

Public Document Pack

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Prif Swyddog (Llywodraethu)



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To: Cllr Richard Jones (Chair)

Councillors: Bernie Attridge, Bill Crease, Chris Dolphin, Alasdair Ibbotson,
Gina Maddison, Allan Marshall, Vicky Perfect, Kevin Rush, Jason Shallcross,
Sam Swash and Linda Thomas

11 November 2022

Dear Sir/Madam

NOTICE OF HYBRID MEETING
CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE
THURSDAY, 17TH NOVEMBER, 2022 at 10.00 AM

Yours faithfully

Steven Goodrum
Democratic Services Manager

Please note: Attendance at this meeting is either in person in the Council Chamber, Flintshire County Council, County Hall, Mold, Flintshire or on a virtual basis.

The meeting will be live streamed onto the Council's website. The live streaming will stop when any confidential items are considered. A recording of the meeting will also be available, shortly after the meeting at <https://flintshire.public-i.tv/core/portal/home>

If you have any queries regarding this, please contact a member of the Democratic Services Team on 01352 702345.

A G E N D A

1 **APOLOGIES**

Purpose: To receive any apologies.

2 **DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

Purpose: To receive any Declarations and advise Members accordingly.

3 **MINUTES** (Pages 5 - 12)

Purpose: To confirm as a correct record the minutes of the meeting on 13 October 2022.

4 **ACTION TRACKING** (Pages 13 - 16)

Report of Democratic Services Manager -

Purpose: To inform the Committee of progress against actions from previous meetings.

5 **FORWARD WORK PROGRAMME** (Pages 17 - 26)

Report of Democratic Services Manager -

Purpose: To consider the Forward Work Programme of the Corporate Resources Overview & Scrutiny Committee.

6 **JOINT FUNDED CARE PACKAGES**

Purpose: To share a verbal update on the current situation on the long term debt with the Betsi Cadwaladr University Health Board since the last report was received.

7 **EMPLOYMENT AND WORKFORCE MID-YEAR UPDATE** (Pages 27 - 48)

Report of Corporate Manager, People and Organisational Development -

Purpose: This report covers strategic updates in addition to the quarterly workforce statistics and their analysis.

8 MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24 (Pages 49 - 60)

Report of Chief Executive, Corporate Finance Manager - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To provide an update on the additional budget requirement for the 2023/24 financial year in advance of the series of Overview & Scrutiny meetings in December.

9 REVENUE BUDGET MONITORING 2022/23 (MONTH 6) AND CAPITAL PROGRAMME 2022/23 (MONTH 6) (Pages 61 - 110)

Report of Corporate Finance Manager - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: The provide Members with the Revenue Budget Monitoring 2022/23 (Month 6) Report and the Capital Programme 2022/23 (Month 6) Report, and Significant Variances.

10 CAPITAL STRATEGY INCLUDING PRUDENTIAL INDICATORS 2023/24 TO 2025/26 (Pages 111 - 130)

Report of Corporate Finance Manager - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To present the Capital Strategy 2023/24 - 2025/26 for review.

11 CAPITAL PROGRAMME 2023/24 – 2025/26 (Pages 131 - 166)

Report of Corporate Finance Manager, Chief Executive, Corporate Manager – Capital Programme & Assets - Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement

Purpose: To present the Capital Programme 2023/24 - 2025/26 for review.

Please note that there may be a 10 minute adjournment of this meeting if it lasts longer than two hours

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CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE **13 OCTOBER 2022**

Minutes of the Corporate Resources Overview & Scrutiny Committee of Flintshire County Council held as a hybrid meeting on Thursday, 13 October 2022

PRESENT: Councillor Richard Jones (Chairman)

Councillors: Bernie Attridge, Ron Davies, Chris Dolphin, Alasdair Ibbotson, Allan Marshall, Vicky Perfect, Kevin Rush, Jason Shallcross, Sam Swash and Linda Thomas

SUBSTITUTE: Councillor: Rob Davies (for Bill Crease)

APOLOGY: Chief Officer, Social Services (for minute 36)

CONTRIBUTORS: Councillor Ian Roberts (Leader and Cabinet Member for Education, Welsh Language, Culture and Leisure), Councillor Paul Johnson (Cabinet Member for Finance, Inclusion & Resilient Communities), Councillor Billy Mullin (Cabinet Member for Governance and Corporate Services), Chief Executive, Chief Officer (Governance), Corporate Finance Manager and Strategic Finance Manager

Minute number 36

Senior Manager (Safeguarding and Commissioning), Principal Accountant for Social Services and Paul Carter - Chief Officer for Finance (East Area) of Betsi Cadwaladr University Health Board

IN ATTENDANCE: Democratic Services Manager and team

32. DECLARATIONS OF INTEREST

None.

33. MINUTES

The minutes of the meeting held on 23 September 2022 were approved, as moved and seconded by Councillors Bernie Attridge and Kevin Rush.

On minute number 25, resolution (b), the Chairman advised that the letter to Welsh Government was due to be sent the following week.

On minute number 26, Councillor Bernie Attridge referred to his question on the unforeseen overspend for in-house residential care which was “due to staff and running costs”. The Strategic Finance Manager agreed to provide a response including an update on the month 5 position.

RESOLVED:

That the minutes be approved as a correct record.

34. ACTION TRACKING

The Democratic Services Manager presented an update on actions arising from previous meetings.

The recommendation was moved by Councillor Bernie Attridge and seconded by Councillor Rob Davies.

RESOLVED:

That the Committee notes the progress which has been made.

35. FORWARD WORK PROGRAMME

The Democratic Services Manager presented the current forward work programme for consideration.

Councillor Bernie Attridge sought views on the timing of the report on the Local Government Finance Act 1992, Section 13A (Sub-section 1C). As the proposer of that item at the previous meeting, Councillor Alasdair Ibbotson indicated that he was satisfied with the scheduling of March 2023 and suggested that relevant bodies such as Shelter Cymru and Citizens Advice Flintshire be given the opportunity to contribute.

The Chairman requested that two of his suggested items from the previous meeting - update on the Poverty theme and outsourcing/sharing of some Council services to identify any financial benefits - be scheduled for November or December to help inform budget considerations.

On that basis, the recommendations were moved and seconded by Councillors Bernie Attridge and Ron Davies.

RESOLVED:

- (a) That the Forward Work Programme, as amended, be noted; and
- (b) That the Democratic Services Manager, in consultation with the Committee Chairman, be authorised to vary the Forward Work Programme between meetings, as the need arises.

36. JOINT FUNDED CARE PACKAGES

The Senior Manager (Safeguarding and Commissioning) presented an update on current long-term debt with Betsi Cadwaladr University Health Board (BCUHB) in respect of joint funded care packages of care and support for individuals with complex care needs.

The report referred to the statutory framework put in place by the Welsh Government which set out arrangements for Health Boards to deliver NHS

Continuing Health Care (CHC) within Wales, in partnership with Local Authorities and other organisations. The Senior Manager detailed a number of key challenges such as the different support required for adults and children, and the high volume of CHC packages delivered in Flintshire and Wrexham. Positive working relationships with colleagues in the health sector had helped to resolve some long-standing issues in the CHC process. The appointment of a CHC Planning & Development Officer within Social Services had enabled the team to improve internal processes and engagement with BCUHB.

In relation to reported debt levels as at 5 September 2022, a repayment of £46,333 had since been made by BCUHB for unpaid invoices of three years and over, with work continuing to clear the remaining historic invoices. Over the past six months, work by the team to focus on the prompt resolution of new invoices had helped to considerably reduce short-term debt levels. Since September 2022, invoices totalling £260,248 were set to be processed, mainly relating to one particular case involving a child.

The Chairman reminded the Committee of the background to the initial report being shared in December 2021. His concerns were not only about the loss of expected income but also the length of time taken to resolve disputed invoices which was a cashflow issue for the Council.

The Senior Manager explained that recent improvements put in place had resulted in a clearer understanding of processes on both sides.

Paul Carter gave assurance that BCUHB was working closely with Council colleagues to process current invoices in a timely manner and that there was regular engagement with officers at all levels to clarify the reasons for partial or non-payment of historic invoices which had not been subject to the same rigorous process. Whilst he was hopeful that around £250K of invoices due to be considered by the BCUHB panel would be approved to further reduce the historic debt, there were ongoing discussions to identify supporting information on three outstanding cases totalling £350K and over £400K of invoices relating to children in order that the BCUHB could approve those payments. In particular, information on two high-cost cases had not been found to date.

Concerns were raised by Councillor Bernie Attridge about the financial implications of the outstanding debt, given the lack of timescales and the Council's budget forecast for 2023/24. He said that procedures due to be discussed at a facilitated workshop should already be clearly understood.

Paul Carter stressed that whilst due processes were in place to approve payments, invoices could not be paid without the necessary authority and supporting paperwork. He was hopeful that matters could be resolved but was unable to set a timescale without the necessary information being provided to support those payments.

As an update on the current position, the Senior Manager reported that outstanding debt from 2016 had been reduced to £1,461 and that work was

currently being undertaken to address the £12,518 worth of invoices from 2017. The current estimate of debt for 2018 was £34,890.

The Chief Executive welcomed discussion on this important issue on which the Committee should be kept updated. In thanking all those involved for their work on the matter, he spoke about the need to prioritise high-cost cases to impact overall debt levels.

The Chairman thanked the officers for their attendance and proposed an additional recommendation which was seconded by Councillor Bernie Attridge.

RESOLVED:

- (a) That the Committee notes the progress made on the proactive budget management of outstanding invoices raised by the Council for payment by Betsi Cadwaladr University Health Board; and
- (b) That joint funded care package debt over 90 days is considered as a matter of urgency to understand how this debt can be reduced in a timely manner. The work to be carried out by the Head of Service and Cabinet Member and reported back to this Committee on a monthly basis.

37. COUNCIL PLAN 2023-28

The Chief Executive presented a report on the refreshed priorities, sub-priorities and well-being objectives within the Council Plan for 2023-28 which reflected a long-term view of recovery, projects and ambitions over the period.

The Chairman queried the impact of staff vacancies on the delivery of additional sub-priorities under the 'Green Society and Environment priority'. He also questioned the need for sub-priorities under 'Well Managed Council' which he saw as either statutory requirements, part of daily planning or business as usual, including Digital which was reflected elsewhere in the Council Plan.

The Chief Executive advised that the changes were appropriate and showed visibility on the delivery of those workstreams. Members were reminded that this was a high-level summary document with further detail to be reported in Part 2 of the Council Plan.

In response to the Chairman's comments, the Chief Officer (Governance) explained that Green Society sub-priorities incorporated new statutory duties for the Council. He also provided clarification on different digital workstreams relating to workforce, residents and schools across the priorities.

Councillor Paul Johnson said that the aim at this stage was to agree the headings for priorities and sub-priorities prior to more detail being shared. He spoke about the importance of setting out the aspirations of the Council, including day-to-day activities.

On the Housing Support and Homeless Prevention sub-priority, the Chairman queried the replacement of the word '*avoiding*' with '*ensuring*'. On Social Housing, he suggested that the words '*and social housing*' be removed from the definition to avoid repetition with the heading. On Carbon Neutrality, he queried the inclusion of reference to Covid-19 recovery.

The Chief Executive advised that the wording for Homeless Prevention had been revised to reflect service changes and Welsh Government policy. He said that the comments raised would be reviewed.

On that basis, the recommendation was moved and seconded by Councillors Bernie Attridge and Rob Davies.

RESOLVED:

That subject to the comments, the Committee supports the proposed Priorities, Sub-priorities and Well-being Objectives of the Council Plan 2023-28, as set out in Appendix 1.

38. REVENUE BUDGET MONITORING 2022/23 (MONTH 5)

The Strategic Finance Manager presented a report on the 2022/23 month 5 position for the revenue budget monitoring for the Council Fund and Housing Revenue Account (HRA), prior to consideration by Cabinet.

On the Council Fund, the projected year-end position was an operating deficit of £0.680m (excluding the impact of the pay award which would need to be met from reserves, currently estimated to be £5.268m). Following the final claim for Welsh Government (WG) Hardship Funding this month, any further Covid-19 related costs would be subject to the robust process before being met from the emergency ring-fenced fund. An overview was given of significant variances from month 4 across portfolios and their impact on the projected outturn. An update on in-year risks and emerging issues reported the current position on Council Tax income, the impact of pay awards along with continued high demand for the Benefits service and Out of County Placements which continued to be monitored closely. All planned in-year efficiencies were expected to be achieved in 2022/23. A review of earmarked reserves had resulted in £1.208m being released to the Contingency Reserve to increase the projected balance to £7.724m (excluding the impact of pay awards).

On the HRA, projected in-year expenditure of £3.308m higher than budget would leave a closing un-earmarked balance of £3.166m, which was above the recommended guidelines on spend.

In response to questions from the Chairman on the HRA, the Corporate Finance Manager advised that the in-year contribution for additional capital works related to an existing scheme in Leeswood. He agreed that a separate response would be provided on the reasons behind the loss of income due to voids shown on Appendix 5.

On the same topics, the Chief Executive said that reference to the Leeswood scheme was included in the Cabinet report in July. He gave assurance that extensive work was currently being carried out to reduce the number of voids, as reported to the Community, Housing & Assets Overview & Scrutiny Committee in September.

Councillor Bernie Attridge asked about reasons for the £0.077m variance in Resources & Regulated Services and whether this was linked to changes in arrangements for catering/cleaning at care homes. The Strategic Finance Manager agreed to incorporate a response in the briefing paper being provided on the overspend for in-house residential care. The Corporate Finance Manager provided clarification on the overall projected Council Tax surplus and the approach to projecting income on care packages.

In response to a question from Councillor Sam Swash on the Local Development Plan, officers explained the use of earmarked reserves where spend had exceeded the project reserves.

When asked by the Chairman about a further review of earmarked reserves, the Corporate Finance Manager advised that the rigorous review already undertaken to challenge reserves across the organisation had ensured that provision was retained for future liabilities, specific elements and elements of good management practice.

In response to further queries, officers noted the incorrect portfolio heading in Table 1 and would provide a separate response for the £0.053m accounting adjustment in Central & Corporate Finance relating to IFRS 9. During discussion on the £0.190m adjustment in section 1.08, the Strategic Finance Manager would provide separate analysis on the impact of this and other costs transferred from the Covid-19 emergency ring-fenced reserves to show the up-to-date position.

The recommendation was moved and seconded by Councillors Bernie Attridge and Rob Davies.

RESOLVED:

That having considered the Revenue Budget Monitoring 2022/23 (month 5) report, the Committee confirms that there are no specific matters to be raised with Cabinet.

39. CORPORATE JOINT COMMITTEE (CJC) UPDATE REPORT

The Chief Executive presented a report on progress made to date with the Corporate Joint Committee (CJC) for North Wales, including plans to transfer the lead officer from the North Wales Economic Ambition Board (NWEAB) into the CJC on a temporary basis to progress transitional arrangements until a permanent appointment could be made.

In acknowledging the impact of the CJC upon the Council's strategic planning, the Chairman proposed an additional recommendation that the three

relevant Cabinet Members provide a regular update to Overview & Scrutiny committees on their respective elements.

Concerns were raised by Councillor Bernie Attridge about the lack of involvement by local elected Members and subsequent benefits to local residents.

The Chief Executive explained that whilst transition arrangements were in the early stages of development, there was potential scope for Overview & Scrutiny involvement and local representation on workstreams at a later date. He spoke about the CJC being fundamental to some of the Council's strategic activities and those at regional level. As such, it was important for the Council to be represented in order to influence activities for Flintshire and across the region.

Whilst welcoming collaboration in the interests of residents, Councillor Alasdair Ibbotson raised a number of concerns about the CJC model. These were primarily the alignment of decisions across the partnership, Flintshire's contribution towards the running costs and the lack of local influence and scrutiny on CJC decisions. In recognising that the CJC already existed, he proposed that Recommendation 1 be amended to replace 'support' with 'opposes' to reflect these concerns.

In seconding the amendment, Councillor Sam Swash spoke in support of Councillor Ibbotson's comments and gave examples of potential ramifications.

The Chief Officer (Governance) spoke about governance arrangements for the CJC and its limited powers comprising four areas of shared responsibility. He suggested that the amendment include the words 'in principle' to reflect the importance of Flintshire retaining its representation on the CJC.

In response to the comments raised, Councillor Ian Roberts gave examples of strategic services which spanned authorities across the region and assured Members that Flintshire would continue to have a voice on the CJC. In making comparison with GwE (the regional school improvement service), he spoke about the potential for future links with the existing Overview & Scrutiny structure.

The Chairman acknowledged the intent of the amendment and shared his concerns that CJsCs would have the same powers as principal local authorities in the way they operate, including the ability to borrow and reclaim VAT. However he said it was important for the Council to be involved and for Overview & Scrutiny Committees to be kept updated on progress.

Councillor Ibbotson clarified that his amendment was not intended to influence progress on the CJC being reported to respective committees. He agreed to include the words suggested by the Chief Officer and was supported by Councillor Swash.

On that basis, the recommendations, as amended, were supported.

RESOLVED:

- (a) That the Committee notes the report and opposes in principle the creation of the regional CJC;
- (b) That the Committee notes the proposals for seconding the EAB Portfolio Director from the North Wales Economic Ambition Board into the CJC up to March 2023; and
- (c) That Cabinet Members representing the CJC structure provide regular updates to the relevant Overview & Scrutiny Committees, including Corporate Resources.

40. MEMBERS OF THE PRESS IN ATTENDANCE

None.

(The meeting started at 10am and ended at 12.20pm)

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Chairman



CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Thursday, 17 th November 2022
Report Subject	Action Tracking
Report Author	Democratic Services Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The report shows the action points from previous meetings of the Corporate Resources Overview & Scrutiny Committee and the progress made in completing them.

The majority of the requested actions have been completed. Any outstanding will be reported back to the next monthly meeting.

RECOMMENDATIONS

1	That the committee notes the progress which has been made.
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REPORT DETAILS

1.00	EXPLAINING THE ACTION TRACKING REPORT
1.01	In previous meetings, requests for information, reports or actions have been made. These have been summarised as action points. Following the meeting of the committee in July 2018, it was recognised that there was a need to formalise such reporting back, as 'Matters Arising' is not an item which can feature on an agenda.

1.02	<p>This paper summarises those points and where appropriate provides an update on the actions resulting from them.</p> <p>The Action Tracking details are attached in appendix 1.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	The creation of the Action Tracking report increases work flow but should provide greater understanding and efficiency.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	In some cases, action owners have been contacted to provide an update on their actions.

4.00	RISK MANAGEMENT
4.01	Not applicable.

5.00	APPENDICES
5.01	Appendix 1 – CRO&SC Action Points

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Minutes of previous meetings of the committee as identified in the report.</p> <p>Contact Officer: Steven Goodrum, Democratic Services Manager Telephone: 01352 702320 E-mail: Steven.Goodrum@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	None.

ACTION TRACKING FOR THE CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Timescale
23.09.2022	7. Medium Term Financial Strategy and Budget 2023/24	In addition to the Cabinet response, the Chairman proposed that the Committee respond separately in writing to reiterate the full impact of funding decisions. In response to comments from Councillors Roberts and Attridge, it was agreed that the letter would be sent on behalf of the Committee to the WG First Minister, the UK Chancellor and local elected Assembly Members.	Steven Goodrum	Letter currently being drafted for review by the Chair.	Completed
23.09.2022	9. Council Plan 2022/23 Timeline Review	Following discussions about the review of timelines for the Council Plan 2022/23 which was requested at County Council in July, the Chairman asked that the new Council Plan be scheduled for a future meeting.	Lisa Brownbill	Item will remain as 'Ongoing' and then transfer to the FWP once a date is identified.	Ongoing
23.09.2022	10. Business and Financial Planning Cycle	The Chairman asked that A3 copies be circulated to Members of the Committee for ease of reading.	Steven Goodrum	A copy will be provided to the Members of the Committee before it next meets.	Completed

ACTION TRACKING

APPENDIX 1

Meeting Date	Agenda item	Action Required	Action Officer(s)	Action taken	Timescale
13.10.22	33. Minutes	The Strategic Finance Manager agreed to provide a response including an update on the month 5 position.	Sara Dulson / Liz Thomas	A note was taken at the meeting to provide a response.	Completed
13.10.22	38. Revenue Budget Monitoring 2022/23 (Month 5)	The Corporate Finance Manager agreed that a separate response would be provided on the reasons behind the loss of income due to voids shown on Appendix 5.	Gary Ferguson	A note was taken at the meeting to provide a response.	Completed



CORPORATE RESOURCES OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Thursday, 17 November 2022
Report Subject	Forward Work Programme
Report Author	Democratic Services Manager
Type of Report	Operational

EXECUTIVE SUMMARY

Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work programme of the Committee of which they are Members.

By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues.

A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Corporate Resources Overview & Scrutiny Committee.

RECOMMENDATIONS

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Democratic Services Manager, in consultation with the Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

REPORT DETAILS

1.00	EXPLAINING THE FORWARD WORK PROGRAMME
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers. Other possible items are identified from the Cabinet Work Programme and the Improvement Plan.
1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none">1. Will the review contribute to the Council's priorities and/or objectives?2. Is it an area of major change or risk?3. Are there issues of concern in performance?4. Is there new Government guidance of legislation?5. Is it prompted by the work carried out by Regulators/Internal Audit?6. Is the issue of public or Member concern?
2.00	RESOURCE IMPLICATIONS
2.01	None as a result of this report.
3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	In some cases, action owners have been contacted to provide an update on their actions.
4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	Publication of this report constitutes consultation.
5.00	APPENDICES
5.01	Appendix 1 – Draft Forward Work Programme.
6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Steven Goodrum, Democratic Services Manager Telephone: 01352 702320 E-mail: steven.goodrum@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	Improvement Plan: the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.

