AGENDA ITEM TBC

SUBJECT:	**DRAFT CAPITAL BUDGET PROPOSALS 2020/21 TO 2023/24**
MEETING:	**Cabinet**
DATE:	**20th December 2019**
DIVISION/WARDS AFFECTED:	**Countywide**

1. PURPOSE:

1.1 To outline the proposed capital budget for 2020/21 and the indicative capital budgets for the three years 2021/22 to 2023/24.

2. RECOMMENDATIONS:

2.1 That Cabinet reviews whether proposals within the draft 2020/21 capital budget are reasonable in light of traditional liability levels identified in Appendix 1

2.2 That Cabinet reaffirms the principle that outside of the annual budget consideration that new schemes can only be added to the programme if the business case demonstrates that either:

- they are self-financing

  or

- the scheme is deemed a higher priority (utilizing the priority matrix in the Capital Strategy) than a current schemes in the programme and displaces it.

2.3 That Cabinet notes the forecast capital receipt activity, and the prudence not to anticipate further significant additional receipts over this next 4 year window, until the uncertainties identified in para 4.4 have been resolved.

2.4 That Cabinet specifically approves the use of capital receipts totalling £1.416m in respect of utilizing a capitalization directive.

2.5 That Cabinet considers and re-affirms its agreement to the prudential indicators supplied in Appendix 6 and its interpretation in section 4 of the report.

2.6 Subject to any changes volunteered above, that Cabinet issues its draft capital budget proposals for 2020/21 to 2023/24 for consultation purposes as set out and referred to in Appendix 2.

3. KEY ISSUES:

Capital MTFP Preparation Considerations

3.1 The four year capital programme is reviewed annually and updated to take account of any new information that is relevant.

3.2 The Council's Tranche A Future schools programme is coming to a successful conclusion. Officers are working through options in relation to a future Welsh Government tranche B programme. Costs of proposals are still being established with the intention of deriving WG approval in June 2020.

3.3 A new requirement was placed upon Councils during 2018-19 to prepare a more explicit capital strategy that better reconciles resourcing with affordability. This will increasingly form the Council's capital budget deliberations going forward. Notwithstanding this there will still remain a considerable number of pressures that sit outside of any potential to fund them within the Capital MTFP, as indicated in Appendix 1, and this has significant risk associated with it. Cabinet have previously accepted this risk.

3.4 In summary the following other issues and pressures have been identified:

- Long list of back log pressures – infrastructure, property, DDA work, Public rights of way, as outlined in Appendix 1. None of these pressures are included in the current capital MTFP, but this carries with it varying degrees of risk. These pressures are undergoing further review and risks are being assessed to determine whether there needs to be any further capital budget provision afforded to mitigate any significant risks requiring more immediate action. The results of this review will be reflected in the final capital budget proposals submitted to Cabinet in February.
- In addition to this there are various schemes/proposals (e.g. Monlife, tranche C Future schools, climate emergency response, any enhanced DFG spending, depot and household waste recycling centre enhancement etc.) that could also have a capital consequence, but in advance of quantifying those or having Member consideration of these items, they are also excluded from current capital MTFP.
- Capital investment required to deliver revenue savings – this is principally in the area of office accommodation, social care, property investment and possibly additional learning needs provision. The level of investment is currently being assessed however, in accordance with the principle already set above, if the schemes are not going to displace anything already in the programme then the cost of any additional borrowing will need to be netted off the saving to be made.
- The IT reserve is finite so funding for any major new IT investment is limited. Any additional IT schemes will need to either be able to pay for themselves or displace other schemes in the programme. The two new schemes proposed have been anticipated as priority considerations and are unlikely to be self-financing outside of the annual budget process.
- PWLB borrowing rates increased by 1% overnight in October 2019. Any upward trend in rates places a heightened focus on the relative proportion of short term variable recurring borrowing vs longer term fixed rate (more certain) deals. Such pressures are more likely to be felt in the Revenue MTFP as it will increase the cost of borrowing over time, however it may also impact adversely upon the viability of business cases for capital developments and their ability to demonstrate viability or affordability.

4. CAPITAL STRATEGY and PRUDENTIAL INDICATORS REFRESH

Capital budget strategy

4.1 The strategy going forward has the following key components:

- The core MTFP capital programme needs to be financially sustainable without drawing on unaffordable borrowing levels.

- Welsh Government have increasingly adopted an approach that provides ad hoc additional grant funding in year. Whilst that grant funding is most welcome, it will tend to undermine a more planned approach to capital expenditure and given the need to spend before the financial year end, it tends to be used to assist budget recovery plans by way of capitalizing existing programmes of eligible revenue expenditure rather providing any additional capital capacity.

- The provisional settlement maintains effectively a standstill funding position in respect of core general capital grant and supported borrowing for 2020/21. This has presumed to continue through the latter 3 years of MTFP.

- Whilst the detailed Future schools tranche B proposal remains to be signed off by Welsh Government, approval has been anticipated to involve an indicative £43m spend over next 3 years period. This introduces a small degree of interest costs to the related Revenue MTFP, presuming to use Welsh Government resourcing before borrowing our element of funding. The minimum revenue provision, the Authority's means of provisioning for the principal repayment of borrowing for capital purposes, is also minimized within this next MTFP window as the costs of repayment tend to start when the asset becomes operational, 3 years hence.

