

POLICY & RESOURCES CABINET BOARD

10th FEBRUARY 2011

FINANCE & CORPORATE SERVICES

**REPORT OF THE HEAD OF FINANCIAL SERVICES
– H. JENKINS**

INDEX OF REPORT ITEMS

PART 1 - Doc.Code: PRB-100211-REP-FS-HJ

SECTION A – MATTERS FOR DECISION		
1. Revised Capital Programme and Monitoring Report for 2010/11	2 - 13	All
SECTION B – MATTERS FOR INFORMATION		
2. Treasury Management Monitoring 2010/11	14 - 16	All

SECTION A – MATTERS FOR DECISION

ITEM 1

REVISED CAPITAL PROGRAMME AND MONITORING REPORT FOR 2010/11

1. Introduction

This report provides information relating to the delivery of the 2010/11 Capital Programme.

2. 2010/11 Capital Programme

The Original Capital Programme totalled £36.268m. The updated Programme for 2010/11 (see Appendix 1) currently stands at £63.164m with the major variations being:-

- The completion of the exercise to carry forward balances from the 2009/10 programme. As a result of this exercise the value of the 2010/11 programme increased by £2.479m.
- The Authority has also been successful in obtaining grant funding for the following schemes; Harbour Way (PDR2) £21.159m, Road Safety Grant £425,000, Safe Routes £618,000 and Strategic Road Network £176,000.
- The Vehicle Replacement Programme investment has increased in 2010/11 from £1m to £1.470m due to re profiled spend. This investment is funded from the Vehicle Renewals Reserve.
- Land Compensation costs associated with the PDR take a number of years to resolve and it is expected that the in-year costs will be £1.869m and will be fully funded by grant.
- Land remediation costs are expected to be £300,000 rather than the £500,000 originally estimated and will be fully funded by grant.
- A budget allowance of £500,00 to match fund grant bids for bridge improvement. Work included in the original programme is no longer applicable.
- Confirmation of additional grant funding has been received for the Regional Capital Access Fund totalling £236,000.

- As Housing Stock transfer is scheduled for 14th February, the HRA Grant is being redistributed in line with Assembly guidelines. To the Council £5.4m and £0.8m to NPT Homes.

Significant achievements planned for 2010/11 include the following:

- Continued investment by the Authority in the Strategic Schools Investment Programme. Work is underway on the single site amalgamation of Dwr y Felin Comprehensive School, which will be completed in 2012/13.
- Commencement of the construction of a new extension at Maes y Coed Special School.
- Continued investment in a Vehicle Replacement Programme.
- Completion of the extension at Hillside Secure Unit, which has been funded by a WAG grant totalling £1.2m.
- Continued major investment into developing road access on the Port Talbot Peripheral Distributor Road.
- Moving towards completion of the Gwyn Hall.
- Continued major investment in the Council's housing stock along with significant investment into private sector housing through Disabled Facilities Grants.

3. Recommendations

It is recommended that Members agree the updated 2010/11 Capital Programme as set out in this report.

Reason for Proposed Decision

To update the Capital Programme for proposed expenditure in year

List of Background Papers

Capital Programme 2010/11

Appendix

Appendix 1 – Capital Programme – Project Overview

Wards Affected

All

Officer Contact

For further information on this report item, please contact:

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COMPLIANCE STATEMENT

REVISED CAPITAL PROGRAMME AND MONITORING REPORT FOR 2010/11

Implementation of Decision

The decision is proposed for implementation after the three day call in period.

Sustainability Appraisal

Community Plan Impacts

Economic Prosperity	-	Positive
Education & Lifelong Learning	-	Positive
Better Health & Well Being	-	Positive
Environment & Transport	-	Positive
Crime & Disorder	-	Positive

Other Impacts

Welsh Language	-	Not applicable
Sustainable Development	-	Positive
Equalities	-	Positive
Social Inclusion	-	Positive

Consultation

There has been no requirement under the Constitution for external consultation on this item.