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CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME
CURRENT FWP

Date of meeting	Subject	Purpose of Report/Presentation	Scrutiny Focus	Responsible/Contact Officer	Submission Deadline
<p>Thursday 15th December, 2022</p> <p style="text-align: center;">Page 21</p>	<p>Revenue Budget Monitoring 2022/23 (Month 7)</p>	<p>To provide the latest revenue budget monitoring position for 2022/23 for the Council Fund and Housing Revenue Account.</p>	<p>Performance monitoring</p>	<p>Corporate Finance Manager</p>	
	<p>Joint Procurement Service Annual Report 2021/22</p>	<p>To receive a performance update report on the Joint Procurement Service with Denbighshire County Council.</p>	<p>Performance monitoring</p>	<p>Chief Officer (Governance)</p>	
	<p>Work of the Coroner's Office</p>	<p>To receive a presentation from John Gittins on the work of the Coroner's Office.</p>	<p>Awareness</p>	<p>Chief Officer (Governance)</p>	
	<p>Council Plan 2022-23 Mid-Year Performance Reporting</p>	<p>To review the levels of progress in the achievement of activities and performance levels identified in the Council Plan.</p>	<p>Performance monitoring</p>	<p>Chief Executive</p>	
	<p>MTFS & Budget Setting 23-24</p>	<p>That the Committee reviews and comments on cost pressures and overall budget strategy and advises on any areas of cost efficiency it would like to see explored further.</p>	<p>Consultation</p>	<p>Chief Officers</p>	
	<p>Poverty Theme</p>	<p>To receive an update on the Poverty Theme.</p>	<p>Awareness</p>		

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Date of meeting	Subject	Purpose of Report/Presentation	Scrutiny Focus	Responsible/Contact Officer	Submission Deadline
	Outsourcing / Sharing Council Services	To explore the financial benefits of outsourcing or sharing some Council services	Consultation	Chief Executive / Chief Officer (Governance)	
<p>Thursday 12th January, 2023</p> <p style="text-align: center;">Page 22</p>	<p>Revenue Budget Monitoring 2022/23 (Month 8)</p> <p>North Wales Economic Ambition Board</p> <p>Employment and Workforce Quarterly Update</p>	<p>To provide the latest revenue budget monitoring position for 2022/23 for the Council Fund and Housing Revenue Account.</p> <p>To receive an update from the North Wales Economic Ambition Board.</p> <p>This report covers strategic updates in addition to the quarterly workforce statistics and their analysis</p>	<p>Performance monitoring</p> <p>Awareness</p> <p>Assurance</p>	<p>Corporate Finance Manager</p> <p>TBC</p> <p>Corporate Manager, People and Organisational Development</p>	
<p>Thursday 9th February, 2023</p>	<p>Revenue Budget Monitoring 2022/23 (Month 9) and Capital Programme Monitoring 2022/23 (month 9)</p> <p>Public Services Ombudsman for Wales (PSOW) Annual Letter 2020-21 and Complaints against Flintshire</p>	<p>To provide Members with the Revenue Budget Monitoring 2022/23 (Month 9) Report and the Capital Programme 2022/23 (Month 9) Report and Significant Variances.</p> <p>To share the Public Services Ombudsman for Wales Annual Letter 2021-22 and Complaints made against Flintshire County Council Services in the first half of 2022-23 (April-September 2022).</p>	<p>Performance monitoring</p> <p>Performance monitoring</p>	<p>Corporate Finance Manager</p> <p>Chief Officer (Governance)</p>	

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Date of meeting	Subject	Purpose of Report/Presentation	Scrutiny Focus	Responsible/Contact Officer	Submission Deadline
	County Council during the first half of 2021-22				
Thursday 9th March, 2023 <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 33</div>	Revenue budget monitoring 2022/23 (month 10) Local Government Finance Act 1992, Section 13A (Sub-section 1C)	To provide the latest revenue budget monitoring position for 2022/23 for the Council Fund and Housing Revenue Account. To review Flintshire County Council's policy on discretionary powers held by councils to discount or write-off the amount of Council Tax payable on a case-by-case basis.	Performance monitoring Policy review	Corporate Finance Manager Corporate Finance Manager	
Thursday 20th April, 2023	Revenue budget monitoring 2022/23 (month 11) Employment and Workforce Quarterly Update	To provide the latest revenue budget monitoring position for 2022/23 for the Council Fund and Housing Revenue Account. This report covers strategic updates in addition to the quarterly workforce statistics and their analysis	Performance monitoring Assurance	Corporate Finance Manager Corporate Manager, People and Organisational Development	
Thursday 18th May, 2023	Revenue Budget Monitoring 2022/23 (Outturn) and Capital Programme Monitoring 2022/23 (Outturn)	To present the Revenue Budget Monitoring (Outturn) and Capital Programme Monitoring (Outturn) for 2022/23.	Performance monitoring	Corporate Finance Manager	

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME

Date of meeting	Subject	Purpose of Report/Presentation	Scrutiny Focus	Responsible/Contact Officer	Submission Deadline
Thursday 15th June, 2023	Revenue budget monitoring 2023/24 (month 1)	To provide the latest revenue budget monitoring position for 2023/24 for the Council Fund and Housing Revenue Account.	Performance monitoring	Corporate Finance Manager	
	Council Plan 2022-23 Year-End Performance	To review the levels of progress in the achievement of activities and performance levels identified in the Council Plan.	Performance monitoring	Chief Executive	
Thursday 13th July, 2023	Revenue budget monitoring 2023/24 (month 2)	To provide the latest revenue budget monitoring position for 2023/24 for the Council Fund and Housing Revenue Account.	Performance monitoring	Corporate Finance Manager	

Item(s) to be scheduled:

- NEWydd annual report

CORPORATE RESOURCES OVERVIEW & SCRUTINY FORWARD WORK PROGRAMME
REGULAR ITEMS

Month	Item	Purpose of Report	Responsible / Contact Officer
Quarterly / Annual	Performance Reporting	To consider performance outturns for improvement targets against directorate indicators.	Chief Executive
Monthly	Revenue Budget Monitoring	To provide the latest revenue budget monitoring position for 2021/22 for the Council Fund and Housing Revenue Account.	Corporate Finance Manager
Quarterly	Employment and Workforce Quarterly Update	This report covers strategic updates in addition to the quarterly workforce statistics and their analysis.	Corporate Manager, People and Organisational Development
Annually	Public Services Ombudsman for Wales (PSOW) Annual Letter and Complaints against Flintshire County Council	To share the Public Services Ombudsman for Wales Annual Letter and Complaints made against Flintshire County Council Services	Chief Officer (Governance)

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CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 17 November 2022
Report Subject	Employment and Workforce mid-year update
Cabinet Member	Cabinet Member for Corporate Management and Assets,
Report Author	Corporate Manager, People and Organisational Development
Type of Report	Operational

EXECUTIVE SUMMARY

To provide Members with a review of the organisational workforce data for 2022/23. This report provides details of the following:

- Headcount and Full Time Equivalent (FTE)
- Organisation Age Profile (Non –Schools and Schools)
- Employee Turnover and Stability (Including Redundancies and Early Retirements)
- Attendance
- Equality and Diversity
- Achievements made by Human Resources within the quarter

The report is intended to provide a focus on organisational performance and trends and provides a brief narrative on the overall performance against a number of indicators. A more detailed explanation is provided on an exceptional basis where performance is falling below organisational performance indicators or where there has been a significant movement, either upwards or downwards, in the reported trends. The narrative will include an explanation for the movement in trend and details of any proposed actions to improve or maintain performance.

The performance information is provided for the whole organisation but split to show Schools and Non-Schools data separately.

On a periodic basis, this report will highlight key achievements or projects undertaken in support of the People Strategy and/or Council Plan.

RECOMMENDATIONS

- | | |
|----|---|
| 1. | Members note and provide their comments on the mid-year Workforce Information Report for 2022/23. |
|----|---|

REPORT DETAILS

1.00	EXPLAINING THE WORKFORCE INFORMATION REPORT
1.01	<p>Headcount and Full Time Equivalent (FTE)</p> <p>The headcount and FTE figures during at mid-year shows an increase of 124 FTE across the Council when compared to last year. Non-schools show an increase of 83 FTE, some attributable to the transfer of the Test, Trace and Protect (TTP) into the Flintshire Establishment (36 FTE); Schools show an overall increase of 41 FTE.</p> <p>During the period 1 April 2022 to 30 September 2022, 70 employees took maternity leave and were backfilled, which also contributes to the increase in headcount when compared to last year.</p>
1.02	<p>Age Profiling</p> <p>Age profiling the organisation is an important part of understanding the age demographics of our workforce and where we may need to focus attention. Understanding our workforce profile, enables the Council to assess supply and potential problem areas within a given service/portfolio and aids succession planning by identifying any skill gaps that may arise. Without an analysis of age profile (and skills profile), no workable long-term planning can be made.</p> <p>As of 30 September, the majority of employees across Portfolios and Schools are within the age ranges of 35-44 (23.52%) followed by 25-34 (16.90%), 50-54 (15.32%) and 55-59 (14.43%). Our age profile is consistent with other local authorities.</p>
1.03	<p>Employee Turnover and Stability (Including Redundancies and Early Retirements)</p> <p>The mid-year cumulative turnover percentage for 2022/23 is 6.71%. This shows an increase when compared to the previous year (5.76%).</p> <p>Of the 415 employees that have left during 2022/23, 52% have left voluntarily (218 employees). The largest area of employees leaving voluntarily is within Schools (114 employees), which is part of the natural turnover/cycle we see at the end of each academic year. The second largest area is within Social Services (54 employees).</p>

	<p>Nationally, there are significant workforce pressures across a range of sectors, including public services and specific areas across local authority portfolios. Within Social Services the recruitment and retention of social workers, OT's, domiciliary and children's residential care staff are particularly challenging and locally a specific Task and Finish Group was established to address these challenges.</p> <p>Over the last two years we have been particularly successful at recruiting and growing newly qualified social workers. There is a national progression programme for the first three years of practice for social workers and we have complemented this with a local development programme to nurture and develop practitioners, many of whom will have qualified and commenced their career during the pandemic. The challenge is that we now have a disproportionate number of social workers at the start of their careers who are still undertaking the training, experience and development that will enable them to progress to level 3 social workers who are able to conduct complex and risk-based work including s47 child protection enquiries. The urgent need for retaining and attracting level 3 practitioners and the competitive market pay rate, led to an agreement to pay a market supplement for this cohort of staff in October 2021. The purpose of this temporary award was to help retain existing experienced staff, as opposed to attracting new employees, in a volatile market where all are competing for the same scarce resource.</p> <p>During a recent review of our exit interview process we have identified some improvements which are being actioned and some new initiatives, which are currently being developed, for example, a survey monkey to be sent to all leavers.</p>
1.04	<p>Attendance</p> <p>The mid-year cumulative full time equivalent (FTE) days lost for 2022/23 is 5.41, which is a downturn when compared the previous year (4.79). That said, reporting on COVID absence was recorded separately during the previous year(s). The FTE days lost for 2022/23 excluding COVID absence is 4.33.</p> <p>28% of all absences across the Council are related to mental health, 20% are COVID related, 16% musculoskeletal and 10% due to infections.</p> <p>Attendance continues to be managed very closely, with regular reporting on the number of employees affected by COVID related absences, including those identified as a contact of a positive (index) case who are required to isolate irrespective of whether they are able to attend work (depending on the role occupied, some employees are able to work from home or be temporarily deployed to alternative duties). Managers, Occupational Health and HR work closely in managing attendance, offering additional support, including mindfulness, counselling, stress management courses, stress risk assessments etc. CareFirst is also available to provide additional support.</p>

1.05	<p>Resource Management (Agency Workers)</p> <p>The cumulative agency expenditure for 2022/23 is £1.52m. The largest agency spend is within Streetscene and Transportation at £737,000. The second largest spend is within Social Services at £442,000.</p> <p>Streetscene currently have circa 40 agency workers who are going through our on-boarding (clearance process) for various positions such as Chargehand, Streetscene Operative, Waste Collection & Household Recycling Centre Operatives. Further recruitment exercises are planned for the coming weeks which should lead to further reductions in the number of agency workers.</p> <p>The cumulative 'Off-contract' spend for 2022/23 is £494,000, which equates to 32.50% of the overall agency spend. The main reasons for 'off-contract' spend is where there is a need to fill specialist, hard to fill roles such as Social Workers. Like most authorities, as demand for experienced level 3 social workers outstrips supply, we have had to rely on agencies. There is very high demand for agency staff with the average hourly rate having increased from £36 in 2019 to a current rate of up to £48. This is creating an unsustainable position and financial impact.</p> <p>There are potential opportunities to recruit appropriately qualified and experienced social care workers from overseas via the Health and Social Care Worker visa launched in mid-2020 to address the workforce challenges faced by the health and social care sector in the UK. An application is in progress for us to become a Home Office approved sponsor.</p> <p>We are also working collaboratively with neighbours to develop a unified approach to workforce recruitment and retention to limit the opportunities for agency workers to join/leave Council's for more money thus driving up costs.</p>
1.06	<p>Equality and Diversity Workforce Monitoring</p> <p>It is important to us that we recruit and retain the best workforce that reflects the diversity of the communities we serve. We monitor our workforce to find out whether it broadly reflects our local communities and to ensure our practices are free from discrimination, helping us to deliver appropriate and accessible services to all our communities.</p> <p>The Council collects diversity information on recruitment and the make-up of our workforce to help us meet our obligations under the Single Equality Act 2010, and the Public Sector Equality Duty. Information gathered can, if analysed regularly, help us to identify barriers that prevent access to employment and career development for certain groups of people, and to develop solutions, such as positive action plans or alternative policies and practices.</p>

1.07	<p>Specific achievements / initiatives during the reporting period</p> <p>A significant amount of policy to practice training was provided to support the roll out of our new Disciplinary Policy and amended Attendance Management Policy, as follows:</p> <ul style="list-style-type: none"> • 7 Briefing Sessions on the new disciplinary policy with 109 managers participating • 5 full day training sessions resulting in 61 trained Investigating Officers • 3 training sessions resulting in 23 trained Authorised Officers • 2 case administration sessions where we have trained 10 administrators on how to support a disciplinary policy • 7 Attendance Management sessions where we have trained 87 managers and supervisors on the policy
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2.00	RESOURCE IMPLICATIONS
2.01	None arising directly from this report.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None arising directly from this report.

4.00	RISK MANAGEMENT
4.01	None arising directly from this report.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>Contact Officer: Sharon Carney, Senior Manager, People and Organisational Development.</p> <p>Telephone: 01352 702139</p> <p>E-mail: sharon.carney@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	To be completed once format/content finalised.

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CORPORATE DASHBOARD REPORTS

(FLINTSHIRE COUNTY COUNCIL)

MID YEAR 2022/23

(APRIL - SEPTEMBER)

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FLINTSHIRE COUNTY COUNCIL CUMULATIVE TOTALS

TOTAL HEADCOUNT

6,105

TOTAL FTE

4,898

LEAVERS / TURNOVER

415 / 6.81%

AGENCY SPEND 2022/23

£1.52m

TARGET 2021/22

£1.70m

DAYS LOST PER FTE 2022/23

5.41

TARGET 2022/23

8.00

MID YEAR 2022/23 DASHBOARD

HEADCOUNT AND FULL TIME EQUIVALENT (FTE) - NON SCHOOLS

TOTAL HEADCOUNT

2,851

TOTAL FULL TIME EQUIVALENT

2,533

30/09/2021
2,773

Increase of
78 people
(+2.81%)

30/09/2022
2,851

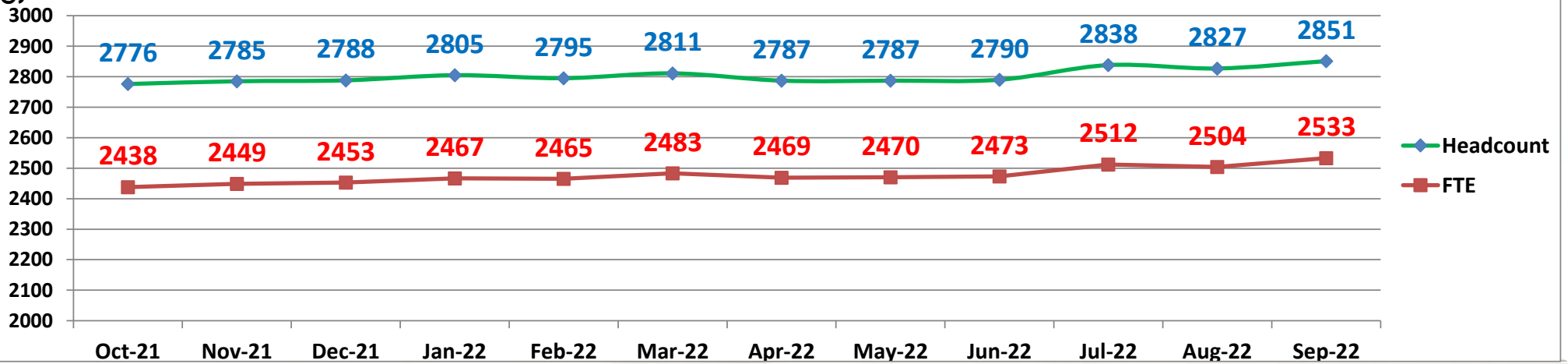
30/09/2021
2,450

Increase of
83 FTE
(+3.38%)

30/09/2022
2,533

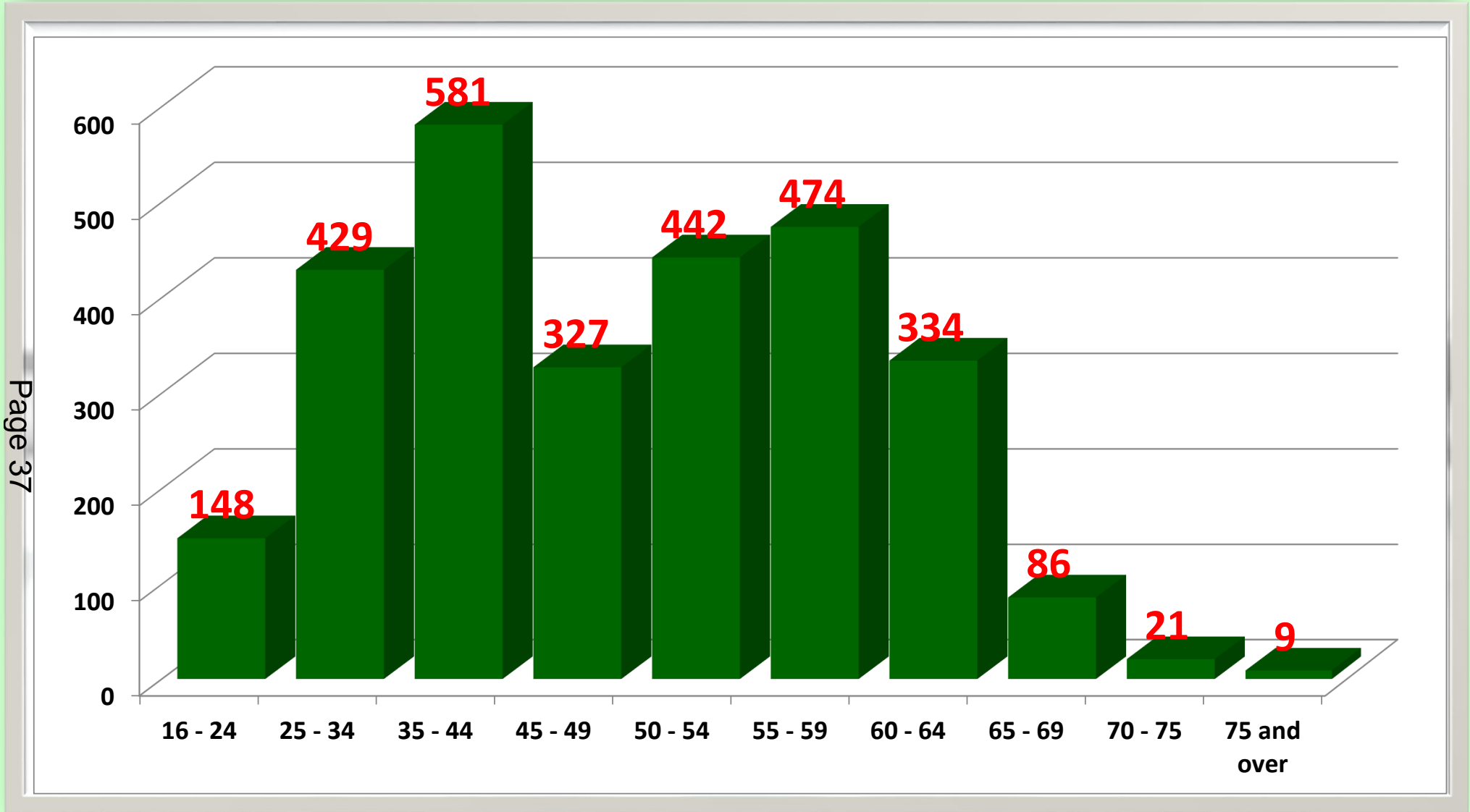
Page 36

HEADCOUNT AND FTE - 12 MONTH TREND



MID YEAR 2022/23 DASHBOARD

AGE PROFILE - NON-SCHOOLS



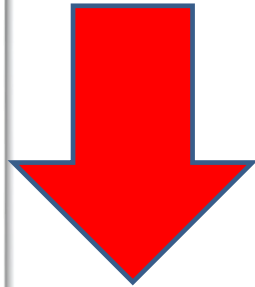
Page 37

MID YEAR 2022/23 DASHBOARD

ATTENDANCE - NON-SCHOOLS

6

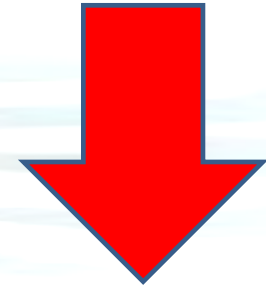
DAYS LOST PER FTE 2022/23



30/09/2021
5.96

6.52

30/09/2022
6.52



Downturn of 0.56

TOP 4 REASONS

1. STRESS, DEPRESSION, ANXIETY
2. COVID - 19
3. MUSCULOSKELETAL
4. INFECTIONS

MID YEAR 2022/23 DASHBOARD

TURNOVER AND STABILITY - NON SCHOOLS

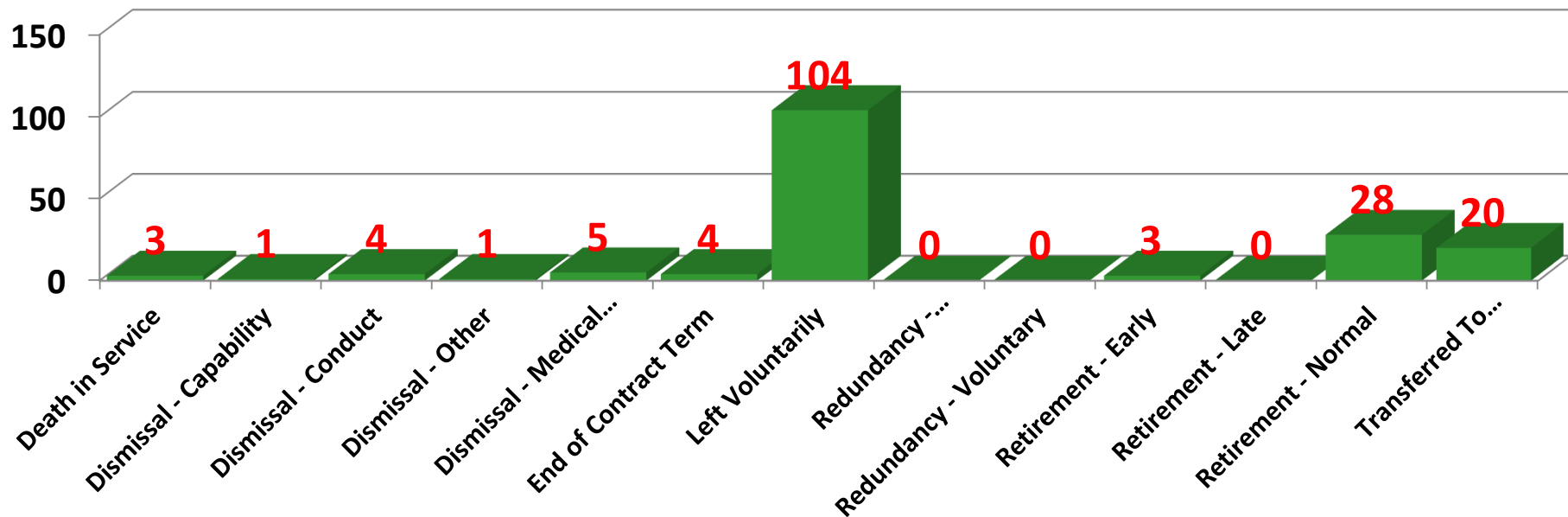
7

LEAVERS - 2022/23

173

LEAVER REASON - 2022/23

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MID YEAR 2022/23 DASHBOARD

EQUALITY AND DIVERSITY - NON-SCHOOLS

GENDER BREAKDOWN

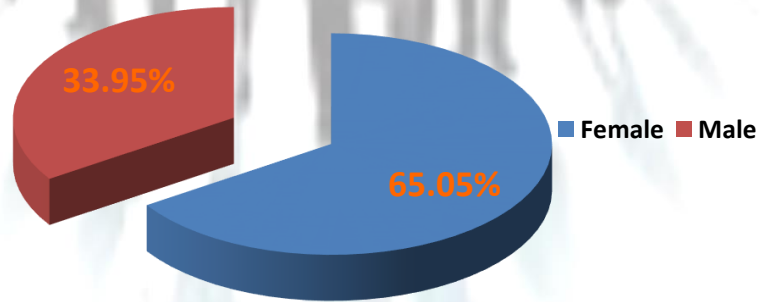
MALE

968
(33.95%)

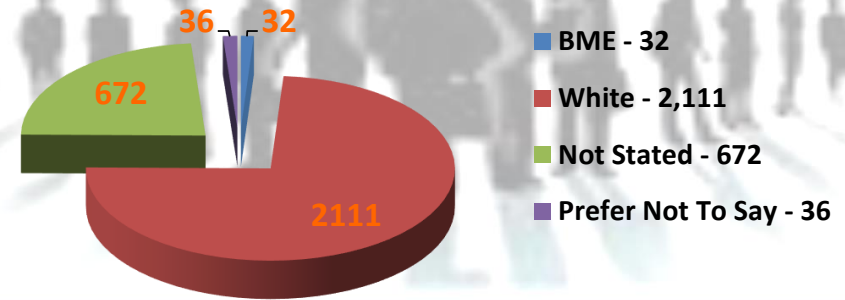
FEMALE

1,883
(66.05%)