- No inflation increases will be applied to any of the capital programme with property maintenance budget and infrastructure maintenance budget set at the same level as last year.

- The County farms maintenance and property maintenance programme remains a core aspect of the annual capital programme and whilst the overall amount remains the same from year to year, the incidence of work is prioritized based on the revised asset management plan which should be supported by condition survey consideration.

- For the last 3 financial years the budget discussions have resulting in an extra £300k per annum being directed to Disabled Facilities Grants (DFGs) to address backlog issues, so an extra £900k capacity. Consequently the 2020/21 starting capital position excludes any additional sum, but the potential exists for members to consider such again during their budget deliberations. Cabinet have requested to see evidence of need and impact of previous investments before considering any further increase in the DFG capital budget for 2020/21. A decision will be taken as part of the final capital budget proposals.

- The budget to enhance or prepare assets for sale reflects confirmation from corporate landlord services and is effectively funded by enhanced capital receipts values.

- An additional £770k for the addition of three schemes shown in the table below and for which £470k will be financed from capital receipts, the remainder coming from other government contributions. Their early inclusion is a recognition that they would be unlikely to either pay for themselves or replace an existing scheme as a higher priority if considered outside of the annual capital budget setting process

Nature of Expenditure	**£'000**	**Proposed afforded by**
Replacement AV facilities Council Chamber (cost certainty still being worked through)	200	Capital receipts
Anticipated SRS capital costs of server/network replacement (cost certainty still being worked through)	170	Capital receipts

Chepstow Transport Study	400	Govt Contributions £300k Capital receipts £100k
Total – New Commitments	770	

Available capital resources

4.2 A capital strategy establishes a heightened responsibility to demonstrate that the core programme remains affordable and that existing assets are adequately maintained.

4.3 In light of the current pressures on the Authority's medium-term revenue budget, and the principles on which any prudential borrowing must be taken of affordability, prudence and sustainability, the use of further prudential borrowing has been carefully assessed and refreshed in Appendix 6.

4.4 The level of capital receipts anticipated over the next 4 year window has not been increased significantly from those communicated during the previous year's budget process. The pragmatic reason for this is a threefold consideration,

- The effect of Welsh Government's recent land categorization exercise still being worked through.
- The consequences of the proposed Local Development Plan and the subsequent Strategic (Regional) Development Plan on Authority owned land.
- A Member aspiration for the Council to have a role in enhancing affordable housing levels in the County. Commonly the effect of that would be a need to subsidise such through reduced land price. The quantified consequences of such are currently being evaluated.

4.5 There are also some "new" factors influencing proposed capital receipts usage evident this year.

The Council is intent to use the benefit of a Welsh Government capitalisation directive that allows the Council to use capital receipts to afford certain costs around service reform that would traditionally be regarded as revenue expenditure. This will beneficially affect 2019-20 revenue outturn position and as part of its recovery plan in managing the current in-year overspend. The work to evaluate and quantify the extent of such is continuing and will be explicit as part of month 7 monitoring report to Cabinet in January 2020, but in the interim the financial planning assumption indicates circa £2m usage which has been used in revising capital receipts levels available for Member considerations.

Additional to this, part of the revenue budget saving proposals for 2020-21 anticipate a similar application of capitalization directive of £1.416m.

Nature of Expenditure	**£'000**	**Proposed afforded by**
Removal of corporate redundancy budget in favour of capitalizing those costs	400	Capital receipts
Removal of school redundancy budget in favour of capitalizing those costs	300	Capital receipts
Accommodating income decline at Mounton Hse and Inclusion Centre implementation during service provision redesign	348	Capital receipts
HR and Payroll system retender, double running of systems and capitalization of senior project facilitation costs	165	Capital receipts
Anticipated asset consequences from review of public bus provision	25	Capital receipts
Hardware/technology replacement at hubs and with community education service	73	Capital receipts
Safeguarding Team additional training & recruitment costs	45	Capital receipts
Capitalising work on Payroll and HR replacement system	60	Capital receipts
Total – Capitalisation Directive	1,416	

The addition of three new capital schemes amounting to £770k and as illustrated in 4.1 above require £470k to be financed from capital receipts, the remainder coming from other government contributions.

The table below illustrates the balance on the useable capital receipts reserve over the period 2020/21 to 2023/24 taking into account current capital receipts forecasts provided by Landlord Services and revised balances drawn to finance the existing programme.

GENERAL RECEIPTS	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£000	**£000**	**£000**	**£000**
Forecast Balance as at 31st March	**10,246**	**10,887**	**11,733**	**11,378**

4.6 The prudential indicators appropriate to 2020-21 in Appendix 6 suggest that

- The mix between general repair/service needs against commercial investment projects to derive a revenue income isn't unreasonable (92%:8%). This is symptomatic of the Council moving into the last year of a 3 year investment programme with investment expenditure forecast being skewed towards first 2 years.

- That funding wise the Council continues to be successful in using external resourcing and grant as its primary source of affording the capital programme (65%), with borrowing accounting for 25% and own funding (predominantly capital receipts) making up 10% funding.

