising capacity to generate capital resources for use.

As approved in the 2023/24 Capital and Treasury Management Strategy, because of the extremely challenging financial context facing the Council, the scope for additional borrowing over and above that approved in previous years is severely limited. Therefore, unless the financial outlook improves, it is possible that the only available capital resources will be limited to those outlined in the table below. Because of that, the new capital programme comprises annual sums, for activity such as asset maintenance, and unfinished schemes carried forward from the previous programme, which are detailed within Appendix B in the report. The size of the current programme will be challenging to deliver itself and any further additions, via the headroom, will add to the overall deliverability challenge of the programme.

Borrowing, Capital Reserves & Receipts Headroom to 2024/25	£'000
Unallocated Capital Expenditure Reserve	11,612
Unallocated Capital Receipts*	1,541
Sustainable Communities for Learning - SOP Extension	(1,267)
Millbrook Primary School demolition (subject to approval)	(600)
Borrowing Headroom	1,057
Potential Commitment - Northern Gateway regeneration match funding	(1,000)
Total	11,342

The unallocated capital expenditure reserve has increased by £2.170m since outturn following the decision made in July Cabinet to transfer part of the 2022/23 underspend into the capital expenditure reserve. Subsequent to that, it has been identified that it is necessary to demolish Millbrook Primary School and a commitment from the headroom is required in order to fund that. That commitment is subject to Cabinet approval via a specific report on this matter and, therefore, is only provisional at this stage. It may be possible that Welsh Government match funding, at 65%, could be made available and replace part of the Council's up front funding.

Update on Capital Receipts

Appendix D provides details of the receipts received this year to date, which together with the unallocated balance brought forward provides headroom of £1.6m to afford new capital aspirations.

That table also shows capital receipts held for the NCC/WG 'Joint Venture funds' totalling £2.2m. In relation to these receipts, the Council doesn't have unilateral decision in their use. Commonly, it will

involve engagement with Welsh Government and, as previously reported to Cabinet, these funds tend to be “ringfenced” for city centre regeneration given the original asset sales involved.

Prudential Indicators April – July 2023/24

The 2021 Treasury Management Code introduced a new requirement that monitoring of the treasury management indicators and non treasury management indicators should be reported on a quarterly basis. These are detailed in Appendix D. As of 31st July 2023, the Authority has complied with all of its treasury management indicators.

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s)	Risk Owner
Overspend against approved budget	M	L	Regular monitoring and reporting of expenditure in accordance with the timetables set by Cabinet/Council should identify any issues at an early stage and allow for planned slippage of spend.	Corporate Directors / Heads of Service / Head of Finance
Programme growing due to unforeseen events	M	M	Good capital monitoring procedures and effective management of the programme should identify issues and allow for plans to defer expenditure to accommodate urgent works. Priority asset management issues are now being dealt with through a specific programme allocation. Capital headroom exists and can be accessed where absolutely necessary.	Corporate Directors / Heads of Service / Head of Finance
Excessive levels of slippage between financial years	M	H	Regular monitoring of capital expenditure takes place and slippage is identified at the earliest stage possible. A more robust approach will be taken when schemes are added to the programme to ensure that a realistic profile is initially captured in the programme. An internal Capital Assurance Group has been created and will regularly review progress against schemes and hold officers to account for delivery.	Corporate Directors / Heads of Service / Head of Finance

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The programme supports a large number of the Council’s aims and objectives.

Options Available and considered

- To approve the changes to the Capital Programme and note the projected outturn position as set out in the report, including the use of capital receipts.
- To note the current available headroom and prioritise future capital expenditure in order to maintain spend within the current affordability envelope.
- The Cabinet has the option not to take forward some or all of the changes to the Capital Programme set out in the report.

Preferred Option and Why

- To approve the changes to the Capital Programme and note the projected outturn position as set out in the report, including the use of capital receipts.
- Agree to prioritise capital expenditure to maintain spend within the current affordability envelope, recognising that the revenue pressures from future borrowing can add to any budget gap reflected in the MTFP.

Comments of Chief Financial Officer

This report provides an overview of the 2023/24 capital programme monitoring position, as at July 2023. It includes the impact of the recently undertaken reprofiling exercise, which was necessary due to the significant starting budget position for the year, which was unlikely to be deliverable in full. This has resulted in nearly £16m being transferred to future years and, after allowing for recent additions to the programme, a revised budget of £85m. Despite this reduction in the in-year budget, delivering the programme in full will be challenging and further slippage in the year is possible. However, the introduction of the new Capital Assurance Group should provide a greater focus on delivery and slippage.

