
CABINET REPORT

Date Written	29 th June 2021
Report Author	Adele Lewis/Geoff Francis
Service Area	Finance
Committee Division	Strategic
Exempt/Non Exempt	Non Exempt
Committee Date	14 th July 2021

To: Chair, Ladies and Gentlemen

Provisional Capital Outturn Report 2020/21

1.0 SUMMARY OF THE REPORT

- 1.1 This report is the provisional capital outturn report for 2020/21 and details the capital expenditure and financing position for the Period Ended 31st March 2021 for both core and externally funded capital projects.
- 1.2 There is an under spend of £605,000 on core funded projects for the financial year 2020/21 and an under spend of £3.112 million on externally funded projects.

2.0 RECOMMENDATIONS that:

- 2.1 The Provisional Capital Outturn Report for 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 revised budgets as per paragraphs 4.2 and 5.3 be noted.
- 2.4 The amendments to the proposed 2021/22 budget following the 2020/21 carry forward requirements as per paragraph 4.3 be approved.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The revised Core Capital Programme as agreed at Cabinet of 24th February 2021 for the 2020/21 financial year totalled £13.724 million and was 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, Home Office, Sports Council Wales and Heritage Lottery Fund totalling £21.268 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 with further details provided in Appendix 3.
- 4.2 Appendix 1 shows that £9.460 million of capital expenditure has been incurred on core financed projects up to 31st March 2021, resulting in an under spend of £605,000 against the revised budget for the financial year. Major variances to account for this under spend are detailed within Appendix 4.
- 4.3 Requests to carry forward core budget under spend totalling £3.714 million into financial year 2021/22 have been made and are detailed in Appendix 3.

5.0 GRANT AND EXTERNALLY FUNDED PROJECTS

- 5.1 Other capital projects totalling £21.268 million funded from a variety of external capital grants together with their related financing profiles are detailed in Appendix 2.
- 5.2 During quarter four an additional £6.584 million of external grant funding was secured, although following the re-profile of several schemes and other adjustments the net increase for the quarter was £5.711 million. Details are included within Appendix 5.
- 5.3 Appendix 2 shows that £18.156 million of capital expenditure has been incurred on externally financed projects up to the 31st March 2021 with a projected under spend of £3.112 million against the revised budget. It should be noted however that £2.646 million of the reported under spend is still available to carry forward for utilisation in 2021/22 with the balance of £466,000 being withdrawn by the grant provider. Details of withdrawn funding are given in Appendix 6.

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 An underspend of £3.717 million is projected for both core and grant funded projects for the 2020/21 financial year based on the financial position as at 31st March 2021, which is the provisional outturn.

6.2 Budget underspends are requested to be carried over into 2021/22.

7.0 INTEGRATED IMPACT ASSESSMENT

	Positive Impacts	Negative Impacts	Neutral/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 (including Welsh Language)	0 of 10	0 of 10	5 of 10	
4. Socio-economic Disadvantage	0 of 6	0 of 6	6 of 6	
5. Consultation and Engagement	Undertaken	Due to be Undertaken	Not Required	
	0 of 1	0 of 1	1 of 1	
6. Data and Evidence to inform the proposal	Yes		No	
	0 of 1		1 of 1	
7. Biodiversity and the resilience of Ecosystems	Maintained	Enhanced	Reduced	Neutral/Not Applicable
	0 of 1	0 of 1	0 of 1	1 of 1
Summary				
The main positive impacts are:	The main positive impacts are that the capital budgets support the			

	Council to achieve its Well-being Objectives through its Capital Programme.
The main negative impacts are:	Not applicable

**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	March 2021	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 31st March 2021)

Appendix 1

Core Funded Projects	Revised Budget £'000	Amendment to Budget £'000	CEC Allocation £'000	Revised Budget £'000	Provisional Out turn £'000	Variance £'000
Education						
21st Century Schools Programme	4,356	(836)	50	3,570	3,595	25
Education Other	1,689	24	45	1,758	1,688	(70)
Physical Regeneration Programme	1,795	(1,184)	43	654	759	104
Riverside	1,000	(522)	0	478	0	(478)
Engineering & Transport Infrastructure	1,319	(25)	120	1,414	1,413	(1)
Land, Buildings & Corporate	3,232	(1,122)	(181)	1,929	1,745	(184)
Leisure	333	(73)	2	262	261	(1)
Total	13,724	(3,738)	79	10,065	9,460	(605)
Core Funding Available						
General Capital Grant	1,582	0	0	1,582	1,582	0
Supported Borrowing	1,577	0	0	1,577	1,577	0
Capital Receipts	614	(275)	79	418	418	(0)
Unsupported Borrowing	9,402	(3,648)	0	5,754	5,149	(605)
Capital Contribution Reserve	549	185	0	734	734	0
Total	13,724	(3,738)	79	10,065	9,460	(605)