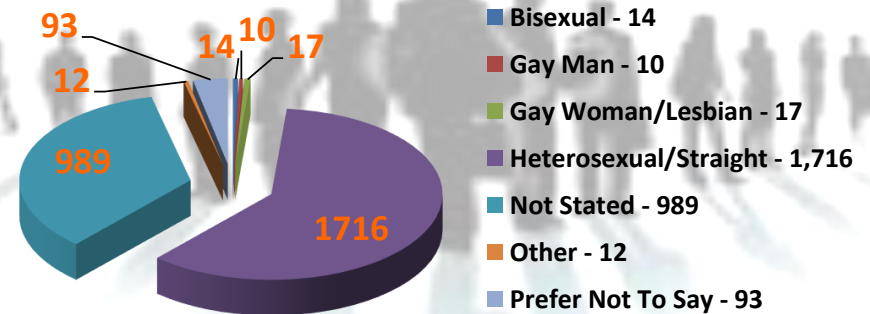
GENDER BREAKDOWN (%)



ETHNICITY



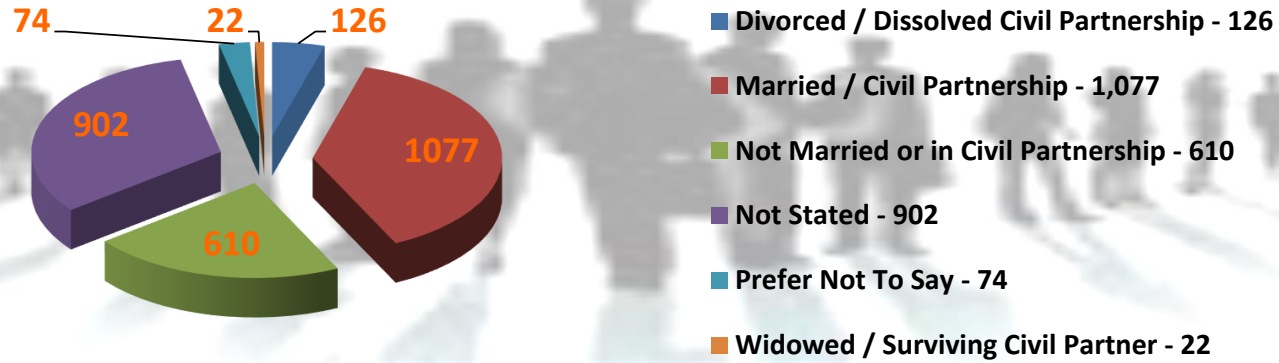
SEXUAL ORIENTATION



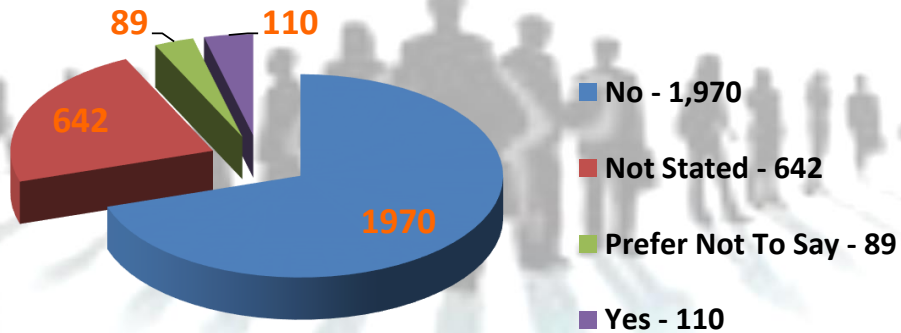
MID YEAR 2022/23 DASHBOARD

EQUALITY AND DIVERSITY - NON-SCHOOLS

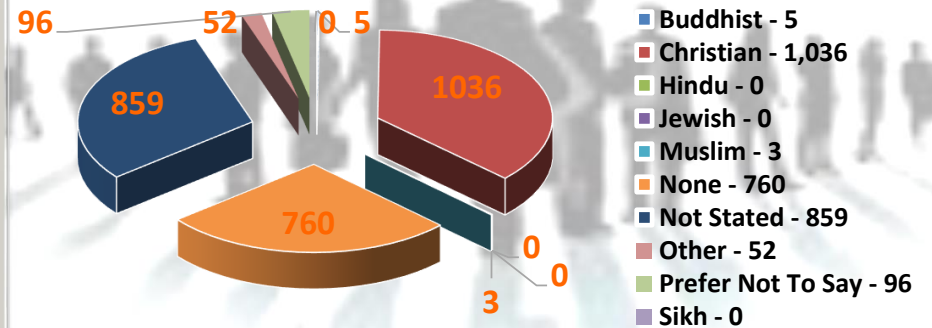
MARITAL STATUS



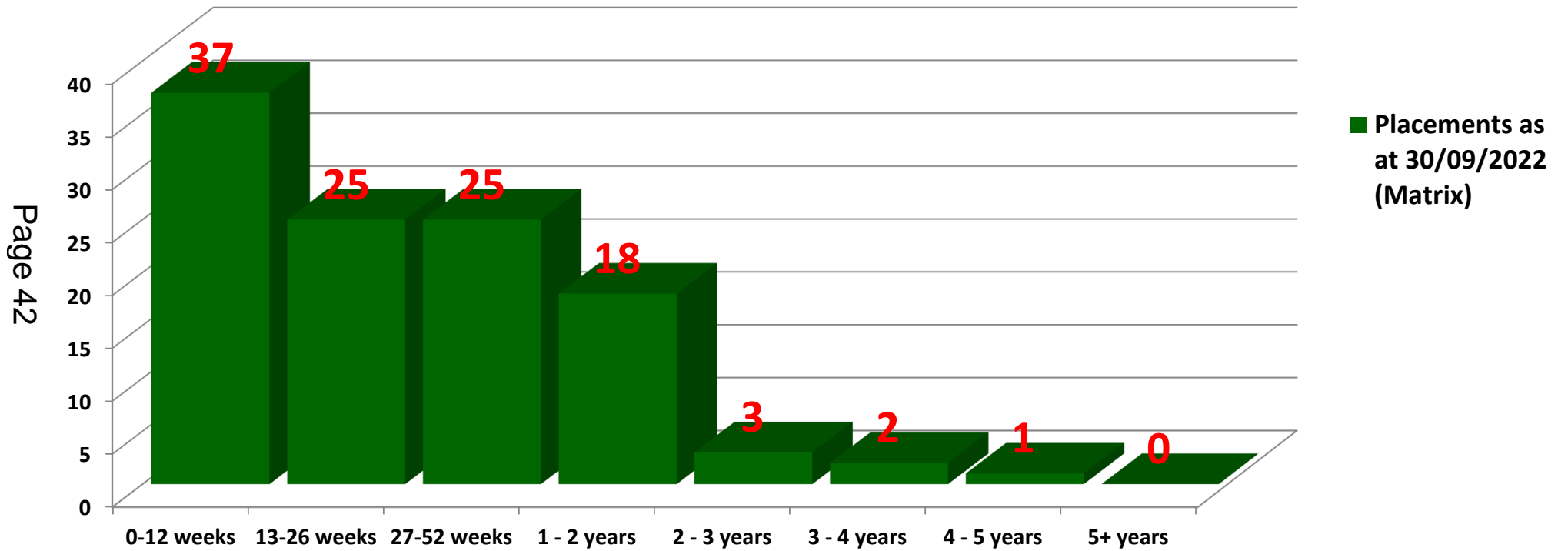
DISABILITY



RELIGION OR BELIEF



Agency Tenure Management



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MID YEAR 2022/23 DASHBOARD

HEADCOUNT AND FULL TIME EQUIVALENT (FTE) - SCHOOLS

TOTAL HEADCOUNT

3,254

TOTAL FULL TIME EQUIVALENT

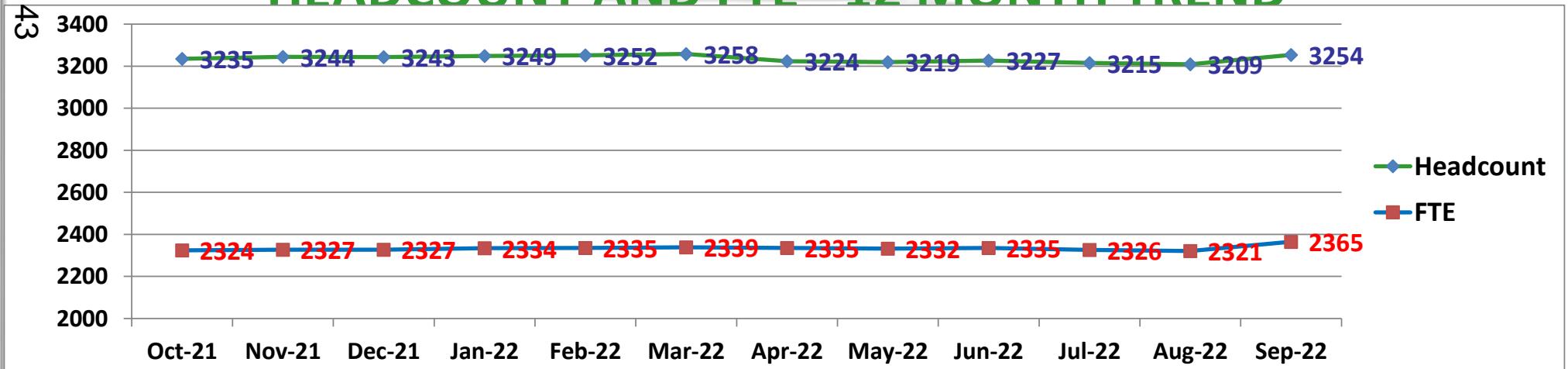
2,365

30/09/2021 3,221
Increase of 33 people (+1.02%)
30/09/2022 3,254

30/09/2021 2,324
Increase of 41 FTE (+1.76%)
30/09/2022 2,365

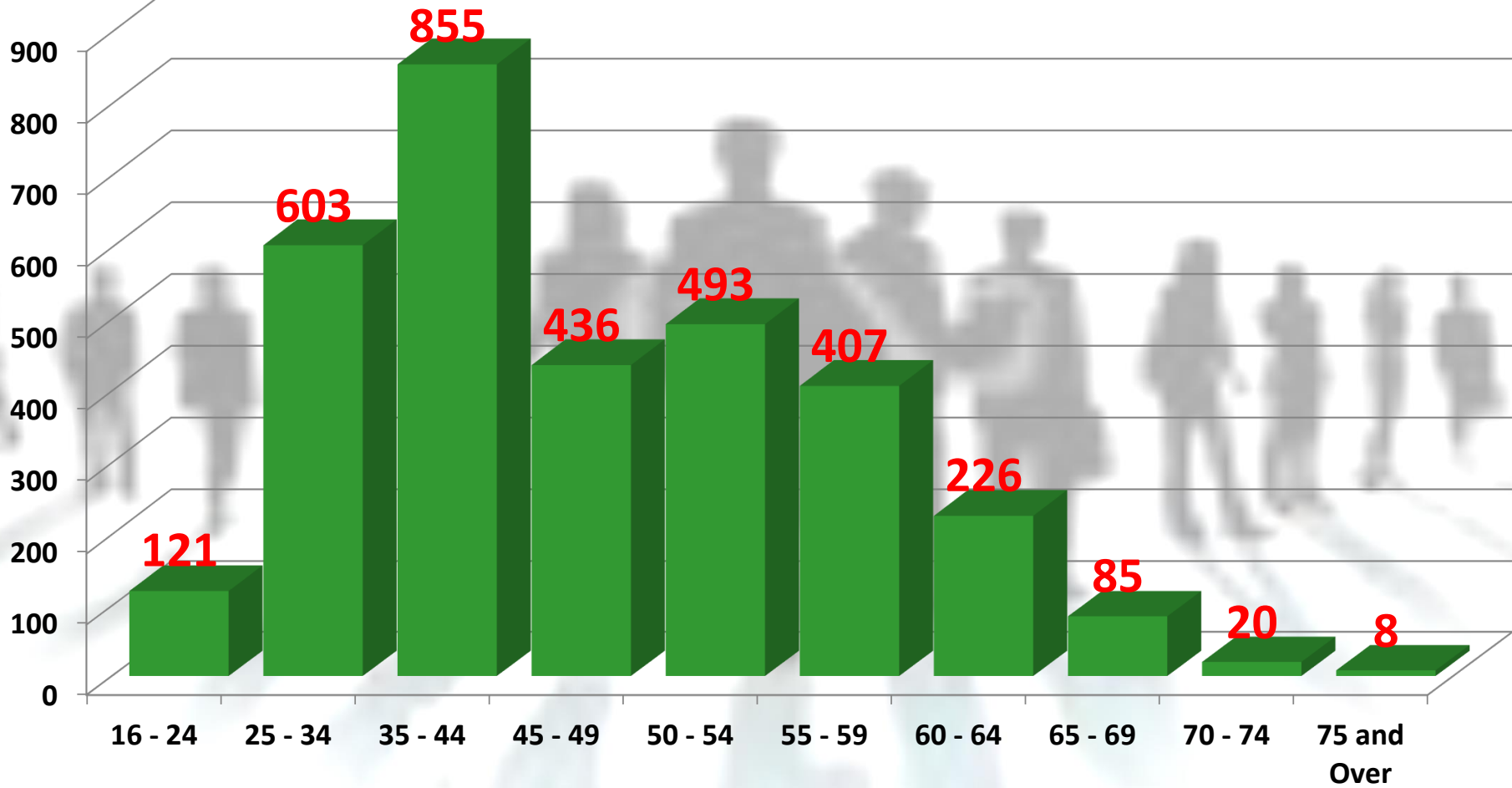
HEADCOUNT AND FTE - 12 MONTH TREND

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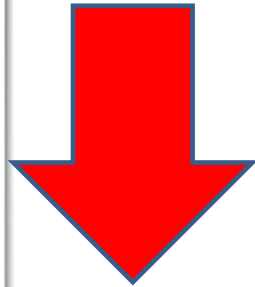


MID YEAR 2022/23 DASHBOARD

AGE PROFILE - SCHOOLS



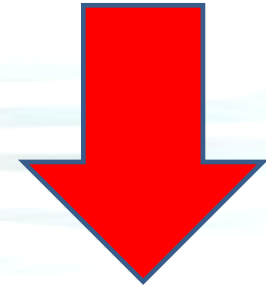
DAYS LOST PER FTE 2022/23



30/09/2021
3.47

4.11

30/09/2022
4.11



Downturn of 0.64

TOP 4 REASONS

1. STRESS, DEPRESSION, ANXIETY
2. COVID-19
3. MUSCULOSKELETAL
4. INFECTIONS

MID YEAR 2022/23 DASHBOARD

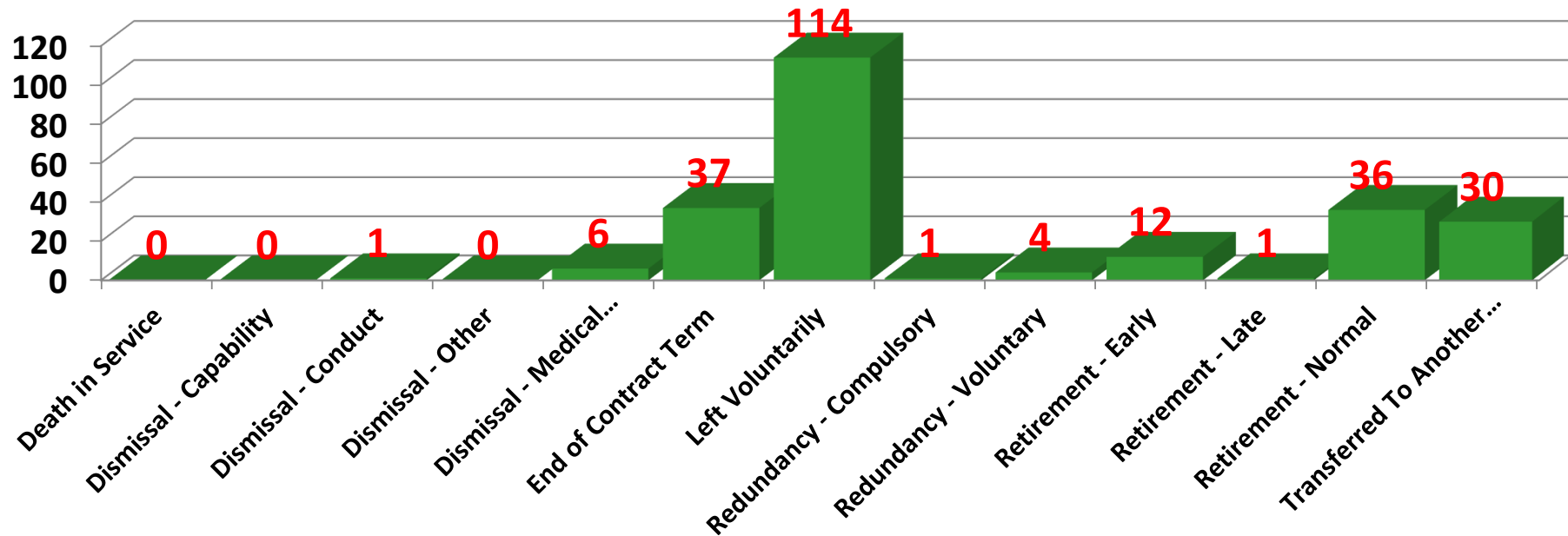
TURNOVER AND STABILITY - SCHOOLS

LEAVERS - 2022/23

242

LEAVER REASON - 2022/23

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MID YEAR 2022/23 DASHBOARD

EQUALITY AND DIVERSITY - SCHOOLS

GENDER BREAKDOWN

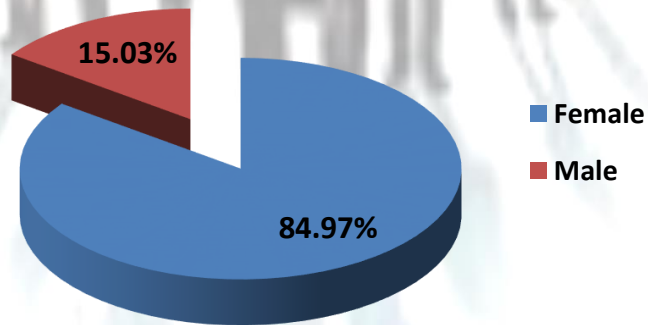
MALE

489
(15.03%)

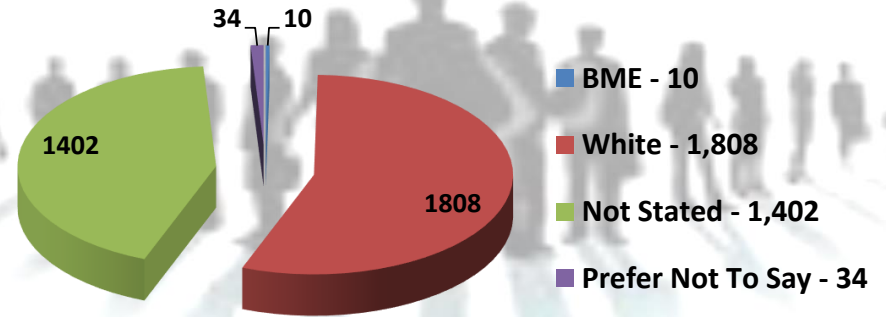
FEMALE

2,765
(84.97%)

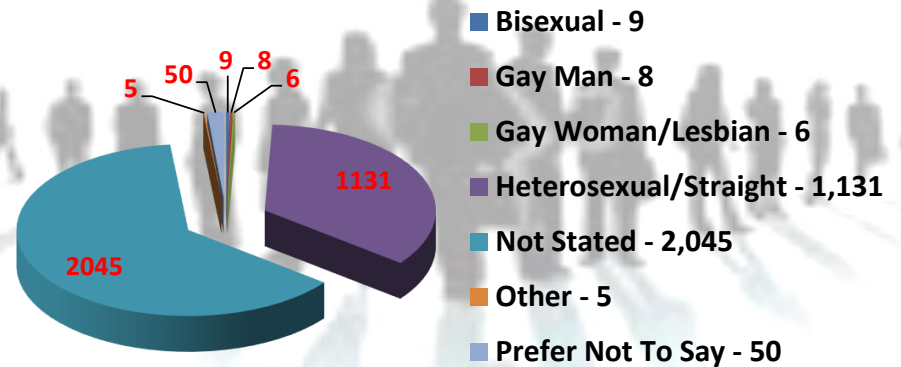
GENDER BREAKDOWN (%)



ETHNICITY



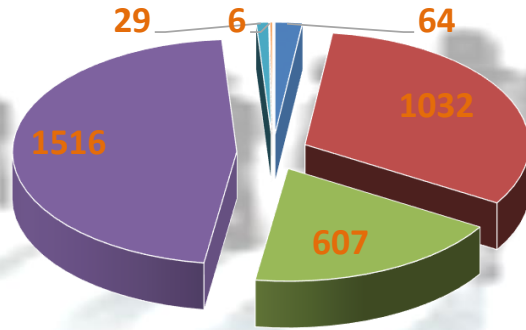
SEXUAL ORIENTATION



MID YEAR 2022/23 DASHBOARD

EQUALITY AND DIVERSITY - SCHOOLS

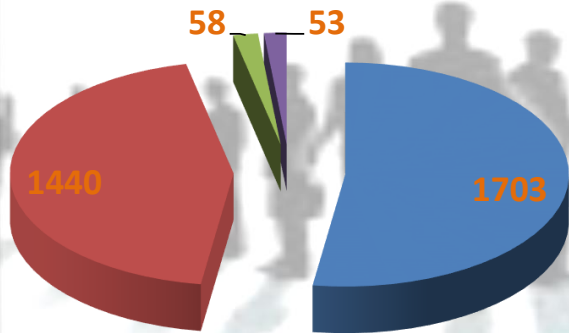
MARITAL STATUS



- Divorced / Dissolved Civil Partnership - 64
- Married / Civil Partnership - 1,032
- Not Married or in Civil Partnership - 607
- Not Stated - 1,516
- Prefer Not To Say - 29
- Widowed / Surviving Civil Partner - 6

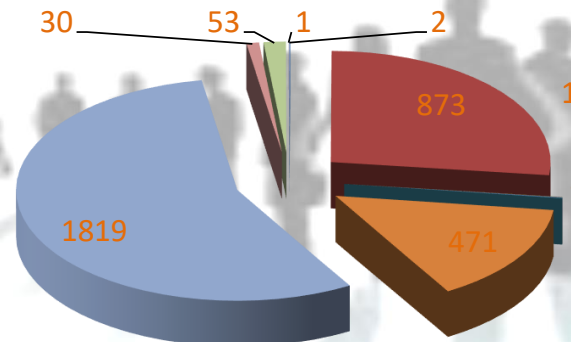
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DISABILITY



- No - 1,703
- Not Stated - 1,440
- Prefer Not To Say - 58
- Yes - 53

RELIGION OR BELIEF



- Buddhist - 2
- Christian - 873
- Hindu - 1
- Jewish - 2
- Muslim - 2
- None - 471
- Not Stated - 1,819
- Other - 30
- Prefer Not To Say - 53



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday 17th November 2022
Report Subject	Medium Term Financial Strategy and Budget 2023/24
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

The purpose of this report is to provide Members with an update of the additional budget requirement for 2023/24 in advance of the individual Overview and Scrutiny Committees to be held in December.

RECOMMENDATIONS

1	That the committee considers and comments on the Medium Term Financial Strategy and Budget 2023/24 report. Any specific matters for attention will be noted and reported back to the Cabinet when it considers the report.
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REPORT DETAILS

1.00	EXPLAINING THE MEDIUM TERM FINANCIAL STRATEGY AND BUDGET POSITION 2023/24
1.01	The Medium Term Financial Strategy and Budget 2023/24 report will be presented to Cabinet on Tuesday 22nd November 2022. A copy of the report is attached as Appendix A to this report.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2023/24 report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2023/24 report.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	As set out in Appendix A; Medium Term Financial Strategy and Budget 2023/24 report.

5.00	APPENDICES
5.01	Appendix A; Medium Term Financial Strategy and Budget 2023/24.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Medium Term Financial Strategy and Budget 2023/24 - Cabinet Report 12 July 2022. Medium Term Financial Strategy and Budget 2023/24 - Cabinet Report 20 September 2022.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Gary Ferguson Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	As set out in Appendix A.



CABINET

Date of Meeting	Tuesday 22 November 2022
Report Subject	Medium Term Financial Strategy and Budget 2023/24
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value & Procurement
Report Author	Corporate Finance Manager and Chief Executive
Type of Report	Strategic

EXECUTIVE SUMMARY

This report provides an update to the additional budget requirement for the 2023/24 financial year in advance of the specific Overview and Scrutiny meetings to be held throughout December and in advance of the receipt of the Provisional Settlement on 14th December 2022.

An additional budget requirement of £16.503m for 2023/24 was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee in July with a revised position reported in September which considered the impact of the latest national employer pay offers for Teachers and NJC (Green Book) employees, utilities and other changes to existing cost pressures and some new emerging pressures across Portfolios. This had the effect of increasing the additional budget requirement to £24.348m.