The report also outlines the level of capital headroom available. This currently stands at £11.342m, after assuming the new commitment for Millbrook Primary School. Whilst the level of available headroom is now higher than it was a year ago, it should be noted that this could easily be consumed by a small number of issues arising. In addition, supplementing this headroom is limited to additional capital receipts and any use of revenue underspends to increase the Capital Expenditure Reserve. As well as this, the scope to undertake new borrowing is extremely limited, when considering the challenging medium term outlook the Council is facing, exacerbated by the increasing cost of actual borrowing resulting from high interest rates.

Because of these factors, approving commitments from the headroom needs to be done only where absolutely necessary and unavoidable. Where pressures do emerge, alternative funding sources, such as external grants, should be pursued, with new Council borrowing being the absolute last resort and only where it is clearly affordable, prudent and sustainable to do so. As a result, the Council will need to be very careful in its use of capital resources and clear prioritisation of issues and aspirations is required.

Comments of Monitoring Officer

There are no legal issues arising from this report.

Comments of Head of People, Policy & Transformation

The report provides Cabinet with a forecast of the Councils Capital Programme and predicted outturn for the 2023/24 financial year, with any additions to the programme submitted for approval. Good capital monitoring procedures and effective management of the programme form the basis for sound and sustainable investment in Council assets and the estate. Current and further budget additions will need to continue to be considerate of the requirements of the Well-being of Future Generations Act for public bodies to apply the five ways of working to financial planning, which balances short-term priorities with the need to safeguard the ability to meet long-term needs.

There are no direct HR implications associated with the report. A Fairness and Equality Impact Assessment wasn't required but are considered as part of service delivery and will feature in annual finance reports.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the prior year financial performance against the approved Capital Programme. However, fairness and equality are considered as part of service delivery and will feature in annual finance reports, such as the Budget Report and Capital Strategy.

An effective capital programme enables the Council to support long term planning in line with the sustainable development principle of the Wellbeing of Future Generation (Wales) Act

Long-term - This capital programme looks at both short and long term and links with the Corporate Plan and its priorities. It considers the overall capital programme in terms of the Council's Treasury Management activities and its associated costs, both short and long term to the Council.

Prevention – The capital programme, where possible, acts to prevent problems occurring or getting worse by considering the overall Council estate and how that can best be managed and maintained.

Integration - This report meets a number of wellbeing goals and, in addition, supports three of Newport City Council's wellbeing objectives;

- To promote economic growth and regeneration while protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

Collaboration - The capital programme is developed and updated through engagement across the Council and certain projects are also being delivered in collaboration with other external bodies which helps the Council meet its Wellbeing objectives.

Involvement – Due to the variety of projects which are within the capital programme, there is involvement from a variety of stakeholders across the Council and the city which seeks to ensure that there is a key focus on sustainability, community benefit and wellbeing of citizens.

The Equality Act 2010 contains a Public Sector Equality Duty, which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better-informed decision-making and policy development and services that are more effective for users.

The development and the monitoring of the Capital programme will ensure it does not discriminate but promotes equality and delivers the objectives of the corporate plan.

Consultation

N/A

Background Papers

Capital Strategy and Treasury Strategy – March 2023
Capital Outturn report 2022/24

Dated: 5 September 2023

Appendix A – Additions and changes to the Programme

Funding Source	Narrative	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	TOTAL Budget for this Capital Plan Duration £'000
	April Budget as agreed by July Cabinet	61,225	94,783	53,627	14,645	8,441	18,448	251,170
	ADDITIONS / DELETIONS							
	- Education							
Grant	23-24 ALN Grant Funding		1,049					1,049
	Environment & Public Protection							
Grant	Public EV Charging		120					120
Grant	Three Weekly Containers and ULEV Vehicles		1,169					1,169
Section 106	Pill Mill and Ruperra Street Play Area		96					96
Reserves	TT City Centre Green Infra		180					180
Reserves	Kingsway PV solar panels		346					346
	Regeneration & Economic Development							
Grant	Transporter Bridge		485					485
	Social Services							
Grant	VAWDASV Target Hardening Equipment		46					46
Grant	23-24 Disbursed Accommodation		26					26
	Infrastructure							
Grant	CA Pontymason Lane		740					740
Grant	Safe Routes in Communities		130					130
Grant	20mph Core Allocation 2324		341					341
Grant	ATF Newport Central Connections		59					59
Grant	Bus Stop Infrastructure 23/24		309					309
Grant	A467 Improvements (Resilient Roads)		500					500
Grant	EV Charging Infrastructure		672					672
Grant	Station Road Flood Alleviation Scheme		37					37
	Total Additions and Deletions	0	6,305	0	0	0	0	6,305
	Amendments							