Capital Monitoring Statement 2020/21
(For the period Ended 31st March 2021)

Appendix 2

Specified Grant/External Funded Projects	Current Budget £000	Amendment to Budget £000	Revised Budget £000	Provisional Out turn £'000	Variance £000
Education					
21st Century Schools Programme	1,402	0	1,402	1,394	(8)
Education Other	1,181	(69)	1,112	1,052	(60)
Physical Regeneration Programme	8,848	5,001	13,849	11,857	(1,992)
Riverside	0	522	522	522	0
Engineering & Transport Infrastructure	2,773	422	3,195	2,533	(662)
Housing and Corporate	1,228	(165)	1,063	673	(390)
Leisure	125	0	125	125	0
Total	15,557	5,711	21,268	18,156	(3,112)

Specific Grant/Other Funding Available	Current Budget £000	Amendment to Budget £000	Revised Budget £000	Out turn 2020/21 £000	Variance £000
Welsh Government	14,530	5,916	20,446	17,485	(2,961)
Integrated Care Fund	73	0	73	52	(21)
Home Office Funding	453	0	453	322	(131)
Heritage Lottery Fund	189	(75)	114	114	0
Sports Concil for Wales	125	0	125	125	0
Other Contributions	187	(130)	57	57	0
Total	15,557	5,711	21,268	18,156	(3,112)

Capital Monitoring Statement 2020/21
(For the period Ended 31st March 2021)

Appendix 3

Proposed Budget Amendments - Core Funded Projects

Ref.	Budget Head	Amendment £'000	Explanation
1	21st Century Schools - Ysgol Y Graig	(760)	A roll-over of funding is requested as a result of slower progress than anticipated due to Covid-19 restrictions on site.
2	21st Century Schools - band B - Bishop Hedley	(76)	Design works have taken longer to progress than anticipated and a roll over of unutilised funding requested
3	COCG 01 - Pant Primary	4	WG funding was insufficient to fully pay for works requested. The school itself provided a revenue contribution to meet the shortfall.
4	Cyfarthfa Jnr BBB	20	To fund enabling works at Cyfarthfa Junior school as part of Welsh Governments Bog Bocs Beyd scheme
5	Cyfarthfa Heritage	(577)	A roll-over of funding is requested to support the delivery of the leat project and the development / delivery of the Cyfarthfa Plan itself.
6	Town Centre Regeneration	(200)	£200k of expenditure has been substituted by utilisation of the Schools Capital Maintenance Grant and will be required to fund school expenditure during 2021/22.
7	VVP / City Deal	(134)	Works to develop the YMCA site are expected to commence this year and a roll-over of surplus funding from 2020/21 be made available to help fund these works
8	Discovery Gateway / Cyfarthfa Splash Pad	(150)	A roll over of funding is required to match fund the Canolfan re-development which encompasses the re-surfacing works to the splash pad.
9	Glebeland Bus Station Redevelopment	(123)	As the redevelopment of the site will not commence until the new bus station is operational, limited expenditure has been incurred during the year. A roll-over of funding into 2021/22 is requested to fund future works.
10	Traffic Light Replacement	(20)	Insufficient funding was available to complete the next scheme prioritised on the schedule so a roll-over is requested to ensure fund availability in 2021/22
11	Highways Drainage	(24)	As a result of significant Welsh Government funding (see appendix 2), expenditure on in-house schemes have been lower than anticipated. A roll over of surplus funding for use in 2021/22 is therefore requested.

