

CABINET

Date of Meeting	Tuesday, 18 th July 2023
Report Subject	Capital Programme Monitoring 2022/23 (Outturn)
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The report summarises the final outturn position for 2022/23 together with changes to the Capital Programme during the last quarter.

The Capital Programme has seen a net decrease in budget of (£12.735m) during the last quarter which comprises of:-

- Net budget decrease in the programme of (£6.382m) (See Table 2 - Council Fund (CF) (£4.243m), Housing Revenue Account (HRA) (£2.139m);
- Carry Forward to 2023/24, approved at Month 9 of (£3.060m) partially offset by Carry Forward reversal of £0.245m;
- Switch of School Maintenance grant (£2.524m) and Additional Learning Needs grant (£1.001m) (all CF);
- Identified savings at outturn of (£0.013m) (CF)

Actual expenditure for the year was £55.013m (See Table 3).

The final outturn funding surplus from the 2022/23 – 2024/25 Capital Programme is £4.313m. The 2023/24 – 2025/26 Capital Programme was approved on the 24th January 2023, accounting for £3.376m of the current year surplus towards the programme and leaving a projected funding surplus of £0.365m. The final outturn for 2022/23 has the impact of a revised opening funding position surplus of £1.302m, 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 1.13.
3	Approve the additional allocations, as set out in 1.16.

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION – OUTTURN 2022/23
1.01	Background Council approved a Council Fund (CF) Capital Programme of £37.469m for 2022/23 at its meeting on 7 th December 2021 and a Housing Revenue Account (HRA) Capital Programme of £25.074m for 2022/23 at its meeting on 15 th February 2022.
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	Changes since Budget approval Table 1 below sets out how the programme changed during 2022/23. More detailed cumulative information relating to each Portfolio is provided in Appendix A:- <u>Table 1</u>

REVISED PROGRAMME	Original Budget 2022/23	Carry Forward from 2021/22	2022/23 Previously Reported			Savings - This Period	Changes - This Period	Revised Budget 2022/23
			Changes	Carry Forward to 2023/24	Savings			
			£m	£m	£m			
People & Resources	0.350	0.155	(0.305)	0.000	0.000	0.000	(0.050)	0.150
Governance	0.363	0.383	0.000	(0.074)	0.000	(0.007)	0.500	1.165
Education & Youth	10.010	6.057	(1.954)	(6.765)	0.000	0.000	2.205	9.553
Social Services	1.364	1.038	3.305	(0.087)	(0.082)	0.000	0.005	5.543
Planning, Environment & Economy	0.128	0.817	2.919	(0.886)	(0.018)	(0.006)	(0.159)	2.795
Streetscene & Transportation	3.519	2.683	12.706	(4.656)	0.000	0.000	(6.741)	7.511
Strategic Programmes	19.400	0.964	(15.301)	(0.840)	0.000	0.000	0.010	4.233
Housing and Communities	1.660	0.386	0.286	(0.150)	(0.485)	0.000	0.000	1.697
Capital Programme and Assets	0.675	1.243	0.035	(0.754)	0.000	0.000	(0.013)	1.186
Council Fund Total	37.469	13.726	1.691	(14.212)	(0.585)	(0.013)	(4.243)	33.833
HRA Total	25.074	0.000	2.062	0.000	0.000	0.000	(2.139)	24.997
Programme Total	62.543	13.726	3.753	(14.212)	(0.585)	(0.013)	(6.382)	58.830

1.04	<p>Carry Forward from 2021/22</p> <p>Carry forward sums from 2021/22 to 2022/23, totalling £13.726m (CF £13.726m, HRA £0.000m), were approved as a result of the quarterly monitoring reports presented to Cabinet during 2021/22.</p>
1.05	<p>Changes during this period</p> <p>Funding changes during this period have resulted in a net decrease in the programme total of £6.382m (CF (£4.243m), HRA (£2.139m)). A summary of the changes, detailing major items, is shown in Table 2 below:-</p> <p><u>Table 2</u></p>

CHANGES DURING THIS PERIOD

	Para	£m
<u>COUNCIL FUND</u>		
Increases		
Education General	1.06	2.524
Other Aggregate Increases	1.09	0.892
		3.416
Decreases		
Transportation Grants	1.07	(6.725)
Other Aggregate Decreases	1.09	(0.934)
		(7.659)
Total		(4.243)
<u>HRA</u>		
Increases		
Energy Schemes	1.08	1.595
Other Aggregate Increases	1.09	0.070
		1.665
Decreases		
WHQS Improvements	1.08	(2.514)
Other Aggregate Decreases	1.09	(1.290)
		(3.804)
Total		(2.139)

