

# Report

## Cabinet

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### Part 1

**Date:** 10 January 2024

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

**Purpose** To provide Cabinet with a forecast of capital outturn against budget based on the activity incurred up to the end of November 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 November 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 and £90.3m in November's meeting. This report requests approval to increase the 2023/24 budget by a net £2.965m to now be £93.171m
- Against that revised budget, costs are predicted to be £83.615m introducing a £9.557m net variance.
- Of this variance, service managers and budget holders have confirmed that £9.143m 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 note the predicated capital expenditure outturn position for 2023/24**
2. **To note the amendments to the capital programme**
3. **To note the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.**
4. **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 and amendments. 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
<b>Initial Budget</b>	<b>61,225</b>	<b>94,783</b>	<b>53,627</b>	<b>14,645</b>	<b>8,441</b>	<b>18,448</b>	<b>251,169</b>
Revisions / Reprofiting Additions/deletions/ Amendments		(15,833) 5,917	2,495 (150)	13,017 (2,901)	351 0	(30) (12,649)	0 (9,783)
<b>Revised July 2023 Budget</b>	<b>61,225</b>	<b>84,867</b>	<b>55,972</b>	<b>24,761</b>	<b>8,792</b>	<b>5,769</b>	<b>241,386</b>
Additions/deletions Amendments		8,170 (2,706)	2,096 (1,177)	0 (1,718)	0 (1,374)	0 0	10,266 (6,975)
<b>Revised September 23</b>	<b>61,225</b>	<b>90,333</b>	<b>56,891</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>	<b>244,677</b>
Additions/deletions Amendments		2,757 81	127 0	0 0	0 0	0 0	2,884 81
<b>Revised November 23</b>	<b>61,225</b>	<b>93,171</b>	<b>57,018</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>	<b>247,642</b>

## Additions

The growth to the programme is materially affected by the volume of extra grants secured by Council officers throughout the year, 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.

<u>Nature</u>	<u>Value £'000</u>
New Grants and Contributions	2,214
Section 106 funding	88
Service/Council funding	662
Capital Receipts funding	0
Reserve / Provision funding	0
External Contributions	0
Finance Lease	0
<b>Total</b>	<b>2,965</b>

## Spending/Outturn 2023/24

Against a revised budget of £93.171m, costs predicted to be incurred total £83.615m, introducing a £9.556m net variance, of which the majority relates to slippage in delivering schemes.

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 November Cabinet	Additions / Amendments	23/24 Budget to be approved January Cabinet	Forecast	Slippage	Over / Underspend
Education	36,394	137	36,531	34,364	(2,205)	38
Environment & Public Protection	11,918	1,424	13,342	12,718	(656)	32
Housing & Communities	104	0	104	104	0	0
People, Policy & Transformation	3,817	23	3,840	3,407	(236)	(197)
Prevention & Inclusion	3,111	558	3,669	3,736	77	(10)
Regeneration & Economic Development	19,326	60	19,386	13,417	(5,794)	(174)
Social Services	2,410	200	2,610	2,568	(42)	0
Infrastructure	10,114	436	10,551	10,161	(288)	(102)
Non Service	3,140	0	3,140	3,140	0	0
<b>Total</b>	<b>90,333</b>	<b>2,839</b>	<b>93,171</b>	<b>83,615</b>	<b>(9,143)</b>	<b>(413)</b>

The column of “true” over and underspends are reflected in the last column and total a £413k net underspend at the moment, which is largely the net effect of grant that is unlikely to be used in full and will need to be returned to the grant awarding body.

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

### • Education

- **Whiteheads** - Good progress has been made by the contractors, the site remediation works are complete, however, due to the delay in starting the site remediation works, a revised profile of spend has now been completed to show the impact of this on the forecast spend in 2023/24, meaning that slippage of £1,884k is now being forecast.
- **St Mary's Urgent Capital repairs grant** - Works are progressing on site, however, some design works are still being confirmed, therefore slippage of £250k has been forecast in November monitoring. It is important to note that the Council is not directly responsible for this scheme.
- **23-24 Additional Learning Needs (ALN) Grant Funding** - Originally the ALN works were not expected to commence until 24-25 and the spend was profiled to reflect this. However, projects have now been identified and work can begin in 23-24, with full spend currently expected. Therefore, reverse slippage is being requested to move the ALN grant from 24-25 into 23-24.
- **Millbrook Primary Demolition** – A nominal amount is forecast for this financial year, with slippage of £550k forecast. The demolition is due to be completed next summer as there is a requirement to secure planning permission once certain surveys are complete, and the surveys can only take place at specific times of the year.
- **Welsh Medium Ysgol Gymraeg Gwent Is Coed Sports Hall** – Delays in Planning and Sustainable drainage Approval Body (SAB) approvals have resulted in a delay for the works to commence. Works are expected to commence in the latter stages of the financial year, depending on approvals obtained. This means slippage is expected of £1.2m.