Gwent Is Coed Sports Hall				(805)			(805)
SPF		(270)	(150)				(420)
Gwent Assistive Technology in Social Care		(60)					(60)
City Deal - Cost of Carry				(2,096)		(12,649)	(14,745)
Transporter Bridge		(58)					(58)
Sub Total Amendments	0	(388)	(150)	(2,901)	0	(12,649)	(16,088)
Reprofiling - July 22/23 Monitor		(15,833)	2,495	13,017	351	(30)	0
REVISED BUDGET	61,225	84,868	55,972	24,761	8,792	5,768	241,387

Appendix B – Detailed Budget Breakdown of the 5 year cabinet programme

	*Spend 18/19 - 22/23 £'000	April Budget 23/24 £'000	Additions	Slippage/ reprofiling	July Forecast	Under / Overspend	Budget 24/25 £'000	Budget 25/26 £'000	Budget 26/27 £'000	Budget 27/28 £'000
Iscoed Secondary Band B	18,435	276	-	-	276	-	-	-	-	-
Bassaleg Secondary Band B	21,403	10,020	-	32	10,051	-	651	-	-	-
Caerleon Secondary Band B	328	132	-	132	-	-	4,500	6,000	672	-
Whiteheads Primary Band B	1,746	11,771	-	4,418	7,353	-	5,101	-	-	-
Maesglas Primary Band B	7	1,260	-	1,260	-	-	-	1,793	-	-
Maindee Primary B	8	-	-	-	-	-	-	992	-	-
Llanwern Village Primary Schools Band B	2	-	-	-	-	-	792	400	-	-
St Andrews Demountables Band B	1,180	6,795	-	510	6,285	-	2,535	-	-	-
Welsh Medium Primary School	1,442	1,379	-	1,086	293	-	1,407	2,659	-	-
ED Tech Grant	297	65	-	-	65	-	-	-	-	-
Charles Williams Renovations	992	2,105	-	-	2,105	-	-	-	-	-
Pentrepoeth - site accessibility	482	212	173	-	39	-	-	-	-	-
St Mary's Urgent Capital repairs grant	61	2,051	-	1,285	766	-	2,763	-	-	-
Education Maintenance Grant - 19/20	1,731	25	-	-	25	-	-	-	-	-
Education Maintenance Grant - 20/21	1,252	1,264	-	511	753	-	511	-	-	-
Education Maintenance Grant - 21/22	1,876	802	-	-	802	-	-	-	-	-
Education Maintenance Grant - 22/23	-	1,725	-	-	1,725	-	830	-	-	-
Education Accessibility Studies - Phase 1	279	19	-	-	19	-	-	-	-	-
Education Accessibility Studies - Phase 2	4	628	-	623	5	-	623	-	-	-
Free school meals capital works	908	2,158	-	-	2,158	-	-	-	-	-
Open Schools Outside Hours	376	646	-	-	646	-	-	-	-	-
Supporting Learners with Additional Learning Needs	42	980	-	-	980	-	-	-	-	-
23-24 ALN Grant Funding	43	-	1,049	1,049	-	-	1,049	-	-	-
Gwent Is Coed Sports Hall	-	1,252	-	-	1,252	-	2,085	-	-	-
Education - Sub total		45,566	876	10,844	35,599	-	22,848	11,843	672	-
Refit	415	1,585	-	226	1,359	-	226	-	-	-
Kingsway Solar Panels		-	347	-	347	-	-	-	-	-

