

Report

Cabinet



Part 1

Date: 15 November 2023

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

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

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

To note the amendments to the capital programme

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 September 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 £94.783m. This was revised to a budget of £84.9m at the September Cabinet meeting. This report requests approval to increase the 2023-24 budget by a net £5.464m to now be £90.333m
- Against that revised budget, costs are predicted to be £82.285m introducing a £8.047m net variance.
- Of this variance, service managers and budget holders have confirmed that £7.997m relates to delayed progress with schemes.
- Approval of slippage from this year to future years will be sought as part of the final outturn report.

Proposal

1. **To approve the additions to the Capital Programme requested in the report (Appendix A), including the addition of the Duffryn District Heating system and the retrospective use of the Capital Expenditure Reserve to fund this.**
2. **To note the predicted capital expenditure outturn position for 2023/24.**
3. **To note the amendments to the capital programme**

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 is updated to reflect changes as they are received i.e. additions. Following the same approach as last year, approval of slippage, and associated revisions to budgets, will only be sought at the end of the financial year when the outturn is known.

The changes to the programme to date 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 / Reprofiting 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	84,867	55,972	24,761	8,792	5,769	241,386
Additions/deletions/ Amendments Amendments		8,170 (2,706)	2,096 (1,177)	0 (1,718)	0 (1,374)	0 0	10,266 (6,975)
Revised September 23		90,333	56,891	23,043	7,418	5,769	244,676

Amendments

As highlighted in Table 1, the main revision in the capital programme for 2023/24 is in relation to updated figures being received for Cardiff Capital Region City Deal.

Additions

The growth to the 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 since the last monitoring report, with Appendix A providing a detailed list of all additions.

Nature	Value £'000
New Grants and Contributions	5,797
Section 106 funding	350
Service/Council funding	235
Capital Receipts funding	0
Reserve / Provision funding	3,883
External Contributions	0
Finance Lease	0
Total	10,266

The above table includes the addition of works to the Duffryn District Heating System totalling £3.139m, for which the Council is liable. It will be funded via a provision, which will be part of the Council's final Statement of Accounts for 2022/23, following the conclusion of the external audit process and necessary post-audit adjustments. The creation of this provision, to be retrospectively applied to last year's accounts, will be done using the Capital Expenditure Reserve, Although the balance in this reserve carried forward into this financial year will now reduce by £3.139m, the overall level of Capital Headroom is no lower than it would have been, as this is the funding source that would have been used for these works, had a provision in the 2022/23 accounts not been required.

Spending/Outturn 2023/24

Against a revised budget of £90.333m, costs predicted to be incurred total £82.285m, introducing a £8.047m 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 September Cabinet	Additions / Amendments	23/24 Budget to be approved November Cabinet	Forecast	Slippage	Over / Underspend
Education	35,599	795	36,394	36,749	340	16
Environment & Public Protection	7,826	4,091	11,918	11,918	0	0
Housing & Communities	104	0	104	104	0	0
People, Policy & Transformation	3,672	144	3,817	3,924	112	(5)
Prevention & Inclusion	3,111	0	3,111	3,054	(57)	(0)
Regeneration & Economic Development	22,032	(2,706)	19,326	11,579	(7,755)	8
Social Services	2,410	0	2,410	2,368	0	(42)
City Services	10,114	0	10,114	9,450	(637)	(28)
Non Service		3,140	3,140	3,140	0	0
Total	84,868	5,465	90,333	82,285	(7,997)	(50)

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 £50k net underspend at the moment, which is largely the net effect of grant that is unlikely to be used in full and one-off savings in Social Services annual sums.

The main areas of particular note for September monitoring 2023 are as follows.