Since September a number of changes and significant risks have been identified that are likely to lead to a further increase in the additional budget requirement and these are set out in the report.

The impact of these is still being modelled and some areas will be subject to negotiation over the coming weeks. However, it is projected at this stage that the additional budget requirement will potentially rise to around £32m.

The report also updates on the budget solutions available to the Council to meet this additional budget requirement which will be brought forward for member consideration in stages throughout the budget process.

RECOMMENDATIONS	
1	To note the risks that will increase the additional budget requirement for the 2023/24 financial year.
2	To refer all cost pressures and any available budget reductions to the individual Overview and Scrutiny Committees for review in December

REPORT DETAILS

1.00	EXPLAINING THE MEDIUM TERM FINANCIAL STRATEGY AND BUDGET 2023/24
1.01	This report provides an update on the risks affecting the additional budget requirement for the 2023/24 financial year in advance of the specific Overview and Scrutiny meetings to be held throughout December.
1.02	An additional budget requirement of £16.503m for 2023/24 was reported to Cabinet and Corporate Resources Overview and Scrutiny Committee in July with a revised position reported in September which considered the impact of the latest national employer pay offers for Teachers and NJC (Green Book) employees, utilities and other changes to existing cost pressures and some new emerging pressures across Portfolios. This had the effect of increasing the additional budget requirement to £24.348m.
1.03	Since September a number of changes and significant risks have been identified that are likely to lead to a further increase in the additional budget requirement which are set out in paras 1.04 – 1.12 below.
	CHANGES AND RISKS TO THE ADDITIONAL BUDGET REQUIREMENT
1.04	<p><u>Independent Remuneration Panel for Wales (IRPW)</u></p> <p>The draft report from the IRPW has been received and is subject to a consultation period. The report includes a recommended increase to Members which is £0.057m higher than the initial estimate.</p>
1.05	<p><u>Social Care Commissioning</u></p> <p>Annual uplifts for the cost of commissioned social care are subject to negotiation with the independent sector care providers each year. The uplift will need to take into account an increase in the Real Living Wage (around 10%) and current rates of inflation (CPI has also increased to 9.9% over the summer). Further work is ongoing but it is anticipated that a significant additional cost pressure will arise.</p>
1.06	<p><u>External Partners</u></p> <p>External Partner organisations are subject to the same cost pressures as the Council such as pay, energy and inflation. Therefore, there is a likelihood that increased contributions will be sought from the Council.</p>

	<p>Specific examples include North Wales Fire and Rescue Authority (NWFRA), Aura Leisure and Libraries and the Coroners Service. The potential impacts will be subject to appropriate consultation and negotiation and will need to be added to the budget requirement when agreed.</p>
1.07	<p><u>Internal Insurance Fund</u></p> <p>A review of the Councils Internal Insurance Fund has recommended that the level of the fund needs to be increased to ensure that it can cover the potential future liabilities based on current claims history. The level and timing of the increase is currently being considered.</p>
1.08	<p><u>Utilities Inflation – Further increase in the cost of Gas</u></p> <p>Market volatility is continuing and forecasting likely increases in this market is extremely challenging. This has had a significant impact on UK energy prices causing steep cost rises across the wholesale utility markets which had resulted in an additional pressure for the Council which was reported in September.</p> <p>We have subsequently received a further update from our energy suppliers regarding the cost of gas which reflects an increase of 590% to our current rate (previous increase was 291%) which will increase our cost base by a further £1.1m.</p> <p>The forecast increase of 75% for electricity remains the same.</p>
1.09	<p><u>Corporate Joint Committee (CJC)</u></p> <p>The Council's contribution to the cost of the regional North Wales Corporate Joint Committee has been confirmed as £0.081m so will need to be included in the budget on a recurring basis.</p>
1.10	<p><u>Education Appeals Post</u></p> <p>There is a requirement to resource an additional post to provide support for the education appeals team which is experiencing additional demand with limited existing capacity within the team (£0.027m).</p>
1.11	<p><u>Support Recharges</u></p> <p>A review of the level of support recharges to the Housing Revenue Account and to the Clwyd Pension fund has been undertaken and will result in a pressure to the Council fund of £0.280m to reflect current activity levels.</p>
1.12	<p><u>Other Minor Changes</u></p> <p>There have been some reductions in pressures due to the reprofiling of expenditure on capital projects (£0.097m) which has reduced the estimated costs of borrowing and by a change in the timeframe for the pressure for Basware software (£0.021m).</p>
1.13	<p>The impact of all the above is still being modelled and some areas will be subject to negotiation over the coming weeks. However, it is projected at this</p>

	stage that the additional budget requirement will potentially rise to around £32m.								
1.14	<p><u>FURTHER ONGOING RISKS</u></p> <p>Despite the work undertaken so far there remains a number of risks that may further change the additional budget requirement as detailed below.</p>								
1.15	<p><u>Out of County Placements</u></p> <p>The position on Out of County Placements remains a risk with increasing numbers of placements presenting in the current financial year this volatile position will need to be kept under close review.</p>								
1.16	<p><u>Pay Award</u></p> <p>The NJC pay award has now been agreed, however, the pay award for teachers is still not agreed and therefore there is a risk that there may be a further increase in the offer which would impact on both the current in-year pressure and the budget requirement for 2023/24.</p>								
1.17	<p><u>Supreme Court Judgment- Harper Trust and Brazel</u></p> <p>The Council is currently assessing the outcome and likely implications of the recent Supreme Court Judgement of the above case which may have a financial impact, due to the potential for the amendment of holiday pay calculations for irregular hours workers and Term Time only employees.</p>								
1.18	<p><u>Homelessness</u></p> <p>The Council is continuing to experience high demand for temporary accommodation in order to meet its statutory obligations to accommodate families and persons that present themselves as homeless which is expected to continue. The Council has been able to fund this from specific funding from Welsh Government most recently from a specific grant. At present there is no confirmation that this will continue and therefore there is a risk that this may become a budget pressure if the funding ceases.</p>								
	Budget Solutions								
1.19	<p>The options available to the Council to meet this significant additional budget requirement are summarised in the table below and an update on progress is included in 1.20 – 1.25</p> <table border="1" data-bbox="320 1744 1410 2101"> <tr> <td>1. Supplementary Welsh Government Grant – seek support to meet the costs of increased pay awards and inflation</td> </tr> <tr> <td>2. Efficiencies / Cost Reductions– Portfolios</td> </tr> <tr> <td>3. Efficiencies / Cost Reductions - Schools</td> </tr> <tr> <td>4. Efficiencies /Cost Reductions– Corporate Financing</td> </tr> <tr> <td>5. Reduction of Cost Pressures – review controllable cost pressures</td> </tr> <tr> <td>6. Deferral / Reprofiting of Capital Projects with revenue implications</td> </tr> <tr> <td>7. Council Tax</td> </tr> <tr> <td>8. Use of Reserves and Balances</td> </tr> </table>	1. Supplementary Welsh Government Grant – seek support to meet the costs of increased pay awards and inflation	2. Efficiencies / Cost Reductions– Portfolios	3. Efficiencies / Cost Reductions - Schools	4. Efficiencies /Cost Reductions– Corporate Financing	5. Reduction of Cost Pressures – review controllable cost pressures	6. Deferral / Reprofiting of Capital Projects with revenue implications	7. Council Tax	8. Use of Reserves and Balances
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1.20	<p><u>Government Funding - Aggregate External Finance (AEF)</u></p> <p>The 2022/23 local government settlement provided, for the first time in a number of years, indicative figures for future settlements of 3.5% for 2023/24 and 2.4% for 2024/25.</p> <p>These indicative allocations, though welcome at the time, are at a much lower level than those received over the last two years and were also set in a vastly different economic climate. By way of context an uplift on the Council's AEF of 3.5% equates to around £8m.</p> <p>The UK Government Budget Announcement scheduled for November may provide some additional insight into future fiscal forecasts for devolved governments and the potential impacts on the Welsh Government budget.</p>
1.21	<p><u>Efficiencies / Cost Reductions - Portfolios</u></p> <p>All portfolios have been working to identify efficiencies / cost reductions from reductions in current pressures, reductions in expenditure and/ or an increase in income generation.</p> <p>The proposals identified to date are currently being risk assessed for deliverability and for certainty of figures and proposals that are sufficiently developed will be taken through the scrutiny process in December.</p>
1.22	<p><u>Efficiencies / Cost Reductions – Corporate Financing</u></p> <p>Work is underway on the following areas:</p> <ul style="list-style-type: none"> • Employers National Insurance – The rate of National Insurance for employers and employee contributions has been reduced from November 2022 by 1.25%. We are currently working through the calculations on the pay pressures at the lower rate which should enable us to reduce our pay pressures downward. This figure is estimated to be between £1.4m and £2m. • Triennial Actuarial Review of the Clwyd Pension Fund – the triennial review of the Clwyd Pension Fund is reaching its latter stages which will determine employer pension contributions which will be effective from 1st April 2023. A positive outcome is expected due to the high performance of the fund over the last three years although the outcome will need to be mindful of future economic market expectations. • Central Loans and Investment Account - An emerging in-year underspend has arisen due to increased investment income from changes to interest rates and the lack of a need to borrow during 2022/23 to date. This will be reviewed for any recurring impacts.

1.23	<p><u>Efficiencies / Cost Reductions– Schools</u></p> <p>Due to the scale of the financial challenge across the Council there will be a need to consider cost reductions from the delegated schools budget.</p> <p>The additional budget requirement includes school cost pressures totalling £8m at present. By way of context a 1% reduction in the delegated budget equates to around £1m.</p> <p>Future proposals will be subject to consultation with Schools Budget Forum School Head Federations.</p>																
1.24	<p><u>Council Tax</u></p> <p>The level of Council Tax increase for 2023/24 will be a matter for full council when setting the budget in February and will be a consideration following the outcome of the Provisional Settlement and the conclusion of work on all of the other budget solution work streams. By way of context each uplift of 1% equates to £0.951m</p>																
1.25	<p><u>Balances and Reserves</u></p> <p>The projected level of contingency reserve at Month 6 is £2.8m after meeting the in-year additional cost of the 2022/23 pay award (based on the latest offer) which is much lower than previous years.</p> <p>The Council also has an earmarked reserve of £2.4m from the additional Revenue Support allocation it received at the end of the 2022/23 financial year.</p> <p>As always it will be important to maintain an adequate level of reserves as a safeguard against risks and other unforeseen events.</p>																
1.26	<p><u>Next Steps</u></p> <p>Portfolio cost pressures and efficiencies /cost reductions will be scrutinised at individual Overview and Scrutiny Committees and a summary position reported to Cabinet in December following the receipt of the Provisional Settlement on 14th December.</p>																
1.27	<p><u>Table 4 – Budget Timeline</u></p> <table border="1" data-bbox="320 1675 1390 1984"> <thead> <tr> <th data-bbox="320 1675 703 1715">Date</th> <th data-bbox="703 1675 1390 1715">Event</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 1715 703 1756">December 2022</td> <td data-bbox="703 1715 1390 1756">Overview and Scrutiny Committees</td> </tr> <tr> <td data-bbox="320 1756 703 1796">13 December 2022</td> <td data-bbox="703 1756 1390 1796">Welsh Government Draft Budget</td> </tr> <tr> <td data-bbox="320 1796 703 1836">14 December 2022</td> <td data-bbox="703 1796 1390 1836">Provisional Local Government Settlement</td> </tr> <tr> <td data-bbox="320 1836 703 1877">20 December 2022</td> <td data-bbox="703 1836 1390 1877">Cabinet</td> </tr> <tr> <td data-bbox="320 1877 703 1917">17 January 2023</td> <td data-bbox="703 1877 1390 1917">Cabinet – Budget Review</td> </tr> <tr> <td data-bbox="320 1917 703 1957">14 February 2023</td> <td data-bbox="703 1917 1390 1957">Cabinet and Council – Final Budget Setting</td> </tr> <tr> <td data-bbox="320 1957 703 1984">1 March 2023</td> <td data-bbox="703 1957 1390 1984">Welsh Government Final Budget/Settlement</td> </tr> </tbody> </table>	Date	Event	December 2022	Overview and Scrutiny Committees	13 December 2022	Welsh Government Draft Budget	14 December 2022	Provisional Local Government Settlement	20 December 2022	Cabinet	17 January 2023	Cabinet – Budget Review	14 February 2023	Cabinet and Council – Final Budget Setting	1 March 2023	Welsh Government Final Budget/Settlement
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Revenue: the revenue implications for the 2023/24 budget are set out in the report.</p> <p>Capital: the borrowing needs for the capital programme are built into the revenue estimates for 2023/24.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT	
3.01	Ways of Working (Sustainable Development) Principles Impact	
	Long-term	Negative – the absence of longer-term funding settlements from Welsh Government means that sustainable support for service delivery is challenging for the longer term. Sustainable funding from Welsh Government that provides additional funding for Indexation, Service demands, and new legislation will provide a positive and sustainable position for the Council in the longer term.
	Prevention	As above
	Integration	Neutral Impact
	Collaboration	Services continue to explore opportunities for collaboration with other services and external partners to support positive impacts.
	Involvement	Communication with Members, residents and other stakeholders throughout the budget process.
	Well-Being Goals Impact	
	Prosperous Wales	Longer term funding settlements from Welsh Government that provide additional funding for indexation, service demands and new legislation will aid sustainability and support a strong economy that encourage business investment in the region. The opposite will be true if settlements are inadequate.
	Resilient Wales	Continuation of services to support communities and social cohesion will have a positive impact. The opposite will be true if settlements are inadequate.

Healthier Wales	An appropriate level of funding will ensure that communities are supported and will have a positive impact. The opposite will be true if settlements are inadequate.
More equal Wales	A positive impact with greater parity of funding from Welsh Government for all Welsh Local Authorities. The opposite will be true if settlements are inadequate.
Cohesive Wales	Appropriate level of funding will support services working alongside partners. The opposite will be true if settlements are inadequate.
Vibrant Wales	As Healthier and Cohesive Wales above
Globally responsible Wales	Neutral impact.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	Consultation has taken place with Portfolio Management Teams and the Chief Officer Team, the Finance Team, Cabinet Members, Group Leaders, Scrutiny Committees and specific portfolio Member briefings. Further consultation will be undertaken through specific Scrutiny meetings during December

5.00	APPENDICES
5.01	None

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Cabinet Report 12 July 2022 Cabinet Report 20 September 2022

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Gary Ferguson Corporate Finance Manager Telephone: 01352 702271 E-mail: gary.ferguson@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>Medium Term Financial Strategy (MTFS): a written strategy which gives a forecast of the financial resources which will be available to a Council for a given period, and sets out plans for how best to deploy those resources to meet its priorities, duties and obligations.</p> <p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Capital: Expenditure on the acquisition of non-current assets or expenditure which extends the useful life of an existing asset.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</p> <p>Revenue Support Grant: the annual amount of money the Council receives from Welsh Government to fund what it does alongside the Council Tax and other income the Council raises locally. Councils can decide how to use this grant across services although their freedom to allocate according to local choice can be limited by guidelines set by Government.</p> <p>Specific Grants: An award of funding from a grant provider (e.g. Welsh Government) which must be used for a pre-defined purpose.</p> <p>Welsh Local Government Association: the representative body for unitary councils, fire and rescue authorities and national parks authorities in Wales.</p> <p>Financial Year: the period of 12 months commencing on 1 April.</p> <p>Local Government Funding Formula: The system through which the annual funding needs of each council is assessed at a national level and under which each council's Aggregate External Finance (AEF) is set. The revenue support grant is distributed according to that formula.</p> <p>Aggregate External Finance (AEF): The support for local revenue spending from the Welsh Government and is made up of formula grant including the revenue support grant and the distributable part of non-domestic rates.</p> <p>Provisional Local Government Settlement: The Provisional Settlement is the draft budget for local government published by the Welsh Government for consultation. The Final Local Government Settlement is set following the consultation.</p> <p>Funding Floor: a guaranteed level of funding for councils who come under the all-Wales average change in the annual Settlement. A floor has been a feature of the Settlement for many years.</p>

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CORPORATE RESOURCES OVERVIEW AND SCRUTINY

Date of Meeting	Thursday 17th November, 2022
Report Subject	Revenue Budget Monitoring 2022/23 Month 6 and Capital Programme 2022/23 Month 6
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 purpose of this report is to provide Members with the Revenue Budget Monitoring 2022/23 (Month 6) Report and Capital Programme 2022/23 (Month 6).

RECOMMENDATIONS

1	That the committee considers and comments on the Revenue Budget Monitoring 2022/23 (Month 6) report. Any specific matters for attention will be noted and reported back to the Cabinet when it considers the report.
2	That the committee considers and comments on the Capital Programme 2022/23 (Month 6) report. Any specific matters for attention will be noted and reported back to the Cabinet when it considers the report.

REPORT DETAILS

1.00	EXPLAINING THE REVENUE BUDGET MONITORING POSITION 2022/23 (MONTH 6) AND CAPITAL PROGRAMME 2022/23 (MONTH 6)
1.01	The Revenue Budget Monitoring 2022/23 (Month 6) report will be presented to Cabinet on Tuesday 22nd November, 2022. A copy of the report is attached as Appendix A to this report.
1.02	The Capital Programme 2022/23 (Month 6) report will be presented to Cabinet on Tuesday 22nd November, 2022. A copy of the report is attached as Appendix B to this report.

2.00	RESOURCE IMPLICATIONS
2.01	As set out in Appendix A; Revenue Budget Monitoring 2022/23 (Month 6).
2.02	As set out in Appendix B; Capital Programme 2022/23 (Month 6).

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	As set out in Appendix A; Revenue Budget Monitoring 2022/23 (Month 6).
3.02	As set out in Appendix B; Capital Programme 2022/23 (Month 6).

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	None required.

5.00	APPENDICES
5.01	Appendix A; Revenue Budget Monitoring 2022/23 (Month 6).
5.02	Appendix B; Capital Programme 2022/23 (Month 6).

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None required.

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Dave Ledsham, Finance Manager Telephone: 01352 704503 E-mail: dave.ledsham@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Revenue: a term used to describe the day to day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.</p> <p>Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.</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>

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CABINET

Date of Meeting	Tuesday 22nd November, 2022
Report Subject	Revenue Budget Monitoring Report 2022/23 (Month 6)
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

This monthly report provides the latest detailed overview of the budget monitoring position in 2022/23 for the Council Fund and Housing Revenue Account for the financial year and presents the position, based on actual income and expenditure as at Month 6.

This report projects how the budget would stand at the close of the financial year, without new actions to reduce cost pressures and/or improve the financial return on efficiency planning and cost control is:

Council Fund

- An operating deficit of £0.033m (excluding the impact of the pay award which will need to be met by reserves), which is a favourable movement of (£0.647m) from the deficit figure reported at Month 5.
- A projected contingency reserve available balance as at 31 March 2023 of £8.071m (before the impact of final pay awards)

Housing Revenue Account

- Net in-year revenue expenditure forecast to be £3.324m higher than budget
- A projected closing balance as at 31st March, 2023 of £3.150m

Hardship Funding from Welsh Government helped secure £16m of direct financial help last year and we have continued to claim payments in 2022/23 for Self-isolation and Statutory Sick Pay Enhancement, along with Free School Meals direct payments within their eligible periods.

RECOMMENDATIONS

1	To note the report and the estimated financial impact on the 2022/23 budget.
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REPORT DETAILS

1.00	EXPLAINING THE REVENUE BUDGET MONITORING 2022/23
1.01	<p>Council Fund Projected Position</p> <p>The projected year end position, without mitigation to reduce cost pressures and improve the yield on efficiency planning, is as follows:</p> <ul style="list-style-type: none"> • An operating deficit of £0.033m (excluding the impact of the pay award which will need to be met by reserves), which is a favourable movement of (£0.647m) from the figure reported at Month 5. • A projected contingency reserve available balance as at 31 March 2023 of £8.071m (before the impact of pay awards) <p>To assist with managing risks and mitigating the overall projected overspend, the review of non-essential spend and a vacancy management process continues.</p>
1.02	<p>Hardship Funding from Welsh Government helped secure over £16m direct financial help last year and we have continued to claim payments in 2022/23 for Self-isolation and Statutory Sick Pay Enhancement, along with Free School Meals direct payments within their eligible periods.</p>

1.03

Table 1. Projected Position by Portfolio

The table below shows the projected position by portfolio:

Portfolio/Service Area	Approved Budget	Projected Outturn	In-Year Over / (Under) spend
	£m	£m	£m
Social Services	77.969	78.604	0.635
Out of County Placements	15.101	16.323	1.222
Education & Youth	9.953	9.512	(0.442)
Schools	108.401	108.401	0.000
Streetscene & Transportation	38.466	39.505	1.039
Planning Env & Economy	6.797	6.218	(0.579)
People & Resources	4.324	4.255	(0.069)
Governance	10.772	10.249	(0.523)
Strategic Programmes	6.116	6.109	(0.008)
Assets	0.312	0.293	(0.019)
Housing & Communities	14.662	14.431	(0.231)
Chief Executive	2.256	2.171	(0.085)
Central & Corporate Finance	31.552	30.644	(0.907)
Total	326.682	326.715	0.033

1.04

The reasons for the projected variances are summarised within Appendix 1 and shows the detail of all variances over £0.050m and a summary of minor variances for each portfolio.

Significant Movements from Month 5

1.05

Social Services £0.157m

The net adverse movement relates to :

Older People Services :

- Localities £0.100m – Domiciliary and Direct Payment costs have increased by £0.078m due to demand, Localities staff costs increased by £0.062m due to extended agency contracts, mitigated by a reduction in Residential care (£0.040m)
- Regional Integration Fund (RIF) £0.086m – Step Down RIF grant scheme has fully realised its annual allocation and further costs are expected to continue to the end of the financial year.

