

## CABINET

<b>Date of Meeting</b>	Tuesday, 19 <sup>th</sup> September 2023
<b>Report Subject</b>	Capital Programme Monitoring 2023/24 (Month 4)
<b>Cabinet Member</b>	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The report summarises changes made to the Capital Programme 2023/24 since it was set in January 2023 to the end of Month 4 (July 2023), along with expenditure incurred to date and the projected outturn at this early stage of the year.

The Capital Programme has seen a net increase in budget of £36.586m during the period which comprises of:-

- Net budget increase in the programme of £18.557m (See Table 2 - Council Fund (CF) £16.066m, Housing Revenue Account (HRA) £2.491m;
- Introduction of Carry Forwards from 2022/23 of £18.029m (All CF)

Actual expenditure was £16.215m (See Table 3).

Capital receipts received in the first quarter of 2023/24 total £0.651m.

This provides a revised projected surplus in the Capital Programme at Month 4 of £1.953m (from an opening funding surplus of £1.302m) for the 2023/24 – 2025/26 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources.

## RECOMMENDATIONS

	Cabinet are requested to:
1	Approve the overall report.
2	Approve the carry forward adjustments, as set out at 1.14.
3	Approve the additional allocations, as set out in 1.16.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE 2023/24 CAPITAL PROGRAMME MONITORING POSITION – MONTH 4</b>
1.01	<b>Background</b> Council approved a Council Fund (CF) Capital Programme of £33.041m and a Housing Revenue Account (HRA) Capital Programme of £29.457m for 2023/24 at its meeting on 24 January 2023.
1.02	For presentational purposes the Capital Programme is shown as a whole, with sub-totals for the Council Fund and HRA. The HRA programme is 'ring fenced' and can only be used for HRA purposes.
1.03	<b>Changes since Budget approval</b> Table 1 below sets out how the programme has changed during 2023/24. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-

**Table 1**

<b>REVISED PROGRAMME</b>	<b>Original Budget 2023/24</b>	<b>Carry Forward from 2022/23</b>	<b>Changes - This Period</b>	<b>Revised Budget 2023/24</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People & Resources	0.350	0.150	(0.058)	0.442
Governance	0.357	0.294	0.530	1.181
Education & Youth	3.696	8.462	1.087	13.245
Social Services	3.680	0.171	2.210	6.061
Planning, Environment & Economy	0.040	1.018	1.232	2.290
Streetscene & Transportation	1.500	5.756	9.398	16.654
Housing and Communities	1.660	0.186	0.986	2.832
Capital Programme and Assets	21.758	1.992	0.681	24.431
<b>Council Fund Total</b>	<b>33.041</b>	<b>18.029</b>	<b>16.066</b>	<b>67.136</b>
<b>HRA Total</b>	<b>29.457</b>	<b>0.000</b>	<b>2.491</b>	<b>31.948</b>
<b>Programme Total</b>	<b>62.498</b>	<b>18.029</b>	<b>18.557</b>	<b>99.084</b>

1.04

**Carry Forward from 2022/23**

Carry forward sums from 2022/23 to 2023/24, totalling £18.029m (all CF), were approved as a result of the quarterly monitoring reports presented to Cabinet during 2022/23.

1.05

**Changes during this period**

Funding changes during this period have resulted in a net increase in the programme total of £18.557m (CF £16.066m, HRA £2.491m). A summary of the changes, detailing major items, is shown in Table 2 below:-

**Table 2**

<b>CHANGES DURING THIS PERIOD</b>		
	<b>Para</b>	<b>£m</b>
<b><u>COUNCIL FUND</u></b>		
<b>Increases</b>		
Local Transport Grant	1.06	8.314
Education & Youth	1.07	1.087
Children's Services	1.08	1.179
Services to Older People	1.09	1.000
Other Aggregate Increases		4.544
		16.124
<b>Decreases</b>		
Other Aggregate Decreases		(0.058)
		(0.058)
<b>Total</b>		<b>16.066</b>
<b><u>HRA</u></b>		
<b>Increases</b>		
Energy Schemes	1.10	2.924
Other Aggregate Increases		0.215
		3.139
<b>Decreases</b>		
Other Aggregate Decreases		(0.648)
		(0.648)
<b>Total</b>		<b>2.491</b>

1.06	It is usual in the early part of the financial year to receive notification of funding allocations that were not available at budget setting time. This is the case with the, Active Travel, Road Safety, and Safe Routes grants from Welsh Government (WG). These grants will provide a range of transportation schemes across the County.
1.07	Introduction of WG funding relating to schools Community Focus Grant and Additional Learning Needs along with funding from Sports Council Wales.
1.08	Introduction of WG funding in relation to the Childcare and Early Years Capital Small Grants funding and Early Years Wraparound schemes.
1.09	In addition to the above the Council also received funding for the Housing with Care Fund and the Integration and Rebalancing Capital Fund, both in relation to Croes Atti Newydd Residential Care.
1.10	Award of Optimised RetroFit grant funding from WG has been introduced within the programme.