- **Education**

- **Bassaleg School** – The building has now been handed over to the school. Whilst much of the project is complete, there are still some outstanding works that need to be finalised, including some remodelling work. Slippage of £370k has been forecast to allow the completion of these works and as well any snagging that needs to be concluded.
- **Whiteheads** - Good progress has been made by the contractors, the site remediation works are complete, and piling is also close to being complete, therefore the profile of spend has been updated to reflect this with additional spend being forecast for 2023/24, meaning that reverse slippage is requested of £136k from 2024/25.
- **Welsh Medium Tredegar Park Primary** - Works have continued at pace on the internal and external refurbishment of the Forest Children's Centre which has meant that reverse slippage

is forecast to be requested of £143k. The remaining remodelling works are planned to take place in Summer 2024.

- **Transporter Bridge** – The Transporter Bridge has slipped budget of £7m to reflect the changes to the programme to date, although this is being reviewed and could change in future months.
- **Capital Maintenance and Energy Efficiency works** – Since the reprofile which was reflected for the last monitoring report, additional works have been identified from the overall approved maintenance programme that could be completed by the end of the financial year. Therefore, additional costs have been forecast in 2023/24, with reverse slippage requested from 2024/25 to accommodate these works.
- **IT Replacement Schemes** - SRS have now been able to provide updated costs since the reprofile for IT requirements therefore reverse slippage is now being requested to cover the costs.
- **Fleet Replacement Programme** - The forecast has increased since July as there is a requirement for an additional vehicle which was not original included with the forecast spend for 2023/24 which why reverse slippage is being requested from 24-25 to accommodate this.
- **Hostile Vehicles Mitigation (Placemaking)** – The only costs that are expected to be incurred in this financial year will be for the design element of the contract due to the specialist nature of the project, so the forecast has been reduced by £391k.

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:

- Funding from sources other than borrowing needs to be maximised, by securing grant funding whenever possible and maximising capital receipts;
- 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;
- 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	7,872
Unallocated Capital Receipts*	1,597
21st Century Schools - SOP Extension	(1,267)
Borrowing Headroom	1,057
Potential Commitment - Northern Gateway regeneration match funding	(1,000)

Total	8,259
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The headroom has decreased from that reported in the July monitoring report due the addition of Duffryn District heating system which is required to be retrospectively funded from the Capital Expenditure Reserve as at 31st March 2023.

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 does not 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. There have been no further receipts received since the last monitoring report.

Prudential Indicators April – September 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 30th September 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	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	Corporate Directors / Heads of Service / Head of Finance

financial years			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.	
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* 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.
- To retrospectively approve the use of the Capital Expenditure Reserve, as at 31 March 2023, to fund the creation of the £3.139m provision for the Duffryn District Heating System works.

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.
- To approve the use of the Capital Expenditure Reserve as set out above.

Comments of Chief Financial Officer

This report provides an overview of the 2023/24 capital programme monitoring position, as at September 2023. It outlines the increase in the capital budget in 2024/25 since the last report was considered, which itself reflected the impact of a significant reprofiling exercise undertaken earlier in the year. The overall budget for 2024/25 now stands at £90m, although the report references likely expenditure of £82m against that budget, resulting in a variance of £8m. This variance is largely due to forecasted slippage against one specific scheme, although it is noted that this is currently being reviewed. It is important to note that should the total expenditure of £82m be achieved, it would represent a significant increase on amounts spent in previous years. Therefore, it will be a challenge to achieve and, because of this, there is a reasonable chance of further slippage being reported as the year progresses.

The report also outlines the level of capital headroom available, which now stands at £8.259m, following the use of the Capital Expenditure Reserve to retrospectively create the provision for the Duffryn District Heating System works. Whilst the level of available headroom is higher than it was a year ago, it should be noted that it would only take a handful of significant issues to arise for this to be fully consumed. 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 2022/23

