

CABINET

Date of Meeting	Tuesday, 17 th September 2024
Report Subject	Capital Programme Monitoring 2024/25 (Month 4)
Cabinet Member	Cabinet Member for Finance and Social Value
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The report summarises changes made to the Capital Programme 2024/25 since it was set in December 2023 to the end of Month 4 (July 2024), along with expenditure to date and projected outturn.

The Capital Programme has seen a net increase in budget of £66.871m during the period which comprises of:-

- Net budget increase in the programme of £52.635m (See Table 2 – All Council Fund (CF));
- Introduction of Carry Forward from 2023/24 of £14.236m (All CF)

Actual expenditure was £21.647m (See Table 3).

Capital receipts received in the first quarter of 2024/25, total £0.008m. This gives a revised projected surplus in the Capital Programme at Month 4 of £0.828m (from an opening funding position surplus of £0.820m) for the 2024/25 – 2026/27 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 1.16
3	Approve the additional allocations, as set out in 1.19

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION – MONTH 4 2024/25
1.01	Background Council approved a Council Fund (CF) Capital Programme of £25.326m for 2024/25 at its meeting on 6 th December 2023 and a Housing Revenue Account (HRA) Capital Programme of £29.498m for 2024/25 at its meeting on 23 rd January 2024.
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 2024/25. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-

Table 1

REVISED PROGRAMME	Original Budget 2024/25	Carry Forward from 2023/24	Changes - This Period	Revised Budget 2024/25
	£m	£m	£m	£m
People & Resources	0.350	0.364	(0.313)	0.401
Governance	2.353	0.283	0.000	2.636
Education & Youth	11.583	5.145	2.482	19.210
Social Services	4.800	1.420	14.287	20.507
Planning, Environment & Economy	0.240	0.779	2.632	3.651
Streetscene & Transportation	2.470	4.621	9.163	16.254
Housing and Communities	1.500	0.029	1.154	2.683
Capital Programme and Assets	2.030	1.595	23.230	26.855
Council Fund Total	25.326	14.236	52.635	92.197
HRA Total	29.498	0.000	0.000	29.498
Programme Total	54.824	14.236	52.635	121.695

1.04 Carry Forward from 2023/24

Carry forward sums from 2023/24 to 2024/25, totalling £14.236m (CF £14.236m, HRA £0.000m), were approved as a result of the quarterly monitoring reports presented to Cabinet during 2023/24.

1.05 Changes during this period

Funding changes during this period have resulted in a net increase in the programme total of £52.635m (CF £52.635m, HRA £0.000m). A summary of the changes, detailing major items, is shown in Table 2 below:-

Table 2

CHANGES DURING THIS PERIOD		
	Para	£m
<u>COUNCIL FUND</u>		
Increases		
Theatr Clwyd	1.06	23.060
Services to Older People	1.07	9.006
Local Transport Grant	1.08	7.568
Learning Disability	1.09	4.536
Town Centre Regeneration	1.10	2.307
Secondary Schools	1.11	1.897
Affordable Housing	1.12	0.868
Other Aggregate Increases		4.182
		53.424
Decreases		
Other Aggregate Decreases		(0.789)
		(0.789)
Total		52.635
<u>HRA</u>		
Increases		
Other Aggregate Increases		1.150
		1.150
Decreases		
Other Aggregate Decreases		(1.150)
		(1.150)
Total		0.000

1.06	Introduction of grant funding and prudential borrowing for in year expenditure in relation to the redevelopment scheme at Theatr Clwyd.
1.07	Introduction of Housing with Care Fund and the Integration and Rebalancing Capital Fund grant from Welsh Government (WG) in relation to the Tŷ Croes Atti Residential Care scheme.
1.08	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 Local Transport, Active Travel, Road Safety, and Safe Routes grants from WG. These grants will provide a range of transportation schemes across the County.
1.09	In addition to the above the Council also received Integration and Rebalancing Capital Fund grant for the Integrated Service Hub at Maes Gwern.
1.10	Introduction of Transforming Town Placemaking and Shared Prosperity Fund grants for the improvement of properties in the County.