- In terms of the mix of capital receipts usage versus borrowing, long term assets (like schools reprovision) are more suitable for loan financing over their respective asset life rather than capital receipts usage. Capital receipts are more suitable in affording short life capital assets expenditure, as this avoids proportionately higher minimum revenue provision costs affecting the revenue budget. This would introduce a trend of increasing capital receipts available to members to address short term priorities.

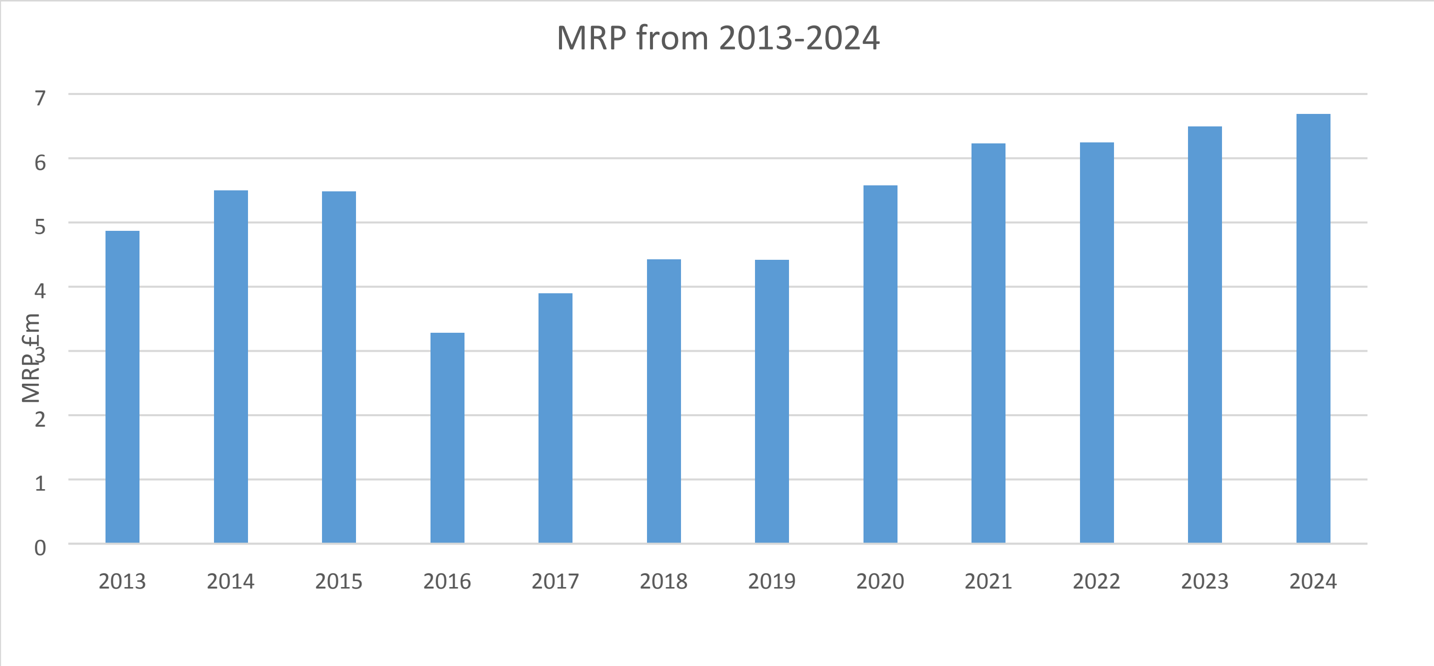
  However capital receipts are also increasingly being used to supplement the revenue operating model in the form of capitalization directive aspects.

  The continued use of capital receipts in this fashion, whilst necessary at the moment shouldn't be viewed as a long term way of affording the Council's revenue operating model given their one off nature and means that resourcing isn't available to address capital priorities or addressing the implied backlog of repair provided by service managers.

- Gross debt levels proposed are compared against the capital financing requirement and indicates a 10.5% headroom/capacity reflective of "internal" borrowing where the Council uses its revenue and capital receipt balances and cash backed reserve levels to avoid the need for additional borrowing on a day to day basis. This indicates an increasing resilient trend whereby comparison on previous years where there was a 3% and 6.5% headroom respectively.

- The prudential indicators of the Treasury Strategy (for instance the relative mix of fixed/variable debt, the appropriate creditworthiness of investments, and counterparty limits) tend to be concerned with cash flow, security, liquidity and yield consideration and reviewed by members of Audit Committee, before endorsement to Council annually for agreement.

- The Council's annual borrowing costs are subsumed within the revenue budget, and members annually assess pressures, savings and priorities through their consideration of Revenue medium term financial plan. The most significant such cost is the minimum revenue provision, which is a proxy for principal repayments on borrowing secured. The following graph indicates a slightly rising trend in such costs for the next 4 years,



The affordability of which will be considered by Members in setting an affordable and balanced annual budget.

5. REASONS:

5.1 To provide an opportunity for consultation on the draft capital budget proposals.

6. RESOURCE IMPLICATIONS:

6.1 Resource implications are noted throughout the report both in terms of how the core programme is financially sustainable, the key issues that require further quantification and also the risks associated with not addressing the pressures outlined in Appendix 1.