Tredegar Park Cycle improvements	137	16	-	-	16	-	-	-	-	-
Local Places for Nature Grant	249	385	-	-	385	-	467	-	-	-
Parks Improvements	35	1,065	-	-	635	430	635	-	-	-
Cemeteries Improvements	375	1,025	-	-	275	750	275	-	-	-
Gwent Green Grid GI Project	2	67	-	-	67	-	-	-	-	-
Gwent Green Grid Access Project	30	43	-	-	43	-	-	-	-	-
Docksway Landfill Capping Works	1,443	587	-	-	587	-	-	-	-	-
Public EV Charging	7	4	120	-	124	-	-	-	-	-
Schools LED Lighting	300	182	-	-	182	-	-	-	-	-
Three Weekly Containers and ULEV Vehicles		-	1,169	-	1,169	-	-	-	-	-
Pill Mill and Ruperra Street Play Area		-	96	-	96	-	-	-	-	-
City Centre Green Infrastructure		-	180	-	180	-	-	-	-	-
SPF -Community Building decarbonisation/energy efficiency		125	-	-	125	-	250	-	-	-
SPF - Mon+Brecon Canal 14 Locks		1,236	-	-	1,236	-	454	-	-	-
SPF - Tredegar Park		732	-	-	732	-	1565	-	-	-
Environment & public protection - Sub total		7,051	1,911	-	1,136	7,826	-	3,872	-	-
Gypsy/Traveller Site Development	3,111	44	0	0	44	-	0	-	-	-
SPF - Food resilience programme	-	60	0	0	60	-	60	-	-	-
Housing & communities - Sub total		104	0	0	104	-	60	0	0	0
IT Replacement Schemes	602	319	0	-169	150	-	414	202	150	150
Asset Management Programme	7,231	2218	173	0	2391	-	1,500	1,500	1,500	1,500
Civic Centre / Info Station										
Service Relocations	236	29	0	0	29	-	-	-	-	-
Information Station		157	0	0	157	-	-	-	-	-
Library (infostation move)	1,267	234	0	0	234	-	-	-	-	-
Boundary Wall	4	47	0	0	47	-	-	-	-	-
Central Library - Structural Works	153	510	-	-	510	-	-	-	-	-
Assistive Technology in Social Care	-	214	-60	0	155	-	-	-	-	-

People, policy & transformation - Subtotal		3,728	113	-	169	3,672	-	1,914	1,702	1,650	1,650
Disabled Facilities	4,313	1,725	-	-	363	1,362	-	1,213	1,000	1,000	1,000
Safety at Home	1,778	300	-	-	150	450	-	300	300	300	300
ENABLE Adaptations Grant	1,031	197	-	-	-	197	-	-	-	-	-
Childcare - Flying Start	1,805	97	-	-	-	97	-	-	-	-	-
Small Grant Scheme Childcare Offer	332	14	-	-	-	14	-	-	-	-	-
Small Grants Funding Childcare Offer	-	470	-	-	-	470	-	-	-	-	-
Flying Start Project Management Costs	-	50	-	-	-	50	-	-	-	-	-
SMAPF	1,516	423	-	-	-	423	-	-	-	-	-
GDAS - Outreach Service provision,	-	47	-	-	-	37	-	10	-	-	-
Prevention & inclusion - Sub total		3,324	-	-	213	3,101	-	10	1,513	1,300	1,300
Market Arcade Townscape Heritage Scheme	2,088	689	-	-	-	689	-	-	-	-	-
Cardiff City Region Deal	1,405	2,690	-	-	175	2,865	-	2,415	2,722	-	-
Cardiff City Region Deal - Cost of Carry	-	-	-	-	-	-	-	-	291	2,352	-
Mill Street Development Loan	3,739	261	-	-	261	-	-	261	-	-	-
TRI Thematic Funding	460	828	-	-	-	828	-	-	-	-	-
Clarence House Loan	48	702	-	-	-	702	-	-	-	-	-
Transforming Towns Placemaking	20	548	-	-	-	548	-	332	-	-	-
Transforming Towns Business Fund	27	98	-	-	-	98	-	-	-	-	-
Transporter Bridge - Phase 2 Delivery	4,202	11,314	428	-	-	11,742	-	807	-	-	-
Medieval Ship	11	1	-	-	-	-	-	1	-	-	-
Placemaking capital projects	-	500	-	-	-	500	-	-	-	-	-
Leisure centre New build	2,283	2,270	-	-	1,127	1,143	-	12,209	4,086	-	-
Coleg Gwent Demolition Costs	-	1,246	-	-	-	1,246	-	-	-	-	-
Shared Prosperity Fund	-	1,940	-	270	-	1,670	-	4,093	-	-	-
Regeneration & economic development - Sub total		23,088	158	-	1,213	22,030	-	1	20,118	7,098	2,352
Telecare Service Equipment	172	62	-	-	-	62	-	30	30	30	30
Equipment for Disabled Grant (GWICES)	825	165	-	-	-	165	-	165	165	165	165