1.11	Introduction of WG funding in relation to works at St Richard Gwyn High School.																																																																																																																							
1.12	As part of the Strategic Housing and Regeneration Programme (SHARP), the Council are building and purchasing affordable housing. Re-profiling of prudential borrowing has been carried out due to the purchase of a number of properties identified to be completed in 2024/25.																																																																																																																							
1.13	<p>Capital Expenditure compared to Budget</p> <p>Expenditure as at Month 4, across the whole of the Capital Programme was £21.647m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.</p> <p>This shows that 17.79% of the budget has been spent (CF 16.67%, HRA 21.28%). Corresponding figures for Month 4 2023/24 were 16.36% (CF 16.77%, HRA 15.50%).</p>																																																																																																																							
1.14	<p>The table also shows a projected underspend (pending carry forward and other adjustments) of £7.352m on the Council Fund and a break-even position on the HRA.</p> <p>Table 3</p> <table border="1"> <thead> <tr> <th rowspan="2">EXPENDITURE</th> <th>Revised Budget</th> <th>Cumulative Expenditure Month 4</th> <th>Percentage Spend v Budget</th> <th>Projected Outturn</th> <th>Variance Budget v Outturn (Under)/Over</th> </tr> <tr> <th>£m</th> <th>£m</th> <th>%</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>People & Resources</td> <td>0.401</td> <td>0.000</td> <td>0.00</td> <td>0.401</td> <td>0.000</td> </tr> <tr> <td>Governance</td> <td>2.636</td> <td>0.015</td> <td>0.57</td> <td>2.203</td> <td>(0.433)</td> </tr> <tr> <td>Education & Youth</td> <td>19.210</td> <td>2.740</td> <td>14.26</td> <td>17.465</td> <td>(1.745)</td> </tr> <tr> <td>Social Services</td> <td>20.507</td> <td>2.950</td> <td>14.39</td> <td>20.324</td> <td>(0.183)</td> </tr> <tr> <td>Planning, Environment & Economy</td> <td>3.651</td> <td>(0.232)</td> <td>-6.35</td> <td>3.143</td> <td>(0.508)</td> </tr> <tr> <td>Streetscene & Transportation</td> <td>16.254</td> <td>4.121</td> <td>25.35</td> <td>12.303</td> <td>(3.951)</td> </tr> <tr> <td>Housing & Communities</td> <td>2.683</td> <td>0.700</td> <td>26.09</td> <td>2.683</td> <td>0.000</td> </tr> <tr> <td>Capital Programme & Assets</td> <td>26.855</td> <td>5.076</td> <td>18.90</td> <td>26.323</td> <td>(0.532)</td> </tr> <tr> <td>Council Fund Total</td> <td>92.197</td> <td>15.370</td> <td>16.67</td> <td>84.845</td> <td>(7.352)</td> </tr> <tr> <td>Disabled Adaptations</td> <td>1.100</td> <td>0.601</td> <td>54.68</td> <td>1.100</td> <td>0.000</td> </tr> <tr> <td>Energy Schemes</td> <td>4.563</td> <td>1.120</td> <td>24.55</td> <td>4.563</td> <td>0.000</td> </tr> <tr> <td>Major Works</td> <td>2.156</td> <td>1.176</td> <td>0.60</td> <td>2.156</td> <td>0.000</td> </tr> <tr> <td>Accelerated Programmes</td> <td>0.532</td> <td>0.203</td> <td>38.16</td> <td>0.532</td> <td>0.000</td> </tr> <tr> <td>WHQS Improvements</td> <td>12.994</td> <td>2.858</td> <td>9.48</td> <td>12.994</td> <td>0.000</td> </tr> <tr> <td>Modernisation / Improvements</td> <td>4.000</td> <td>0.000</td> <td>0.00</td> <td>4.000</td> <td>0.000</td> </tr> <tr> <td>SHARP Programme</td> <td>4.153</td> <td>0.318</td> <td>7.66</td> <td>4.153</td> <td>0.000</td> </tr> <tr> <td>Housing Revenue Account Total</td> <td>29.498</td> <td>6.277</td> <td>21.28</td> <td>29.498</td> <td>0.000</td> </tr> <tr> <td>Programme Total</td> <td>121.695</td> <td>21.647</td> <td>17.79</td> <td>114.343</td> <td>(7.352)</td> </tr> </tbody> </table>	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	0.401	0.000	0.00	0.401	0.000	Governance	2.636	0.015	0.57	2.203	(0.433)	Education & Youth	19.210	2.740	14.26	17.465	(1.745)	Social Services	20.507	2.950	14.39	20.324	(0.183)	Planning, Environment & Economy	3.651	(0.232)	-6.35	3.143	(0.508)	Streetscene & Transportation	16.254	4.121	25.35	12.303	(3.951)	Housing & Communities	2.683	0.700	26.09	2.683	0.000	Capital Programme & Assets	26.855	5.076	18.90	26.323	(0.532)	Council Fund Total	92.197	15.370	16.67	84.845	(7.352)	Disabled Adaptations	1.100	0.601	54.68	1.100	0.000	Energy Schemes	4.563	1.120	24.55	4.563	0.000	Major Works	2.156	1.176	0.60	2.156	0.000	Accelerated Programmes	0.532	0.203	38.16	0.532	0.000	WHQS Improvements	12.994	2.858	9.48	12.994	0.000	Modernisation / Improvements	4.000	0.000	0.00	4.000	0.000	SHARP Programme	4.153	0.318	7.66	4.153	0.000	Housing Revenue Account Total	29.498	6.277	21.28	29.498	0.000	Programme Total	121.695	21.647	17.79	114.343	(7.352)
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	0.401	0.000	0.00	0.401	0.000																																																																																																																			
Governance	2.636	0.015	0.57	2.203	(0.433)																																																																																																																			
Education & Youth	19.210	2.740	14.26	17.465	(1.745)																																																																																																																			