1.06	In the final quarter, the Council was allocated additional Welsh Government (WG) grant funding to support capital maintenance and energy efficiency work in schools. This funding was used for existing expenditure on schools and a corresponding sum carried forward into 2023/24 (see Table 5) to be used in accordance with grant conditions.
1.07	A number of Local Transport Fund grant schemes have been re-profiled to match expenditure across financial years.
1.08	Grant funding from WG and delays to WHQS work has allowed budget to be re-allocated in year to carry out major works.
1.09	During the final quarter of the year there have been a number of adjustments made to schemes that are funded from grants, revenue contributions to fund capital expenditure (CERA) and prudential borrowing, reflecting the need to re-profile funding between financial years to align expenditure incurred with the relevant funding source. This is the case with a number of the movements above.
1.10	Capital Expenditure compared to Budget Outturn expenditure, across the whole of the Capital Programme was £55.013m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.

This shows that 93.51% of the budget has been spent (CF 88.72%, HRA 100%). Corresponding figures for Outturn 2021/22 were 95.05% (CF 92.57%, HRA 100%).

1.11 The table also shows a projected underspend (pending carry forward and other adjustments) of £3.817m on the Council Fund and a break-even position on the HRA.

Table 3

EXPENDITURE	Revised Budget	Outturn Expenditure	Percentage Spend v Budget	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m
People & Resources	0.150	0.000	0.00	(0.150)
Governance	1.165	0.945	81.12	(0.220)
Education & Youth	9.553	7.856	82.24	(1.697)
Social Services	5.543	5.459	98.48	(0.084)
Planning, Environment & Economy	2.795	2.663	95.28	(0.132)
Streetscene & Transportation	7.511	6.411	85.35	(1.100)
Strategic Programmes	4.233	4.003	94.57	(0.230)
Housing & Communities	1.697	1.661	97.88	(0.036)
Capital Programme & Assets	1.186	1.018	85.83	(0.168)
Council Fund Total	33.833	30.016	88.72	(3.817)
Disabled Adaptations	1.085	1.085	100.00	0.000
Energy Schemes	4.562	4.562	100.00	0.000
Major Works	1.555	1.555	100.00	0.000
Accelerated Programmes	0.406	0.406	100.00	0.000
WHQS Improvements	13.111	13.111	100.00	0.000
SHARP Programme	4.278	4.278	100.00	0.000
Housing Revenue Account Total	24.997	24.997	100.00	0.000
Programme Total	58.830	55.013	93.51	(3.817)

1.12 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 2023/24 has been identified, this is also included in the narrative.

1.13 **Carry Forward into 2023/24**
 During the quarter, carry forward requirements of £3.817m (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 2023/24.

1.14 Information relating to each programme area is contained in Appendix B and summarised in Table 4 below:

Table 4

OUTTURN CARRY FORWARD - ANALYSIS		
	£m	£m
Contractually Committed		
Governance	0.220	
Education - General	1.108	
Primary Schools	0.456	
Secondary Schools	0.133	
Services to Older People	0.010	
Children's Services	0.074	
Engineering	0.029	
Ranger Services	0.035	
Town Centre Regeneration	0.068	
Waste Services	0.150	
Cemeteries	0.004	
Highways	0.940	
Transportation	0.006	
Leisure Centres	0.088	
Play Areas	0.118	
Libraries	0.024	
Administrative Buildings	0.168	
Disabled Facilities Grants	0.036	3.667
		3.667
Corporate Allocations		
'Headroom'	0.150	0.150
Total		3.817

1.15 An overall amount of £0.246m which had previously been identified as requiring carry forward has been reversed as it became clear that the expenditure was going to be incurred in the 2022/23 financial year, as shown below. Information relating to each programme area is contained in Appendix B and summarised in Table 5 below:-