Rosedale Annexes	80	420	-	-	420	-	-	-	-	-	-	
Disbursed accommodation and Covid-19 equipment	677	156	26	-	182	-	-	-	-	-	-	
Cambridge House - HCF Grant	30	1,620	-	-	681	939	-	681	0	0	0	
Forest Lodge HCF grant funding	75	596	-	-	596	-	-	0	0	0	0	
VAWDASV Target Hardening Equipment		-	46	-	46	-	-	0	0	0	0	
Social Care - Sub total		3,019	72	-	681	2,410	-	876	195	195	195	
Gwastad Mawr Flood Attenuation Works		36	-	-	14	-	22	-	-	-	-	
City Services Annual Sums	1,690	2,558	-	-	871	1,687	-	1,371	500	500	500	
CA Pontymason Lane	1,691	-	740	-	740	-	-	-	-	-	-	
Peterstone Sewage Scheme	908	13	-	-	13	-	-	-	-	-	-	
Fleet Replacement Programme	7,831	2,684	-	-	706	1,978	-	2,829	2,123	2,123	2,123	
Carnegie Court Emergency River Works	1,244	19	-	-	19	-	-	-	-	-	-	
Private sector bus electrification	3,300	3,023	-	-	3,023	-	-	-	-	-	-	
Placemaking capital projects (hostile vehicle)		571	-	-	571	-	-	571	-	-	-	
Station Road Flood Alleviation Scheme		-	37	-	37	-	-	-	-	-	-	
Safe Routes in Communities		-	130	-	130	-	-	-	-	-	-	
20mph Core Allocation 23/24		-	341	-	341	-	-	-	-	-	-	
ATF Npt Central Connections		-	59	-	59	-	-	-	-	-	-	
Bus Stop Infrastructure 23/24		-	309	-	309	-	-	-	-	-	-	
A467 Improvements (Resilient Roads)		-	500	-	500	-	-	-	-	-	-	
EV Charging Infrastructure		-	672	-	672	-	-	-	-	-	-	
City Services - Sub Total		8,904	2,788	-	1,577	10,092	-	4,771	2,623	2,623	2,623	
TOTAL EXPENDITURE		94,783	5,919	-	15,833	84,835	-	33	55,972	24,761	8,792	5,768
Financed By:												
General Capital Grant		4,268	-	-	4,268	-	-	4,268	4,268	4,268	4,268	
Supported Borrowing		4,155	-	-	4,155	-	-	4,155	4,155	-	-	
Unsupported Borrowing		20,171	-	-	1,693	18,478	-	10,967	3,587	2,374	-	
Prudential Borrowing		-	-	-	-	-	-	-	-	-	-	
External Grants		45,408	5,296	-	8,474	42,197	-	27,355	9,189	650	-	
S106		3,751	96	-	1,338	2,509	-	255	2,062	-	-	
Other Contributions		523	-	-	14	510	-	14	-	-	-	
Capital Receipts		5,121	-	-	1,911	3,211	-	2,461	-	-	-	
Revenue Contributions		1,622	-	-	-	1,622	-	1,542	1,500	1,500	1,500	
Reserves		9,763	527	-	2,404	7,886	-	4,953	-	-	-	

Finance Lease	-	-	-	-	-	-	-	-	-
TOTAL	94,783	5,919	-	15,834	84,835	55,972	24,761	8,792	5,768

Appendix C – Recent Capital Receipts Activity

Asset Disposed	Receipts Received in Year	Total Available Receipts 2023/24
	£	£
Balance b/f from 2022/23		7,613
GENERAL CAPITAL RECEIPTS		
Sale of Land	56	
Total Sales		56
Amount used in 2022/23	-	0
Commitments within the Capital Programme		
Fleet Replacement Programme	- 410	
Replacement for Education maintenance grant funding 20/21 used on general activities	- 835	
Replacement for Free Schools grant - displaced funding	- 1,985	
Replacement for Education maintenance grant funding 20/21 used on general activities		
New Leisure Centre	- 1,000	
St Mary's Primary School	- 950	
Newport Centre demolition (Council share)	- 892	
Total Usage		- 6,072
Total Amount Uncommitted		1,597
NEWPORT UNLIMITED		
Balance b/f from 2022/23		2,216
Total Amount Uncommitted		2,216
TOTAL NCC RECEIPTS (Uncommitted)		3,813

