
CABINET REPORT

Date Written	10 th November 2020
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Service Area	Finance
Committee Division	Strategic
Exempt/Non Exempt	Non Exempt
Committee Date	25 th November 2020

To: Chair, Ladies and Gentlemen

Capital Budget Monitoring 2020/21 – Quarter 2

1.0 SUMMARY OF THE REPORT

- 1.1 This report details the capital expenditure and financing position for the Period Ending 30th September 2020 for both core and externally funded capital projects.
- 1.2 The report details the capital expenditure position for the period 1st April 2020 to 30th September 2020, together with expenditure projections for the 2020/21 financial year.
- 1.3 There is an underspend of £696,000 on core funded projects and an underspend of £12,000 on externally funded projects for the financial year 2020/21 based on the financial position as at 30th September 2019, which is the end of the second quarter.

2.0 RECOMMENDATIONS that:

- 2.1 The Capital Monitoring Report for the second quarter of 2020/21 be noted.
- 2.2 The budget amendments for core-funded projects as outlined in 4.1 below be approved.
- 2.3 Variances to the budgets as per paragraphs 4.2 be noted.
- 2.4 The requirements for officers to continue to rigorously monitor budgets to ensure that expenditure remains within approved budgets be noted.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The revised Core Capital Programme as agreed at Cabinet of 16th September 2020 for the 2020/21 financial year totalled £17.396 million. It is financed through General Capital Funding received from the Welsh Government, unsupported borrowing through the Prudential Code framework and the utilisation of capital receipts from fixed asset disposals.
- 3.2 Details in respect of core funded projects are outlined in Appendix 1.
- 3.3 The Council also secured additional funding through external grants, mainly from the Welsh Government and Heritage Lottery Fund totalling £14.652 million for the 2020/21 financial year.
- 3.4 Details in respect of grant/externally funded projects are outlined in Appendix 2.

4.0 CORE FUNDED PROJECTS

- 4.1 Amendments to the budgets of core funded projects are outlined in Appendix 1 and detailed further within Appendix 3.
- 4.2 Appendix 1 shows that £2.832 million of capital expenditure has been incurred on core financed projects up to 30th September 2020 with a net under spend of £696,000 against budget for the financial year. Appendix 4 details the schemes and reasons for the under spend position. It should be noted that capital expenditure tends to be weighted towards the second half of the financial year.

5.0 OTHER CAPITAL PROJECTS

- 5.1 Other capital projects totalling £14.652 million funded from a variety of external capital grants together with the related financing profiles are detailed in Appendix 2.
- 5.2 During the quarter, £1.049 million in additional external grants were secured. However, these were partially off-set by grant reductions as a result of project re-profiling leaving a net increase of £22,000 as detailed in Appendix 5.
- 5.3 Appendix 2 shows that £5.530 million of capital expenditure has been incurred on externally financed projects up to the 30th September 2020 with an underspend of £12,000 against budget.
- 5.4 Utilisation of each individual grant is defined by detailed prescriptive terms and conditions specific to that grant, including eligibility for carry over to the following financial year.

6.0 FINANCIAL IMPLICATIONS

6.1 A total projected spend of £29.166 million with an underspend of £708,000 is projected for both core and grant funded projects for 2020/21 based on the position as at 30th September 2020 which is the end of the second quarter of the financial year

7.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Not Applicable
1. Merthyr Tydfil Well-being Objectives	4 of 4	0 of 4	0 of 4
2. Sustainable Development Principles - How have you considered the five ways of working: <ul style="list-style-type: none"> • Long term • Prevention • Integration • Collaboration • Involvement 	5 of 5	0 of 5	0 of 5
3. Protected Characteristics <i>(including Welsh Language)</i>	0 of 10	0 of 10	10 of 10
4. Biodiversity	0 of 1	0 of 1	1 of 1
Summary:			
The main positive impacts are that the capital budgets support the Council to achieve its Well-being Objectives through its Capital Programme.			