1.11

**Capital Expenditure compared to Budget**

Expenditure incurred as at Month 4, across the whole of the Capital Programme was £16.215m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.

This shows that 16.36% of the budget has been spent (CF 16.77%, HRA 15.50%). Corresponding figures for Month 4 2022/23 were 15.51% (CF 10.73%, HRA 29.61%).

1.12

The table also shows a projected underspend (pending carry forward and other adjustments) of £3.129m on the Council Fund and a break-even position on the HRA.

**Table 3**

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 4	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
People & Resources	0.442	0.000	0.00	0.442	0.000
Governance	1.181	0.530	44.88	1.038	(0.143)
Education & Youth	13.245	1.570	11.85	13.048	(0.197)
Social Services	6.061	0.303	5.00	4.724	(1.337)
Planning, Environment & Economy	2.290	(0.048)	-2.10	1.782	(0.508)
Streetscene & Transportation	16.654	4.162	24.99	16.608	(0.046)
Housing & Communities	2.832	0.587	20.73	2.832	0.000
Capital Programme & Assets	24.431	4.158	17.02	23.533	(0.898)
<b>Council Fund Total</b>	<b>67.136</b>	<b>11.262</b>	<b>16.77</b>	<b>64.007</b>	<b>(3.129)</b>
Disabled Adaptations	1.100	0.178	16.18	1.100	0.000
Energy Schemes	5.235	1.272	24.30	5.235	0.000
Major Works	1.714	0.313	18.26	1.714	0.000
Accelerated Programmes	0.595	0.103	17.31	0.595	0.000
WHQS Improvements	13.436	2.559	19.05	13.436	0.000
Modernisation / Improvements	2.200	0.000	0.00	2.200	0.000
SHARP Programme	7.668	0.528	6.89	7.668	0.000
<b>Housing Revenue Account Total</b>	<b>31.948</b>	<b>4.953</b>	<b>15.50</b>	<b>31.948</b>	<b>0.000</b>
<b>Programme Total</b>	<b>99.084</b>	<b>16.215</b>	<b>16.36</b>	<b>95.955</b>	<b>(3.129)</b>

1.13

Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and remedial actions which may be required, where those variances exceed +/- 10% of the revised budget. In addition, where carry forward into 2024/25 has been identified, this is also included in the narrative.

1.14

**Carry Forward into 2024/25**

During the quarter, carry forward requirements of £3.129m (all CF) have been identified which reflects reviewed spending plans across all programme areas. These amounts can be split into two areas, those

	required to meet the cost of programme works and/or retention payments in 2024/25.																		
1.15	<p>Information relating to each programme area is contained in Appendix B and summarised in Table 4 below:</p> <p><b><u>Table 4</u></b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><b>CARRY FORWARD INTO 2024/25</b></th> <th style="text-align: right;"><b>Month 4 £m</b></th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td style="text-align: right;">0.143</td> </tr> <tr> <td>Education &amp; Youth</td> <td style="text-align: right;">0.197</td> </tr> <tr> <td>Social Services</td> <td style="text-align: right;">1.337</td> </tr> <tr> <td>Planning, Environment &amp; Economy</td> <td style="text-align: right;">0.508</td> </tr> <tr> <td>Streetscene &amp; Transportation</td> <td style="text-align: right;">0.046</td> </tr> <tr> <td>Capital Programme &amp; Assets</td> <td style="text-align: right;">0.898</td> </tr> <tr> <td><b>Council Fund</b></td> <td style="text-align: right;"><b>3.129</b></td> </tr> <tr> <td><b>TOTAL</b></td> <td style="text-align: right;"><b>3.129</b></td> </tr> </tbody> </table>	<b>CARRY FORWARD INTO 2024/25</b>	<b>Month 4 £m</b>	Governance	0.143	Education & Youth	0.197	Social Services	1.337	Planning, Environment & Economy	0.508	Streetscene & Transportation	0.046	Capital Programme & Assets	0.898	<b>Council Fund</b>	<b>3.129</b>	<b>TOTAL</b>	<b>3.129</b>
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1.16	<p><b>Additional Allocations</b></p> <p>Additional allocations have been identified in the programme in this quarter as follows:</p> <ul style="list-style-type: none"> <li>Hybrid Meeting Room - £0.055m for the purchase of equipment to be utilised in the Delyn Room in order to facilitate both in-person and remote meeting attendees.</li> </ul> <p>This can be funded from within the current 'headroom' provision.</p>																		
1.17	<p><b>Savings</b></p> <p>No savings have been identified in the programme in this quarter.</p>																		
1.18	<p><b>Funding of 2023/24 Approved Schemes</b></p> <p>The position at Month 4 is summarised in Table 5 below for the three year Capital Programme between 2023/24 – 2025/26:-</p>																		