- **Shared Prosperity Fund (SPF) Mon & Brecon Canal 14 Locks** – A reprofile of SPF projects has been requested and there is the potential to slip £540k of this budget into 24-25 as only design and minimal works will be completed in 23-24.
- **Transporter Bridge** – The latest forecast in November is based on the average valuations and remaining consultant fees due up until the end of March 24, assisted by the cost report provided in October from Newport Norse, therefore the amount of slippage expected in 2023/24 has reduced from the previous monitoring report.

### 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, in order to minimise the pressure upon the Council's Medium Term Financial Plan. This was updated in the Capital and Treasury Management Strategy agreed in February 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.

<b>Borrowing, Capital Reserves &amp; Receipts Headroom to 2024/25</b>	<b>£'000</b>
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)
<b>Total</b>	<b>8,259</b>

There have been no changes to the headroom from what was reported in the September monitoring report.

### 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 – November 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 at 30<sup>th</sup> November 2023, the Council 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 November 2023 and outlines the increase in the capital budget in 2023/24 since the last report was considered. The overall budget for 2023/24 now stands at £93.2m, although the report references likely expenditure of £83.6m against that budget, resulting in a variance of £9.6m. A large proportion of this variance is largely due to forecasted slippage against one specific scheme, although there are other schemes with reasonably large variances as well. It is important to note that should the total expenditure of £83.6m 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 identified between now and the end of the financial year.

The report also outlines the level of capital headroom available, which continues to stand at £8.259m, as outlined in the previous report. 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 Council's 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 is not 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 – February 2023

Capital Outturn report 2022/23

Capital Monitoring and Additions report – July 2023

Capital Monitoring and Additions report – September 2023

**Dated: 3 January 2024**

## 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
	Sept Budget as agreed by Nov Cabinet	61,225	90,333	56,891	23,043	7,418	5,769	244,676
	<b>ADDITIONS / DELETIONS</b>							
	<b><u>Education</u></b>							
Revenue Contribution	Primary Free School Meals		160					160
	<b><u>Environment and Public Protection</u></b>							
Grant Revenue Contribution	Brilliant Basics - EV charging at tourist sites		375					375
	Low Carbon Heat Grant 23/24		421					421
	<b><u>Prevention and Inclusion</u></b>							
Grant	HCF Capital Programme - Minor Projects							112
	DFG Top Sliced Funding		112					
Grant	SMAFT		446					446
	<b><u>Regeneration &amp; Economic Development</u></b>							
Grant	Carbon Reduction Lighting - Riverfront Theatre		150					150
Grant	Newport Museum and Art Gallery - NCAG Offer		59	39				98
Grant	Onstreet Residential Chargepoint Scheme		401					401
	<b><u>Social Services</u></b>							
Grant	Rosedale Annexes		200					200
	<b><u>Infrastructure</u></b>							
Grant	EV Charging Infrastructure		173					173
S106 monies	Herbert Road S106 Highway Works			88				88
Grant	Burns Units 23/24		260					260
	<b>Total Additions and Deletions</b>		<b>2,757</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,884</b>

	<b>Amendments</b>							
	Transforming Towns Placemaking		(250)					(250)
	Kings Chambers		250					250
	Education Maintenance year 2		(23)					(23)
	Asset Maintenance		23					23
	Refit		81					81
								0
	<b>Sub Total Amendments</b>	<b>0</b>	<b>81</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>81</b>
	<b>REVISED BUDGET</b>	<b>61,225</b>	<b>93,171</b>	<b>57,018</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>	<b>247,642</b>