Social Services	20.507	2.950	14.39	20.324	(0.183)																																																																																																																			
Planning, Environment & Economy	3.651	(0.232)	-6.35	3.143	(0.508)																																																																																																																			
Streetscene & Transportation	16.254	4.121	25.35	12.303	(3.951)																																																																																																																			
Housing & Communities	2.683	0.700	26.09	2.683	0.000																																																																																																																			
Capital Programme & Assets	26.855	5.076	18.90	26.323	(0.532)																																																																																																																			
Council Fund Total	92.197	15.370	16.67	84.845	(7.352)																																																																																																																			
Disabled Adaptations	1.100	0.601	54.68	1.100	0.000																																																																																																																			
Energy Schemes	4.563	1.120	24.55	4.563	0.000																																																																																																																			
Major Works	2.156	1.176	0.60	2.156	0.000																																																																																																																			
Accelerated Programmes	0.532	0.203	38.16	0.532	0.000																																																																																																																			
WHQS Improvements	12.994	2.858	9.48	12.994	0.000																																																																																																																			
Modernisation / Improvements	4.000	0.000	0.00	4.000	0.000																																																																																																																			
SHARP Programme	4.153	0.318	7.66	4.153	0.000																																																																																																																			
Housing Revenue Account Total	29.498	6.277	21.28	29.498	0.000																																																																																																																			
Programme Total	121.695	21.647	17.79	114.343	(7.352)																																																																																																																			
1.15	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 2025/26 has been identified, this is also included in the narrative.																		
1.16	<p>Carry Forward into 2025/26</p> <p>During the quarter, carry forward requirements of £7.352m (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 and Corporate provision that are allocated as requested and approved.</p>																		
1.17	<p>The Corporate provision is as follows:-</p> <ul style="list-style-type: none"> Community Asset Transfers - Community groups have a number of years to draw down their funding once approved. These sums are set aside to ensure that funds are available when called upon. 																		
1.18	<p>Information relating to each programme area is contained in Appendix B and summarised in Table 4 below:</p> <p><u>Table 4</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">CARRY FORWARD INTO 2025/26</th> <th style="text-align: center;">Month 4 £m</th> </tr> </thead> <tbody> <tr> <td>Governance</td> <td style="text-align: right;">0.433</td> </tr> <tr> <td>Education & Youth</td> <td style="text-align: right;">1.745</td> </tr> <tr> <td>Social Services</td> <td style="text-align: right;">0.183</td> </tr> <tr> <td>Planning, Environment & Economy</td> <td style="text-align: right;">0.508</td> </tr> <tr> <td>Streetscene & Transportation</td> <td style="text-align: right;">3.951</td> </tr> <tr> <td>Capital Programme & Assets</td> <td style="text-align: right;">0.532</td> </tr> <tr> <td>Council Fund</td> <td style="text-align: right;">7.352</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">7.352</td> </tr> </tbody> </table>	CARRY FORWARD INTO 2025/26	Month 4 £m	Governance	0.433	Education & Youth	1.745	Social Services	0.183	Planning, Environment & Economy	0.508	Streetscene & Transportation	3.951	Capital Programme & Assets	0.532	Council Fund	7.352	TOTAL	7.352
CARRY FORWARD INTO 2025/26	Month 4 £m																		
Governance	0.433																		
Education & Youth	1.745																		
Social Services	0.183																		
Planning, Environment & Economy	0.508																		
Streetscene & Transportation	3.951																		
Capital Programme & Assets	0.532																		
Council Fund	7.352																		
TOTAL	7.352																		
1.19	<p>Additional Allocations</p> <p>Additional allocations have been identified in the programme in this quarter as follows:</p> <ul style="list-style-type: none"> Security Enhancements at Ty Dewi Sant - £0.015m requested for funding to support additional security fencing and CCTV camera for equipment relating to the relocation of the ICT datacentre. <p>This can be funded from within the current 'headroom' provision.</p>																		
1.20	<p>Savings</p> <p>No savings have been identified in the programme in this quarter.</p>																		