Capital Programme 2010/11

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
SERVICE	-	
Education, Leisure & Lifelong Learning	9,464	9,495
Environment	9,275	34,866
Social Services	1,632	1,900
Policy & Resources	2,047	2,618
Housing (General Fund)	4,900	5,796
Housing Revenue Account	8,000	7,994
Contingency	950	495
TOTAL CAPITAL PROGRAMME	36,268	63,164
FUNDING		
Welsh Assembly	9,362	9,362
Government Support		
General Capital Receipts	500	500
Spend to Save Reserve		
Corporate Prudential Borrowing	6,882	6,226
General Capital Reserves	138	1,575
Specific Reserves	3,122	4,075
Grants and Contributions	4,795	30,001
Major Repairs Allowance	6,200	5,418
HRA Capital Receipts / Reserve	1,800	2,576
Private Sector Investment	3,469	3,431
Earmarked Reserve - Phase II Accommodation		
TOTAL FUNDING	36,268	63,164

<u>PROJECT OVERVIEW</u>		2010-11 Proposed £'000	2010-11 Revised £'000
EDUCATION, LEISURE AND LIFELONG LEARNING			
<u>School Building Improvement Grant (SBIG)</u>			
Maes-y-Coed Special School	New School		10
Dwr y Felin Upper Comprehensive	New Kitchen and Teaching Block		10
Abergwynfi Infants / Juniors	Replacement School on Single Site	100	100
YGG Castell Nedd	New multi purpose hall		25
Tairgwaith Primary School	Early years provision		20
Cwmavon Primary School	New Kitchen, Dining Hall & Toilets		50
Sandfields Comprehensive	Renew Boiler Plant & Automatic Controls		5
Sandfields Primary	Replacement Boiler		3
Maesmarchog Primary	Replacement Boiler		25
Dyffryn Comprehensive	Wall Replacement		12
Sandfields Comprehensive	New Windows		10
Cwrt Sart Comprehensive Re Roof		60	250
Dwr y Felin Flat Roof			110
YGG Pontardawe			145
<u>Strategic Schools Improvement Programme</u>			
Dwr Y Felin Comp Single Site Amalgamation		1,800	1,090
YGG Ystalyfera	New Windows and Roof	1,000	500
Maes Y Coed Extension			5
Glanymor Primary			324
Velindre Community School			193
Art/Science/DT Facilities			81

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
Early Years Allocation		140
Flying Start		195
14-19 Learning Pathways		17
<u>Capital Maintenance</u>	445	150
Dwr y Felin - Phased re-wire	260	260
Maesmarchog - New gas supply	15	15
School wc's - Coedffranc & Llangatwg	100	100
School Labs - Dwr y Felin	100	100
Electrical Mains distribution - General	40	40
External Gas & Water mains	40	40
Cefn Saeson Comp - Fabric repairs	30	30
Llangatwg Comp - Re-roof youth club	65	65
Cwmafan Juniors - Windows	25	25
Ystalyfera Comp - Fabric repairs	25	25
Baglan Primary - Fabric repairs to junior hall	30	30
Sandfields Library - Windows/Curtain walling	30	30
YGG Pontardawe - Land drainage	30	30
Rhos primary - Re-surface yard area	30	30
Alltwen - Drainage scheme	20	20
Crynant - Demountable repairs	20	20
Melin Infants - Retaining wall to nature reserve	30	30

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
Leisure and Lifelong Learning		
Leisure Investment	100	130
Sandfields Integrated Centre		27
Gwyn Hall	4,969	4,931
Tonna Primary		22
	Multi Use Games Area	
Pontardawe Leisure Centre		25
Boiler Repairs		
TOTAL ELLL	9,464	9,495
ENVIRONMENT		
Engineering and Transport	1,400	97
Neath Multi Story Car Park		130
Minor Works		
Bryn Road Cwmllynfell		20
Fencing Common Land P1		
Church Road Seven Sisters		10
Access To Playing Fields		
Leyshon Road GCG		32
Footway Opposite 55 - 71		
Bike Rack At Dyffryn Hotel		3
Design/Feasibility		7
Verge Parking Conversions		50
Individual Disabled Parking Spaces		14
Misc Signs / Barriers /		94
Traffic Regulation Orders		
Remedial Measures Outside Schools		3
Residents Parking		2
Lighting and Telematics		326
Health & Safety Lighting		-72
Specific Column		