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

	*Spend 18/19 - 22/23	Sept Budget 23/24	Additions / Amendments	Nov Budget 23/24	Nov 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	0	276	292	0	16	0	0	0	0
Bassaleg Secondary Band B	21,403	10,051	0	10,051	10,066	15	0	651	0	0	0
Caerleon Secondary Band B	328	0	0	0	5	5	0	4,500	6,000	672	0
Whiteheads Primary Band B	1,746	7,353	0	7,353	5,468	-1,884	0	5,101	0	0	0
Maesglas Primary Band B	7	0	0	0	0	0	0	0	1,793	0	0
Maindee Primary B	8	0	0	0	0	0	0	0	992	0	0
Llanwern Village Primary Schools Band B	2	0	0	0	0	0	0	792	400	0	0
St Andrews Demountables Band B	1,180	6,285	0	6,285	6,355	71	0	2,535	0	0	0
Welsh Medium Primary School	1,442	293	0	293	414	122	0	1,407	2,659	0	0
ED Tech Grant	297	65	0	65	65	0	0	0	0	0	0
Charles Williams Renovations	992	2,105	0	2,105	2,098	0	-7	0	0	0	0
Pentrepoeth - site accessibility	482	39	0	39	31	-8	0	0	0	0	0
St Mary's Urgent Capital repairs grant	61	766	0	766	516	-250	0	4,509	0	0	0
Education Maintenance Grant - 19/20	1,731	25	-23	2	2	0	0	0	0	0	0
Education Maintenance Grant - 20/21	1,252	753	0	753	706	-47	0	511	0	0	0
Education Maintenance Grant - 21/22	1,876	938	0	938	968	0	29	0	0	0	0
Education Maintenance Grant - 22/23	0	1,725	0	1,725	2,184	458	0	830	0	0	0
St Julians School Safeguarding	1	59	0	59	59	0	0	350	0	0	0
Education Accessibility Studies - Phase 1	279	19	0	19	33	14	0	0	0	0	0
Education Accessibility Studies - Phase 2	4	5	0	5	5	0	0	623	0	0	0
Free school meals capital works	908	2,158	160	2,318	2,318	0	0	0	0	0	0
Open Schools Outside Hours	376	646	0	646	646	0	0	0	0	0	0
Supporting Learners with Additional Learning Needs	42	980	0	980	980	0	0	0	0	0	0
23-24 ALN Grant Funding	43	0	0	0	1,049	1,049	0	1,049	0	0	0
Millbrook Demolitions	44	600	0	600	50	-550	0				
Gwent Is Coed Sports Hall	0	1,252	0	1,252	54	-1,198	0	2,085	0	0	0
<b>Education - Sub total</b>		<b>36,394</b>	<b>137</b>	<b>36,531</b>	<b>34,364</b>	<b>-2,205</b>	<b>38</b>	<b>24,944</b>	<b>11,843</b>	<b>672</b>	<b>0</b>
Refit	415	1,359	81	1,440	1,440	0	0	226	0	0	0

	*Spend 18/19 - 22/23	Sept Budget 23/24	Additions / Amendments	Nov Budget 23/24	Nov 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
Kingsway Solar Panels		347	0	347	347	0	0	0	0	0	0
Tredegar Park Cycle improvements	137	16	0	16	0	-16	0	0	0	0	0
Local Places for Nature Grant	249	385	0	385	385	0	0	467	0	0	0
Parks Improvements	35	430	0	430	430	0	0	635	0	0	0
Cemeteries Improvements	375	750	0	750	750	0	0	275	0	0	0
Gwent Green Grid GI Project	2	67	0	67	74	0	7	0	0	0	0
Gwent Green Grid Trees Project		0	0	0	5	0	5	0	0	0	0
Gwent Green Grid Access Project	30	43	0	43	20	0	-23	0	0	0	0
St Julians High LED Lighting Upgrade	0	99	0	99	99	0	0	0	0	0	0
Brilliant basics - Installation of EV chargers at Tourist Sites	0	0	375	375	375	0	0	0	0	0	0
Docksway Landfill Capping Works	1,443	587	0	587	587	0	0	0	0	0	0
Public EV Charging	7	124	-4	120	120	0	0	0	0	0	0
Schools LED Lighting	300	182	0	182	180	0	-2	0	0	0	0
Three Weekly Containers+ULEV Vehicles		1,169	0	1,169	1,169	0	0	0	0	0	0
Pill Mill and Ruperra Street Play Area		96	0	96	96	0	0	0	0	0	0
City Centre Green Infrastructure		180	0	180	180	0	0	0	0	0	0
Wales Coast Path Improvements		58	0	58	58	0	0	0	0	0	0
Low Carbon Heat Grant 23/24		3,793	421	4,214	4,214	0	0	0	0	0	0
23/24 LED Lighting		141	0	141	141	0	0	0	0	0	0
Onstreet Residential Chargepoint Scheme		0	401	401	401	0	0	0	0	0	0
Carbon Reduction Lighting - Riverfront Theatre		0	150	150	150	0	0	0	0	0	0
ATF Core Allocation 22/23		0	0	0	45	0	45	0	0	0	0
SPF -Community Building decarbonisation/energy efficiency		125	0	125	125	0	0	250	0	0	0
SPF - Mon+Brecon Canal 14 Locks		1,236	0	1,236	696	-540	0	454	0	0	0
SPF - Tredegar Park		732	0	732	632	-100	0	1,565	0	0	0
<b>Environment &amp; public protection - Sub total</b>		<b>11,918</b>	<b>1,424</b>	<b>13,342</b>	<b>12,718</b>	<b>-656</b>	<b>32</b>	<b>3,872</b>	<b>0</b>	<b>0</b>	<b>0</b>
Gypsy/Traveller Site Development	3,111	44	0	44	44	0	0	0	0	0	0