7. FUTURE GENERATIONS ASSESSMENT AND EQUALITY IMPLICATIONS:

7.1 Capital budgets which impact on individuals with protected characteristics, most notably disabled facilities grants and access for all budgets are being maintained at their core levels.

7.2 The future generation and equality impact implications where maintenance budgets are allocated to individual schemes is a responsibility of operational management and where individual assessments are undertaken.

7.3 The actual impacts from this report's recommendations will be reviewed on an ongoing basis by the Asset Management Working Group.

8. SAFEGUARDING AND CORPORATE PARENTING IMPLICATIONS

None

9. CONSULTEES:

Senior Leadership Team
All Cabinet Members

Head of Legal Services
Head of Finance

10. APPENDICES:

Appendix 1 – Capital MTFP pressures
Appendix 2 – Capital budget summary programme 2020/21 to 2023/24
Appendix 3 – Forecast capital receipts 2020/21 to 2023/24
Appendix 4 – Capital receipts risk factors
Appendix 5 (exempt) – Forecast receipts
Appendix 6 – Prudential Indicators
Appendix 7 - Future Generations Evaluation

11. BACKGROUND PAPERS:

List of planned capital receipts: Exempt by virtue of s100 (D) of the Local Government Act 1972

12. AUTHOR:

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13. CONTACT DETAILS:

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Appendix 1 – Capital MTFP pressures

Description of Pressure	**Forecast Cost**	**Date Updated**	Responsible Officer / Champion
Public Rights of Way (total for 5 years £4.046m) work needed to bring network up to statutorily required and safe standard. Based on updated assessment completed to inform the Rights of Way Improvement Plan. Includes signage backlog, drainage and surfacing, stiles and gates and known bridge replacement need. This should be taken as a provisional figure as surveys and assessments of bridges and structures are on-going. It excludes larger (over 6m) structures requiring bespoke solution and specific rights of way structural issues, such as the Whitebrook byways slippage (estimated in region of 75-100K) and works required on both the Wye Valley and Usk Valley Walks to address erosion and flood damage (estimated 100K).	4,046,000	Sept 19	Matthew Lewis
Countryside access sites – to maintain countryside visitor sites to a safe standard includes stonework on scheduled ancient monuments, cycleway / path works, river protection works, and repairs to car parks. Excludes Clydach Ironworks restoration and pressures as a result of ash dieback disease.	419,000	Sept 19	Matthew Lewis
Mitchel Troy, Monmouth Community Amenity site, Household Waste Recycling Centre upgrade - indicative costs provided in 2016 wereare £1.5-2m if built and run by the Council. The transfer station and CA capital costs could be avoided if the Council decided it was best value to procure a build, finance, operate contract for its sites in future. The work to evaluate these options will follow on after kerbside collectioncommence in 2020 subject to Cabinet approval to commence the review and development of a business plan.	2,000,000	Dec 19	Roger Hoggins / Carl Touhig
Property Maintenance requirements for both schools & non-schools as valued by condition surveys carried out some years ago. The existing £2m annual budget mainly targets urgent maintenance e.g. health & safety, maintaining buildings wind & watertight, etc., and is insufficient to address the maintenance backlog. A lack of funding means maintenance costs will rise; that our ability to sell buildings at maximum market rates will be affected ; Our ability to deliver effective services will be affected and a Loss of revenue and poor public image.	22,000,000	Dec 19	Deb Hill Howells
Disabled adaptation works to public buildings required under disability discrimination legislation.	5,000,000	Dec 19	Deb Hill Howells
School Traffic Management Improvements - based on works carried out on similar buildings.	450,000	Dec 19	Deb Hill Howells
Refurbishment of all Public Toilets - Capital investment required to facilitate remaining transfers to Town and Community Councils	237,000	Dec 19	Deb Hill Howells

Description of Pressure	**Forecast Cost**	**Date Updated**	Responsible Officer / Champion
School fencing improvements	450,000	Dec 19	Deb Hill Howells
Modification works to school kitchens to comply with Environmental Health Standards. Without additional funding school kitchens may have to be closed and additional costs for transporting meals in incurred, possibly causing disruption to the education process.	150,000	Dec 19	Deb Hill Howells
Radon remedial works Following the commissioning of Radon Wales to carry Radon Surveys of public buildings, remedial works will be required at various premises to resolve issues	75,000	Dec 19	Deb Hill Howells
Transportation/safety strategy –Air Quality Management, 20 m.p.h legislation and DDA (car parks)	1,200,000	Dec 16	Richard Cope
Disabled Facilities Grants (DFGs) - Other than last year, the DFG's budget has remained unchanged for the last ten years. Each year the fully committed/spent date falls earlier in the financial year.	500,000	Dec 16	Ian Bakewell
Bringing County highways to the level of a safe road network. This backlog calculation figure has been provided by Welsh Government. The Authorities Capital Programme is not addressing the backlog significantly as the annual level of funding available is not of sufficient magnitude to address this. The annual programme is set in relation to the approved budget and this programme is shared with all members. Routes are selected on the basis of their significance within the overall highway network and their condition. Programmes are reviewed annually around December and then distributed to members.	80,000,000	Dec 16	Roger Hoggins, Mark Hand