Table 5

CARRY FORWARD INTO 2023/24								Total
	Month 4	Month 6	WG Grant	Month 9	Reversed	Sub Total	Outturn	
	£m	£m	£m	£m	£m	£m	£m	£m
People & Resources	0.000	0.000	0.000	0.000	0.000	0.000	0.150	0.150
Governance	0.000	0.000	0.000	0.074	0.000	0.074	0.220	0.148
Education & Youth	0.461	0.220	5.292	0.922	(0.130)	6.765	1.697	7.687
Social Services	0.189	0.000	0.000	0.000	(0.102)	0.087	0.084	0.087
Planning, Environment & Economy	0.250	0.408	0.000	0.242	(0.014)	0.886	0.132	1.128
Streetscene & Transportation	0.046	3.660	0.000	0.950	0.000	4.656	1.100	5.606
Strategic Programmes	0.000	0.275	0.000	0.565	0.000	0.840	0.230	1.405
Housing & Communities	0.000	0.000	0.000	0.150	0.000	0.150	0.036	0.300
Capital Programme & Assets	0.597	0.000	0.000	0.157	0.000	0.754	0.168	0.911
Council Fund	1.543	4.563	5.292	3.060	(0.246)	14.212	3.817	17.422
TOTAL	1.543	4.563	5.292	3.060	(0.246)	14.212	3.817	17.422

1.16	<p>Additional Allocations</p> <p>Additional allocations have been identified in the programme in the final quarter as follows:</p> <ul style="list-style-type: none"> • Wepre Park Visitor Centre - £0.030m. Additional funding to support grant received through WG Brilliant Basics Fund to upgrade and improve amenities including provision of accessible toilets. • Fuel Tank Replacement- £0.028m. Additional funding required to replace the existing fuel tank at Alltami Depot, as it is nearing the end of its useful life. <p>These can be funded from within the current 'headroom' provision.</p> <ul style="list-style-type: none"> • Ysgol Penyffordd classroom extension - £0.319m. The works at the school is to create a two storey classroom extension due to the increase in local need. <p>Following market testing, the total cost of the project is £0.319m in excess of the current funding envelop due to supply chain volatility. Cabinet is requested to approve additional capital resources of £0.319m towards these works.</p>
1.17	<p>Savings</p> <p>The following savings have been identified in the programme in the final quarter.</p>

Table 6

IDENTIFIED SAVINGS	
	Savings
	£m
Information Technology	0.007
Private Sector Renewal/Improvement	0.006
Total	0.013

1.18 Funding of 2022/23 Approved Schemes

The position at outturn is summarised in Table 7 below for the three year Capital Programme between 2022/23 – 2024/25:-

Table 7

FUNDING OF APPROVED SCHEMES 2022/23 - 2024/25		
	£m	£m
Balance carried forward from 2021/22		(2.149)
Increases		
Shortfall in 2022/23 to 2024/25 Budget	0.867	
Additional allocation to Ysgol Penyffordd	0.319	
		<u>1.186</u>
Decreases		
Additional GCG - 2022/23 Confirmed	(0.786)	
Savings	(0.598)	
Actual In year receipts	(1.966)	<u>(3.350)</u>
Funding - (Available)/Shortfall		(4.313)

1.19 The final outturn funding surplus from the 2022/23 – 2024/25 Capital Programme is £4.313m. The 2023/24 – 2025/26 Capital Programme was approved on the 24th January 2023, accounting for £3.376m of the current year surplus towards the programme and leaving a projected funding surplus of £0.365m. The final outturn for 2022/23 has the impact of a revised opening funding position surplus of £1.302m, prior to the realisation of additional capital receipts and/or other funding sources.