	*Spend 18/19 - 22/23	Sept Budget 23/24	Additions / Amendments	Nov Budget 23/24	Nov 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
Mill Street Development Loan	3,739	0	0	0	0	0	0	261	0	0	0
TRI Thematic Funding	460	828	0	828	828	0	0	0	0	0	0
Clarence House Loan	48	702	0	702	500	-202	0	0	0	0	0
Transforming Towns Placemaking	20	548	-250	298	213	0	-85	332	0	0	0
Transforming Towns Business Fund	27	98	0	98	0	0	-98	0	0	0	0
Kings Chambers	28	0	250	250	250	0	0	0	0	0	0
Transporter Bridge - Phase 2 Delivery	4,202	11,742	0	11,742	6,898	-4,843	0	807	0	0	0
Medieval Ship	11	1	0	1	0	0	-1	0	0	0	0
Placemaking capital projects	0	500	0	500	0	-500	0	0	0	0	0
Leisure and Wellbeing	2,283	1,143	0	1,143	894	-248	0	12,209	4,086	0	0
Coleg Gwent Demolition Costs		1,246	0	1,246	1,246	0	0	0	0	0	0
Newport Museum and Art Gallery - NCAG Offer		0	60	60	60	0	0	39	0	0	0
Shared Prosperity Fund		1,670	0	1,670	1,670	0	0	4,093	0	0	0
<b>Regeneration &amp; economic development - Sub total</b>		<b>19,326</b>	<b>60</b>	<b>19,386</b>	<b>13,417</b>	<b>-5,794</b>	<b>-174</b>	<b>18,980</b>	<b>5,380</b>	<b>978</b>	<b>0</b>
Telecare Service Equipment	172	62	0	62	20	-42	0	30	30	30	30
Equipment for Disabled Grant (GWICES)	825	165	0	165	165	0	0	165	165	165	165
Rosedale Annexes	80	420	200	620	620	0	0	0	0	0	0
Disbursed accommodation and Covid-19 equipment	677	182	0	182	182	0	0	0	0	0	0
Cambridge House - HCF Grant	30	939	0	939	939	0	0	681	0	0	0
Forest Lodge HCF grant funding	75	596	0	596	596	0	0	0	0	0	0
VAWDASV Target Hardening Equipment		46	0	46	46	0	0	0	0	0	0
<b>Social Care - Sub total</b>		<b>2,410</b>	<b>200</b>	<b>2,610</b>	<b>2,568</b>	<b>-42</b>	<b>0</b>	<b>876</b>	<b>195</b>	<b>195</b>	<b>195</b>
Gwastad Mawr Flood Attenuation Works		36	0	36	14	0	-22	0	0	0	0
City Services Annual Sums	1,690	1,687	0	1,687	1,625	-61	0	1,371	500	500	500
CA Pontymason Lane	1,691	740	0	740	696	0	-44				
Peterstone Sewage Scheme	908	13	0	13	7	0	-6	0	0	0	0
Fleet Replacement Programme	7,831	1,978	0	1,978	2,161	184	0	2,829	2,123	2,123	2,123
Carnegie Court Emergency River Works	1,244	19	0	19	0	-19	0	0	0	0	0