Capital Monitoring and Additions report – July 2023

Dated: 7th November 2023

Appendix A – Additions and changes to the Programme

Funding Source	Narrative	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	TOTAL Budget for this Capital Plan Duration £'000
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	July Budget as agreed by Sept Cabinet	61,225	84,867	55,972	24,761	8,792	5,768	241,386
	ADDITIONS / DELETIONS							
	Education							
Section 106	St Julians School Safeguarding		59					59
Schools Contribution	Education Maintenance		136					136
Reserves	Millbrook Demolition		600					600
Grant	St Mary's variation			1,746				1,746
Section 106	Capital maintenance and energy efficiency works across the schools			350				350
	Environment & Public Protection							
Salix / Service Area	St Julians High LED Lighting Upgrade		99					99
Grant	Wales Coast Path Improvements		58					58
Grant	Low Carbon Heat Grant 23/24		3,793					3,793
Grant	LED Lighting 23/24		141					141
	People, Policy and Transformation							
Reserves	Civic Centre Fire Remedial Works		144					144
	Non Service							
Provision	Duffryn District Heating System		3,139					3,139
	Total Additions and Deletions	0	8,170	2,096	0	0	0	10,266
	Amendments							
	City Deal Reprofile		(2,517)	(1,177)	(1,718)	(1,374)		(6,786)
	Newport Market Arcade		(189)					(189)
	Sub Total Amendments	0	(2,706)	(1,177)	(1,718)	(1,374)	0	(6,975)
	REVISED BUDGET	61,225	90,333	56,891	23,043	7,418	5,768	244,676

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

	*Spend 18/19 - 22/23	July Budget 23/24	Additions	Sept Budget 23/24	Sept Forecast 23/24	Slippage/ reprofiling	Under / Overspend	Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28
	£'000	£'000		£'000	£'000	£'000		£'000	£'000	£'000	£'000
Iscoed Secondary Band B	18,435	276	-	276	292	-	16	-	-	-	-
Bassaleg Secondary Band B	21,403	10,051	-	10,051	9,681	(370)	-	651	-	-	-
Caerleon Secondary Band B	328	-	-	-	-	-	-	4,500	6,000	672	-
Whiteheads Primary Band B	1,746	7,353	-	7,353	7,490	137	-	5,101	-	-	-
Maesglas Primary Band B	7	-	-	-	-	-	-	-	1,793	-	-
Maindee Primary B	8	-	-	-	-	-	-	-	992	-	-
Llanwern Village Primary Schools Band B	2	-	-	-	-	-	-	792	400	-	-
St Andrews Demountables Band B	1,180	6,285	-	6,285	6,350	65	-	2,535	-	-	-
Welsh Medium Primary School	1,442	293	-	293	466	174	-	1,407	2,659	-	-
ED Tech Grant	297	65	-	65	65	-	-	-	-	-	-
Charles Williams Renovations	992	2,105	-	2,105	2,107	2	-	-	-	-	-
Pentrepoeth - site accessibility	482	39	-	39	31	(8)	-	-	-	-	-
St Mary's Urgent Capital repairs grant	61	766	-	766	766	-	-	4,509	-	-	-
Education Maintenance Grant - 19/20	1,731	25	-	25	25	-	-	-	-	-	-
Education Maintenance Grant - 20/21	1,252	753	-	753	677	(76)	-	511	-	-	-
Education Maintenance Grant - 21/22	1,876	802	136	938	934	(4)	-	-	-	-	-
Education Maintenance Grant - 22/23	-	1,725	-	1,725	2,145	420	-	830	-	-	-
St Julians School Safeguarding	1	-	59	59	59	-	-	-	-	-	-
Education Accessibility Studies - Phase 1	279	19	-	19	19	-	-	-	-	-	-
Education Accessibility Studies - Phase 2	4	5	-	5	5	-	-	623	-	-	-
Free school meals capital works	908	2,158	-	2,158	2,158	-	-	-	-	-	-
Open Schools Outside Hours	376	646	-	646	646	-	-	-	-	-	-
Supporting Learners with Additional Learning Needs	42	980	-	980	980	-	-	-	-	-	-
23-24 ALN Grant Funding	43	-	-	-	-	-	-	1,049	-	-	-
23-24 ALN Grant Funding	44	-	600	600	600	-	-	-	-	-	-
Gwent Is Coed Sports Hall	-	1,252	-	1,252	1,252	-	-	2,085	-	-	-
Education - Sub total	-	35,599	795	36,394	36,749	340	16	24,594	11,843	672	-
Refit	415	1,359	-	1,359	1,359	-	-	226	-	-	-
Kingsway Solar Panels	-	347	-	347	347	-	-	-	-	-	-
Tredegar Park Cycle improvements	137	16	-	16	16	-	-	-	-	-	-
Local Places for Nature Grant	249	385	-	385	385	-	-	467	-	-	-
Parks Improvements	35	430	-	430	430	-	-	635	-	-	-
Cemeteries Improvements	375	750	-	750	750	-	-	275	-	-	-
Gwent Green Grid GI Project	2	67	-	67	67	-	-	-	-	-	-

