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CABINET REPORT

Date Written	11 th August 2021
Report Author	Adele Lewis/Geoff Francis
Service Area	Finance
Committee Division	Strategic
Exempt/Non Exempt	Non Exempt
Committee Date	8 th September 2021

To: Chair, Ladies and Gentlemen

Capital Monitoring Report 2021/22 - Quarter 1

1.0 SUMMARY OF THE REPORT

- 1.1 This report details the capital expenditure and financing position for the Period Ending 30th June 2021 for both core and externally funded capital projects, together with expenditure projections for the 2021/22 financial year.
- 1.2 There is a £2,000 overspend on core funded projects and an underspend of £143,000 on externally funded projects for the financial year 2021/22 based on the financial position as at 30th June 2021, which is the end of the first quarter.

2.0 RECOMMENDATIONS that:

- 2.1 The Quarter 1 Capital Monitoring Report for 2021/22 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.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Core Capital Programme as agreed at Cabinet on 24th February 2021 and subsequently revised at the Cabinet meeting on 14th July 2021 for the 2021/22 financial year totalled £26.589 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 and capital contributions.

- 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 £15.829 million up to the end of the first quarter of the 2021/22 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 £1.978 million of capital expenditure has been incurred on core financed projects up to 30th June 2021, with a projected overspend of £2,000 against budget for the financial year. Appendix 4 details the schemes and reasons for the overspend 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 £15.829 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, £12.314 million in additional external grants were secured as detailed in Appendix 5. However, it should be noted that £143,000 has been withdrawn as detailed in Appendix 6
- 5.3 Appendix 2 shows that £1.763 million of capital expenditure has been incurred on externally financed projects up to 30th June 2021 with an underspend of £143,000 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 spend of £43.221 million and underspend of £141,000 is projected for both core and grant funded projects for 2021/22 based upon the position as at 30th June 2021 which is the end of the first quarter of the financial year.

7.0 INTEGRATED IMPACT ASSESSMENT

7.1

	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	10 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
	0 of 1	0 of 1	0 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	August 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 2021/22
(For the period Ended 30th June 2021)

Appendix 1

Core Funded Projects	Original Budget £'000	Approved Adjustments (Cabinet 14th July 2021) £'000	Restated Budget £'000	Amendment to Budget £'000	Revised Budget £'000	Out turn to Date £'000	Projection 2021/22 £'000	Variance £'000
Education								
21st Century Schools Programme	5,238	836	6,074	0	6,074	1,060	6,074	0
Education Other	1,896	949	2,845	0	2,845	118	2,845	0
Physical Regeneration Programme	2,355	984	3,339	0	3,339	252	3,339	0
Engineering & Transport Infrastructure	7,171	44	7,215	(466)	6,749	26	6,749	0
Land, Buildings & Corporate	6,214	902	7,116	1,410	8,526	522	8,528	2
Total	22,874	3,715	26,589	944	27,533	1,978	27,535	2
Core Funding Available								
General Capital Grant	1,566	0	1,566	0	1,566	1,566	1,566	0
Supported Borrowing	1,570	0	1,570	0	1,570	0	1,570	0
Capital Receipts	628	0	628	0	628	0	628	0
Unsupported Borrowing	19,088	3,715	22,803	628	23,431	161	23,433	2
Capital Contribution Reserve	22	0	22	316	338	251	338	0
Total	22,874	3,715	26,589	944	27,533	1,978	27,535	2

Capital Monitoring Statement 2021/22
(For the period Ended 30th June 2021)

Appendix 2

Specified Grant/External Funded Projects	Current 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	0	7,770	7,770	0	7,770	0
Education Other	829	135	964	3	964	0
Physical Regeneration Programme	1,741	2,306	4,047	1,075	3,938	(109)
Engineering & Transport Infrastructure	590	1,452	2,042	538	2,042	0
Housing and Corporate	355	651	1,006	147	972	(34)
Total	3,515	12,314	15,829	1,763	15,686	(143)

Specific Grant/Other Funding Available	Current Budget £000	Amendment to Budget £000	Revised Budget £000	Out turn 2020/21 £000	Projection 2020/21 £'000	Variance £000
Welsh Government	3,441	11,678	15,119	1,703	14,977	(142)
Integrated Care Fund	21	0	21	0	21	0
Home Office Funding	53	0	53	0	52	(1)
Heritage Lottery Fund	0	456	456	60	456	0
Sports Concil for Wales	0	0	0	0	0	0
Other Contributions	0	180	180	0	180	0
Total	3,515	12,314	15,829	1,763	15,686	(143)

Capital Monitoring Statement 2021/22
(For the period Ended 30th June 2021)