	*Spend 18/19 - 22/23	Sept Budget 23/24	Additions / Amendments	Nov Budget 23/24	Nov 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
Private sector bus electrification	3,300	3,023	0	3,023	3,023	0	0	0	0	0	0
Placemaking capital projects (hostile vehicle)		571	0	571	180	-391	0	571	0	0	0
Station Road Flood Alleviation Scheme		37	0	37	37	0	0	0	0	0	0
Safe Routes in Communities		130	0	130	130	0	0	0	0	0	0
20mph Core Allocation 23/24		341	0	341	341	0	0	0	0	0	0
ATF Npt Central Connections		59	0	59	29	0	-31	0	0	0	0
Bus Stop Infrastructure 23/24		309	0	309	309	0	0	0	0	0	0
A467 Improvements (Resilient Roads)		500	0	500	500	0	0	0	0	0	0
EV Charging Infrastructure		672	176	848	848	0	0	0	0	0	0
Herbert Road S106 Highway Works		0	0	0	0	0	0	88	0	0	0
Burns Unit		0	260	260	260	0	0	0	0	0	0
<b>Infrastructure - Sub Total</b>		<b>10,114</b>	<b>436</b>	<b>10,551</b>	<b>10,161</b>	<b>-288</b>	<b>-102</b>	<b>4,860</b>	<b>2,623</b>	<b>2,623</b>	<b>2,623</b>
<b>Non Service</b>											
Duffryn District Heating System		3,140	0	3,140	3,140	0	0	0	0	0	0
<b>Non Service - Total</b>		<b>3,140</b>	<b>0</b>	<b>3,140</b>	<b>3,140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>		<b>90,333</b>	<b>2,839</b>	<b>93,171</b>	<b>83,615</b>	<b>-9,143</b>	<b>-413</b>	<b>57,018</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>
Financed By:											
General Capital Grant		4,268	0	4,268				4,268	4,268	4,268	4,268
Supported Borrowing		4,155	0	4,155				4,155	4,155	0	0
Unsupported Borrowing		15,961	0	15,961				9,790	1,868	1,000	0
Prudential Borrowing		0	0	0				0	0	0	0
External Grants		46,328	2,176	48,504				28,879	9,189	650	0
S106		2,509	0	2,509				693	2,062	0	0
Other Contributions		510	0	510				276	0	0	0
Capital Receipts		3,211	0	3,211				2,461	0	0	0
Revenue Contributions		5,506	662	6,168				1,542	1,500	1,500	1,500
Reserves		7,886	0	7,886				4,953	0	0	0
Finance Lease		0	0	0				0	0	0	0



	*Spend 18/19 - 22/23	Sept Budget 23/24	Additions / Amendments	Nov Budget 23/24	Nov Forecast 23/24	Slippage/ reprofiling	Under / Overspend
	£'000	£'000		£'000	£'000	£'000	
<b>TOTAL</b>		<b>90,333</b>	<b>2,839</b>	<b>93,171</b>	<b>0</b>	<b>0</b>	

Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28
£'000	£'000	£'000	£'000
<b>57,018</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>

## Appendix C – Recent Capital Receipts Activity

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

## Appendix D - Prudential Indicators April – November 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
<b>Revised September 23</b>	<b>61,225</b>	<b>90,333</b>	<b>56,891</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>	<b>244,677</b>
Additions/deletions		2,757	127	0	0	0	2,884
Amendments		81	0	0	0	0	81
<b>Revised November 23</b>	<b>61,225</b>	<b>93,171</b>	<b>57,018</b>	<b>23,043</b>	<b>7,418</b>	<b>5,769</b>	<b>247,642</b>

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
<b>TOTAL CFR</b>	270.7	282.7	284.9	278.8	271.5	263.3

**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	282.7	284.9	278.8	271.5

**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	30.11.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes / No
Borrowing	138	128.5	150	246	✓
PFI and Finance Leases	38	36.1	39	39	✓
<b>Total debt</b>	<b>176</b>	<b>164.6</b>	<b>189</b>	<b>285</b>	✓

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.