	*Spend 18/19 - 22/23	July Budget 23/24	Additions	Sept Budget 23/24	Sept Forecast 23/24	Slippage/ reprofiling	Under / Overspend	Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28
	£'000	£'000		£'000	£'000	£'000		£'000	£'000	£'000	£'000
Gwent Green Grid Access Project	30	43	-	43	43	-	-	-	-	-	-
St Julians High LED Lighting Upgrade	-	-	99	99	99	-	-	-	-	-	-
Docksway Landfill Capping Works	1,443	587	-	587	587	-	-	-	-	-	-
Public EV Charging	7	124	-	124	124	-	-	-	-	-	-
Schools LED Lighting	300	182	-	182	182	-	-	-	-	-	-
Three Weekly Containers+ULEV Vehicles	-	1,169	-	1,169	1,169	-	-	-	-	-	-
Pill Mill and Ruperra Street Play Area	-	96	-	96	96	-	-	-	-	-	-
City Centre Green Infrastructure	-	180	-	180	180	-	-	-	-	-	-
Wales Coast Path Improvements	-	-	58	58	58	-	-	-	-	-	-
Low Carbon Heat Grant 23/24	-	-	3,793	3,793	3,793	-	-	-	-	-	-
23/24 LED Lighting	-	-	141	141	141	-	-	-	-	-	-
SPF -Community Building decarbonisation/energy efficiency	-	125	-	125	125	-	-	250	-	-	-
SPF - Mon+Brecon Canal 14 Locks	-	1,236	-	1,236	1,236	-	-	454	-	-	-
SPF - Tredegar Park	-	732	-	732	732	-	-	1,565	-	-	-
Environment & public protection - Sub total	-	7,826	4,091	11,918	11,918	-	-	3,872	-	-	-
Gypsy/Traveller Site Development	3,111	44	-	44	44	-	-	-	-	-	-
SPF - Food resilience programme	-	60	-	60	60	-	-	60	-	-	-
Housing & communities - Sub total	-	104	-	104	104	-	-	60	-	-	-
IT Replacement Schemes	602	150	-	150	275	125	-	414	202	150	150
Flexi Print	-	-	-	-	22	-	22	-	-	-	-
Asset Management Programme	7,231	2,391	-	2,391	2,378	(13)	-	1,500	1,500	1,500	1,500
Civic Centre / Info Station Service Relocations	236	29	-	29	-	-	(29)	-	-	-	-
Information Station	-	157	-	157	157	-	-	-	-	-	-
Library (infostation move)	1,267	234	-	234	234	-	-	-	-	-	-
Boundary Wall	4	47	-	47	47	-	-	-	-	-	-
Civic Centre Fire Remedial Works	-	-	144	144	147	-	3	-	-	-	-
Central Library - Structural Works	153	510	-	510	510	-	-	-	-	-	-
Assistive Technology in Social Care	-	155	-	155	155	-	-	-	-	-	-
People, policy & transformation - Subtotal	-	3,672	144	3,817	3,924	112	(5)	1,914	1,702	1,650	1,650
Disabled Facilities	4,313	1,362	-	1,362	1,333	(29)	-	1,213	1,000	1,000	1,000
Safety at Home	1,778	450	-	450	422	(28)	-	300	300	300	300
ENABLE Adaptations Grant	1,031	197	-	197	197	-	-	-	-	-	-
Childcare - Flying Start	1,805	97	-	97	97	-	-	-	-	-	-
Small Grant Scheme Childcare Offer	332	14	(14)	-	-	-	-	-	-	-	-
Small Grants Funding Childcare Offer	-	470	14	484	493	-	9	-	-	-	-