1.21

Funding of 2024/25 Approved Schemes

The position at Month 4 is summarised in Table 5 below for the three year Capital Programme between 2024/25 – 2026/27:-

Table 5

FUNDING OF APPROVED SCHEMES 2024/25 - 2026/27		
	£m	£m
Balance carried forward from 2023/24		(0.819)
Increases		
Reduction of funding compared to estimated	0.051	
		<u>0.051</u>
Decreases		
Surplus in 2024/25 to 2026/27 Budget	(0.052)	
Actual In year receipts	(0.008)	
		<u>(0.060)</u>
Funding - (Available)/Shortfall		(0.828)

1.22

Capital receipts received in the first quarter of 2024/25, total £0.008m. This gives a revised projected surplus in the Capital Programme at Month 4 of £0.828m (from an opening funding position surplus of £0.820m) for the 2024/25 – 2026/27 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources.

1.23

Investment in County Towns

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.

1.24

Table 6 below shows a summary of the 2023/24 actual expenditure, the 2024/25 revised budget and budgets for future years as approved by Council at its meeting of 6th December, 2024. Further detail can be found in Appendix C, including details of the 2024/25 spend to Month 4.

Table 6

INVESTMENT IN COUNTY TOWNS			
	2023/24	2024/25	2025 -
	Actual	Revised	2027
	£m	Budget	Budget
	£m	£m	£m
Buckley / Penyffordd	1.872	4.758	9.288
Connah's Quay / Shotton	1.150	1.429	0.000
Flint / Bagillt	5.452	25.772	5.139
Holywell / Caerwys / Mostyn	1.894	0.734	0.000
Mold / Treuddyn / Cilcain	17.880	28.589	12.800
Queensferry / Hawarden / Sealand	0.518	3.963	0.000
Saltney / Broughton / Hope	0.835	0.014	16.000
Unallocated / To Be Confirmed	0.856	9.237	26.642
Total	30.457	74.496	69.869

1.25 The inclusion of actuals for 2023/24 and approved schemes for future years allows a slightly fuller picture of investment plans. However, expenditure which has occurred in years prior to 2023/24 has not been included, and the expenditure and budgets reported should be considered in that context.

1.26 A significant factor which will increase allocations to areas is new or remodelled schools. The impact of these can be seen in the detail shown in Appendix C.

1.27 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.

1.28 Information on the split between internal and external funding can be found in Appendix C.

1.29 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

WHQS Programme		
	2023/24 Actual £m	2024/25 Budget £m
Holywell	5.588	5.356
Flint	1.610	1.277
Deeside & Saltney	1.410	1.277
Buckley	1.360	1.277
Mold	2.289	2.530
Connah's Quay & Shotton	0.160	1.277
Total	12.417	12.994

1.30 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 2023/24 and resources available to manage and deliver schemes, the levels of planned expenditure in 2024/25 may be affected, resulting in a high level of carry forward requests to re-phase budgets into the 2025/26 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.

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 2024/25
5.02	Appendix B: Variances
5.03	Appendix C: Investment in Towns
5.04	Appendix D: Prudential Indicators – Quarter 1 2024/25

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Capital Programme monitoring papers 2024/25.

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 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.