	<ul style="list-style-type: none"> Resources and Regulated Services (£0.181m) – Increase in the projected client contribution income of (£0.151m) in addition to reduced staff costs relating to decrease in holiday cover and sickness levels. <p>Adults of Working Age :</p> <ul style="list-style-type: none"> Resources and Regulated Services £0.056m – Supported living costs have increased resulting from engaging agency cover for vacant posts to ensure service delivery need are met Children to Adult Transition £0.092m – resulting from an additional high cost placement <p>Children’s Services :</p> <ul style="list-style-type: none"> Family Placement (£0.032m)_– reduction in costs based on current foster allowance payments and special guardianship allowance payments Residential Placements £0.060m – resulting from an additional placement <p>Minor variances across the Portfolio account for the remainder of the movement totalling (£0.024m).</p>
1.06	<p>Out of County Placements £0.211m</p> <ul style="list-style-type: none"> Children’s Services £0.123m – Due to 3 new placements and a change of placement at a higher cost with additional intensive support costs mitigated by 2 ended placements Education & Youth £0.088m – due to 4 new placements <p>Costs are projected to the end of the financial year.</p>
1.07	<p>Education & Youth (£0.097m)</p> <ul style="list-style-type: none"> Integrated Youth Provision has a favourable movement due to vacancy savings (£0.028m) Inclusion & Progression have maximised Welsh Government grants for core staff costs together with vacancy savings has resulted in a favourable movement of (£0.024m) <p>Minor movements across the Portfolio (£0.045m)</p>
1.08	<p>Streetscene & Transportation (£0.057m)</p> <p>The net positive movement relates to:</p> <ul style="list-style-type: none"> Service Delivery (£0.085m) – additional income due to increased ‘in house’ construction works Transportation £0.055m - increased costs in the provision of additional key service routes <p>Minor variances across the Portfolio account for the remainder (£0.027m).</p>

1.09	<p>Governance (£0.147m)</p> <p>Revenues (£0.086m)</p> <ul style="list-style-type: none"> • Further increase (£0.050m) to the projected potential surplus on the Council Tax Collection Fund; vacancy savings (£0.036m) • Vacancy Savings identified in Customer Services (£0.035m) <p>Minor variances across the Portfolio account for the remainder (£0.026m).</p>
1.10	<p>Central & Corporate Finance (£0.700m)</p> <p>A detailed review the Central Loans and Investment Account has been undertaken at Month 6 to reflect recent changes to bank interest rates. At this stage of the year no new short or long term borrowing has been required due in part to the level of additional grant funding received from Welsh Government towards the end of the last financial year improving the cash flow position.</p> <p>This has had the effect of significantly reducing projected borrowing costs in addition to an increase in investment income which could potentially increase further during the year should the pattern continue.</p> <p>In addition there has been a reduction in the Councils finance lease liabilities and an underspend on the Minimum Revenue Provision Account.</p>
1.11	<p>There are a number of minor variances across the other Portfolios each below £0.030m that account for the remainder of the overall movement (£0.015m).</p>
1.12	<p>Tracking of In-Year Risks and Emerging Issues</p> <p>Members were made aware when setting the budget that there were a number of open risks that would need to be kept under close review. An update on these is provided below.</p>
1.13	<p>Council Tax Income</p> <p>'In-year' council tax collection levels, up to September 2022, are 57.0% compared to 57.2% in the previous year. Collections remain challenging as the rising costs-of-living are impacting on the ability of some households to make payment of council tax on time. The marginal drop in collection levels is also consistent with other Welsh local authorities who are also seeing similar trends.</p>
1.14	<p>Pay Award (Teacher and Non-Teacher)</p> <p>The offer from the National employers for NJC employees of £1,925 on all spinal column points has now been accepted with back pay anticipated to be made to employees in November. This equates to an increase of 2.54% on the highest scale point to 10.5% on the lowest point.</p>

	<p>However, National negotiations are continuing between Employers and Trade Unions on a current pay offer for teachers of 5%. The Council has provided for an uplift of 3.5% for Teaching and Non-Teaching staff – any increase above this level would require the Council to utilise reserves to fund the difference in the current financial year and would add to the additional budget requirement for 2023/24.</p> <p>The impact on 2022/23 is as follows:</p> <p>Teachers pay - in year impact of an additional £0.674m for the period September to March (full year effect 2023/24 of £1.144m) over and above the budgeted level of 3.5%.</p> <p>NJC pay - in year impact of an additional £4.594m (Schools £1.637m and non-schools £2.957m) over and above the budgeted level of 3.5%.</p> <p>Additional amount needing to be met from reserves in 2022/23 based on the above is £5.268m.</p> <p>The above will also impact on the MTFs with the full year impact of the teachers' pay award increasing the impact for 2023/24 to £5.738m.</p> <p>However, all the above figures are pending a National Insurance (NI) reduction following the UK Government announcement on reversing the NI increase and this will be updated in the Month 7 report.</p> <p>The Teachers pay offer is still subject to agreement and out for consultation with the Trade Unions.</p>
1.15	<p>Other Tracked Risks</p> <p>In addition, there are a number of risks being tracked which may be subject to change and these are summarised below.</p>
1.16	<p>Medium Term Financial Strategy (MTFS) Impact</p> <p>Cabinet considered the latest projection for the MTFs in September which showed an increase in the additional budget requirement to £24.348m.</p> <p>The forecast included the position on pay awards at that time and revisions to forecasts for energy and fuel inflation which remains subject to constant change due to market volatility.</p> <p>All Portfolios consider their financial position, the risks within their service and the impacts on the Medium Term on a monthly basis as part of their Portfolio Management Team meetings.</p> <p>An update on the latest budget position prior to the formal Overview and Scrutiny Process in December is reported elsewhere on this agenda and shows a potential increase in the additional budget requirement for 2023/24 to around £32m.</p>
1.17	<p>Out of County Placements</p>

	<p>The risks include continued high demand for placements where children and young people cannot be supported within in-house provision, and market supply limitation factors and inflationary pressures leading to higher costs.</p> <p>There is a projected overspend of £1.222m for the current cohort of placements, however, this is likely to increase if demand for new placement remains at the current levels. There have been 48 new placements in the year to date with costs totaling £3.3m within the total projected spend for the year of £16.3m, which amounts to over 20%.</p> <p>The service areas within this pooled budget will continue to do everything possible to manage these risks and additional investment has already been made to further develop in-house provision to help to mitigate against such financial pressures.</p>
1.18	<p>Benefits</p> <p>Council Tax Reduction Scheme (CTRS) – Based on current demand, costs are currently projected to be £0.610m below budget, although this will be monitored closely throughout the year due to the potential for growth.</p> <p>There is continued high demand across the whole of the Benefits service which is expected to remain the case for the foreseeable future. There is a significant pressure on recovery of overpayments which is a combination of a shortfall of recovery against the level of income target budget which is partly influenced by lower number of overpayments occurring, and also the need to increase the bad debt provision on historic debt.</p> <p>The increased staffing levels are still required, and those costs are now being met in full from the additional funding of £0.300m previously approved to provide the service with the additional flexibility needed to adapt to and meet the sustained increase in customer demand.</p>
1.19	<p>Homelessness</p> <p>The risk is a consequence of the cessation of funding support from the Welsh Government COVID-19 Hardship Fund at the end of 2021/22.</p> <p>Although, there is continued support via the new Homelessness – No One Left Out grant, this still falls well below the amount of support we received via the Hardship Fund in 2020/21 and 2021/22.</p> <p>Although it has been possible to contain some of the expected pressure through prepaid accommodation to the end of September 2022, which has been funded by the COVID-19 Hardship Fund, the expected continued high demand for temporary accommodation including short term Bed & Breakfast provision will continue to present significant challenges.</p> <p>We continue to strategically use increased allocations of Housing Support Grant working with external partners, but there remains a risk that the costs of statutory provision of support for Homelessness may exceed existing funding provision from base budget and available grant funding.</p>
1.20	<p>Achievement of Planned In-Year Efficiencies</p>

	<p>The 2022/23 budget contains £1.341m of specific efficiencies which are tracked and monitored throughout the year. The Council aims to achieve a 95% rate in 2022/23 as reflected in the MTFS KPI's and fully achieved all efficiencies in the previous financial year</p> <p>It is projected that all efficiencies will be achieved in 2022/23 and further details can be seen in Appendix 3.</p>
1.21	<p>Unearmarked Reserves</p> <p>The final level of Council Fund Contingency Reserve brought forward into 2022/23 was £7.098m as detailed in the 2021/22 outturn report (subject to Audit). In addition, the Council has set-aside a further £3.250m to the carried forward £2.066m COVID-19 Emergency Reserve being a total of £5.316m as a safeguard against the continuing impacts of the pandemic (additional costs and lost income).</p> <p>Some claims for March 2022 were disallowed by WG and Internal claims for Quarter 1 and 2 have been made in 2022/23 relating to additional costs in Schools, Streetscene & Transportation and for income losses within AURA. These total £0.928m and the revised balance on the COVID-19 Emergency Reserve is currently £4.388m.</p> <p>At Cabinet on the 28th June, an amount of £0.300m was approved to fund a team of agency workers to support our Children's front door service whilst an action plan is developed and implemented to reset and rebuild service resilience due to current shortages of experienced social workers.</p> <p>After taking into account all of the above there is a projected contingency reserve available balance as at 31 March 2023 of £8.071m (before the impact of final pay awards – currently estimated at £5.268m).</p>
1.22	<p>Housing Revenue Account</p> <p>The 2021/22 Outturn Report to Cabinet on 12 July 2022 showed an un-earmarked closing balance at the end of 2021/22 of £3.616m and a closing balance of earmarked reserves of £1.622m.</p>
1.23	<p>The 2022/23 budget for the HRA is £37.755m which includes a movement of £2.858m to reserves.</p>
1.24	<p>The monitoring for the HRA is projecting in year expenditure to be £3.324m higher than budget and a closing un-earmarked balance as at 31 March 2023 of £3.150m, which at 8.34% of total expenditure satisfies the prudent approach of ensuring a minimum level of 3%. Appendix 4 attached refers.</p>
1.25	<p>Significant movements from month 5 include :</p> <ul style="list-style-type: none"> • Void Properties – increased net pressure of £0.055m • Estate Management – increased net vacancy savings of (£0.037m) <p>Minor variances account for the remainder (£0.013m)</p>

1.26	The budget contribution towards capital expenditure (CERA) is £10.898m with the actual contribution projected to be £13.755m at outturn.
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2.00	RESOURCE IMPLICATIONS
2.01	As set out within the report.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The financial impacts as set out in the report are a combination of actual costs and losses to date and estimates of costs and losses for the future. There is the possibility that the estimates will change over time. The budget will be monitored closely and mitigation actions taken wherever possible.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None specific.

5.00	APPENDICES
5.01	Appendix 1: Council Fund – Movement in Variances from Month 5 Appendix 2: Council Fund – Budget Variances Appendix 3: Council Fund – Programme of Efficiencies Appendix 4: Council Fund – Movement on Un-earmarked Reserves Appendix 5: Housing Revenue Account Variances

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Various budget records.

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Dave Ledsham Strategic Finance Manager Telephone: 01352 704503 E-mail: dave.ledsham@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it

includes both the revenue budget and capital programme and any authorised amendments to them.

Council Fund: the fund to which all the Council's revenue expenditure is charged.

Financial Year: the period of twelve months commencing on 1 April.

Housing Revenue Account: the Housing Revenue Account (HRA) is a local authority account showing current income and expenditure on housing services related to its own housing stock. The account is separate from the Council Fund and trading accounts and is funded primarily from rents and government subsidy.

Intermediate Care Fund: Funding provided by Welsh Government to encourage integrated working between local authorities, health and housing.

Projected Outturn: projection of the expenditure to the end of the financial year, made on the basis of actual expenditure incurred to date.

Reserves: these are balances in hand that have accumulated over previous years and are held for defined (earmarked reserves) and general (general reserves) purposes. Councils are required to regularly review the level and purpose of their reserves and to take account of the advice of the Chief Finance Officer.

Revenue: a term used to describe the day-to-day costs of running Council services and income deriving from those services. It also includes charges for the repayment of debt, including interest, and may include direct financing of capital expenditure.

Variance: difference between latest budget and actual income or expenditure. Can be to date if reflecting the current or most up to date position or projected, for example projected to the end of the month or financial year.

Virement: the transfer of budget provision from one budget head to another. Virement decisions apply to both revenue and capital expenditure heads, and between expenditure and income, and may include transfers from contingency provisions. Virements may not however be approved between capital and revenue budget heads.

MONTH 6 - SUMMARY

Service	Movement between Periods (£m)	Narrative for Movement between Periods greater than £0.025m
Social Services		
Older People		
Localities	0.100	Domiciliary and Direct Payment costs have increased by £0.078m due to demand. The residential care budget reduced by (£0.040m). Localities staffing costs increased by £0.062m mostly due to a requirement to extend agency contracts.
Regional Integration Fund	0.086	The Step Down Regional Integration Fund (RIF) grant scheme which enables quicker hospital discharge by placing older people into short term residential placements before they can safely return home has already spent its annual allocation. Costs will continue to be incurred and it is not expected that there will be sloopage from other RIF schemes to offset this spend.
Resources & Regulated Services	-0.181	There has been an increase to the number of residents who contribute to the cost of their care resulting in the projected client contribution income to increase by £0.150m. In addition there are reduced costs for staff as there has been a decrease in holiday cover and sickness cover requirements.
Adults of Working Age		
Resources & Regulated Services	0.056	Supported Living costs have increased by £0.053m due to having to cover vacancies via agency to ensure service requirements are being met.
Children to Adult Transition Services	0.092	Due to an additional high cost placement
Minor Variances	-0.023	
Children's Services		
Family Placement	-0.032	Reduced costs based on current foster allowance payments and special guardianship allowance payments
Residential Placements	0.060	This is a result of an additional placement
Minor Variances	-0.007	
Safeguarding & Commissioning		
Minor Variances	0.005	
Total Social Services (excl Out of County)	0.157	
Out of County		
Children's Services	0.123	Due to 3 new placements, one necessary change of placement to one at higher cost and additional intensive support costs - less two ended placements
Education & Youth	0.088	Due to 4 new placements
Total Out of County	0.211	
Education & Youth		
Inclusion & Progression	-0.024	The service have maximised some WG grants for core staff. There are also vacancy savings within the PRU management budget.
Integrated Youth Provision	-0.028	Vacancy savings
Minor Variances	-0.045	
Total Education & Youth	-0.097	
Schools	0.000	
Streetscene & Transportation		
Service Delivery	-0.085	Additional Income this month due to increased in-house construction work.
Transportation	0.055	Additional Service routes requested in School Transport.
Other Minor Variances	-0.028	
Total Streetscene & Transportation	-0.057	
Planning, Environment & Economy		
Minor Variances	0.024	
Total Planning & Environment	0.031	
People & Resources		
Total People & Resources	-0.015	
Governance		
Customer Services	-0.035	Positive movement relates to vacancy savings identified as potential efficiencies
Revenues	-0.086	Positive movement following increase in the potential projected surplus of the Council Tax Collection Fund at Month 6 £0.050m and vacancy savings
Minor Variances	-0.026	
Total Governance	-0.147	
Strategic Programmes		
Minor Variances	0.001	
Total Strategic Programmes	0.001	
Assets		
Total Assets	0.001	
Housing and Community		
Minor Variances	-0.017	
Total Housing and Community	-0.017	
Chief Executive's	-0.016	
Impact of Covid-19	0.000	
Central & Corporate Finance	-0.700	To date in 2022/23, no new long or short term borrowing has been undertaken, due to the level of additional grant funding received from Welsh Government towards the end of the last financial year improving the cashflow position. This has therefore reduced the borrowing costs that would have been incurred and allowed the Council to maximise investments where possible to generate investment income. We have seen further return on investment as the bank rate has risen, resulting in a proportion of this favourable movement. It could potentially increase further in this financial year, should the pattern continue. Savings have also been identified on the Council's finance lease liabilities and Minimum Revenue Provision (MRP).
Grand Total	-0.648	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Impact of Covid-19 (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Social Services							
Older People							
Localities	20.679	20.163	-0.516		-0.616	The commissioned Older Peoples domiciliary and Direct Payment budget is expected to underspend by £0.757m based on current activity. There are recruitment and retention challenges within this service which is limiting the amount of care which can be purchased. The residential care budget is projecting a £0.324m overspend due to the cost of placements net of income such as Free Nursing Care, Regional Integration Fund contributions and property income. The Localities staff budgets are expected to underspend by £0.050m as not all staff are currently top of grade and some costs are to be recharged. The day care budget is underspending by £0.033m.	
Regional Integration Fund	0.000	0.086	0.086		0.000	The Step Down Regional Integration Fund (RIF) grant scheme which enables quicker hospital discharge times by placing older people into short term residential care before they can safely return home has already spent its annual allocation. Costs will continue to be incurred and it is not expected that slippage from other RIF schemes will be available to offset the spend.	
Resources & Regulated Services	8.921	8.958	0.037		0.218	In-house residential care was previously reported to overspend by £0.218m due to staff and running costs. However, there has been an increase to the number of residents who contribute to the cost of their care resulting in the projected client contribution income to increase by £0.150m. In addition there are reduced costs for staff as there has been a decrease in holiday cover and sickness cover requirements.	
Impact of Covid-19	0.000	0.000	0.000	0.000	0.000		
Minor Variances	1.269	1.245	-0.024		-0.024		
Adults of Working Age							
Resources & Regulated Services	29.481	29.739	0.258		0.202	The PDSI (Physically Disabled and Sensory Impaired) budget is reporting a £0.115m overspend due to net costs of care packages. The in-house Supported Living service is £0.129m overspent and this will likely increase further if agency cover is required to cover vacancies. The Learning Disability Daycare and Workscheme budget is £0.069m overspent due mostly to recent inflationary pressures. The care package costs for independently provided care for Learning Disability services is a £0.055m underspend.	
Children to Adult Transition Services	0.951	1.156	0.205		0.113	These are the costs of care for young adults who are transferring to Adult Social Care from Childrens Services this financial year. Care costs are initially estimated, but once services have been finalised the actual cost may be different.	
Residential Placements	1.956	2.336	0.380		0.394	This is the cost of current commissioned care packages within the Mental Health Service	
Minor Variances	4.033	3.995	-0.038		-0.029		
Children's Services							
Family Support	0.375	0.513	0.137		0.127	Costs are based upon the current activity levels over the last few months and projected forward for the rest of the year. Workforce costs, mostly sessional staff, are the primary cost driver for this service.	
Legal & Third Party	0.232	0.741	0.509		0.511	Legal costs are overspent by £0.276m due to the number of cases going through the courts and some use of external legal professionals. Direct Payments also continue to increase in demand and are overspent by £0.233m.	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Impact of Covid-19 (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Residential Placements	1.312	0.977	-0.336		-0.395	The in-year opening of some Childrens Residential care settings will mean that there will be one off cost savings, in addition it is expected that one off, non-recurring grant from Welsh Government will be recieved for start up costs.	
Professional Support	6.173	6.416	0.243		0.250	To support adequate levels of child protection, the established staffing structure needs to be at a sufficient level to meet mandatory safeguarding standards. Vacancies are minimised and additional temporary posts are sometimes required to meet the challenges and demands of Childrens Services. There is an assumption that Welsh Government will allow for flexible use of Childrens Services grants which will allow for some cost presures to be offset.	
Minor Variances	3.537	3.526	-0.011		0.030		
Safeguarding & Commissioning							
Business Systems & Financial Assessments	0.831	0.894	0.063		0.044	There are additional one off costs of £0.018m for an IT system upgrade. Additionally there are some extra staff costs due from temporary increases in hours and business support assistant posts. These additional posts are funded from the underspend within the Business Support Service budget.	
Business Support Service	1.195	1.141	-0.054		-0.051	The underspend is due to vacancies which will not be filled this year	
Safeguarding Unit	1.291	1.076	-0.214		-0.209	A consultation for the updated Liberty Protection Safeguard legislation continues to be undertaken. Due to the delay in implementing the legislation there will be an in-year saving.	
Management & Support	-2.267	-2.330	-0.063		-0.061	A reduction of £0.040m on Flintshire's contribution to the Regional Collaboration Team is expected this year.	
Impact of Covid-19	0.000	0.000	0.000	0.000	-0.000		
Minor Variances	-2.001	-2.029	-0.029		-0.024		
Total Social Services (excl Out of County)	77.969	78.604	0.635	0.000	0.478		
Out of County							
Children's Services	10.097	11.620	1.523		1.400	The projected overspend reflects significant additional demands on the service in the year to date with 28 new placements having been made in the year to date - most of which are high cost residential placements - there is provision for a contingency sum of £0.250m, for net impacts of further new placements and other placement changes, but this may not prove to be enough.	
Education & Youth	5.004	4.703	-0.301		-0.389	The latest underspend reflects projected costs for the current cohort of placements and there have been 20 new placements in the year to date with further new placements also likely to emerge as the year progresses, for which contingency provision of £0.050m has been made.	
Total Out of County	15.101	16.323	1.222	0.000	1.011		
Education & Youth							
Inclusion & Progression	5.251	5.196	-0.055		-0.031	The service have maximised some WG grants for core staff. There are also vacancy savings within the PRU management budget.	
School Improvement Systems	1.889	1.747	-0.142		-0.133	Payments to Non-maintained and maintained settings projected similar to those of 21/22. Welsh Government have announced continuation of top-up funding to £5 p/hour, so gives the Early Entitlement budget increasing financial capacity. Alongside this, the Recruit, Recover and Raise Standards grant and the Early Years Pupil Development Grant increases announced allow core budget to be released. Proposed efficiency savings are currently under review.	
School Planning & Provision	0.671	0.595	-0.076		-0.053	Projected underspend on insurance liability claims costs and some salary savings	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Impact of Covid-19 (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Minor Variances	2.141	1.973	-0.169		-0.128		
Total Education & Youth	9.953	9.512	-0.442	0.000	-0.344		
Schools	108.401	108.401	0.000		-0.000		
Streetscene & Transportation							
Service Delivery	9.277	9.457	0.180		0.265	The service has a recurring revenue pressure of £0.100m for security costs at the Household Recycling Centres. Street lighting is also incurring a £0.070m revenue pressure on the Community Council Income Budget. Improved position from last month due to additional income achieved through in-house construction work. Remaining £0.090m is attributable to high sickness levels and agency costs.	
Highways Network	8.096	8.585	0.489		0.503	Highways is incurring a revenue pressure of £0.400m in Fleet Services as a result of rising fuel costs. Also additional £0.050m increase in weed spraying contractor costs following recommendation from Scrutiny Committee, which cannot be covered by our existing budget.	
Transportation	10.031	10.449	0.418		0.362	Local bus subsidy is incurring additional overspend of £0.100m due to the Park and Ride Service and Service 5. School Transport is incurring a revenue pressure of £0.090m, due to a shortfall in budget for 3 additional school days driven by Easter timelines in this financial year. There has been an additional pressure of £0.220m identified in School Transport due to additional demand (PRUs/ALN) 6 routes in total equating to £270.00 per day.	
Impact of Covid-19	0.000	0.000	0.000	0.000	-0.000		
Other Minor Variances	11.062	11.015	-0.048		-0.034		
Total Streetscene & Transportation	38.466	39.505	1.039	0.000	1.096		
Planning, Environment & Economy							
Community	0.890	0.963	0.073		0.073	Fee income shortfalls in Licensing and Pest Control and historic business planning efficiency £0.024m not realised	
Development	0.146	-0.443	-0.589		-0.594	Favourable variance following receipt of two high value one off Planning Fee each approx £0.300m	
Management & Strategy	1.385	1.290	-0.095		-0.111	Staff savings from vacant posts	
Impact of Covid-19	0.000	0.054	0.054	0.054	0.047	COVID-19 related additional cleaning costs for Countryside Service and Environmental Health Officer costs	
Minor Variances	4.376	4.353	-0.022		-0.026		
Total Planning & Environment	6.797	6.218	-0.579	0.054	-0.610		
People & Resources							
HR & OD	2.284	2.241	-0.043		-0.027		
Corporate Finance	2.041	2.007	-0.034		-0.028		
Impact of Covid-19	0.000	0.008	0.008	0.008	0.000	COVID-19 Flu Vaccine purchase	
Total People & Resources	4.324	4.255	-0.069	0.008	-0.055		
Governance							
Democratic Services	2.374	2.295	-0.079		-0.091	Variance as a result of the Members Allowances new rate not being implemented until May, 2022 and lower than anticipated take up of both Broadband and Pension Allowances (£0.108m) ; mitigated by the inception of the new Climate Change Committee Chair person Allowance plus minor variances across Service	

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Impact of Covid-19 (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
ICT	4.960	4.909	-0.051		-0.050	Staff savings from vacant posts and minor variances across the Service	
Customer Services	1.018	0.858	-0.160		-0.125	Registrars Fee Income higher than anticipated and savings from vacant posts	
Revenues	0.201	-0.023	-0.223		-0.138	The variance results from the projected potential surplus on the Council Tax Collection Fund (£0.167m) based on current information; minor variance across the service	
Impact of Covid-19	0.000	0.001	0.001		0.001		
Minor Variances	2.220	2.209	-0.010		0.027		
Total Governance	10.772	10.249	-0.523	0.000	-0.376		
Strategic Programmes							
Minor Variances	6.116	6.109	-0.008		-0.009		
Total Strategic Programmes	6.116	6.109	-0.008	0.000	-0.009		
Assets							
Enterprise Centres	-0.163	-0.128	0.035		0.032		
Agricultural Estates	-0.165	-0.133	0.032		0.032		
Caretaking & Security	0.264	0.183	-0.080		-0.081	Underspend is due to vacancy savings	
Minor Variances	0.376	0.371	-0.005		-0.002		
Total Assets	0.312	0.293	-0.019	0.000	-0.019		
Housing and Community							
Benefits	13.260	13.019	-0.241		-0.220	Projected underspend of -£0.610m on the Council Tax Reduction Scheme (CTRS) which is offset by pressures of £0.334m on recovery of overpayments including a shortfall against the income budget target which has previously been compensated by the WG COVID-19 Hardship Fund and also due to the need to increase the bad debt provision for recovery of overpayments	
Minor Variances	1.402	1.412	0.009		0.005		
Total Housing and Community	14.662	14.431	-0.231	0.000	-0.215		
Chief Executive's							
Impact of Covid-19	2.256	2.171	-0.085		-0.069	Variance due to vacant post and not all staff at top of scale	
Impact of Covid-19	0.000	0.000	0.000	0.000	0.000		
Central & Corporate Finance							
	28.769	27.838	-0.931		-0.231	Over recovery of planned pension contributions recouperment against actuarial projections based on the current level of contributions, as at Month 6 no new long or short term borrowing has been undertaken, due to the level of additional grant funding received from Welsh Government towards the end of the last financial year improving the cashflow position. This has therefore reduced the borrowing costs that would've been incurred and allowed the Council to maximise investments where possible to generate investment income. We have seen further return on investment as the bank rate has risen, resulting in a proportion of this favourable movement. It could potentially increase further in this financial year, should the pattern continue. Savings have also been identified on the Councils finance lease liabilities and Minimum Revenue Provision (MRP).	
Centralised Costs	2.783	2.753	-0.030		-0.031		
Soft Loan Mitigation	0.000	0.053	0.053		0.053		