Appendix 3

Proposed Budget Amendments - Core Funded Projects

Ref.	Budget Head	Amendment £'000	Explanation
1	Bus Stn and Shopping Centre Re-development	350	There is currently a shortfall in funding from Welsh Government to complete the New Bus Station. This has been brought to their attention, but as no further funding has yet been agreed the application of core is requested
2	Glebeland Street Station	(350)	See (2) above - it is requested that core funding from this scheme be applied to complete the New Bus Station. If further funding from Welsh Government is secured, this funding will be reimbursed to the scheme.
3	Aberfan Chapel	28	Funding is urgently required as the building is in a dangerous condition and requires demolition to make safe.
4	REFIT - Saalex Free Loan	1,094	An interest free loan through Saalex has been secured to install LED lighting, solar and energy controlling measures at various sites throughout the borough. Repayment will be made through energy savings expected over a period of approximately 8 years.
5	Highway Maintenance	(252)	Funding from Welsh Government has now been received for 2021/22 reducing the requirement for core funding.
6	Depot Review - Units 3 & 4	288	Dilapidation payments have now been agreed and funding from earmarked reserves requested to conclude the transaction.
7	Highways Drainage	(214)	Due to the availability of funding from Welsh Government for similar schemes, capacity does not exist to fully utilise both sources of funding available. A roll-over of core capital into 2022/23 is requested.

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(For the period Ended 30th June 2021)
Major Variances - Core Funded Projects

Ref.	Budget Head	Variance £'000	Explanation
1	Office Alterations for Agile Working	2	Unforeseen electrical works were required.

Capital Monitoring Statement 2021/22
(For the period Ended 30th June 2021)
Major New Scheme External Grant Funding

Appendix 5

Ref.	Grant Description	£'000	Grant Details
1	21st Century Schools - band B - Pen-Y-Dre	3,475	Welsh Government contribution to 21st Century Schools band "B" scheme
2	21st Century Schools - band B - Bishop Hedley	4,295	Welsh Government contribution to 21st Century Schools band "B" scheme
3	Flying Start Projects	135	To carry out building improvements and install outside canopies at various sites throughout the borough.
4	Enable	116	For the provision of adaptations to support independent living free of charge to the service user at the point of delivery.
5	VAWDASV Grant	156	For the provision of disbursed accommodation as outlined in the proposal dated 15th March 2021.
6	Foam Streamer	15	A specialist item of equipment to be used in weed control throughout the borough.
7	Covid 19 Homelessness Services	40	To support landlords by providing grants to bring empty properties back into use with the objective of increasing the supply of affordable housing to individuals in need.
8	Food Poverty Grant	24	To strengthen community food initiatives and support organisations to access, store and distribute good quality foods to their customers.
9	Public Highways Maintenance	252	To support local highway refurbishments.
10	Drainage Schemes	920	To improve highways drainage systems and thereby minimise disruptions caused on the highways network by severe weather conditions
11	A4056 speed cameras	280	Installation of safety cameras along the A4056
12	Charging Infrastructure	300	To support LA's in their installation of EV charging infrastructure and transition to a Ultra Low Emission fleet.
13	Regional Valleys Park Discovery Gateway	297	An additional allocation to the original £700k to be fully spent by the end of quarter 1
14	Bus Stn and Shopping Centre Re-development	355	An additional allocation to the £12.355 million already provided towards the construction of the New Merthyr Bus Station

Ref.	Grant Description	£'000	Grant Details
15	Active Travel 2021/22	757	To promote active travel, health and well-being, connect communities and improve access to employment, education services and travel. Funding includes £325k for core activities, £91k for improvements to the Trevithick Trail, £191k for the Plymouth Pathway and £150k for the Merthyr Tydfil Interchange Central.
16	Access Improvement Grant - 2021/22	49	To improve the Public Right of Way Network and open access to land and green spaces within the borough.
17	Local Places For Nature	73	£45k has been allocated to the creation of the Troedyrhiw Park Mind & Body Garden on the former tennis court site and £28k for the purchase of grass cut and collect machines.
18	LPfN Challenge	154	To develop a natural wetland habitat on the former fields at the Prince Charles Hospital which due to drainage issues have fallen into disuse.
19	Town Centre Regeneration - Pontmorlais	621	Final year funding to renovate properties within the Pontmorlais area of Merthyr Tydfil Town Centre

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(For the period Ended 30th June 2021)
External Grant Funding Withdrawn

Appendix 6

Ref	Specified Grant / External Funded Project	Withdrawn Funding £000	Explanation
1	Glynmil Works & Equipment	(33)	Original cost estimates overstated / change in the specification of plant and equipment purchased to that originally requested.
2	Alley Gating - Safer Streets	(1)	Original cost estimates marginally overstated.
3	Urban Centre PEG / LG	(7)	End of scheme - sundry balance not allocated.
4	MT Covid Recovery for Town Centres	(102)	A number of schemes were de-committed and actual spend on other schemes lower than anticipated.