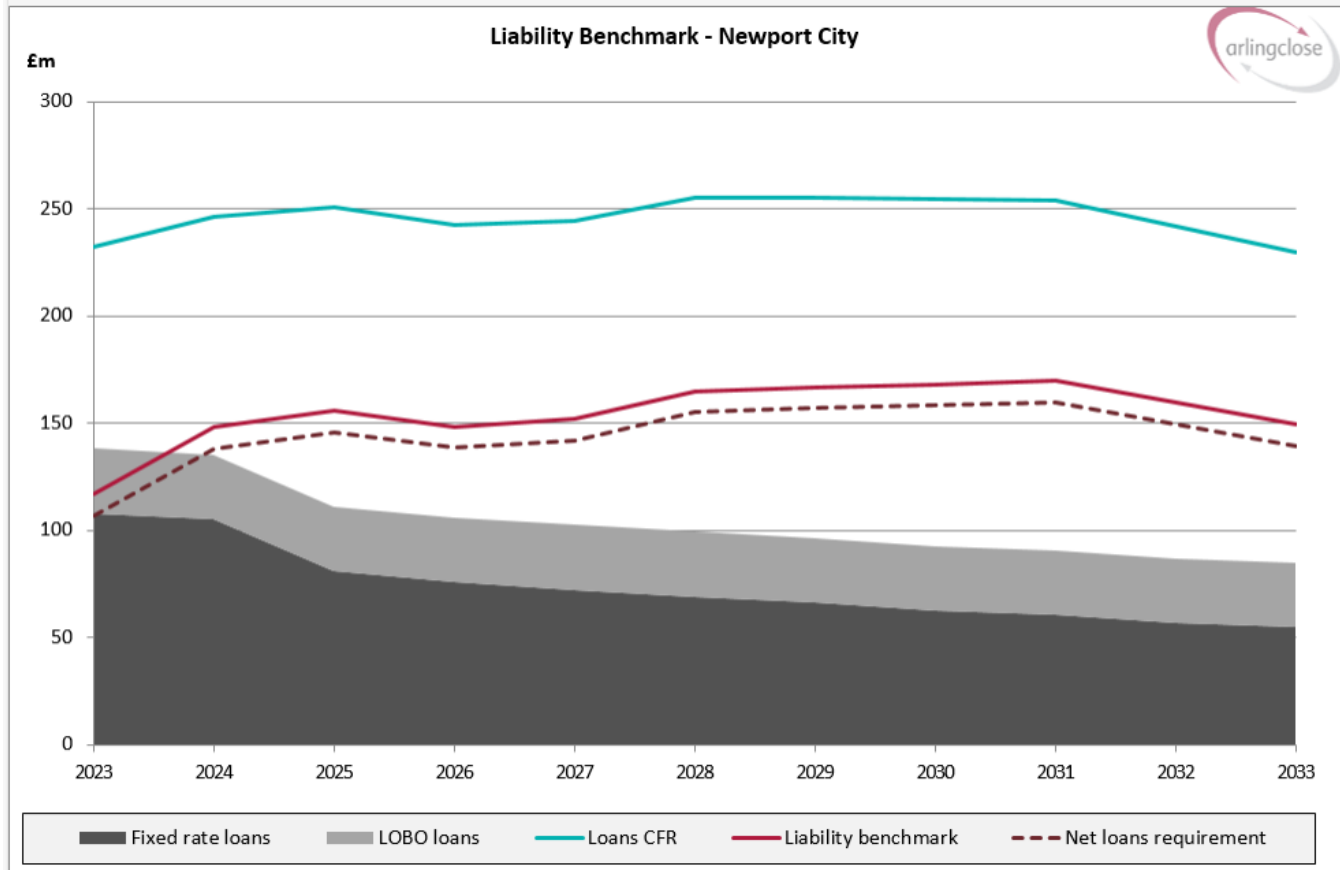
### **1. Liability Benchmark:**

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.

	31.3.23 Actual	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	232.2	246.5	250.9	242.8

Less: Balance sheet resources	-125.3	-108.6	-104.9	-104.3
<b>Net loans requirement</b>	<b>106.9</b>	<b>137.9</b>	<b>146</b>	<b>138.5</b>
Plus: Liquidity allowance	10	10	10	10
<b>Liability benchmark</b>	<b>116.9</b>	<b>147.9</b>	<b>156</b>	<b>148.5</b>
<b>Existing borrowing</b>	<b>-137.2</b>	<b>-134.2</b>	<b>-110.0</b>	<b>-105.2</b>

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 30<sup>th</sup> 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:

	30.11.23 Actual	Upper limit	Lower limit	Complied
Under 12 months	17%	60%	0%	✓
12 months and within 24 months	19%	40%	0%	✓
24 months and within 5 years	9%	40%	0%	✓
5 years and within 10 years	11%	40%	0%	✓
10 years and within 20 years	20%	30%	0%	✓
20 years and within 30 years	3%	20%	0%	✓
30 years and within 40 years	16%	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 from 4.25% on 1st April to 5.25% by 30th November.

Interest rate risk indicator	Limit	30.11.23 Actual	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000	14,867	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£100,000	56,000	✓