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
Bridge Strengthening		
Tairgwaith Culvert Parapet Replacement		30
Neath Canal Bridge Tonna		55
Ynys Dyfnant Bridge		35
Resolven		
Holly Street Bridge		45
Pontardawe		
Herbert Street Bridge		50
Pontardawe		
Maes Y Ffynnon Bridge		30
Glynneath		
New Canal Bridge		70
Aberdulais		
Cymmer Afan Bridge		35
Cymmer		
Mandatory Bridge Signs (Height Restriction)		7
Bridge Replacement / Improvement		0
Drainage		242
Landslips		20
Disabled Crossings		41
Service Response Centre Car Park	300	360
A4107 Lletti Harri	900	870
B4242 (De-trunked A465)		86
Land Compensation		42
<u>Transport Grant</u>		
PDR 1C	Land Compensation	1,547
PDR 1B	Land Compensation	322
Harbour Way (PDR2)		21,159
Safe Routes Walking and Cycling		618
Road Safety Grant		425

<u>PROJECT OVERVIEW</u>		2010-11 Proposed £'000	2010-11 Revised £'000
Streetcare			
Neighbourhood Management Improvements	Various Projects	250	250
Strategic Road Network	WAG Grant		176
Improving Neighbourhood Facilities	Including Youth Centres		145
Play areas / Playgrounds		50	71
Pavilions		150	292
Pelenna Minewater Replacement Lock and Gate			7
Bridge, Resolven			5
Pontrhydyfen Viaduct Repairs			1
Gnoll Park Improvement of 9 Hole Golf Course			20
Tourism Signage			19
Property and Regeneration			
Lon Las Workshops Cladding	Final Account		11
Baglan Industrial Site	Bridge Improvements	500	0
Commercial Property Grants			120
Environment Improvement Programme			19
SRA Grant Commitments - Regional Capital Access Fund			179
			236
Neath Town Centre Railway Station Forecourt			90
Orchard Street / Square			13
South Pit Footbridge			24
Physical Regeneration Package		1,000	1,000
PT Regeneration		500	500

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
London Road Contribution towards Roof Repairs		23
Victoria Gardens Centre for Excellence	175	101 25
Citrus House		158
Regeneration incl Studies	300	300
Disability Access	250	296
Health & Safety	1,000	1,000
Traffic Management at Schools		76
Energy Spend to Save		80
Community Centres Assets		64
Urban Street Scheme	1,000	990
Parks and Open Spaces - Cemeteries		0
Policy and Administration		
Vehicle Replacement Programme	1,000	1,470
Land Remediation	500	300
TOTAL ENVIRONMENT DIRECTORATE	9,275	34,866

<u>PROJECT OVERVIEW</u>		2010-11 Proposed £'000	2010-11 Revised £'000
SOCIAL SERVICES			
Capital Maintenance	-	181	199
Respite Centre	New Facility	489	483
Ty Hapus	New Facility	362	333
Community Care Equipment	Integrate & Modernise Community Equipment Services		285
Hillside Secure Unit	Extension	600	600
TOTAL SOCIAL SERVICES		1,632	1,900
POLICY & RESOURCES			
Neath Civic Centre	Generator	150	150
Accommodation The Quays	Final Account	622	583
Aberafan House	Internal Refurbishment		250
Accommodation and Regeneration	Improved Building Utilisation	0	110
Match Funding for Tier 1 Projects inc Grant Bids, Land Remediation & Other Significant Schemes		225	225
Recycling Building		1,050	1,300
TOTAL POLICY & RESOURCES		2,047	2,618