Description of Pressure	**Forecast Cost**	**Date Updated**	Responsible Officer / Champion
Investing in infrastructure projects needed to arrest road closures due to whole or partial bank slips. Reflective of works to A466 at Wyndcliffe, Livox and Old Station areas and treehouse retaining wall.	3,300,000	Dec 19	Mark Hand
A4136 Staunton Road retaining wall/edge retention weakness	1,500,000	Dec 19	Mark Hand
Wyebridge Chepstow, remedial maintenance	100,000	Dec 19	Mark Hand
A466 Wyebridge Monmouth, remedial maintenance	1,200,000	Dec 19	Mark Hand
Redbrook Road Rail structure remedial maintenance	500,000	Dec 19	Mark Hand
Tintern Wire Works Bridge remedial maintenance	1,500,000	Dec 19	Mark Hand
A4077 Gilwern Viaduct substandard structure	7,900,000	Dec 19	Mark Hand
Reprovision or repair of Chain Bridge - Cost prediction is indicative at present. Without remedial work, the structure will continue to deteriorate. The current 40T maximum limit will have to be further reduced restricting access to the Lancayo area especially for heavy vehicles. Options evaluated from repairing sufficiently to maintain 40t limit, to converting to footbridge and reprovisioning	2,000,000	Dec 19	Mark Hand
Caldicot Castle remedial works - longer term pressures given the condition of the curtain walls / towers etc. The £2-3m estimate is a ball park figure ranging from just the backlog of maintenance to also including improvements to bring the visitor facilities up to modern standards.	3,000,000	Dec 16	Ian Saunders
Leisure and cultural services - Currently the service is exploring future delivery options. Part of the work will involve conditions surveys which may lead to capital works being required to improve service delivery and income generation:- e.g. museums, Shire hall, Abergavenny castle, Old station Tintern, leisure centres, outdoor education provision	1,000,000	Sept 19	Ian Saunders
Total Pressures	**138,527,000**		

Appendix 2 – Capital budget summary programme 2020/21 to 2023/24

Capital Budget Summary 2020/21 to 2023/24	Indicative Budget 2020/21	Indicative Budget 2021/22	Indicative Budget 2022/23	Indicative Budget 2023/24
Property Maintenance	1,653,357	1,653,357	1,653,357	1,653,357
Property Maintenance fee aspect	236,194	236,194	236,194	236,194
Asset Investment Fund	2,587,797			
Severn View Care Home Replacement net cost	5,677,869			
Upgrade School Kitchens	39,725	39,725	39,725	39,725
Asset Management Schemes	**10,194,942**	**1,929,276**	**1,929,276**	**1,929,276**
Future Schools Tranche B - Abergavenny 3-19	14,333,333	14,333,333	13,631,287	
Access for all	50,000	50,000	50,000	50,000
School Development Schemes	**14,383,333**	**14,383,333**	**13,681,287**	**50,000**
Footway Reconstruction	190,453	190,453	190,453	190,453
Street Lighting Defect Column Programme	171,408	171,408	171,408	171,408
Reconstruction of bridges & retaining walls	449,041	449,041	449,041	449,041
Safety fence upgrades	76,181	76,181	76,181	76,181
Signing upgrades & disabled facilities	38,091	38,091	38,091	38,091
Flood Allievation Schemes	11,427	11,427	11,427	11,427
Structural Repairs - PROW	38,091	38,091	38,091	38,091
Carriageway resurfacing	1,136,540	1,136,540	1,136,540	1,136,540
Road safety & trafficman programme	129,508	129,508	129,508	129,508
Severn Tunnel Junction and Chepstow Transport Study	400,000			
Infrastructure & Transport Schemes	**2,640,740**	**2,240,740**	**2,240,740**	**2,240,740**
Capital Region City Deal	310,500	489,100	489,100	489,100
Severnside Area Regeneration	20,000	20,000	20,000	20,000
Regeneration Schemes	**330,500**	**509,100**	**509,100**	**509,100**
County Farms Maintenance	300,773	300,773	300,773	300,773
County Farms Schemes	**300,773**	**300,773**	**300,773**	**300,773**
Access For All	250,000	250,000	250,000	250,000
Disabled Facilities Grant	600,000	600,000	600,000	600,000
Inclusion Schemes	**850,000**	**850,000**	**850,000**	**850,000**
Council Chamber IT equipment replacement & building works	200,000			
SRS administered network and infrastructure replacement	170,000			
ICT Schemes	**370,000**	**0**	**0**	**0**
Leasing - To be allocated	1,500,000	1,500,000	1,500,000	1,500,000
Vehicles Leasing	**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**
Fixed Asset Disposal Costs	25,000	50,000	50,000	50,000
2020-21 Capitalisation Directive	1,416,000			
Other Schemes	**1,441,000**	**50,000**	**50,000**	**50,000**
TOTAL EXPENDITURE	**32,011,288**	**21,763,223**	**21,061,177**	**7,429,890**
Supported Borrowing	**(2,403,000)**	**(2,403,000)**	**(2,403,000)**	**(2,403,000)**
Unsupported (Prudential) Borrowing	**(5,275,300)**	**(2,662,097)**	**(15,120,387)**	**(1,489,100)**
Grants & Contributions	**(19,697,199)**	**(14,623,337)**	**(1,463,000)**	**(1,463,000)**
Reserve & Revenue Contributions	**(15,998)**	**(15,999)**	**(15,999)**	**(15,999)**
Capital Receipts	**(3,119,791)**	**(558,791)**	**(558,791)**	**(558,791)**
Vehicle Lease Financing	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**	**(1,500,000)**
TOTAL FUNDING	**(32,011,288)**	**(21,763,223)**	**(21,061,177)**	**(7,429,890)**
(SURPLUS) / DEFICIT	**0**	**0**	**0**	**0**