**Table 5**

<b>FUNDING OF APPROVED SCHEMES 2023/24 - 2025/26</b>		
	<b>£m</b>	<b>£m</b>
Balance carried forward from 2022/23		(0.937)
<b>Increases</b>		
Surplus in 2023/24 to 2025/26 Budget	(0.365)	
		<u>(0.365)</u>
<b>Decreases</b>		
Actual In year receipts	(0.651)	<u>(0.651)</u>
<b>Funding - (Available)/Shortfall</b>		<b>(1.953)</b>

1.19 Capital receipts received in the first quarter of 2023/24, total £0.651m. This gives a revised projected surplus in the Capital Programme at Month 4 of £1.953m (from an opening funding surplus of £1.302m) for the 2023/24 – 2025/26 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources.

1.20 **Investment in County Towns**  
At its meeting on 12<sup>th</sup> December 2017, the Council approved a Notice of Motion relating to the reporting of investment in county towns. The extent and format of the reporting was agreed at the Corporate Resources Overview and Scrutiny Committee on 14<sup>th</sup> June 2018.

1.21 Table 6 below shows a summary of the 2022/23 actual expenditure, the 2023/24 revised budget and budgets for future years as approved by Council at its meeting of 24<sup>th</sup> January, 2023. Further detail can be found in Appendix C, including details of the 2023/24 spend to Month 4.

**Table 6**

<b>INVESTMENT IN COUNTY TOWNS</b>			
	<b>2022/23</b>	<b>2023/24</b>	<b>2023 -</b>
	<b>Actual</b>	<b>Revised</b>	<b>2025</b>
	<b>£m</b>	<b>Budget</b>	<b>Budget</b>
		<b>£m</b>	<b>£m</b>
Buckley / Penyffordd	0.745	5.739	9.302
Connah's Quay / Shotton	2.225	1.385	0.000
Flint / Bagillt	2.135	3.915	4.800
Holywell / Caerwys / Mostyn	4.195	6.576	0.000
Mold / Treuddyn / Cilcain	5.713	24.413	3.783
Queensferry / Hawarden / Sealand	0.520	3.024	0.000
Saltney / Broughton / Hope	1.250	0.287	25.000
Unallocated / To Be Confirmed	0.980	4.625	9.600
<b>Total</b>	<b>17.763</b>	<b>49.964</b>	<b>52.485</b>

- 1.22 The inclusion of actuals for 2022/23 and approved schemes for future years allows a slightly fuller picture of investment plans. However, expenditure which has occurred in years prior to 2022/23 has not been included, and the expenditure and budgets reported should be considered in that context.
- 1.23 There are two significant factors which increase allocations to areas, which are homes developed under SHARP, and new or remodelled schools. The impact of these can be seen in the detail shown in Appendix C.
- 1.24 Some expenditure cannot yet be allocated to specific towns as schemes are not yet fully developed or are generic in nature and not easily identifiable to one of the seven areas. As such schemes are identified the expenditure will be allocated to the relevant area.
- 1.25 Information on the split between internal and external funding can be found in Appendix C.
- 1.26 In addition to the information contained in Appendix C, there is also considerable capital expenditure on the HRA Welsh Housing Quality Standard (WHQS), which was originally outside the scope of this analysis. A summary is provided in Table 7 below, albeit using a slightly different catchment area basis.