<u>PROJECT OVERVIEW</u>	2010-11 Proposed £'000	2010-11 Revised £'000
HOUSING - GENERAL FUND		
Disabled Facilities Grants	3,000	3,896
Housing Renewal Area	1,900	1,900
TOTAL HOUSING GENERAL FUND	4,900	5,796
HOUSING - HRA		
Disabled Facilities Grants - HRA Properties	1,100	1,100
PRIORITY 1 WORKS	350	350
PRIORITY 2 WORKS	1,200	1,200
PRIORITY 3 WORKS	2,050	2,044
OTHER WORKS	1,500	1,500
Ty Maes Marchog	1,800	1,800
<u>Dulais Valley</u> Llwynon Bungalows		
TOTAL HOUSING HRA	8,000	7,994
CONTINGENCY	950	495
GRAND TOTAL	36,268	63,164

PART 1
SECTION B – MATTERS FOR INFORMATION

ITEM 2

TREASURY MANAGEMENT MONITORING 2010/11

1. Purpose of Report

This report sets out treasury management action and information since the previous report.

2. Rates of Interest

Bank base rates continue to be at an all time low of 0.5% (since 5th March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 31st January 2011.

	Equal Instalments of Principal		Annuity		Maturity	
	Current 31Jan11	Previous 15Dec10	Current 31Jan11	Previous 15Dec10	Current 31Jan11	Previous 15Dec10
	%	%	%	%	%	%
5- 5.5 years	2.71	2.62	2.73	2.64	3.73	3.61
10-10.5 years	3.73	3.61	3.81	3.69	4.86	4.81
20-20.5 years	4.86	4.81	5.01	4.99	5.39	5.41
35-35.5 years	5.34	5.35	5.42	5.44	5.45	5.48
49.5-50 years	5.44	5.46	5.45	5.47	5.39	5.43

3. Treasury Management Budget

The following table sets out the treasury management budget for 2010/11 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income. The net general fund budget totals £15.351m.

	2010/11 Budget £'000
Debt Charges	
- Total	18,360
- HRA	2,349
- General Fund	16,011
Investment Income	
- Total	-860
- HRA	-100
- Other	-100
- General Fund	-660
Net General Fund	15,351

3.1 Debt Charges

No new loans have been arranged and this is in line with the Treasury Management Strategy for 2010/11.

3.2 Investment Income

In line with the Council's Investment Strategy, the total budgeted income from investment income totals £860,000. Investments to date with approved institutions generating an income return for 2010/11 of £1.01m. This sum will increase as and when future investments are made during the remainder of the financial year. Members should note that all investments are classified as 'specified' i.e. up to 12 months and are currently with the major banks or building societies including Barclays, Lloyds Group, Nationwide, Bank Santander, Clydesdale and RBS. The Council also has an investment with Sheffield MBC.

Members should note the following position in relation to the recovery of monies from the "Icelandic Investments":

Bank	Original Investment £m	Outstanding Investment £m
Glitnir	2.0	2.00
Heritable	9.0	4.42
KSF	3.0	1.36
Landsbanki Islands HF	6.0	6.00
	20.0	13.78

Included in the above is the settlement of £431,302 received on 14th January 2011 for Heritable Bank. Further repayments are expected during 2011. The court cases re Glitnir and Landsbanki in Iceland are in progress. The Council remains a preferential creditor pending the outcome of these cases.

4. Compliance with Treasury Management Strategy

- 4.1. All investment transactions have been made in accordance with the Treasury Management Strategy. During the Christmas period the Council offices were closed from the afternoon of Friday 24th December to Monday 3rd January. Whilst every effort was made to manage the cash flow and work within the Treasury Management Limits during this period, unexpected income was received on 31st December 2010 which resulted in the funds deposited in Bank Santander exceeding the limit by £1.68 million. The situation was resolved on Monday 4th January 2011.

List of Background Papers

PWLB notice 039/11

Wards Affected

All

Officer Contact

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