Appendix D - Prudential Indicators April – July 2023/24

Non Treasury Prudential Indicators

The Authority measures and manages its capital expenditure, borrowing service investments (where applicable) with references to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Authority has undertaken and is planning capital expenditure as summarised below;

Table 1: Prudential Indicator: Estimates of Capital Expenditure and Capital Financing in £ millions

	2022/23 Budget Outturn	2023/24 Budget Budget	2024/25 Budget Budget	2025/26 Budget Budget	2026/27 Budget Budget	2027/28 Budget Budget	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Initial Budget	61,225	94,783	53,627	14,645	8,441	18,448	251,169
Revisions / Reprofiled	0	0	0	0	0	0	0
Additions/deletions/ Amendments	0	-15,833	2,495	13,017	351	-30	0
	0	5,917	-150	-2,901	0	-12,649	-9,783
	0	0	0	0	0	0	0
Revised July 2023 Budget	0	84,868	55,972	24,761	8,792	5,769	241,387

The detail behind the movements and the changes in forecast are discussed at the beginning of the report.

Capital Financing Requirement: The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

The actual CFR is calculated on an annual basis.

Table 2: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31/03/23 Actual	31/03/24 Forecast	31/03/25 Indicative	31/03/26 Indicative	31/03/27 Indicative	31/03/28 Indicative
TOTAL CFR	273.4	285.1	288.1	279.5	269.4	257.0

The forecast CFR for 2023/24 has increased from the budget within the Capital and Treasury Strategy however, over the current capital programme, the CFR has actually decreased following the removal of City Deal.

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Table 3: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31/3/2023 Actual	31/3/2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget
Debt (incl. PFI & leases and ST & LT borrowing)	177	174	186	197	192
Capital Financing Requirement	273	285	288	279	269

Debt and the Authorised Limit and Operational Boundary: The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum debt Q1	Debt at 31.7.23	2023/24 Authorised Limit	2023/24 Operational Boundary	Complied?
	2023/24				Yes/No
Borrowing	198	138	246	150	Yes
PFI and Finance Leases	39	36	39	39	Yes
Total debt	237	174	285	189	

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and [MRP / loans fund repayments] are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 5: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023/24 Budget	2023/24 Forecast	2024/25 budget	2025/26 budget
Financing costs* (£m)	23	20.5	22.8	23.2
Proportion of net revenue stream	6.10%	5.48%	5.90%	5.80%

New Capital Expenditure to be funded via borrowing; The table below shows the limit of new capital expenditure that can be funded via borrowing. There has been no new capital schemes funded by borrowing so far within 2023/24

Table 6: Local Prudential Indicator: New capital expenditure to be funded via borrowing (£m)