Budget Monitoring Report

Service	Approved Budget (£m)	Projected Outturn (£m)	Annual Variance (£m)	Impact of Covid-19 (£m)	Last Month Variance (£m)	Cause of Major Variances greater than £0.050m	Action Required
Grand Total	326.682	326.715	0.033	0.062	0.680		

2022/23 Efficiencies Outturn Tracker - Mth 6

Efficiency Description	Accountable Officer	Efficiency Target	Projected Efficiency	(Under)/Over Achievement	Efficiency Open/Closed (O/C)	Confidence in Achievement of Efficiency - Based on (see below) R = High Assumption A = Medium Assumption G = Figures Confirmed
		2022/23 £m	2022/23 £m	2022/23 £m		
Portfolio						
Corporate						
Increase in Reserves	Rachel Parry Jones	0.471	0.471	0.000	C	G
Utility Inflation	Rachael Corbelli	0.085	0.085	0.000	C	G
Efficiency from Restructure	Corporate Policy	0.025	0.025	0.000	C	G
Recharge to HRA	Chief Executive post to HRA 50%	0.027	0.027	0.000	C	G
Total Corporate Services		0.608	0.608	0.000		
Housing & Assets						
Connahs Quay Power Station	Neal Cockerton	0.290	0.290	0.000	C	G
Rent Newydd	Neal Cockerton	0.020	0.020	0.000	C	G
Total Housing & Assets		0.310	0.310	0.000		
Social Services						
Sleep in Pressure not Required	Neil Ayling	0.123	0.123	0.000	C	G
Total Social Services		0.123	0.123	0.000		
Governance						
Single Person Discount Review (One Off)	Gareth Owen	0.300	0.300	0.000	O	G
Total Governance		0.300	0.300	0.000		
Total 2022/23 Budget Efficiencies		1.341	1.341	0.000		

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	%	£
Total 2022/23 Budget Efficiencies	100	1.341
Total Projected 2022/23 Budget Efficiencies Underachieved	0	0.000
Total Projected 2022/23 Budget Efficiencies Achieved	100	1.341
Total 2022/23 Budget Efficiencies (Less Previously agreed Decisions)	100	0.000
Total Projected 2022/23 Budget Efficiencies Underachieved	0	0.000
Total Projected 2022/23 Budget Efficiencies Achieved	0	0.000

Corporate Efficiencies Remaining from Previous Years

Income Target Remaining	£m	
Income Target Efficiency remaining from Previous Years	All Portfolios	0.041
Fees and charges increase 1st October, 2022	Full Year effect 1st April 2023	(0.026)
Total Income Efficiency Remaining		0.015

Movements on Council Fund Unearmarked Reserves

	£m	£m
Total Reserves as at 1 April 2022	18.438	
Less - Base Level	(5.769)	
Total Reserves above base level available for delegation to Cabinet		12.669
Less - COVID-19 Emergency Funding Allocation		5.316
Less - Childrens Services Social Work Costs (approved 21/22)		0.157
Less - Children's Services front door service - agency workers (approved by Cabinet on 28th June)		0.300
Add - Total Balances Released to Reserves (Month 5)		1.208
Less - impact of the final pay awards (still awaited)		
Less - Month 6 projected outturn		0.033
Total Contingency Reserve available for use		8.071

Budget Monitoring Report
Housing Revenue Account Variances

MONTH 6 - SUMMARY

Service	Revised Budget (£m)	Projected Outturn (£m)	Variance (£m)	Last Month Variance (£m)	Cause of Major Variance	Action Required
Housing Revenue Account						
Income	(37.755)	(37.300)	0.454	0.399	We are currently projecting a variance of £0.454m due to loss of rental income in relation to void properties. Of this, £0.356m relates to void properties, £0.084m relates to utilities costs on void properties and £0.029m relates to void garages. The remaining (£0.015m) relates to other minor variances.	
Capital Financing - Loan Charges	6.723	6.723				
Estate Management	2.263	2.101	(0.162)	(0.126)	Additional cost of agency positions of £0.190m, which is offset by vacancy savings of (£0.196m) and additional funding from the Housing Support Grant of (£0.120m). Other minor variances of (£0.036m).	
Landlord Service Costs	1.265	1.326	0.061	0.068	Salary savings of (£0.044m) are currently being projected within the service which offset agency costs of £0.024. There is a forecasted pressure on utilities costs of £0.062m. The remaining variance of £0.019m is down to other minor movements.	
Repairs & Maintenance	10.908	10.987	0.079	0.084	There are a number of vacant trades positions which are being covered by agency, leading to an additional net cost of £0.066m. Vacancy savings of (£0.034m) in respect of Admin posts have also been identified. Savings on the cost of materials of (£0.102m). Additional cost of fleet forecasted to be £0.154m due to factors such as rising fuel costs. Other minor variances of (£0.005m).	
Management & Support Services	2.716	2.751	0.035	0.036	Savings of (£0.072m) have been projected based on current vacancies within the service and a further (£0.100m) efficiency has been identified through a review of central support recharges. Costs of legal advice in respect of the Renting Homes Wales Act £0.017m. Pressure in relation to insurance costs currently forecasted to be £0.179m. Other minor variances of £0.011m.	
Capital Expenditure From Revenue (CERA)	10.898	13.755	2.857	2.857	£2.857 contribution to meet the additional Capitalworks that are due to be undertaken in year.	
HRA Projects	0.122	0.122	(0.000)	(0.000)		
Contribution To / (From) Reserves	2.858	2.858				
Total Housing Revenue Account	(0.000)	3.324	3.324	3.318		

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CABINET

Date of Meeting	Tuesday, 22 nd November 2022
Report Subject	Capital Programme Monitoring 2022/23 (Month 6)
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 changes made to the Capital Programme 2022/23 since it was set in December 2021 to the end of Month 6 (September 2022), along with expenditure to date and projected outturn.

The Capital Programme has seen a net decrease in budget of £0.154m during the period which comprises of:-

- Net budget increase in the programme of £1.639m (See Table 2 - Council Fund (CF) (£2.647m), Housing Revenue Account (HRA) £4.286m;
- Carry Forward to 2023/24 approved at Month 4 of (£1.543m) (all CF);
- Identified savings at Month 6 of (£0.250m) (CF)

Actual expenditure was £22.471m (See Table 3).

No capital receipts have been received in the second quarter of 2022/23. Savings identified total £0.250m. This gives a revised projected surplus in the Capital Programme at Month 6 of £3.376m (from a Month 4 funding position surplus of £3.126m) for the 2022/23 – 2024/25 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

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION – MONTH 6 2022/23
1.01	Background <p>The Council approved a Council Fund (CF) Capital Programme of £37.469m for 2022/23 at its meeting on 7th December 2021 and a Housing Revenue Account (HRA) Capital Programme of £25.074m for 2022/23 at its meeting on 15th February 2022.</p>
1.02	For presentational purposes the Capital Programme is shown as a whole, with sub-totals for the Council Fund and HRA. In reality the HRA programme is 'ring fenced' and can only be used for HRA purposes.
1.03	Changes since Budget approval <p>Table 1 below sets out how the programme has changed during 2022/23. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-</p>

Table 1

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			
			£m	£m			
People & Resources	0.350	0.155	0.000	0.000	0.000	(0.060)	0.445
Governance	0.363	0.383	0.000	0.000	0.000	0.000	0.746
Education & Youth	10.010	6.057	(0.112)	(0.461)	0.000	(3.406)	12.088
Social Services	1.364	1.038	2.169	(0.189)	0.000	0.168	4.550
Planning, Environment & Economy	0.128	0.817	2.394	(0.250)	0.000	0.520	3.609
Streetscene & Transportation	3.519	2.683	12.849	(0.046)	0.000	0.079	19.084
Strategic Programmes	19.400	0.964	0.000	0.000	0.000	0.052	20.416
Housing and Communities	1.660	0.386	0.286	0.000	(0.250)	0.000	2.082
Capital Programme and Assets	0.675	1.243	0.035	(0.597)	0.000	0.000	1.356
Council Fund Total	37.469	13.726	17.621	(1.543)	(0.250)	(2.647)	64.376
HRA Total	25.074	0.000	(1.757)	0.000	0.000	4.286	27.603
Programme Total	62.543	13.726	15.864	(1.543)	(0.250)	1.639	91.979

1.04

Carry Forward from 2021/22

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.

1.05

Changes during this period

Funding changes during this period have resulted in a net increase in the programme total of £1.639m (CF (£2.647m), HRA £4.286m). 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		
Education General	1.06	1.852
Townscape Heritage Initiatives	1.07	0.465
Other Aggregate Increases		0.354
		2.671
Decreases		
School Modernisation	1.08	(5.227)
Other Aggregate Decreases		(0.091)
Total		(2.647)
<u>HRA</u>		
Increases		
WHQS Improvements	1.09	3.350
Energy Schemes	1.10	1.035
		4.385
Decreases		
Other Aggregate Decreases		(0.099)
		(0.099)
Total		4.286

1.06 Introduction of Welsh Government grant funding to support the rollout of universal primary free school meals in schools along with an All Wales Play grant.

1.07 Introduction of Transforming Town Place Making grant from WG as well as match funding required for improvements to properties within the County.

1.08 Re-profiling of prudential borrowing and WG grant for school modernisation schemes to match projected actual expenditure in this financial year.

1.09 Introduction of Optimised RetroFit Programme grant funding into the WHQS programme.

1.10 WG grant introduced as well as CERA contributions towards the programme of energy efficiency measures being undertaken on the housing stock.

1.11

Capital Expenditure compared to Budget

Expenditure as at Month 6, across the whole of the Capital Programme was £22.471m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.

This shows that 24.43% of the budget has been spent (CF 17.21%, HRA 41.27%). Corresponding figures for Month 6 2021/22 were 50.29% (CF 52.37%, HRA 45.73%).

1.12

The table also shows a projected underspend (pending carry forward and other adjustments) of £4.563m on the Council Fund and a break even position on the HRA.

Table 3

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 6	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
People & Resources	0.445	0.000	0.00	0.445	0.000
Governance	0.746	0.156	20.91	0.746	0.000
Education & Youth	12.088	2.030	16.79	11.868	(0.220)
Social Services	4.550	2.685	59.01	4.550	0.000
Planning, Environment & Economy	3.609	0.468	12.97	3.201	(0.408)
Streetscene & Transportation	19.084	3.890	20.38	15.424	(3.660)
Strategic Programmes	20.416	0.719	3.52	20.141	(0.275)
Housing & Communities	2.082	0.862	41.40	2.082	0.000
Capital Programme & Assets	1.356	0.268	19.76	1.356	0.000
Council Fund Total	64.376	11.078	17.21	59.813	(4.563)
Disabled Adaptations	1.015	0.376	37.04	1.015	0.000
Energy Schemes	2.136	2.136	100.00	2.136	0.000
Major Works	0.726	0.473	65.15	0.726	0.000
Accelerated Programmes	0.561	0.161	28.70	0.561	0.000
WHQS Improvements	18.912	6.307	33.35	18.912	0.000
SHARP Programme	4.253	1.940	45.61	4.253	0.000
Housing Revenue Account Total	27.603	11.393	41.27	27.603	0.000
Programme Total	91.979	22.471	24.43	87.416	(4.563)

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

1.14

Carry Forward into 2023/24

During the quarter, carry forward requirements of £4.563m (all CF) has been identified which reflects reviewed spending plans across all

	programme areas; these amounts can be split into 2 areas, those required to meet the cost of programme works and/or retention payments in 2023/24.																																										
1.15	<p>Information relating to each programme area is contained in Appendix B and summarised in Table 4 below:</p> <p>Table 4</p> <table border="1"> <thead> <tr> <th rowspan="3">CARRY FORWARD INTO 2023/24</th> <th colspan="2"></th> <th>Total</th> </tr> <tr> <th>Month 4</th> <th>Month 6</th> <th></th> </tr> <tr> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Education & Youth</td> <td>0.461</td> <td>0.220</td> <td>0.681</td> </tr> <tr> <td>Social Services</td> <td>0.189</td> <td>0.000</td> <td>0.189</td> </tr> <tr> <td>Planning, Environment & Economy</td> <td>0.250</td> <td>0.408</td> <td>0.658</td> </tr> <tr> <td>Streetscene & Transportation</td> <td>0.046</td> <td>3.660</td> <td>3.706</td> </tr> <tr> <td>Strategic Programmes</td> <td>0.000</td> <td>0.275</td> <td>0.275</td> </tr> <tr> <td>Capital Programme & Assets</td> <td>0.597</td> <td>0.000</td> <td>0.597</td> </tr> <tr> <td>Council Fund</td> <td>1.543</td> <td>4.563</td> <td>6.106</td> </tr> <tr> <td>TOTAL</td> <td>1.543</td> <td>4.563</td> <td>6.106</td> </tr> </tbody> </table>	CARRY FORWARD INTO 2023/24			Total	Month 4	Month 6		£m	£m	£m	Education & Youth	0.461	0.220	0.681	Social Services	0.189	0.000	0.189	Planning, Environment & Economy	0.250	0.408	0.658	Streetscene & Transportation	0.046	3.660	3.706	Strategic Programmes	0.000	0.275	0.275	Capital Programme & Assets	0.597	0.000	0.597	Council Fund	1.543	4.563	6.106	TOTAL	1.543	4.563	6.106
CARRY FORWARD INTO 2023/24			Total																																								
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Council Fund	1.543	4.563	6.106																																								
TOTAL	1.543	4.563	6.106																																								
1.16	<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"> • Penyffordd Primary School - £0.270m. Outline cost plans for an additional 60 pupils classroom extension has increase above the original budget due to the current market conditions. • Holywell Road, Northop - £0.035m. Damage has been identified to the highway infrastructure, along the west-bound lane of Holywell Road near to the access to Coleg Cambria in Northop. Funding required to carry out remedial works to the road. <p>These can be funded from within the current 'headroom' provision.</p>																																										
1.17	<p>Savings</p> <p>The following savings have been identified in the programme in this quarter.</p> <ul style="list-style-type: none"> • Disabled Facilities Grant- £0.250m. During 2022/23, outstanding works that have been funded from previously carried forward budget are now completed enabling this budget to be released back into the capital programme. 																																										

1.18

Funding of 2022/23 Approved Schemes

The position at Month 6 is summarised in Table 5 below for the three year Capital Programme between 2022/23 – 2024/25:-

Table 5

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	
		<u>0.867</u>
Decreases		
Additional GCG - 2022/23 Confirmed	(0.786)	
Savings	(0.250)	
Actual In year receipts	(1.058)	<u>(2.094)</u>
Funding - (Available)/Shortfall		(3.376)

1.19

No capital receipts have been received in the second quarter of 2022/23. Savings identified total £0.250m. This gives a revised projected surplus in the Capital Programme at Month 6 of £3.376m (from a Month 4 funding position surplus of £3.126m) for the 2022/23 – 2024/25 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 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.

1.21

Table 6 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 7th December, 2021. Further detail can be found in Appendix C, including details of the 2022/23 spend to Month 6.

Table 6

INVESTMENT IN COUNTY TOWNS			
	2021/22	2022/23	2023 -
	Actual	Revised	2025
	£m	Budget	Budget
		£m	£m
Buckley / Penyffordd	1.928	4.517	10.202
Connah's Quay / Shotton	0.842	2.662	1.500
Flint / Bagillt	0.368	1.243	7.939
Holywell / Caerwys / Mostyn	4.495	4.023	0.000
Mold / Treuddyn / Cilcain	6.968	20.879	22.298
Queensferry / Hawarden / Sealand	8.031	3.492	3.000
Saltney / Broughton / Hope	4.929	1.284	27.430
Unallocated / To Be Confirmed	1.540	4.794	18.092
Total	29.101	42.894	90.461

1.22 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 be included, and the expenditure and budgets reported should be considered in that context.

1.23 There are two significant factors which increase allocations to particular 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

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

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>The impact of the pandemic will continue to be monitored closely during this financial year. Due to the re-profiling of schemes from the 2021/22 and resources available to manage and deliver schemes, the levels of planned expenditure in 2022/23 may be affected, resulting in a high level of carry forward requests to re-phase budgets into the 2023/24 programme.</p> <p>In addition to the above there are currently indications that material supplies, and demand, are being impacted by overseas supply market disruption leading to potential cost increases, higher tender prices and project delays.</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 actually received rather than when it is anticipated the receipt will be received, and this position continues to be the case. Due to the pandemic there may be a delay in obtaining capital receipts as the timing of these receipts are also subject to market forces</p>

	outside of the Council's control. 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.

CAPITAL PROGRAMME - CHANGES DURING 2022/23

	Original Budget 2022/23	Carry Forward from 2021/22	2022/23 Previously Reported		Savings (Current)	Changes (Current)	Revised Budget 2022/23
			Changes	Carry Forward to 2023/24			
	£m	£m	£m	£m	£m	£m	£m
Council Fund :							
People & Resources							
'Headroom'	0.350	0.140	0.000	0.000	0.000	(0.060)	0.430
Corporate Finance - H & S	0.000	0.015	0.000	0.000	0.000	0.000	0.015
	0.350	0.155	0.000	0.000	0.000	(0.060)	0.445
Governance							
Information Technology	0.363	0.383	0.000	0.000	0.000	0.000	0.746
	0.363	0.383	0.000	0.000	0.000	0.000	0.746
Education & Youth							
Education - General	0.650	4.778	(0.003)	(0.204)	0.000	1.852	7.073
Primary Schools	1.257	0.666	0.714	(0.257)	0.000	(0.031)	2.349
Schools Modernisation	7.303	0.000	(2.076)	0.000	0.000	(5.227)	0.000
Secondary Schools	0.300	0.357	1.253	0.000	0.000	0.000	1.910
Special Education	0.500	0.256	0.000	0.000	0.000	0.000	0.756
	10.010	6.057	(0.112)	(0.461)	0.000	(3.406)	12.088
Social Services							
Services to Older People	0.650	0.156	0.286	(0.189)	0.000	0.000	0.903
Learning Disability	0.270	0.000	0.000	0.000	0.000	0.000	0.270
Children's Services	0.444	0.882	1.883	0.000	0.000	0.168	3.377
	1.364	1.038	2.169	(0.189)	0.000	0.168	4.550
Planning, Environment & Economy							
Closed Landfill Sites	0.000	0.250	0.000	(0.250)	0.000	0.000	0.000
Engineering	0.038	0.349	0.000	0.000	0.000	0.000	0.387
Energy Services	0.000	0.000	0.918	0.000	0.000	0.050	0.968
Town Centre Regeneration	0.050	0.218	1.260	0.000	0.000	0.465	1.993
Private Sector Renewal/Improv't	0.040	0.000	0.216	0.000	0.000	0.005	0.261
	0.128	0.817	2.394	(0.250)	0.000	0.520	3.609
Streetscene & Transportation							
Waste Services	1.875	1.930	0.877	0.000	0.000	0.000	4.682
Cemeteries	0.000	0.265	0.000	0.000	0.000	0.000	0.265
Highways	1.644	0.424	2.376	0.000	0.000	0.010	4.454
Local Transport Grant	0.000	0.018	9.596	0.000	0.000	0.069	9.683
Solar Farms	0.000	0.000	0.000	(0.046)	0.000	0.000	0.000
	3.519	2.683	12.849	(0.046)	0.000	0.079	19.084

	Original Budget 2022/23	Carry Forward from 2021/22	2022/23 Previously Reported		Savings (Current)	Changes (Current)	Revised Budget 2022/23
			Changes	Carry Forward to 2023/24			
	£m	£m	£m	£m			£m
Strategic Programmes							
Leisure Centres	0.200	0.286	0.000	0.000	0.000	0.000	0.486
Play Areas	0.200	0.394	0.000	0.000	0.000	0.052	0.646
Libraries	0.000	0.009	0.000	0.000	0.000	0.000	0.009
Theatr Clwyd	19.000	0.275	0.000	0.000	0.000	0.000	19.275
	19.400	0.964	0.000	0.000	0.000	0.052	20.416
Housing & Communities							
Disabled Facilities Grants	1.660	0.386	0.286	0.000	(0.250)	0.000	2.082
	1.660	0.386	0.286	0.000	(0.250)	0.000	2.082
Capital Programme & Assets							
Administrative Buildings	0.675	0.588	0.035	0.000	0.000	0.000	1.298
Community Asset Transfers	0.000	0.655	0.000	(0.597)	0.000	0.000	0.058
	0.675	1.243	0.035	(0.597)	0.000	0.000	1.356
Housing Revenue Account :							
Disabled Adaptations	1.114	0.000	0.000	0.000	0.000	(0.099)	1.015
Energy Schemes	0.510	0.000	0.591	0.000	0.000	1.035	2.136
Major Works	0.726	0.000	0.000	0.000	0.000	0.000	0.726
Accelerated Programmes	0.561	0.000	0.000	0.000	0.000	0.000	0.561
WHQS Improvements	13.355	0.000	2.207	0.000	0.000	3.350	18.912
Modernisation / Improvements	1.000	0.000	(1.000)	0.000	0.000	0.000	0.000
SHARP Programme	7.808	0.000	(3.555)	0.000	0.000	0.000	4.253
	25.074	0.000	(1.757)	0.000	0.000	4.286	27.603
Totals :							
Council Fund	37.469	13.726	17.621	(1.543)	(0.250)	(2.647)	64.376
Housing Revenue Account	25.074	0.000	(1.757)	0.000	0.000	4.286	27.603
Grand Total	62.543	13.726	15.864	(1.543)	(0.250)	1.639	91.979

PEOPLE & RESOURCES

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
'Headroom'	0.430	0.000	0.430	0.000	0	0.000		Corporate provision - to be allocated as requested and approved.	Any unspent allocation will be the subject of a carry forward request at outturn.
Corporate Finance - Health & Safety	0.015	0.000	0.015	0.000	0	0.000		Corporate provision - to be allocated as requested and approved.	Any unspent allocation will be the subject of a carry forward request at outturn.
Total	0.445	0.000	0.445	0.000	0	0.000			

GOVERNANCE

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Information Technology	0.746	0.156	0.746	0.000	0	0.000			
Total	0.746	0.156	0.746	0.000	0	0.000			

Variance = Budget v Outturn

EDUCATION & YOUTH

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Education - General	7.073	0.774	7.073	0.000	0	(0.204)			
Primary Schools	2.349	0.778	2.349	0.000	0	(0.257)			
Schools Modernisation	0.000	(0.080)	0.000	0.000		0.000			
Secondary Schools	1.910	0.154	1.910	0.000	0	0.000			
Special Education	0.756	0.404	0.536	(0.220)	-29	0.000	Schemes to be delivered in 2023/24.	Carry Forward - Request approval to move funding of £0.220m to 2023/24.	
Total	12.088	2.030	11.868	(0.220)	-2	(0.461)			

Variance = Budget v Outturn

SOCIAL SERVICES

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Services to Older People	0.903	0.285	0.903	0.000	0	(0.189)			
Learning Disability Services	0.270	0.000	0.270	0.000	0	0.000			
Children's Services	3.377	2.400	3.377	0.000	0	0.000			
Total	4.550	2.685	4.550	0.000	0	(0.189)			

Variance = Budget v Projected Outturn

PLANNING, ENVIRONMENT & ECONOMY

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Closed Landfill Sites	0.000	0.000	0.000	0.000		(0.250)			
Engineering	0.387	0.000	0.164	(0.223)	-58	0.000	Projects to progress into 2023/24.	Carry Forward - Request approval to move funding of £0.223m to 2023/24.	
Energy Services	0.968	0.256	0.968	0.000	0	0.000			
Town Centre Regeneration	1.993	0.118	1.808	(0.185)	-9	0.000	Works on the Levelling Up Fund and Historic Building Conservation to continue into 2023/24.	Carry Forward - Request approval to move funding of £0.185m to 2023/24.	
Private Sector Renewal/Improvement	0.261	0.094	0.261	0.000	0	0.000			
Total	3.609	0.468	3.201	(0.408)	-11	(0.250)			

Variance = Budget v Outturn

STREETSCENE & TRANSPORTATION

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Waste Services	4.682	(0.134)	1.277	(3.405)	-73	0.000	Standard Waste project to progress into 2023/24.	Carry Forward - Request approval to move funding of £3.405m to 2023/24.	
Cemeteries	0.265	0.004	0.010	(0.255)	-96	0.000	Cemetery extension project to progress into 2023/24.	Carry Forward - Request approval to move funding of £0.255m to 2023/24.	
Highways	4.454	(0.214)	4.454	0.000	0	0.000			
Local Transport Grant	9.683	4.234	9.683	0.000	0	0.000			
Solar Farms	0.000	0.000	0.000	0.000		(0.046)			
Total	19.084	3.890	15.424	(3.660)	-19	(0.046)			