Appendix 3 – Forecast capital receipts 2020/21 to 2023/24

Amounts in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Useable Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's borrowing requirement.

The forecast movement on the reserve based on forecast capital receipts and the budgeted application of capital receipts to support the financing

GENERAL RECEIPTS	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Balance as at 1st April	6,553	10,246	10,887	11,733
Less: capital receipts used for financing	(1,704)	(559)	(559)	(559)
Less: capital receipts used to support capitalisation directive	(1,416)	0	0	0
Capital Receipts Received	0	0	0	0
	3,433	9,687	10,328	11,174
Capital receipts Forecast	6,713	1,098	1,300	100
Deferred capital receipts - General	4	4	4	4
- Morrisons	96	98	100	100
Less: capital receipts set aside:	0	0	0	0
Forecast Balance as at 31st March	**10,246**	**10,887**	**11,733**	**11,378**

Appendix 4 Capital Receipts Summary and Risk Factors

The analysis below provides a summary of the receipts and the respective risk factors:

Capital Receipts Risk Factor	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Education Receipts				
Low / completed	0	0	0	0
Medium	0	0	0	0
High	0	0	0	0
Total Education Receipts	0	0	0	0
County Farm Receipts				
Low / completed	0	0	0	0
Medium	0	0	0	0
High	200,000	0	0	0
Total County Farm Receipts	200,000	0	0	0
General Receipts				
Low / completed	95,926	98,083	100,289	100,289
Medium	200,000	0	700,000	0
High	0	0	0	0
Total General Receipts	295,926	98,083	800,289	100,289
Strategic Accommodation Review				
Low / completed	0	0	0	0
Medium	0	0	0	0
High	0	0	0	0
Total Strategic Accommodation Receipts	0	0	0	0
Dependent on Outcome of LDP				
Low / completed	0	0	0	0
Medium	6,216,690	1,000,000	500,000	0
High	0	0	0	0
Total LDP Receipts	6,216,690	1,000,000	500,000	0
TOTALS				
Low / completed	95,926	98,083	100,289	100,289
Medium	6,416,690	1,000,000	1,200,000	0
High	200,000	0	0	0
Total Capital Receipts Forecasted / Received	**6,712,616**	**1,098,083**	**1,300,289**	**100,289**

Risk Factor key:

High - External factors affecting the potential sale that are out of Authority control

Medium - Possible risk elements attached but within Authority ability to control

Low - No major complications are forseen for the transaction

Exempt Appendix 5 – Forecast receipts

Detail Supplied Separately

SCHEDULE 12A LOCAL GOVERNMENT ACT 1972

EXEMPTION FROM DISCLOSURE OF DOCUMENTS

Meeting and Date of Meeting: Cabinet 20th December 2019
Report: Capital MTFP Proposals 2020/21 to 2023/24 - Detailed Receipts Appendix
Author: Mark Howcroft

I have considered grounds for exemption of information contained in the background paper for the report referred to above and make the following recommendation to the Proper Officer:-

Exemptions applying to the report:

The appendix noted has an indication of land and assets that the Council proposes to sell and what the Council would be indicatively prepared to take for such.

Factors in favour of disclosure:

Openness & transparency in matters concerned with the public

Prejudice which would result if the information were disclosed:

To circulate such a document would prejudice negotiation over the levels of receipts and mitigate an opportunity to maximize returns.

My view on the public interest test is as follows:

Factors in favour of disclosure do not outweighed those against.

Recommended decision on exemption from disclosure:

Maintain exemption from publication in relation to report

Date: 5/12/19
Signed: M.Howcroft
Post: Assistant Head of Finance

I accept/I do not accept the recommendation made above

Signed: [Signed by Chief Officer / Head of Service / Chief Executive]

Date:

Appendix 6 – Prudential Indicators

Capital Expenditure & Financing

Capital Expenditure £m	2018/19 actual	2019/20 forecast	2020/21 budget	%	2021/22 budget	2022/23 budget	2023/24 budget
General Fund services	39.6	25.6	27.9	92%	20.3	19.6	5.9
Commercial investments (£50m pool)	30.7	16.7	2.6	8%	0.0	0.0	0.0
TOTAL	**70.3**	**42.3**	**30.5**	**100%**	**20.3**	**19.6**	**5.9**