	2023/24 limit	2024/25 limit*	2025/26 limit*
Borrowing headroom	1.1	0	0

Treasury Management Prudential Indicators

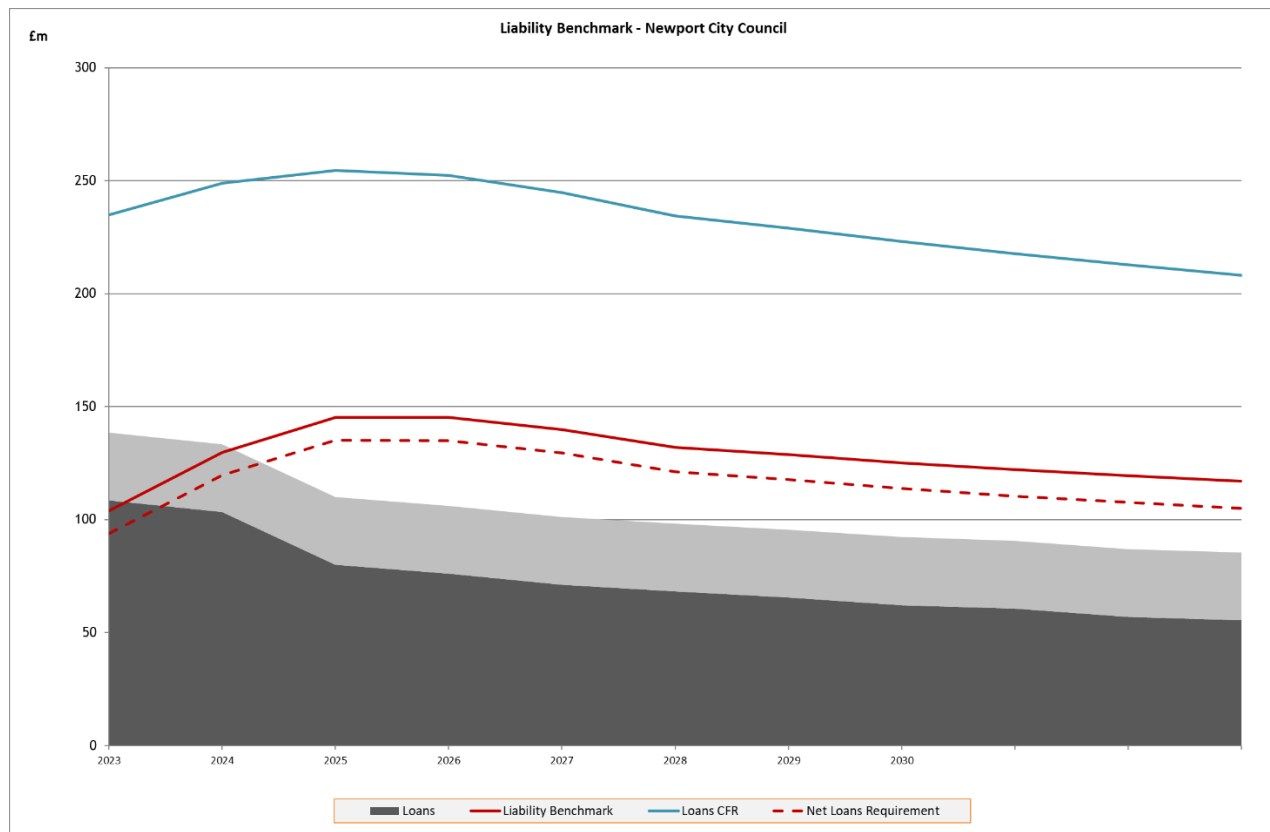
As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark:

This new indicator compares the Authority’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue

plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

The chart below contains a number of elements, which are explained below:



The blue line reflects the accumulated value of historic, and future, unfunded capital expenditure – i.e. expenditure initially funded by borrowing and then funded via the revenue budget, over time, in the form of MRP (Minimum Revenue Provision). In effect, this line represents the gross amount of borrowing required.

The solid red line is the calculated actual/real level of borrowing required, taking into account the Council’s internal borrowing capacity (i.e. the value of balance sheet resources at any point in time). The gap between the blue and red lines represents the internal borrowing capacity.

The grey shaded areas represent the actual borrowing undertaken by the Council as of 31 July 2023 and shows how these loans reduce as they are scheduled for repayment.

The white gap between the solid red line and the grey shaded areas represents the estimated amount of new borrowing required over the next ten years. A large proportion of this new borrowing would be to replenish existing maturing borrowing, with the remainder being required as a result of the Council’s capital expenditure plans.

Maturity Structure of Borrowing: This indicator is set to control the Authority’s exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Refinancing rate risk indicator	Upper limit	Lower limit	31.07.23 Actual	Complied?
Under 12 months	60%	0%	5%	Yes
12 months and within 24 months	40%	0%	17%	Yes
24 months and within 5 years	40%	0%	8%	Yes

5 years and within 10 years	40%	0%	10%	Yes
10 years and within 20 years	30%	0%	27%	Yes
20 years and within 30 years	20%	0%	3%	Yes
30 years and within 40 years	20%	0%	18%	Yes
40 years and within 50 years	20%	0%	4%	Yes
50 years and above	20%	0%	7%	Yes

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term Treasury Management Investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26
Limit on principal invested beyond year end	£10m	£10m	£10m
Actual principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. Bank Rate rose by 0.5% during the first four months of the financial year to 5%, this is now 5.25% as of 3rd August 2023.

Interest rate risk indicator	2023/24 Target	31.7.23 Actual	Complied
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	200,000	72,708	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	100,000	22,500	Yes