Variance = Budget v Outturn

STRATEGIC PROGRAMMES

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Leisure Centres	0.486	0.000	0.486	0.000	0	0.000			
Play Areas	0.646	0.243	0.646	0.000	0	0.000			
Libraries	0.009	0.000	0.009	0.000	0	0.000			
Theatr Clwyd	19.275	0.476	19.000	(0.275)	-1	0.000	Grant funding is to be maximised in 2022/23.	Carry Forward - Request approval to move funding of £0.275m to 2023/24.	
Total	20.416	0.719	20.141	(0.275)	-1	0.000			

Variance = Budget v Outturn

HOUSING & COMMUNITIES

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Disabled Facilities Grants	2.082	0.862	2.082	0.000	0	0.000			DFG spend is customer driven and volatile. Saving of £0.250m identified.
Total	2.082	0.862	2.082	0.000	0	0.000			

Variance = Budget v Outturn

CAPITAL PROGRAMME & ASSETS

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Administrative Buildings	1.298	0.260	1.298	0.000	0	0.000			
Community Asset Transfers	0.058	0.008	0.058	0.000	0	(0.597)			
Total	1.356	0.268	1.356	0.000	0	(0.597)			

Variance = Budget v Outturn

HOUSING REVENUE ACCOUNT

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget £m	Actual Exp. £m	Projected Outturn £m	Variance (Under)/ Over £m	Variance %age %	Variance Prev Qtr £m	Cause of Variance	Action Required	Comments
Disabled Adaptations	1.015	0.376	1.015	0.000	0	0.000			Demand lead. Projection based on current trends.
Energy Services	2.136	2.136	2.136	0.000	0	0.000			WG grant secured and additional CERA introduced to offset variance to budget.
Major Works	0.726	0.473	0.726	0.000	0	0.000			
Accelerated Programmes	0.561	0.161	0.561	0.000	0	0.000			
WHQS Improvements	18.912	6.307	18.912	0.000	0	0.000			A Programme of retrofit works has commenced to trial energy efficiency measures , ORP funding of £4.4m has been secured from WG.
SHARP	4.253	1.940	4.253	0.000	0	0.000			
Total	27.603	11.393	27.603	0.000	0	0.000			

Variance = Budget v Outturn

SUMMARY

Capital Budget Monitoring 2022/23 - Month 6

Programme Area	Total Budget	Actual Exp.	Projected Outturn	Variance (Under)/ Over	Variance %age	Variance Prev Qtr	Cause of Variance	Action Required	Comments
	£m	£m	£m	£m	%	£m			
People & Resources	0.445	0.000	0.445	0.000	0	0.000			
Governance	0.746	0.156	0.746	0.000	0	0.000			
Education & Youth	12.088	2.030	11.868	(0.220)	-2	(0.461)			
Social Services	4.550	2.685	4.550	0.000	0	(0.189)			
Planning, Environment & Economy	3.609	0.468	3.201	(0.408)	-11	(0.250)			
Streetscene & Transportation	19.084	3.890	15.424	(3.660)	-19	(0.046)			
Strategic Programmes	20.416	0.719	20.141	(0.275)	-1	0.000			
Housing & Communities	2.082	0.862	2.082	0.000	0	0.000			
Capital Programme & Assets	1.356	0.268	1.356	0.000	0	(0.597)			
Sub Total - Council Fund	64.376	11.078	59.813	(4.563)	-7	(1.543)			
Housing Revenue Account	27.603	11.393	27.603	0.000	0	0.000			
Total	91.979	22.471	87.416	(4.563)	-5	(1.543)			

Variance = Budget v Outturn

INVESTMENT IN COUNTY TOWNS - 2021/22 ACTUAL SPEND

APPENDIX C

TOWN FUNDING	21/22 ACTUAL £000	BUCKLEY		CONNAH'S QUAY		FLINT		HOLYWELL		MOLD		QUEENSFERRY		SALTNEY		UNALLOCATED		TOTALS			
		Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Total £000	
EXPENDITURE																					
HOUSING - HRA																					
SHARP	2,024					20		1,635	289	5		2					73		1,715	309	2,024
EDUCATION & YOUTH																					
Queensferry Campus	7,651											2,214	5,437						2,214	5,437	7,651
Ysgol Glanrafon	3,157										3,157								0	3,157	3,157
Castell Alun High School	4,216													3,121	1,095				3,121	1,095	4,216
SOCIAL CARE																					
Marleyfield EPH	605	605																	605	0	605
Ty Nyth, Children's Residential Care	462										462								0	462	462
PLANNING, ENVIRONMENT & ECONOMY																					
Solar PV Farms	600				600														600	0	600
STREETSCENE & TRANSPORTION																					
Improvements to Standard Yard Waste Transfer Station	386		386																0	386	386
Improvements to Greenfield Waste Transfer Station	795							27	768										27	768	795
Highways Maintenance	2,506	137	28	35		197		344	421	92	433	242		103	68			1,556	950	2,506	
Transport Grant	4,133		772		207		151		1,011		253		136		542		406	0	0	4,133	4,133
STRATEGIC PROGRAMMES																					
Theatr Clwyd - Redevelopment	1,984										661	1,323							661	1,323	1,984
HOUSING & ASSETS																					
Affordable Housing	582										582								582	0	582
	29,101	742	1,186	635	207	197	171	2,006	2,489	1,340	5,628	2,458	5,573	3,224	1,705	479	1,061	11,081	18,020	29,101	
AREA TOTAL			1,928	842	368	4,495	6,968	8,031	4,929	1,540											

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INVESTMENT IN COUNTY TOWNS - 2022/23 REVISED BUDGET

APPENDIX C (Cont)

TOWN FUNDING	REVISED BUDGET £000	BUCKLEY		CONNAH'S QUAY		FLINT		HOLYWELL		MOLD		QUEENSFERRY		SALTNEY		UNALLOCATED		TOTALS			
		Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Total £000	
EXPENDITURE																					
HOUSING - HRA																					
SHARP	4,253	32		401		162		3,625				33							4,253	0	4,253
EDUCATION & YOUTH																					
Ysgol Glanrafon	398									302	96								302	96	398
Ysgol Croes Atti, Shotton	488				488														0	488	488
SOCIAL CARE																					
Ty Nyth, Children's Residential Care	863									863									863	0	863
Croes Atti Residential Care Home, Flint	811					811													811	0	811
Relocation of Tri-Ffordd Day Service provision	270													270					270	0	270
PLANNING, ENVIRONMENT & ECONOMY																					
Solar PV Farms	418			298	120														298	120	418
STREETSCENE & TRANSPORTION																					
Improvements to Standard Yard Waste Transfer Station	3,871	3,405	466																3,405	466	3,871
Highways Maintenance	2,592		33						4						2	2,152	401	2,152	440	2,592	
Transport Grant	9,683		581		1,355		270	31	363		371		3,459	70	942		2,241	101	9,582	9,683	
STRATEGIC PROGRAMMES																					
Theatr Clwyd - Redevelopment	19,247										247	19,000							247	19,000	19,247
	42,894	3,437	1,080	699	1,963	973	270	3,656	367	1,412	19,467	33	3,459	340	944	2,152	2,642	12,702	30,192	42,894	
AREA TOTAL			4,517	2,662	1,243	4,023	20,879	3,492	1,284	4,794											

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TOWN FUNDING	ACTUAL TO DATE £000	BUCKLEY		CONNAH'S QUAY		FLINT		HOLYWELL		MOLD		QUEENSFERRY		SALTNEY		UNALLOCATED		TOTALS				
		Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Total £000		
EXPENDITURE																						
HOUSING - HRA																						
SHARP	1,939	32		401		161		1,312					33							1,939	0	1,939
EDUCATION & YOUTH																						
Ysgol Glanrafon	349									253	96									253	96	349
Croes Atti Flint	86						86													0	86	86
SOCIAL CARE																						
Ty Nyth, Children's Residential Care	1,141									1,141										1,141	0	1,141
Croes Atti Residential Care Home, Flint	285					285														285	0	285
STREETSCENE & TRANSPORTION																						
Improvements to Standard Yard Waste Transfer Station	128		128																	0	128	128
Highways Maintenance	260		212						43				2				3			0	260	260
Transport Grant	4,234				1,260			9	216		298		2,409		2		40			9	4,225	4,234
STRATEGIC PROGRAMMES																						
Theatr Clwyd - Redevelopment	476										476									0	476	476
	8,898	32	340	401	1,260	446	86	1,321	259	1,394	870	33	2,411	0	2	0	43			3,627	5,271	8,898
AREA TOTAL			372	1,661	532	1,580	2,264	2,444	2	43												

INVESTMENT IN COUNTY TOWNS - 2023- 2025 BUDGET

APPENDIX C (Cont)

TOWN FUNDING	FUTURE BUDGET £000	BUCKLEY		CONNAH'S QUAY		FLINT		HOLYWELL		MOLD		QUEENSFERRY		SALTNEY		UNALLOCATED		TOTALS			
		Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Internal £000	External £000	Total £000			
EXPENDITURE																					
EDUCATION & YOUTH																					
Ysgol Croes Atti, Flint	5,150					1,925	3,225												1,925	3,225	5,150
Drury County Primary	3,650	2,372	1,278																2,372	1,278	3,650
Elfed High School	4,488	1,571	2,917																1,571	2,917	4,488
Mynydd Isa Area	1,464	512	952																512	952	1,464
Saltney/Broughton Area	25,000													8,750	16,250				8,750	16,250	25,000
Penyffordd CP	600	600																	600	0	600
Joint Archive Facility, FCC and DCC	2,980									2,980									2,980	0	2,980
SOCIAL CARE																					
Relocation of Tri-Ffordd Day Service provision	2,430													2,430					2,430	0	2,430
Croes Atti Residential Care Home, Flint	189					189													189	0	189
STREETSCENE & TRANSPORTION																					
Highways Asset Management Plan	2,000																2,000		2,000	0	2,000
STRATEGIC PROGRAMMES																					
Theatr Clwyd - Redevelopment	19,000									7,000	12,000								7,000	12,000	19,000
HOUSING & ASSETS																					
Affordable Housing	23,510			1,500	0	2,600				318		3,000				16,092			23,510	0	23,510
	90,461	5,055	5,147	1,500	0	4,714	3,225	0	0	10,298	12,000	3,000	0	11,180	16,250	18,092	0	53,839	36,622	90,461	
ARE TOTAL			10,202	1,500		7,939		0		22,298		3,000		27,430		18,092					



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 17 th November 2022
Report Subject	Capital Strategy Including Prudential Indicators 2023/24 to 2025/26
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Corporate Finance Manager
Type of Report	Strategic

EXECUTIVE SUMMARY

This report updates the Council's Capital Strategy and seeks the Committee's recommendation to Cabinet.

The report explains the need for the Strategy, its key aims, and the content of each of its sections.

Under the Prudential Code for Capital Finance in Local Authorities (the Prudential Code), authorities are required to set a range of Prudential Indicators (PI's). The Capital Strategy includes details of the Council's Prudential Indicators for 2023/24 – 2025/26.

RECOMMENDATIONS

1	To consider and recommend the Capital Strategy to Cabinet.
2	To consider and recommend to Cabinet:- <ul style="list-style-type: none"> • The Prudential Indicators for 2023/24 - 2025/26 as detailed within Tables 1, and 4 – 8 of the Capital Strategy. • Delegated authority for the Corporate Finance Manager to effect movements between the separately agreed limits within the authorised limit for external debt and the operational boundary for external debt (Table 6 of the Capital Strategy).

REPORT DETAILS

1.00	CAPITAL STRATEGY 2023 – 2026
1.01	The Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2021 Edition (the Code), requires that the Council has in place a Capital Strategy (the Strategy). The guidance to the Code defines the specific requirements of the Strategy. This report updates the Strategy for Council’s consideration.
1.02	The key aims of the Strategy are to explain the ways in which the capital programme is developed and funded, the potential impact it has on the Council’s Medium Term Financial Strategy (MTFS) and the way in which it relates to the Council’s Treasury Management Strategy. The Strategy is an overarching document and refers to other documents such as the Capital Programme, the Treasury Management Strategy and the Minimum Revenue Provision Policy. The Strategy is split into a number of sections as described below. The Strategy is enclosed as Appendix 1.
1.03	Changes to the Prudential Code 2021 CIPFA strengthened its Prudential Code in December 2021, to ensure local authorities’ financial plans are affordable, prudent and sustainable. The key change in the 2021 edition of the Code, is the explicitly stated requirement that authorities must not borrow to invest primarily for financial return. It is not prudent to make any investment or spending decision that will increase the Capital Financing Requirement, and so may lead to new borrowing, unless directly and primarily related to the Council’s functions. The Code does not require existing commercial investments to be sold, but options to exit investments as an alternative to borrowing should be reviewed in the TM strategy.
1.04	Capital Expenditure This section defines capital expenditure. There is some limited local discretion in the definition as reflected in the Council’s accounting policies.
1.05	Resources This section explains the way in which the Capital Programme is funded. The Council has a number of funding sources but these sources are limited and in some cases, particularly capital receipts, diminishing. Some of those sources, particularly prudential borrowing, add pressure to the Council’s MTFS.
1.06	Prioritisation of Capital Expenditure This section explains the way in which the Capital Programme is divided into three sections and how decisions are made as to which schemes to include in each section in each year.

1.07	<p>Governance</p> <p>This section explains the governance arrangements in place in the development and monitoring of the capital programme.</p>
1.08	<p>Capital Expenditure Plans</p> <p>This section refers to the Council's capital expenditure plans as agreed in its Capital Programme. It covers:</p> <ul style="list-style-type: none"> • Capital expenditure plans • The way in which those plans are expected to be financed • Minimum Revenue Provision • Estimates of the Capital Financing Requirement, a measure of unfinanced expenditure
1.09	<p>Treasury Management</p> <p>This section covers the way in which the Strategy relates to the Council's treasury management activity. It covers:</p> <ul style="list-style-type: none"> • The Council's Borrowing Strategy • The relationship between the Council's debt portfolio and its Capital Financing Requirement • The Authorised Limit and Operational Debt Limits for borrowing, ensuring the limits on the Council's exposure to debt are set • The Council's Investment Strategy • Treasury management governance.
1.10	<p>Commercial activities</p> <p>This section reports that the Council has limited commercial activity, having a limited portfolio of investment properties (agricultural properties and industrial units). The Council does not borrow to invest for the primary purpose of financial return.</p>
1.11	<p>Liabilities</p> <p>This section explains the liabilities which the Council has, in particular the deficit on its pension fund, and links with the Council's Statement of Accounts.</p>
1.12	<p>Revenue budget implications</p> <p>This section shows the impact of the capital financing costs on the revenue stream of the Council's budget.</p>
1.13	<p>Knowledge and skills</p> <p>This section details the skills of officers involved in developing and managing the capital programme and treasury management activity, and explains that the Council makes use of external advisers to assist with this activity.</p>

1.14	<p>Prudential Indicators</p> <p>The Council is required by the Code to develop and monitor Prudential Indicators. These are contained within the various sections of the Strategy, and are indicated as such.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	Financial consequences for capital resources are as set out within the report and in Appendix 1.
2.02	Financial consequences for revenue resources are as set out within the report and in Appendix 1.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT								
3.01	Decisions made which involve the Council's assets and its Capital Programme often have very large and long term financial implications. The purpose of the Capital Strategy includes setting a clear framework within which such decisions can be made, therefore mitigating the risks involved.								
3.02	<p>Ways of Working (Sustainable Development) Principles Impact</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 40%;">Long-term</td> <td rowspan="5">The impacts upon sustainable development principles of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.</td> </tr> <tr> <td>Prevention</td> </tr> <tr> <td>Integration</td> </tr> <tr> <td>Collaboration</td> </tr> <tr> <td>Involvement</td> </tr> </table>	Long-term	The impacts upon sustainable development principles of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.	Prevention	Integration	Collaboration	Involvement		
Long-term	The impacts upon sustainable development principles of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.								
Prevention									
Integration									
Collaboration									
Involvement									
3.03	<p>Well-being Goals Impact</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 40%;">Prosperous Wales</td> <td rowspan="7">The impacts upon the well-being goals of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.</td> </tr> <tr> <td>Resilient Wales</td> </tr> <tr> <td>Healthier Wales</td> </tr> <tr> <td>More equal Wales</td> </tr> <tr> <td>Cohesive Wales</td> </tr> <tr> <td>Vibrant Wales</td> </tr> <tr> <td>Globally responsible Wales</td> </tr> </table>	Prosperous Wales	The impacts upon the well-being goals of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.	Resilient Wales	Healthier Wales	More equal Wales	Cohesive Wales	Vibrant Wales	Globally responsible Wales
Prosperous Wales	The impacts upon the well-being goals of the Capital Programme which influences the Capital Strategy are listed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.								
Resilient Wales									
Healthier Wales									
More equal Wales									
Cohesive Wales									
Vibrant Wales									
Globally responsible Wales									
3.04	<p>Integrated Impact Assessments</p> <p>The integrated impact assessment of the Capital Programme which influences the Capital Strategy are discussed in the Capital Programme 2023/24 – 2025/26 report included elsewhere on this agenda.</p>								

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Any comments from Corporate Resources Overview and Scrutiny Committee on the proposed Capital Strategy will be referred back to the November 2022 meeting of the Cabinet for consideration before the final Capital Strategy for 2023-2026 is considered and approved by County Council in December 2022.

5.00	APPENDICES
5.01	Appendix 1 – Capital Strategy 2023/24 – 2025/26

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	None

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>Capital Expenditure - Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value 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 Receipt - Receipts (in excess of £10,000) from the disposal of an asset</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme</p> <p>Capital Strategy - A corporate document providing clear strategic guidance about an authority's objectives, priorities and spending plans, demonstrating the link to key corporate and service objectives</p> <p>Council Fund - The fund to which all the Council's revenue and capital expenditure is charged</p> <p>Disposal - The decommissioning or transfer of an asset to another party</p>

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

Prudential Code - The Code of Practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs

Prudential Indicators - Required by the **Prudential Code**, these take the form of limits, estimates or actual figures used to support the local decision making process for capital investment

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

CAPITAL STRATEGY

2023/24 TO 2025/26

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CAPITAL STRATEGY REPORT 2023/24

1. INTRODUCTION

The creation and approval of a capital strategy is now a requirement of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code).

The Code requires the Council to set Prudential Indicators in relation to its Capital Programme. This document includes those Prudential Indicators in tables 1 and, 4 - 8.

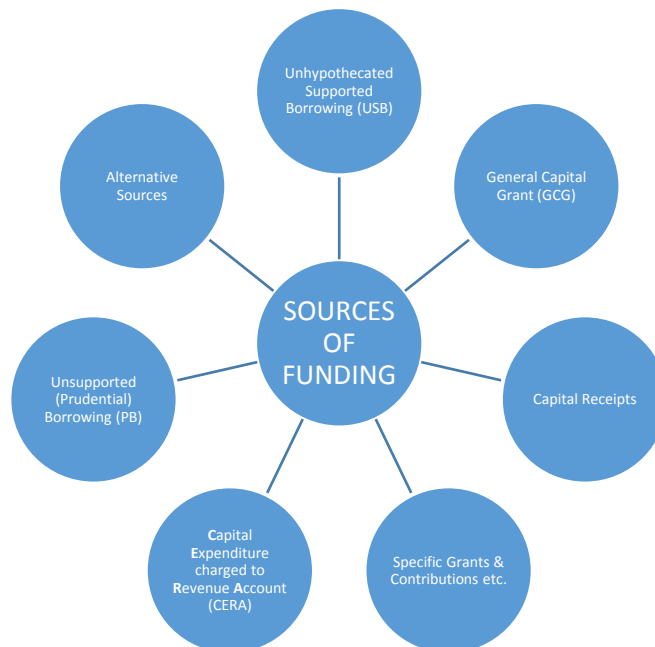
This document updates the capital strategy approved by Council in December 2021. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

2. CAPITAL EXPENDITURE

Capital expenditure occurs when the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

3. RESOURCES

The sources of funding available to the Council are described below:



Unhypothecated Supported Borrowing (USB), commonly referred to as Supported Borrowing

Each year Welsh Government provides councils with a Supported Borrowing capital allocation. Councils can then borrow to fund capital expenditure up to that annual allocation, and Welsh Government will include funding to cover the revenue costs associated with that level of borrowing in future years within the Revenue Support Grant. The Council decides how this funding is spent.

General Capital Grant (GCG)

This is the annual capital grant from Welsh Government. The Council decides how this funding is spent.

Supported borrowing and general capital grant will be used to fund capital schemes which:

- invest in, or maintain the life of, existing assets which will be retained for future service delivery
- are statutory / regulatory in nature

The Housing Revenue Account (HRA) equivalent is known as the Major Repairs Allowance (MRA).

Capital Receipts

These are funds raised from the sale of council assets, usually, but not restricted to, land and buildings. Other examples include repayments of loans for capital purposes and release of restrictive covenants.

Capital finance regulations dictate that capital receipts can only be used to fund capital expenditure or repay debt. In the past regulations required a proportion of all receipts be set aside to repay debt, but this requirement was removed some time ago for the Council Fund and was removed for the HRA with the introduction of self-financing. The Council's policy is to use capital receipts to fund capital expenditure rather than voluntarily set aside to repay debt. The Council sets a Minimum Revenue Provision policy each year which sets out our prudent methods for repayment of debt.

The current policy of pooling all capital receipts to allocate to capital schemes in accordance with the Council's strategic aims and priorities will continue. Capital receipts will not be 'ring-fenced' to fund schemes in the same service or geographical areas (with the exception of the HRA). Capital receipts represent a finite funding source based on a planned approach to asset disposals in support of the Council's priorities. They will be used to fund new capital investment schemes.

Generation of capital receipts depends on our ability to identify assets that are surplus to requirements, and to sell them at an appropriate time which will be subject to local economic factors. In recent years this has been challenging, and will continue to be so. Careful and prudent planning around the timing of capital receipts is needed to ensure schemes funded by capital receipts don't begin until we have received the receipt.

Capital receipts will be generated by continuing with our agricultural disposal policy, our policy to reduce the number of assets that we have and the forthcoming review of the commercial estate.

Our assets are also supporting the Strategic Housing and Regeneration Programme (SHARP) in innovative ways. We have identified surplus Council owned sites which will be used to develop new housing. This input will need to continue throughout the life of the programme. The impact of this on the generation of capital receipts will need to be carefully mapped and reflected within the wider Capital Programme.

Specific Grants and Contributions etc.

Specific Grants

These are grant allocations received from a range of sponsoring bodies including Welsh Government, Lottery, etc. for associated specific programmes and projects, with limited local discretion on how the funding is spent. Often the terms and conditions of such funding will require unused funding to be returned, and can require the Council to match fund. In times where capital resources are declining the Council will seek to maximise such funding streams, subject to the initiative/scheme reflecting both the third party's agenda and the Council's priorities.

Specific Contributions

These are contributions from developers towards the provision of public assets or facilities. Sometimes these are to mitigate the impact of their development on communities and are often referred to as Section 106 contributions. Contributions are earmarked for specific purposes in planning agreements and often relate to infrastructure projects including play areas, open spaces, and schools, but also including affordable housing. Developers also contribute to highways infrastructure developments through Section 38 and 278 agreements.

Specific Capital Loans

Increasingly, as Welsh Government's funding comes under pressure, capital funding that was previously issued as a specific capital grant is converted into a repayable loan, examples include the Home Improvement Loans fund, and Vibrant and Viable Places funding. Grant funding will always be preferable to loan funding as it does not require repayment, however, loan funding does have benefits. Its use to date has been to provide recyclable loan funding for regeneration purposes. The benefit is that rather than being used to fund a single project, the funding can be recycled and used to fund a number of projects over the term of the loan.

Capital Loans are also available, and have been used, from other sources such as Salix in relation to energy saving projects.

As with grants, the Council will seek to maximise such developments that are in line with its priorities, whilst carefully considering the additional administrative burden in issuing and collecting loans, and the risk it carries from loan defaults.

Local Government Borrowing Initiative (LGBI)

In recent years, as Welsh Government funding has been under pressure, schemes that would have been funded by capital grant have been funded by LGBI. Welsh Government provides the revenue support for borrowing costs incurred by the Council in borrowing to fund capital schemes (the difference with supported borrowing being that it's for a specific purpose aligned to Welsh Government priorities). LGBI has recently been used for highways maintenance and used to part fund the Welsh Government element of the 21st Century Schools programme – 'Band A'.