Figures exclude £1.5m of leasing funded Capex per yr

Capital Financing £m	2018/19 actual	2019/20 forecast	2020/21 budget	%	2021/22 budget	2022/23 budget	2023/24 budget
External sources (Grants & S106 contributions)	16.9	8.3	19.7	65%	14.6	1.5	1.5
Own resources (Capital receipts and Reserves)	8.8	3.6	3.1	10%	0.6	0.6	0.6
Borrowing & other Debt	44.6	30.4	7.7	25%	5.1	17.5	3.9
TOTAL	**70.3**	**42.3**	**30.5**	**100%**	**20.3**	**19.6**	**5.9**

Gross Debt Forecast compared to CFR £m	31.3.2019 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
Debt (incl. PFI, leases, right of use assets)	180.8	197.4	191.2	186.5	197.8	194.5
Capital Financing Requirement (Total)	186.3	211.1	213.6	213.4	225.4	223.6

For information - Internal borrowing Actual/Forecast

Internal borrowing £m	5.6	13.7	22.3	26.9	27.6	29.2
As a % of CFR	3.0%	6.5%	10.5%	12.6%	12.3%	13.0%

Authorised & Operational Borrowing Limits	NA	2019/20 for comparison	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
Authorised limit - borrowing		246.2	228.0	223.3	234.6	231.2
Operational boundary - PFI, leases & Right of use assets		4.4	5.4	5.4	5.4	5.4
Authorised limit - total external debt		**250.6**	**233.4**	**228.7**	**240.0**	**236.7**
Operational boundary - borrowing		216.0	208.8	204.1	215.4	212.0
Operational boundary - PFI, leases & Right of use assets		2.9	3.9	3.9	3.9	3.9
Operational boundary - total external debt		**218.9**	**212.7**	**208.0**	**219.3**	**216.0**

nb - Authorised limit is higher than CFR as CFR is not a limit but an indicator of debt requirement

Local Context

Liability Benchmark (Total required Net external borrowing)

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	151.2	160.4	162.2	164.1	178.3	179.3
Commercial Investments CFR (including solar farm)	35.1	50.7	51.4	49.3	47.2	44.3
Total CFR	**186.3**	**211.1**	**213.6**	**213.4**	**225.4**	**223.6**
Less: Other debt liabilities	-2.4	-2.4	-3.4	-3.4	-3.4	-3.4
Loans CFR	**183.9**	**208.7**	**210.2**	**210.0**	**222.0**	**220.2**
Less: Usable reserves	-17.3	-21.0	-26.8	-27.4	-27.2	-27.2
Less: Working capital	-8.7	-8.7	-8.7	-8.7	-8.7	-8.7
Plus: Minimum level of treasury investments	20.4	10.0	10.0	10.0	10.0	10.0
Total required Net external borrowing (Liability Benchmark) Excl. PFI, leases, right of use assets	**157.9**	**179.0**	**174.6**	**173.8**	**186.1**	**184.3**

Required New & Replacement Borrowing

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
Existing loans - reducing as they mature	178.4	122.7	87	79.1	77.3	73.5
Less Forecast Investments	-20.4	-15.6	-15.5	-15.1	-15.3	-15.3
Net borrowing forecast	**158**	**107.1**	**71.5**	**64**	**62**	**58.2**
Total Required Net External borrowing	157.9	179	174.6	173.8	186.1	184.3
Shortfall (borrowing required to be taken out)	**-0.1**	**71.9**	**103.1**	**109.8**	**124.1**	**126.1**

nb Much of the borrowing required to be taken out replaces short term loans which will have matured. It can be any mix of short and lo loans. The Shortfalls are cumulative so if the £71.9m of loans were taken out as long term loans in 2019/20 then only an additional of loans would then be required in 2020/21.

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
Interest £m	3.3	4.0	3.8	3.9	4.0	3.9
MRP £m	4.6	5.7	6.3	6.4	6.6	6.8
Total Financing costs £m	**7.9**	**9.7**	**10.1**	**10.2**	**10.6**	**10.7**
Net Revenue Stream (£m)	150.4	153.9	156.3	158.8	161.3	164.0
Proportion of net revenue stream %	**5.2%**	**6.3%**	**6.4%**	**6.4%**	**6.6%**	**6.5%**

Proportion of financing costs recovered from services

Total Financing costs £m	7.9	9.7	10.1	10.2	10.6	10.7
Costs paid for by service £m	Est £1.4	3.4	3.4	3.4	3.3	3.2
Proportion		35%	33%	34%	31%	29%

Appendix 6 – Future Generations Evaluation

monmouthshire sir fynwy

Future Generations Evaluation
(includes Equalities and Sustainability Impact Assessments)

Name of the Officer completing the evaluation Mark Howcroft **Phone no:**01633 644740 **E-mail:**markhowcroft@monmouthshire.gov.uk	**Please give a brief description of the aims of the proposal** Present capital budget proposals for consultation
Name of Service Whole authority	**Date Future Generations Evaluation** form completed 05/12/19

1. **Does your proposal deliver any of the well-being goals below?** Please explain the impact (positive and negative) you expect, together with suggestions of how to mitigate negative impacts or better contribute to the goal.