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
AND CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Capital Budget Monitoring Reports	September 2020	Accountancy Department
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

Capital Monitoring Statement 2020/21
(For the period Ended 30th September 2020)

Appendix 1

Core Funded Projects	Revised Budget £'000	Amendment to Budget £'000	Revised Budget £'000	Out turn to Date £'000	Projection 2020/21 £'000	Variance £'000
Education						
21st Century Schools Programme	4,544	(128)	4,416	192	4,416	0
Education Other	1,708	(22)	1,685	777	1,686	1
Physical Regeneration Programme	2,700	(850)	1,850	613	1,850	0
Engineering & Transport Infrastructure	1,860	(522)	1,338	397	1,364	26
Land, Buildings & Corporate	6,584	(651)	5,933	853	5,210	(723)
Total	17,396	(2,173)	15,222	2,832	14,526	(696)

Core Funding Available	Revised Budget £'000	Amendment to Budget £'000	Revised Budget £'000	Out turn to Date £'000	Projection 2020/21 £'000	Variance £'000
General Capital Grant	1,582	0	1,582	1,582	1,582	0
Supported Borrowing	1,577	0	1,577	674	1,577	0
Capital Receipts	600	14	614	0	614	0
Unsupported Borrowing	13,400	(2,404)	10,995	393	10,299	(696)
Capital Contribution Reserve	237	217	454	183	454	0
Total	17,396	(2,173)	15,222	2,832	14,526	(696)

Capital Monitoring Statement 2020/21
(For the period Ended 30th September 2020)

Appendix 2

	Current Budget £000	Amendment to Budget £000	Revised Budget £000	Out turn 2020/21 £000	Projection 2020/21 £'000	Variance £000
Specified Grant/External Funded Projects						
Education						
21st Century Schools Programme	1,291	111	1,402	1,093	1,402	0
Education Other	1,631	(561)	1,070	99	1,069	(1)
Physical Regeneration Programme	8,528	410	8,938	3,201	8,932	(6)
Engineering & Transport Infrastructure	2,711	62	2,773	774	2,773	0
Housing and Corporate	469	0	469	363	464	(5)
Total	14,630	22	14,652	5,530	14,640	(12)

	Current Budget £000	Amendment to Budget £000	Revised Budget £000	Out turn 2020/21 £000	Projection 2020/21 £'000	Variance £000
Specific Grant/Other Funding Available						
Welsh Government	13,541	380	13,921	5,297	13,913	(8)
Integrated Care Fund	73	0	73	49	69	(4)
Home Office Funding	0	62	62	0	62	0
Heritage Lottery Fund	560	(280)	280	85	280	0
Other Contributions	456	(140)	316	99	316	0
Total	14,630	22	14,652	5,530	14,640	(12)

Capital Monitoring Statement 2020/21**Appendix 3****(For the period Ended 30th September 2020)****Proposed Budget Amendments - Core Funded Projects**

Ref.	Budget Head	Amendment £'000	Explanation
1	Ysgol -y- Graig School	(128)	Adjustment required to realign MTCBC's funding profile to that of the Welsh Governments 21st Century Schools programme.
2	Troedyrhiw School Roof	(22)	Proposed works to the canteen roof were substituted for roofing works on the main school. The cost difference has been requested to be carried forward into 2021/22 to enable the original works (together with other works scheduled) to be carried out.
3	VVP / City Deal	(500)	It is expected that the contract to develop the YMCA site will be awarded in February / March 2021. The alignment of budget to expected spend profile requires a roll-over of funding into the 2021/22 financial year.
4	Glebeland Bus Station Redevelopment	(350)	As the redevelopment of the site will not commence until the new bus station is operational, limited expenditure will be incurred this financial year. A roll-over of funding into 2021/22 is requested to fund future works.
5	Harvey's Bridge	(119)	The impact of Covid-19 and the priority given to storm damage repairs have prevented these scheme from progressing and the requirement to re-schedule in 2021/22. A budget roll-over for each scheme is therefore requested.
6	Victoria Tramroad	(80)	
7	Ysgol - y - Graig Infrastructure	(200)	Reprofiling of the school build has resulted in a delay to required infrastructure works which are not expected to start until June 2021. A roll over of funding is therefore required.