Ref.	Budget Head	Amendment £'000	Explanation
12	Town Centre Street Lighting - Safer Streets	3	As a revenue contribution to fund expenditure not accommodated through the Safer Streets grant scheme.
13	Carriage Works - Danycode Pontsticll	16	An allocation for works as approved by cabinet of 10/02/21.
14	MTLC Swimming Pool Tile Refurbishment	(155)	No final option for reinstatement has yet been made although funding will be required for what ever outcome is decided upon.
15	Playground Equipment	30	For play installations at Dowlais and Pant funded through compensation payments received from Welsh Government
16	Afon Taff Track Development	52	Funds have been provided through revenue contributions to match fund the Sports Development Grant received as noted in appendix 2.
17	Pengamddu	(229)	Payments for clearance works during 2020/21 were lower than expected. It is requested that the balance be carried forward to fund works during 2021/22
18	Civic Centre Windows & Roof	(207)	Works were slower than expected due to the requirement for a bat survey to be carried out. A roll-over of funding is therefore required.
19	Merthyr Vale (Riverside) Project - Phase 3	(522)	£522k of expenditure has been substituted by utilisation of the Schools Capital Maintenance Grant and will be required to fund school expenditure during 2021/22.
20	Disabled Facility Grants RRO	(510)	£226k of expenditure has been substituted by utilisation of the Schools Capital Maintenance Grant and will be required to fund school expenditure during 2021/22. It is requested that the balance of £284k be rolled forward for use in 2021/22.
21	IT Switches & Wi Fi Connections	(27)	A delay in the receipt of Wi-Fi controllers (now expected mid to late April) require that the budget be rolled forward to provide funding for payment in 2021/22
22	Redundancy Costs	(275)	To reflect lower than expected available receipts (£195k) and the alternative utilisation (£80k) in funding CEC's (see appendix 1)
23	The Hollies	47	Final settlement in resolution of the on going dispute with Bond Demolition Ltd (contractors).
24	City Deal	79	MTCBC's contribution towards the City Deal. An earmarked reserve has been set aside to provide for this investment.

Ref.	Budget Head	Amendment £'000	Explanation
25	CEC allocation	79	A direct recharge of internal employee costs to individual capital schemes is made to capital. A budget is set at the start of the year and is then charged to individual projects, total costs charged exceeded the budget by £79k.

Capital Monitoring Statement 2020/21
(For the period Ended 31st March 2021)
Major Variances - Core Funded Projects

Appendix 4

Ref.	Budget Head	Variance £'000	Explanation
1	21st Century Schools Band "B" - Pen-y-Dre	25	Reserves for Blaenau Gwent services higher than anticipated. This may be "clawed back" during 2021/22
2	Schools Feasibility Studies	(26)	Study requirements were lower than anticipated
3	Class Size Reduction - Trelewis	(21)	Contract costs were lower than anticipated
4	Town Centre Regeneration	(35)	Granite blocks were reclassified as stock items towards year end, resulting in capital monies being released remaining unspent.
5	Orbit Car Park	(11)	A reserve made in 2019/20 to provide for the retention payment to the contractor was not required.
6	Pont Cefn Bridge	10	Additional defects were found during repair works which also required repair.
7	Road Bridge Maintenance	(26)	Bats were found within the bridge structure which prevented all of the planned works from being completed.
8	Highways Capital Maintenance	14	Approximately £10k in additional waste disposal costs to those anticipated were incurred towards the end of the financial year.
9	Street Lighting Column Replacement	11	An additional 16 posts to those scheduled were replaced due to being in a poor / dangerous condition. As these were scheduled for replacement at a future date, the overspend will be "clawed-back" at that date.
10	Depot Review - unit 20	(16)	Cost of works lower than originally estimated.
11	Riverside	(478)	Demolition costs were generally lower than expected and work requirements lower due to the block of flats being retained because of the presence of bats.
12	Parking Machine Upgrades	(25)	A fewer number (4-off) of parking machines than originally anticipated were required to replace those currently in use.
13	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 31st March 2021)
Amendments to External Grant Funding