**Table 7**

<b>WHQS Programme</b>		
	<b>2022/23 Actual £m</b>	<b>2023/24 Budget £m</b>
Holywell	3.380	4.210
Flint	1.450	1.390
Deeside & Saltney	2.250	1.390
Buckley	1.060	1.390
Mold	3.000	3.451
Connah's Quay & Shotton	1.970	1.390
<b>Total</b>	<b>13.110</b>	<b>13.221</b>

1.27 The 2021 Prudential Code introduced a new requirement that monitoring of prudential indicators should be reported quarterly as part of capital monitoring. This update is provided in Appendix D.

## **2.00 RESOURCE IMPLICATIONS**

2.01 Financial implications - As set out in the body of the report.

2.02 Personnel implications - None directly as a result of this report.

## **3.00 IMPACT ASSESSMENT AND RISK MANAGEMENT**

3.01 The legacy impacts of the pandemic along with the supply and demand of materials, leading to cost increases, higher tender prices and project delays will continue to be monitored closely during the year. Due to the re-profiling of schemes from 2022/23 and resources available to manage and deliver schemes, the levels of planned expenditure in 2023/24 may be affected, resulting in a high level of carry forward requests to re-phase budgets into the 2024/25 programme.

Grants received will also to be closely monitored to ensure that expenditure is incurred within the terms and conditions of the grant. The capital team will work with project leads to report potential risks of achieving spend within timescales and assist in liaising with the grant provider.

The Council has a prudent policy of allocating its own capital receipts to fund capital projects only when receipts are received rather than when it is anticipated the receipt will be received, and this position continues to be the case. In line with current policy no allowance has been made for these receipts in reporting the Council's capital funding position.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	No consultation is required as a direct result of this report.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix A: Capital Programme - Changes during 2023/24
5.02	Appendix B: Variances
5.03	Appendix C: Investment in Towns
5.04	Appendix D: Prudential Indicators – Quarter 1 2023/24

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Capital Programme monitoring papers 2023/24.

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer:</b> Chris Taylor, Strategic Finance Manager <b>Telephone:</b> 01352 703309 <b>E-mail:</b> <a href="mailto:christopher.taylor@flintshire.gov.uk">christopher.taylor@flintshire.gov.uk</a>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Budget Re-profiling:</b> Capital schemes are very dynamic and a number of factors can influence their timing and funding. Budget re-profiling assures that the correct resources are available in the correct accounting period to finance the actual level of expenditure.</p> <p><b>Capital Expenditure:</b> Expenditure on the acquisition of <b>non-current assets</b> or expenditure which extends the useful life of an existing asset</p> <p><b>Capital Programme:</b> The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p><b>Capital Receipts:</b> Receipts (in excess of £10,000) realised from the disposal of assets.</p> <p><b>Carry Forward:</b> Carry forward occurs when schemes due to be completed in a given financial year are delayed until a subsequent year. In this case the relevant funding is carried forward to meet the delayed, contractually committed expenditure.</p>

**CERA:** Capital Expenditure charged to Revenue Account. The Council is allowed to use its revenue resources to fund capital expenditure. However the opposite is not permissible.

**Council Fund (CF):** The fund to which all the Council's revenue and capital expenditure is charged.

**Housing Revenue Account (HRA):** The fund to which all the Council's revenue and capital expenditure relating to its housing stock is charged.

**MRA:** Major Repairs Allowance. A general capital grant from WG for HRA purposes.

**Non-current Asset:** A resource controlled (but not necessarily owned) by the Council, from which economic benefits or service potential are expected to flow to the Council for more than 12 months.

**Section 106:** Monies are received from developers/contractors pursuant to Section 106 of the Town & Country Planning Act 1990. These sums are available for use once the relevant terms of the individual agreement have been met. The monies are most commonly used for educational enhancement, play areas, highways and affordable housing.

**Target Hardening:** Measures taken to prevent unauthorised access to Council sites.

**Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing** - Each year Welsh Government provide Councils with a Supported Borrowing allocation. Councils borrow to fund capital expenditure equivalent to that annual allocation, Welsh Government then include funding to cover the revenue costs associated with the borrowing for future years within the Revenue Support Grant. The Council decides how this funding is spent.

**Unsupported (Prudential) Borrowing:** Borrowing administered under the Prudential Code, whereby Authorities can set their own policies on acceptable levels and types of borrowing. The Prudential Framework allows Authorities to take out loans in response to overall cash flow forecasts and other factors provided they can show that the borrowing is to meet planned capital expenditure in the current year or the next three years.