	*Spend 18/19 - 22/23 £'000	July Budget 23/24 £'000	Additions	Sept Budget 23/24 £'000	Sept Forecast 23/24 £'000	Slippage/ reprofiling £'000	Under / Overspend	Budget 24/25 £'000	Budget 25/26 £'000	Budget 26/27 £'000	Budget 27/28 £'000
Flying Start Project Management Costs	-	50	-	50	50	-	-	-	-	-	-
SMAPF	1,516	423	-	423	423	-	-	-	-	-	-
GDAS - Outreach Service provision,	-	47	-	47	37	-	(10)	-	-	-	-
Prevention & inclusion - Sub total	-	3,111	-	3,111	3,054	(57)	-	1,513	1,300	1,300	1,300
Market Arcade Townscape Heritage Scheme	2,088	689	(189)	500	510	-	10	-	-	-	-
Cardiff City Region Deal	1,405	2,865	(2,517)	348	348	-	-	1,238	1,294	978	-
Cardiff City Region Deal - Cost of Carry	-	-	-	-	-	-	-	-	-	-	-
Mill Street Development Loan	3,739	-	-	-	-	-	-	261	-	-	-
TRI Thematic Funding	460	828	-	828	828	-	-	-	-	-	-
Clarence House Loan	48	702	-	702	702	-	-	-	-	-	-
Transforming Towns Placemaking	20	548	-	548	450	(98)	-	332	-	-	-
Transforming Towns Business Fund	27	98	-	98	98	-	-	-	-	-	-
Transporter Bridge - Phase 2 Delivery	4,202	11,742	-	11,742	4,333	(7,409)	-	807	-	-	-
Medieval Ship	11	-	-	1	-	-	(1)	-	-	-	-
Placemaking capital projects	-	500	-	500	500	-	-	-	-	-	-
Leisure centre New build	2,283	1,143	-	1,143	894	(248)	-	12,209	4,086	-	-
Coleg Gwent Demolition Costs	-	1,246	-	1,246	1,246	-	-	-	-	-	-
Shared Prosperity Fund	-	1,670	-	1,670	1,670	-	-	4,093	-	-	-
Regeneration & economic development - Sub total	-	22,030	(2,706)	19,326	11,579	(7,755)	8	18,941	5,380	978	-
Telecare Service Equipment	172	62	-	62	20	-	(42)	30	30	30	30
Equipment for Disabled Grant (GWICES)	825	165	-	165	165	-	-	165	165	165	165
Rosedale Annexes	80	420	-	420	420	-	-	-	-	-	-
Disbursed accommodation and Covid-19 equipment	677	182	-	182	182	-	-	-	-	-	-
Cambridge House - HCF Grant	30	939	-	939	939	-	-	681	-	-	-
Forest Lodge HCF grant funding	75	596	-	596	596	-	-	-	-	-	-
VAWDASV Target Hardening Equipment	-	46	-	46	46	-	-	-	-	-	-
Social Care - Sub total	-	2,410	-	2,410	2,368	-	(42)	876	195	195	195
Gwastad Mawr Flood Attenuation Works	-	36	-	36	14	-	(22)	-	-	-	-
City Services Annual Sums	1,690	1,687	-	1,687	1,193	(493)	-	1,371	500	500	500
CA Pontymason Lane	1,691	740	-	740	740	-	-	-	-	-	-
Peterstone Sewage Scheme	908	13	-	13	7	-	(6)	-	-	-	-
Fleet Replacement Programme	7,831	1,978	-	1,978	2,225	247	-	2,829	2,123	2,123	2,123
Carnegie Court Emergency River Works	1,244	19	-	19	19	-	-	-	-	-	-
Private sector bus electrification	3,300	3,023	-	3,023	3,023	-	-	-	-	-	-