Capital Monitoring Statement 2020/21**Appendix 3****(For the period Ended 30th September 2020)****Proposed Budget Amendments - Core Funded Projects**

8	Highways Capital	(48)	The proposed resurfacing of Abercanaid Road had been delayed and is unlikely to take place until the early part of 2021/22. It is requested that the cost associated with this scheme be carried forward.
9	Highways Drainage	(75)	Preference has been given to drainage schemes funded through the Welsh Government grant of £600k in this financial year. Core monies will still be required to carry out essential drainage schemes in future years and so a carry over of funding requested.
10	Edwardsville Cemetery	(70)	Bats have been found in Sextan House preventing planned demolition works. It is expected that a delay of at least 12 months will result and therefore a request is made to carry forward funding.
11	Salt Barn	(112)	Plans for the site have yet to be agreed so a request to carry forward funding is made .
12	Pearls Playground	16	An additional allocation from the Community Infrastructure Levy Fund (CIL) has been allocated to provide for play equipment.
13	Shingrig Play Area	105	Section 106 (£75k) & CIL (30k) funding have been provided to develop the play area in Trelewis.
14	Pengarnddu	(700)	Further delays in the issue of correct permits / licenses have prevented clearance works from progressing. The issue may possibly be resolved in early November allowing works to begin, but if so, it is expected that only 15% of the total works would be completed by the end of the financial year. A roll-over of funding is therefore required.
15	CCTV Upgrades	20	A revenue contribution has been provided to fund a CCTV link from the Gurnos shopping area to the Community Centre.
16	Kerbside Recycling Vehicle	90	An allocation from the Community Infrastructure Levy Fund (CIL) of £76k and a further £14k from capital receipts have been allocated to purchase an additional kerbside recycling vehicle.

Capital Monitoring Statement 2020/21
(For the period Ended 30th September 2020)
Major Variances - Core Funded Projects

Appendix 4

Ref.	Budget Head	Variance £'000	Explanation
1	Greenfield School Portacabin	(1)	Purchase costs marginally lower than expected
2	SCMG 18/19 - Dowlais LRB (Bungalow)	1	Costs marginally higher than anticipated (less than £1,000 per scheme)
3	SCMG 18/19 - Edwardsville Toilets	1	
4	Highways Congestion Improvement Schemes	18	Due to the Covid-19 pandemic, additional costs are likely as a result of additional PPE requirements, longer collection times associated with material collection, inability to share vehicles to and from site, and extended construction times.
5	Road Bridge Masonry Repairs (5 bridges)	8	
6	Riverside	(400)	Demolition costs were significantly lower than expected
7	Disabled Facility Grants	(340)	Works have been limited due to the impact of Covid-19 restrictions. Estimates of 16th October suggest an underspend of 40% of available budget.
8	CCTV Upgrades	17	Unexpected repairs to ducting, civil works and additional wireless links were required within Merthyr Town Centre for which no budget had been provided.

Capital Monitoring Statement 2020/21
(For the period Ended 30th September 2020)
Major New Scheme External Grant Funding

Appendix 5

Ref.	Grant Description	£'000	Grant Details
1	21st Century Schools - Ysgol Y Graig	127	Reprofiling of schemes and requested adjustments to realign spend profiles to Welsh Government grant payment schedules. Overall, the funding of each individual scheme remains unchanged.
2	21st Century Schools - Gurnos Community Hub	(16)	
3	Class Size Reduction - Ysgol St Tydfil	305	
4	Childcare Offer Capital Grant Programme	(873)	
5	Cyfarthfa High School Security	7	Adjustment of funding as reported at quarter 1 to enhance security measures at Cyfarthfa High School.
6	Town Centre Street Lighting	62	To install new and improve existing street lighting at strategic points within Merthyr Tydfil Town Centre.
7	Active Travel	200	Promote active travel, improved health & well being, air quality, access to employment, education and key services
8	Pentrebach Park & Ride	(100)	Revision to the allocation of Local Transport Funding (LTF) for 2020/2. Funding is actively matched to scheme requirements and may be increased or decreased accordingly throughout the financial year.
9	Merthyr Bus / Rail Interchange	(50)	
10	Pontmorlais Townscape Heritage Quarter	(420)	Lockdown restrictions have reduced the number of schemes undertaken. It was envisaged that 4 - 5 buildings would be completely and a further two partially refurbished this year. Currently, work has just started on the third building. Funding remains unchanged albeit reprofiled into future years.
11	Regional Valleys Park Discovery Gateway	700	Remodelling of the Canolfan building and development of playground facilities
12	The Crucible	80	To support a working group which will consider the development of a visitor attraction of international quality at Cyfarthfa