1.20	<p>Investment in County Towns</p> <p>At its meeting on 12th 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 14th June 2018.</p>																																																								
1.21	<p>Table 8 below shows a summary of the 2021/22 actual expenditure, the 2022/23 revised budget and budgets for future years as approved by Council at its meeting of 24th January, 2023. Further detail can be found in Appendix C, including details of the 2022/23 spend.</p> <p>Table 8</p> <table border="1" data-bbox="347 613 1358 1317"> <thead> <tr> <th colspan="4" style="text-align: center;">INVESTMENT IN COUNTY TOWNS</th> </tr> <tr> <th></th> <th style="text-align: center;">2021/22</th> <th style="text-align: center;">2022/23</th> <th style="text-align: center;">2023 -</th> </tr> <tr> <th></th> <th style="text-align: center;">Actual</th> <th style="text-align: center;">Revised</th> <th style="text-align: center;">2025</th> </tr> <tr> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">Budget</th> <th style="text-align: center;">Budget</th> </tr> <tr> <th></th> <th></th> <th style="text-align: center;">£m</th> <th style="text-align: center;">£m</th> </tr> </thead> <tbody> <tr> <td>Buckley / Penyffordd</td> <td style="text-align: center;">1.928</td> <td style="text-align: center;">0.745</td> <td style="text-align: center;">13.824</td> </tr> <tr> <td>Connah's Quay / Shotton</td> <td style="text-align: center;">0.842</td> <td style="text-align: center;">2.225</td> <td style="text-align: center;">1.500</td> </tr> <tr> <td>Flint / Bagillt</td> <td style="text-align: center;">0.368</td> <td style="text-align: center;">2.135</td> <td style="text-align: center;">7.837</td> </tr> <tr> <td>Holywell / Caerwys / Mostyn</td> <td style="text-align: center;">4.495</td> <td style="text-align: center;">4.201</td> <td style="text-align: center;">0.000</td> </tr> <tr> <td>Mold / Treuddyn / Cilcain</td> <td style="text-align: center;">6.968</td> <td style="text-align: center;">5.713</td> <td style="text-align: center;">38.593</td> </tr> <tr> <td>Queensferry / Hawarden / Sealand</td> <td style="text-align: center;">8.031</td> <td style="text-align: center;">0.520</td> <td style="text-align: center;">3.000</td> </tr> <tr> <td>Saltney / Broughton / Hope</td> <td style="text-align: center;">4.929</td> <td style="text-align: center;">1.250</td> <td style="text-align: center;">27.461</td> </tr> <tr> <td>Unallocated / To Be Confirmed</td> <td style="text-align: center;">1.540</td> <td style="text-align: center;">1.462</td> <td style="text-align: center;">18.092</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">29.101</td> <td style="text-align: center;">18.251</td> <td style="text-align: center;">110.307</td> </tr> </tbody> </table>	INVESTMENT IN COUNTY TOWNS					2021/22	2022/23	2023 -		Actual	Revised	2025		£m	Budget	Budget			£m	£m	Buckley / Penyffordd	1.928	0.745	13.824	Connah's Quay / Shotton	0.842	2.225	1.500	Flint / Bagillt	0.368	2.135	7.837	Holywell / Caerwys / Mostyn	4.495	4.201	0.000	Mold / Treuddyn / Cilcain	6.968	5.713	38.593	Queensferry / Hawarden / Sealand	8.031	0.520	3.000	Saltney / Broughton / Hope	4.929	1.250	27.461	Unallocated / To Be Confirmed	1.540	1.462	18.092	Total	29.101	18.251	110.307
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1.22	<p>The inclusion of actuals for 2021/22 and approved schemes for future years allows a slightly fuller picture of investment plans. However, expenditure which has occurred in years prior to 2021/22 has not been included, and the expenditure and budgets reported should be considered in that context.</p>																																																								
1.23	<p>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.</p>																																																								
1.24	<p>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.</p>																																																								
1.25	<p>Information on the split between internal and external funding can be found in Appendix C.</p>																																																								
1.26	<p>In addition to the information contained in Appendix C, there is also considerable capital expenditure on the HRA Welsh Housing Quality</p>																																																								

Standard (WHQS), which was originally outside the scope of this analysis. A summary is provided in Table 9 below, albeit using a slightly different catchment area basis.

Table 9

WHQS Programme			
	2021/22 Actual £m	2022/23 Budget £m	2022/23 Actual £m
Holywell	0.850	4.550	3.380
Flint	0.870	1.450	1.450
Deeside & Saltney	4.430	1.700	2.250
Buckley	4.820	1.250	1.060
Mold	5.150	4.262	3.000
Connah's Quay & Shotton	0.960	2.350	1.970
Total	17.080	15.562	13.110

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	<p>There are no risks associated with the information contained herein relating to capital outturn.</p> <p>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 next financial 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.</p> <p>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.</p> <p>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</p>

	case. In line with current policy no allowance has been made for these receipts in reporting the Council's capital funding position.
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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	No consultation is required as a direct result of this report.

5.00	APPENDICES
5.01	Appendix A: Capital Programme - Changes during 2022/23
5.02	Appendix B: Variances
5.03	Appendix C: Investment in Towns

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Capital Programme monitoring papers 2022/23.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Chris Taylor, Strategic Finance Manager Telephone: 01352 703309 E-mail: christopher.taylor@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>Budget Re-profiling: 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>Capital Expenditure: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset</p> <p>Capital Programme: 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>Capital Receipts: Receipts (in excess of £10,000) realised from the disposal of assets.</p> <p>Carry Forward: Carry forward occurs when schemes due to be completed in a given financial year are delayed until a subsequent year. In this case</p>

the relevant funding is carried forward to meet the delayed, contractually committed expenditure.

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.