Appendix 5

Ref.	Grant Description	£'000	Grant Details
1	Class Size Reduction - Ysgol St Tydfil	(305)	Alignment of budget to reflect spend being incurred in the prior year.
2	Childcare Offer Capital Grant	(239)	Works at Bedlinog Primary have been resheduled for 2021/22 and the funding of £239k reprofiled accordingly
3	Flying Start	(42)	The Building Blocks Pre-school scheme at Heolgerrig has been resheduled for 2021/22 and funding of £42k reprofiled
4	HWB In Schools ICT Infrastructure Grant	517	To ensure that schools ICT networks are adequate and performant to maximise opportunities digital can offer to learning, teaching & delivery of the new curriculum in Wales
5	Schools Capital Maintenance Grant	948	As in previous years this grant has been applied to non-school capital expenditure in this financial year (2020/21) on the proviso that an equivalent amount of core funding will be applied to schools capital maintenance programmes in 2021/22
6	VAWDASV Covid19 grant	43	Additional allocation for the provision of disbursed accommodation (£1.5k) and remote conferencing facilities
7	Glynmil Works & Equipment	88	To refurbish the Glynmil site, including the installation of smart electricity meters, the purchase of machinery to maintain green spaces, electrical shutters, replacement boiler and audio visual intercom for the community centre.
8	Technology Trials Grant	22	To purchase a drone to assist with the monitoring of spoil heap movements and / or biodiversity
9	Resiliant Roads Fund 2020/21	400	An addition to the existing funding of £600k already secured.
10	Bus Station and Shopping Centre Re-development	1,500	An addition to the existing funding of £6 million already secured.
11	Covid Recovery for Town Centres	784	To provide grant funding for businesses and support trading activities in response to the Covid - 19 pandemic
12	Town Centre Digital	50	To provide digital infrastructure within the town centre and surrounding areas in order to gather information to enhance the Council's understanding of these areas.

Ref.	Grant Description	£'000	Grant Details
13	Transforming Towns - Phase 1	897	<p>£462k to re-develop the former Howfield Bakery site into a mixed use building including a bistro / bar, boutique hotel and self contained flats</p> <p>£385k for the construction of a "Park Lodge" at Marsh House, Bike Park Wales providing 50 guest rooms, bike storage facilities, workshops, communal lounge, breakfast area and reception.</p> <p>£25k to support the delivery of a business plan and detailed design / costs for the future development of Jols</p> <p>£25k to conduct a feasibility study and identify a long term sustainable use for the Theatre Royal building</p>
14	Pentrebach Park & Ride / Merthyr Interchange	(82)	Reallocation of funding to other schemes within the programme
15	Urban Centre Property Enhancement / Living Grant	615	An additional covid recovery grant of £365k has been provided together with £250k of TRI VTF funding to support businesses throughout the current pandemic period
16	Vehicle Emissions Reduction Schemes	546	Additional allocation to provide electrical charging point at the new Merthyr Bus Station
17	Local Transport Network Funding	174	To conduct studies and create proposals for bus priority measures and improved bus / train interchange facilities
18	Pontmorlais Townscape Heritage Quarter	(205)	Continuing restrictions during the final quarter has further reduced progress on building refurbishment works and resultant external funding as detailed in appendix 2.

Capital Monitoring Statement 2020/21
(For the period Ended 31st March 2021)
External Grant Funding Withdrawn

Appendix 6

Ref	Specified Grant / External Funded Project	Withdrawn Funding £000	Explanation
1	21st Century Schools - Gurnos Community Hub	(8)	Contract costs marginally lower than anticipated.
2	Class Size Reduction - Ysgol St Tydfil	(1)	Marginally lower costs achieved in comparison to original projections
3	Childcare Offer Capital Grant Programme	(13)	Of the £45k underspend recorded in appendix 2, £32k can be carried over into 2021/22. The revised underspend of £13k relating to the Covid-19 small grant scheme is the result of take up being lower than expected.
4	Cyfarthfa Security	(3)	Contract costs marginally lower than anticipated.
5	Flying Start Projects	(11)	C-touch screens installed were of a different specification (free standing not wall mounted) to those originally proposed
6	Enable	(32)	Covid-19 restrictions have limited the type and amount of works carried out resulting in an underspend of available grant
7	VAWDASV Covid 19 Grant	(1)	Marginally lower costs were realised in comparison to original projections
8	Safer Streets	(78)	The tender process realised significant savings on initial cost projections.
9	Drainage Schemes	(64)	Times spent (officer's) on the scheme were not accurately recorded so fees could not be claimed in full.
10	Bus Station Re-development	(235)	The additional allocation of £1.5 million was awarded too late in the financial year to enable full spend to be achieved.
11	Active Travel & Social Distancing Measures	(19)	Grant provision was higher than what could be usefully utilised.