	*Spend 18/19 - 22/23	July Budget 23/24	Additions	Sept Budget 23/24	Sept Forecast 23/24	Slippage/ reprofiling	Under / Overspend	Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28
	£'000	£'000		£'000	£'000	£'000		£'000	£'000	£'000	£'000
Placemaking capital projects (hostile vehicle)	-	571	-	571	180	(391)	-	571	-	-	-
Station Road Flood Alleviation Scheme	-	37	-	37	37	-	-	-	-	-	-
Safe Routes in Communities	-	130	-	130	130	-	-	-	-	-	-
20mph Core Allocation 2324	-	341	-	341	341	-	-	-	-	-	-
ATF Npt Central Connections	-	59	-	59	59	-	-	-	-	-	-
Bus Stop Infrastructure 23/24	-	309	-	309	309	-	-	-	-	-	-
A467 Improvements (Resilient Roads)	-	500	-	500	500	-	-	-	-	-	-
EV Charging Infrastructure	-	672	-	672	672	-	-	-	-	-	-
City Services - Sub Total	-	10,114	-	10,114	9,450	(637)	(28)	4,771	2,623	2,623	2,623
Duffryn District Heating System			3,140	3,140	3,140	-					
Non Service - Total			3,140	3,140	3,140	-	-	-	-	-	-
TOTAL EXPENDITURE	-	84,866	5,464	90,333	82,285	(7,997)	(50)	56,541	23,043	7,418	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	-	18,478	(2,374)	16,104	-	-	-	9,790	1,868	1,000	-
Prudential Borrowing	-	-	-	-	-	-	-	-	-	-	-
External Grants	-	42,230	3,661	45,891	-	-	-	28,840	9,189	650	-
S106	-	2,509	158	2,667	-	-	-	605	2,062	-	-
Other Contributions	-	510	-	510	-	-	-	276	-	-	-
Capital Receipts	-	3,211	-	3,211	-	-	-	2,461	-	-	-
Revenue Contributions	-	1,622	136	1,758	-	-	-	1,542	1,500	1,500	1,500
Reserves	-	7,886	744	11,770	-	-	-	4,953	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-	-	-
TOTAL	-	84,868	2,325	90,333	-	-	-	56,891	23,043	7,418	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 – September 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
Revised July 2023 Budget	0	84,867	55,972	24,761	8,792	5,768	241,386
Additions/deletions		8,170	2,096	-	-	-	10,266
Amendments		2,706	1,177	1,718	1,374	-	6,975
September 2023 Budget		90,333	56,891	23,043	7,418	5,768	244,676

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	270.7	280.0	281.6	281.5	280.3	288.9

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)	176.5	171.6	220.0	228.8	221.3
Capital Financing Requirement	270.7	280.0	281.6	281.5	280.3

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.

	2023/24 Maximum	30.09.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes / No
Borrowing	138	135.5	150	246	✓
PFI and Finance Leases	38	36.1	39	39	✓
Total debt	176	171.6	189	285	✓

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 have 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.