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A prosperous Wales Efficient use of resources, skilled, educated people, generates wealth, provides jobs	Local resources will be engaged to deliver the projects in the programme	Welsh Government funding exhibits an increasingly adhoc and in year provision which will tend to compromise a more planned approach. The usual response to mitigate such would be to have up to date pre-prepared schedules of work, Service managers are aware that new Capital Strategy requirements imposes a heightened requirement on condition survey assessment to inform repair choices, the provision of such information remains an evolving one
A resilient Wales Maintain and enhance biodiversity and ecosystems that support resilience and can adapt to change (e.g. climate change)	Part of proposals involve capital contribution to City Deal	

Well Being Goal	How does the proposal contribute to this goal? (positive and negative)	What actions have been/will be taken to mitigate any negative impacts or better contribute to positive impacts?
A healthier Wales People's physical and mental wellbeing is maximized and health impacts are understood	Crick Road project and care home reprovision are being built with whole life and dementia friendly considerations	
A Wales of cohesive communities Communities are attractive, viable, safe and well connected	Investment in Future schools provides a key community facility to help promote this goal	
A globally responsible Wales Taking account of impact on global well-being when considering local social, economic and environmental wellbeing		
A Wales of vibrant culture and thriving Welsh language Culture, heritage and Welsh language are promoted and protected. People are encouraged to do sport, art and recreation		
A more equal Wales People can fulfil their potential no matter what their background or circumstances	The core budgets for DDA work and DFGs budget provision has been maintained at core. The report highlights an option for Members to continue to supplement resourcing, in an environment of also considering other capital liabilities.	

2. How has your proposal embedded and prioritised the sustainable governance principles in its development?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?

Sustainable Development Principle	How does your proposal demonstrate you have met this principle?	What has been done to better to meet this principle?
Long-term Balancing short term need with long term and planning for the future	Building Future schools will benefit children and communities for future generations.	The capital MTFP provides members with prudential indicators to assist their understanding of medium term consequences
Collaboration Working together with other partners to deliver objectives	The funding aspects of capital programme are drawn from a variety of partners e.g. Welsh Government, Health Board, developers sc106 resourcing etc	Crick Road development and care home reprovision has become a tripartite consideration for the Council, Health Board and Housing provider. Severn Tunnel and Chepstow transport study call upon funding from Welsh Government, Transport England, an English Council as well as MCC.
Involvement Involving those with an interest and seeking their views	The aim of the report is to present proposals for consultation with key stakeholders	
Prevention Putting resources into preventing problems occurring or getting worse	An aspect of the report considers the liability of holding assets to prompt appropriate and affordable repair regimes	
Integration Positively impacting on people, economy and environment and trying to benefit all three	Investment in Future Schools will positively impact on the teaching environment	The Commercial Investments aspect is designed to be self funding but also derive a return to the Council to supplement revenue funding and avoiding the need for additional savings or reduction in services.

3. **Are your proposals going to affect any people or groups of people with protected characteristics?** Please explain the impact, the evidence you have used and any action you are taking below.

Protected Characteristics	Describe any positive impacts your proposal has on the protected characteristic	Describe any negative impacts your proposal has on the protected characteristic	What has been/will be done to mitigate any negative impacts or better contribute to positive impacts?
Age	Schools reprovision is likely to provide an Abergavenny area benefit for 3-19 year olds		
Disability	DDA and DFG budgets have been maintained		
Gender reassignment			
Marriage or civil partnership			
Race			
Religion or Belief			
Sex			
Sexual Orientation			
Welsh Language			

4. **Council has agreed the need to consider the impact its decisions has on important responsibilities of Corporate Parenting and safeguarding. Are your proposals going to affect either of these responsibilities?** For more information please see the guidance http://hub/corporatedocs/Democratic%20Services/Safeguarding%20Guidance.docx and for more on Monmouthshire's Corporate Parenting Strategy see http://hub/corporatedocs/SitePages/Corporate%20Parenting%20Strategy.aspx

	Describe any positive impacts your proposal has on safeguarding and corporate parenting	**Describe any negative impacts your proposal has on safeguarding and corporate parenting**	**What will you do/ have you done to mitigate any negative impacts or better contribute to positive impacts?**
Safeguarding	Safeguarding is taken into account in the design of the new schools		
Corporate Parenting			

5. **What evidence and data has informed the development of your proposal?**

Previously determined policy in respect of the priority of investing in future schools. There have been no major changes to the proposals presented here.

6. **SUMMARY: As a result of completing this form, what are the main positive and negative impacts of your proposal, how have they informed/changed the development of the proposal so far and what will you be doing in future?**

Capital budgets which impact on individuals, such as DFGs and DDA works are being maintained at core levels, with the opportunity for Members to supplement such. The investment in future schools is expected to have a benefit for children and communities for future generations

7. **Actions. As a result of completing this form are there any further actions you will be undertaking? Please detail them below, if applicable.**

What are you going to do	When are you going to do it?	Who is responsible	Progress
Review the budget discussions to provide a final report for member agreement	Feb 20	Mark Howcroft	Exercise starts after 20/12/19

8. **Monitoring: The impacts of this proposal will need to be monitored and reviewed. Please specify the date at which you will evaluate the impact, and where you will report the results of the review.**

The impacts of this proposal will be evaluated on:	As section 7 Annually when the capital MTFP is reviewed