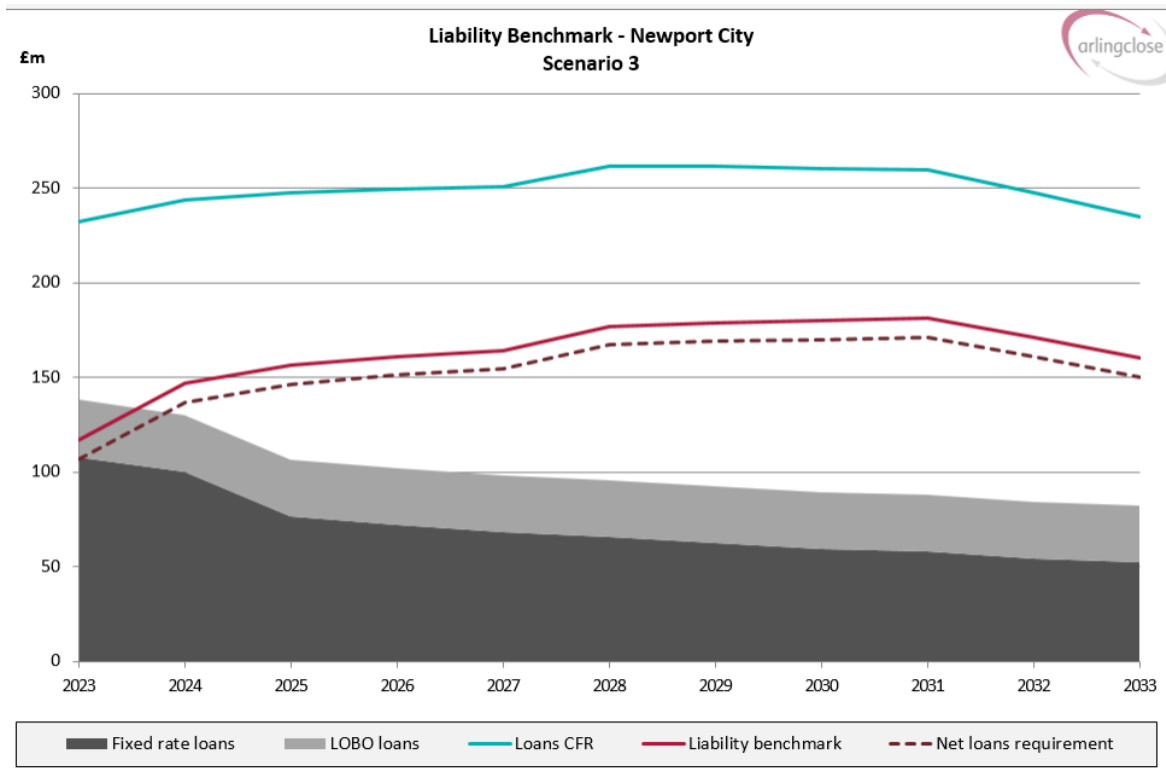
1. Liability Benchmark:

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.

	31.3.23	31.3.24	31.3.25	31.3.26
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	Actual	Forecast	Forecast	Forecast
Loans CFR	232.2	243.9	247.6	249.7
Less: Balance sheet resources	-125.3	-107.2	-101.1	-98.6
Net loans requirement	106.9	136.7	146.5	151.1
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	116.9	146.7	156.5	161.1
Existing borrowing	-137.2	-159.3	-135.4	-130.9

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 30th September 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:

	30.09.23 Actual	Upper limit	Lower limit	Complied
Under 12 months	27%	60%	0%	✓
12 months and within 24 months	17%	40%	0%	✓
24 months and within 5 years	8%	40%	0%	✓
5 years and within 10 years	9%	40%	0%	✓
10 years and within 20 years	17%	30%	0%	✓
20 years and within 30 years	3%	20%	0%	✓
30 years and within 40 years	15%	20%	0%	✓
40 years and within 50 years	0%	20%	0%	✓
50 years and above	4%	20%	0%	✓

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 1.25% from 4.25% on 1st April to 5.25% by 30th September.

Interest rate risk indicator	Limit	30.09.23 Actual	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000	13,714	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£100,000	31,800	✓