Capital Expenditure charged to Revenue Account (CERA)

Capital expenditure can be funded via a direct contribution from revenue funding (note: capital financing regulations mean it is not possible to use capital funding to fund revenue expenditure). This method of funding is extensively used by the HRA and will continue to be in the future. Its use for Council Fund activity is generally quite limited as this would add pressure to the revenue budget as forecast in the Medium Term Financial Strategy (MTFS).

Unsupported Prudential Borrowing (commonly referred to as Prudential Borrowing)

The Prudential Code for Capital Finance in Local Authorities supports local authorities in determining their programmes for capital investment in assets (we are required by regulation to follow its requirements). The Prudential Code gives councils discretion to undertake borrowing to fund capital projects with the full cost of borrowing funded from future council revenue resources subject to the Council demonstrating, within a clear framework, that the capital investment plans are affordable, prudent and sustainable. A range of prudential indicators must be produced and approved demonstrating the impact of the programme. This option for funding additional capital developments is one which is funded from within existing revenue budgets or from generating additional and ongoing income streams, there is no support from any external funding which is a major constraint on its use as any scheme funded by prudential borrowing will add to the forecast budget deficit in the MTFS.

To date, limited use has been made of the option following cautious and prudent consideration of long term impacts. This approach will continue to be used with schemes that have a clear financial benefit such as 'invest to save', 'spend to earn', and those that generate returns over and above the costs of debt. The focus will be to fund schemes that are the Council's priorities, attract third party funding and generate revenue benefits in future financial years in the form of revenue savings, income generation or increasing Council Tax yield. In addition, prudential borrowing will be used to fund the Council element of Sustainable Communities for Learning – 'Band B', redevelopment of Theatr Clwyd, relocation of Tri-ffordd day service provision and the HRA SHARP schemes.

Alternative Sources

There are a number of other alternative sources of capital funding which the Council could make use of, depending on circumstances and cost:-

- Finance Leases - Leases that transfers (to the lessee) substantially all the risks and rewards of ownership of an asset, even though ownership may not be transferred. This method was used for the equipment at Deeside Leisure Centre and the Jade Jones Pavilion, Flint.
- Public Private Partnerships (PPPs) - This is a broad term for various arrangements in which the Council has a longer and more intensive relationship with a private sector supplier than it does under a traditional contract. It includes:-
 - PFI contracts;
 - Local Asset Backed Vehicles (LABVs);
 - Strategic partnering;
 - Sale and Lease back;
 - Joint Ventures;
 - Deferred Purchase, and
 - Mutual Investment Model (MIM)

To date, the Council has made very limited use of alternative funding options listed above. In future all options, along with any new initiatives, will be explored and used carefully. Capital schemes funded from alternative sources are likely to increase the Council's debt liability, therefore use will be restricted and considered in the same way as prudential borrowing.

4. PRIORITISATION OF CAPITAL EXPENDITURE

The purpose of the Capital Programme is to optimise the Council’s use of capital resources by allocation to those areas identified as representing the strategic priorities of the Council. The Programme is split into 3 sections;

- Statutory / Regulatory Programme consisting of an annual allocation to fund schemes of a statutory / regulatory nature. Examples include providing financial support to repair, improve and adapt private sector homes, and adapting schools for disabled children. Service areas will be required to submit plans for approval before the start of each financial year.
- Retained Asset Programme consisting of an annual allocation to fund schemes that maintain, improve or lengthen the economic life of the assets that we retain to use in delivering services where there is already a significant amount of capital work needed, identified by service plans / condition surveys etc. Service areas identified are: schools, highways, and corporate office accommodation. Service areas are required to submit plans for approval before the start of each financial year.
- Investment Programme consisting of allocations to fund new schemes arising from Portfolio Business Plans. Such schemes will be necessary to achieve revenue efficiencies included within Portfolio Business Plans, the MTFS and our strategic priorities as included in the Council Plan. Approval of such schemes will be through the submission of a full business case identifying the source of capital funding and the asset’s lifetime costs going forward.

Funding of schemes will be allocated as shown below:

Statutory / Regulatory Programme	Retained Asset Programme		Investment Programme
General Capital Grant	Supported Borrowing	Capital Receipts	Debt and Alternative Sources of Funding

Capital Programmes will be set every year covering a timeframe of the next 3 financial years on a rolling basis, reflecting that capital schemes don’t match financial years and span more than 1 financial year. Schemes starting in that first financial year will be approved along with any costs and funding required in the subsequent 2 financial years. Schemes starting later than the first financial year will be given indicative support to enable services to plan, but will ultimately require formal approval through the process of approving the subsequent years’ Capital Programme.

Sufficient ‘headroom’ will be built into the Capital Programme to facilitate more flexibility, thus allowing smaller schemes to be presented, considered and approved by Cabinet in year. Such schemes arise in year due to, for example, grants that require an element of match funding or unforeseen events such as regulatory works etc.

The development of the Capital Programme will be considered in the context of its impact on the Council’s MTFS and in particular the added pressure the Capital Programme may bring to the revenue budget.

5. GOVERNANCE

Planning for the Capital Programme is determined in parallel with service and revenue budget planning process within the framework of the MTFS.

New investment capital schemes will be rigorously appraised through submission of full business cases which will include schemes funded by grants or contributions from 3rd parties. Large schemes which are programmes in their own right will be subject to gateway reviews at stages during the programme, for example Sustainable Communities for Learning and SHARP. This ensures that the evidence and the case for change when the scheme was initially approved is still valid, and that lessons learned from early stages can be applied to future stages.

Those portfolios with core allocations will submit annual plans for assessment and challenge by the Capital and Assets Programme Board to ensure compliance with the Capital Strategy and the Asset Management Plan.

The Capital Programme, where possible, will be set for each coming financial year before the annual budget, and will include indicative figures spanning the same time frame as the MTFS.

Monitoring of the annual Capital Programme will be undertaken at a Portfolio level by the Capital and Technical Accounting Team, with progress updates given to the Capital and Assets Programme Board. Reporting to Members will take place quarterly to Cabinet and Corporate Resources Overview and Scrutiny Committee including:

- New schemes or additions to existing schemes
- Removal of or reductions to schemes
- Slippage on schemes, and impact on future years capital programme
- Funding virements between schemes
- Other necessary revisions to the scheme

The Capital and Assets Programme Board will develop processes for monitoring the outcomes of capital schemes and measures to monitor the performance of assets.

Capital expenditure plans

The Council's planned capital expenditure for the period 2023/24 to 2025/26 is summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2023/24 Estimate	2024/25 Estimate *	2025/26 Estimate
Council Fund	33.041	33.924	24.668
Housing Revenue Account	27.519	27.680	30.234
Total	60.560	61.604	54.902

*£3.2m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

The Council's Capital Programme is due to be approved by Council in December 2022, and details can be found on the Council's website.

The Council is planning a number of significant investments during the period of this strategy. In particular, it is investing substantially in its schools in conjunction with Welsh Government through the Sustainable Communities for Learning Band B programme; is undertaking redevelopment of Theatr Clwyd; build of a new Cores Atti Residential Care Home, to develop care homes that value older people and provide good quality support; has plans, in conjunction with its partners, to create a new archive building to deliver a single archive service for North East Wales, and is planning to relocate the Tri-ffordd day service provision. More detail is available in the Capital Programme 2023/24 – 2025/26 report.

The Housing Revenue Account (HRA) is a 'ring-fenced' account which ensures that council housing does not subsidise, or is itself subsidised by, other local services. HRA capital expenditure is therefore recorded separately. The Council has plans to invest significantly in housing assets over the period of the strategy, including the building of new homes as part of the SHARP, as well as bringing its stock into line with the Welsh Housing Quality Standard (WHQS).

In addition, part of SHARP is to build new homes for rent at intermediate rent levels (between social housing rents and market rents). This is achieved by making capital loans to the Council's wholly owned subsidiary, North East Wales Homes Ltd (NEW Homes) to build affordable homes.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing etc.). The planned financing of the above expenditure is as follows, broken down into the sources detailed above:

Table 2: Capital Financing in £ millions

	2023/24 Estimate	2024/25 Estimate *	2025/26 Estimate
Council Fund			
<u>External Sources</u>			
USB	4.826	4.826	4.826
GCG	3.326	3.326	3.326
Specific Grants/Contrib's/Loans	13.005	14.268	8.921
<u>Own Resources</u>			
Capital Receipts	2.952	0.000	0.000
<u>Debt</u>			
Prudential Borrowing	8.932	11.504	7.595
Sub Total - Council Fund	33.041	33.924	24.668

Housing Revenue Account			
<u>External Sources</u>			
MRA	4.968	4.968	4.968
Specific Grants/Contrib's/Loans	0.400	0.400	0.400
<u>Own Resources</u>			
CERA	11.385	11.731	12.072
<u>Debt</u>			
Prudential Borrowing	10.766	10.581	12.794
Sub Total - HRA	27.519	27.680	30.234
TOTAL	60.560	61.604	54.902

*£3.2m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

Debt is only a temporary source of finance, as any loans or leases must be repaid. Local authorities are required each year under regulations, to set aside some of their revenue resources as provision for the repayment of debt. The annual charge to the revenue account for repaying debt is known as the Minimum Revenue Provision (MRP). Planned MRP is as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Council Fund	3.301	3.700	4.220
Housing Revenue Account	1.702	1.863	2.025

Local authorities are required to set a policy for MRP each financial year. The Council sets its annual MRP policy in February each year and this is available on its website.

Alternatively, capital receipts may be used to repay debt by applying capital receipts to the Capital Financing Requirement (CFR).

The Council's cumulative outstanding amount of capital expenditure financed by debt is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and any capital receipts used to repay debt. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2023/24 Estimate	2024/25 Estimate *	2025/26 Estimate
Council Fund	241.675	266.865	277.024
Housing Revenue Account	143.459	152.177	162.944
Total	385.134	419.042	439.968

*£3.2m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

6. TREASURY MANAGEMENT

Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs as they fall due, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

Due mainly to decisions taken in the past, the Council currently (30th September 2022) has £293m long term borrowing at an average interest rate of 4.5%, and no short term borrowing. It also has £38m treasury investments at an average interest rate of 1.86%.

Borrowing strategy: The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 2.85%) and long-term fixed rate loans where the future cost is known but higher (currently 4.72% to 5.24%).

The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see above).

Table 5: Prudential Indicator: Gross Debt & the Capital Financing Requirement in £ millions

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Debt (Incl Leases)	335.034	364.750	390.622
Capital Financing Requirement	385.134	419.042	439.968

Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 5, the Council expects to comply with this in the medium term.

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 6: Prudential Indicators: Authorised Limit & Operational Boundary for external debt in £m

	2023/24 Limit	2024/25 Limit	2025/26 Limit
Authorised Limit - Borrowing	406	439	460
Authorised Limit - Other long term liabilities	35	35	35
Authorised Limit - Total External Debt	441	474	495
Operational Boundary - Borrowing	386	419	440
Operational Boundary - Other long term liabilities	20	20	20
Operational Boundary - Total External Debt	406	439	460

Treasury Investment strategy: Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Corporate Finance Manager and the Treasury Management team, who must act in line with the Treasury Management Strategy approved annually by the Council in February. Quarterly reports on treasury management activity are presented to the Governance and Audit Committee. The Governance and Audit Committee is responsible for scrutinising treasury management decisions.

The Council sets a Treasury Management Policy Statement, an annual Treasury Management Strategy and Treasury Management Schedules and Practices which contain further details on the Council’s borrowing strategy, investment strategy and treasury management governance which are available on its website.

7. COMMERCIAL ACTIVITIES

The Council has a portfolio of investment properties, in the form of agricultural property and industrial units. Although these are classified as investment properties, they are legacy assets and the Council is managing down its agricultural portfolio and is reviewing its position in regard to industrial units. The Council does not borrow to invest for the primary purpose of financial return.

Table 7: Prudential Indicator: Net Income from Commercial and Service Investments to Net Revenue Stream

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Total net income from service and commercial investment	1.692	1.692	1.692
Proportion of net revenue stream	0.51%	0.50%	0.50%

8. LIABILITIES

In addition to debt of £293m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £363m). It has also set aside £1m to cover the risks associated with the aftercare of former landfill sites, and £3.4m as a provision against bad debts.

The Council is also at risk of having to pay for any additional works necessary at landfill sites, payments in respect of historic insurance, abuse and housing disrepair claims, costs involved in some employment tribunal cases, and has given pension guarantees on behalf of various alternative service delivery models. The Council has not set aside any funds because of a lack of certainty in estimating the size and timing of these liabilities.

Governance: Decisions on incurring new discretionary liabilities are taken by Chief Officers in consultation with the Corporate Finance Manager. The risk of liabilities crystallising and requiring payment is monitored by corporate finance and reported as required to Cabinet.

Further details on liabilities and guarantees are in the contingent liability section in Note 34 of the Council's 2021/22 Statement of Accounts available on its website.

9. REVENUE BUDGET IMPLICATIONS

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Revenue Support Grant, Council Tax and business rates (NNDR) for the Council Fund, and the HRA equivalent is the amount to be met from Welsh Government grants and rent payers.

Table 8: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Council Fund	4.30%	4.72%	4.94%
HRA	18.03%	18.36%	18.12%

Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Corporate Finance Manager is satisfied that the proposed Capital Programme is prudent, affordable and sustainable because the impact of the existing Capital Programme on the MTFS has been considered, and the revenue implications of future capital schemes are included when considering the approval of the capital budget. .

Other revenue implications of capital expenditure are included in business cases and are factored into the MTFS.

10. KNOWLEDGE AND SKILLS

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Corporate Finance Manager is a qualified accountant with significant experience. The Council pays for junior staff to study towards relevant professional qualifications, including CIPFA and AAT.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisors. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.



CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 17 th November 2022
Report Subject	Capital Programme 2023/24 – 2025/26
Cabinet Member	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
Report Author	Chief Executive Corporate Manager – Capital Programme and Assets Corporate Finance Manager
Report Type	Strategic

EXECUTIVE SUMMARY

This report presents the proposed Capital Programme for the period 2023/24 – 2025/26.

The Council's Capital Programme covers investment in assets for the long term to enable the delivery of high quality and value for money public services. Assets include buildings (such as schools, care homes and day centres), infrastructure (such as highways and ICT networks) and assets not owned by the Council (such as works to improve and adapt private sector homes). The proposed capital investments outlined within this report are closely aligned to portfolio service business plans and the Council Plan.

The Council has limited capital resources from Welsh Government to support Council priorities, needs and liabilities. However, it has the powers to fund capital schemes by borrowing - this is temporary and ultimately, the cost and repayment of any borrowing is charged to the Council's revenue budget. Schemes funded by borrowing are carefully considered due to the long-term impacts on the Council's revenue budget.

The report divides the Council Fund Capital Programme into three sections:-

1. Statutory / Regulatory - allocations to cover regulatory and statutory works.
2. Retained Assets - allocations to fund infrastructure works necessary to ensure service and business continuity.

3. Investment - allocations to fund works necessary to remodel services to deliver efficiencies outlined in portfolio business plans and invest in services as outlined in the Council Plan.

Historically, much of the Council's programme has been funded from capital receipts and grants. The Council's ability to generate significant capital receipts is challenging as the assets the Council has available for disposal diminish. Wherever possible every opportunity to identify assets for sale and other sources of funding such as specific grants and revenue contributions will be explored. However, the Council will need to use prudential borrowing to finance more of the programme going forward. In particular, the Sustainable Communities for Learning Band B programme, and other schemes included within the investment programme will need to be funded through prudential borrowing.

The Capital Strategy has been updated and is presented separately on the agenda.

The information in this report refers to the Council Fund (CF) programme only, not the housing programme which is funded from the Housing Revenue Account (HRA) and which is reported separately.

RECOMMENDATIONS

1	To consider and support the allocations and schemes in Table 3 (paragraph 1.09) for the Statutory/Regulatory and Retained Assets sections of the Council Fund Capital Programme 2023/24 - 2025/26.
2	To consider and support the schemes included in Table 4 (paragraph 1.31) for the Investment section of the Council Fund Capital Programme 2023/24 - 2025/26.
3	To note that the shortfall in funding of schemes in 2024/25 in Table 5 (paragraph 1.37) at this point in the approval process allows flexibility. Options including a combination of future capital receipts, alternative grants (if available), prudential borrowing or the re-phasing of schemes will be considered during 2023/24, and included in future Capital Programme reports.
4	To consider and support the schemes included in Table 6 (paragraph 1.41) for the specifically funded section of the Council Fund Capital Programme which will be funded in part through borrowing.
5	To consider the report and feedback any comments for Cabinet to consider before the Capital Programme 2023/24 – 2025/26 report is considered by Council.

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME 2023/24 – 2025/26
1.01	<p>The Council’s Capital Programme encompasses investing significant resources in assets for the long term to enable the delivery of high quality, value for money public services. Assets include buildings (such as schools, care homes and day centres), infrastructure (such as highways and ICT networks), and assets not owned by the Council (such as works to improve and adapt private sector homes). The proposed capital investments outlined within this report are closely aligned to portfolio service business plans and the Council Plan.</p> <p>The Council has limited capital resources from Welsh Government (WG) to support Council priorities, needs and liabilities; however, it has the powers to fund capital schemes by borrowing, but this is temporary and ultimately the cost and repayment of any borrowing is charged to the Council’s revenue budget. Schemes funded by borrowing are carefully considered due to the long term impacts on the Council’s revenue budget.</p> <p>The first half of this report covers parts of the Capital Programme where the Council invests in local infrastructure, facilities and assets, which will be funded from general capital resources (General Capital Grant, Unhypothecated Supported Borrowing and Capital Receipts). Regional programmes such as the Growth Deal for North Wales which will draw on national funds, and the Housing Revenue Account (HRA) Capital Programme, which is separate and includes the Welsh Housing Quality Standard (WHQS) work programme and Strategic Housing and Regeneration Programme (SHARP), supplement the Council funded Capital Programme.</p> <p>The second half of the report covers parts of the Capital Programme which includes specific grants as far as information is available at the time of writing, and borrowing. This includes the Sustainable Communities for Learning Programme, delivered in partnership between the Council and WG.</p>
1.02	<p>General Capital Programme 2022/23 – 2024/25 Update</p> <p>The Council’s Capital Strategy divides the Capital Programme into three parts as follows.</p> <ol style="list-style-type: none">1. Statutory / Regulatory section – to cover regulatory and statutory works. Examples include providing support to improve and adapt private sector homes (Disabled Facilities Grants), adaptations to schools for children with disabilities and any works required to keep buildings open by meeting Health and Safety requirements.2. Retained Assets section – to ensure service and business continuity. This includes schemes that enhance and improve retained assets and infrastructure to deliver services and meets significant need identified by service plans or through condition surveys etc.

3. **Investment section** – to fund costs incurred when remodelling and investing in services. This includes new schemes arising from portfolio business plans, the Council Plan, other relevant and emerging plans, and other strategies or emerging Council priorities approved through a selection process based on the provision of a business case.

1.03 Table 1 below summarises the updated Council funded Capital Programme for 2022/23 – 2024/25 as reported at Month 6 2022/23:

Table 1

ESTIMATED FUNDING 2022/23 - 2024/25				
	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m
Funding				
Un-hypothecated Supported Borrowing (USB) ¹	4.022	4.022	4.022	12.066
General Capital Grant (GCG) ¹	2.772	2.772	2.772	8.316
Capital Receipts Available	1.058	0.000	0.000	1.058
Surplus B/Fwd from 2021/22	5.862	0.000	0.000	5.862
Total Funding	13.714	6.794	6.794	27.302
Expenditure				
Total Capital Programme 2022/23 - 2024/25	10.512	6.562	6.852	23.926
	10.512	6.562	6.852	23.926
Surplus / (Shortfall)	3.202	0.232	(0.058)	3.376
¹ As per 2022/23 Final Settlement				

1.04 Table 1 shows the current position of the Capital Programme 2022/23 – 2024/25 as reported at Month 6 to Cabinet and Corporate Resources Overview and Scrutiny Committee an overall surplus in funding of £3.376m, with a surplus in 2022/23 of £3.202m.

When the budget was set in December 2021, there was a shortfall in funding of schemes in 2022/23, 2023/24 and 2024/25. At that point in the approval process the position was kept flexible and this was explained in the report to Council at that time. Options included a combination of future capital receipts, alternative grants, prudential borrowing or scheme phasing over several years which would be considered during 2022/23.

1.05 Given the current position in setting the Capital Programme for the next 3 years 2023/24 – 2025/26, careful consideration has been given to new schemes proposed for inclusion as, should other sources of funding not materialise, the Council will need to use prudential borrowing to finance the remainder of the programme going forward.

1.06

Projected General Funding Available 2023/24 - 2025/26

Table 2 below shows the general capital funding currently projected to be available to fund the Capital Programme over the next 3 years (2023/24 - 2025/26).

Table 2

ESTIMATED AVAILABLE FUNDING 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Funding (Excluding Specific Funding)				
Un-hypothecated Supported Borrowing (USB) ¹	4.826	4.826	4.826	14.478
General Capital Grant (GCG) ¹	3.326	3.326	3.326	9.978
Surplus B/Fwd from 2021/22	3.202	0.000	0.000	3.202
Total	11.354	8.152	8.152	27.658

¹ As per 2022/23 Final Settlement

1.07

Table 2 assumes that the Un-hypothecated Supported Borrowing allocation and the General Capital Grant received from WG in the years 2023/24 to 2025/26 remains as indicated in the 2022/23 final Financial Settlement for Welsh local government. The 2023/24 Provisional Settlement for Welsh local government announcement has been provisionally set for the 14th December.

1.08

The figures in Table 2 relate to the Council Fund (CF) only, with the HRA Capital Programme being reported separately.

General Capital Programme 2023/24 – 2025/26

1.09

Statutory / Regulatory and Retained Asset Allocations – 2023/24 – 2025/26

Table 3 shows the proposed allocations for the period 2023/24 - 2025/26 for the Statutory / Regulatory and Retained Asset sections of the Capital Programme.

Table 3

PROPOSED ALLOCATIONS 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Statutory / Regulatory Section				
Equalities Act - Individual pupils	0.500	0.500	0.500	1.500
Disabled Facilities Grants	1.660	1.660	1.660	4.980
Private Sector Housing Renewal	0.040	0.040	0.040	0.120
School building works	0.500	0.500	0.500	1.500
Corporate property works	0.300	0.300	0.300	0.900
Upgrade of kitchen equipment in schools	0.050	0.000	0.000	0.050
School safeguarding works	0.100	0.100	0.100	0.300
Target Hardening	0.030	0.030	0.030	0.090
Total Statutory / Regulatory	3.180	3.130	3.130	9.440
Retained Assets Section				
School building works	1.000	1.000	1.000	3.000
Corporate property works	0.300	0.300	0.300	0.900
Highways Asset Management Plan	1.500	1.500	1.500	4.500
Play areas	0.200	0.200	0.200	0.600
ICT - Equipment at Datacentres	0.110	0.556	0.000	0.666
ICT - Server Technology Replacements	0.088	0.323	0.264	0.675
ICT - Laptop / PC Replacements	0.104	0.092	0.268	0.464
ICT - Storage Technology Replacement	0.055	0.000	0.000	0.055
ICT - Cyber Security	0.000	0.000	0.066	0.066
Schools WiFi and Networking Infrastructure	0.000	0.000	1.020	1.020
Base Provision for Leisure and Libraries Estate	0.200	0.200	0.200	0.600
All Weather Pitches	0.195	0.000	0.000	0.195
Public Space CCTV Upgrades	0.033	0.000	0.000	0.033
'Headroom'	0.350	0.350	0.350	1.050
Total Retained Assets Section	4.135	4.521	5.168	13.824

1.10

The information in Table 3 in relation to the new and previously approved schemes is explained in more detail in paragraphs 1.11 to 1.30 below.

1.11

Equalities Act – Individual pupils

An annual allocation to adapt and modify schools for children who have disabilities to support and create increasingly inclusive school environments. These works help the Council to meet its obligations under disability legislation, and reduce the potential costs and disruption associated with transporting pupils to alternative sites.

No changes are proposed for 2023/24 to 2025/26.

1.12	<p><u>Disabled Facilities Grants (DFG)</u></p> <p>An annual allocation to improve and adapt private sector homes comprising:</p> <ul style="list-style-type: none"> • Disabled Facilities Grants – adaptations enabling residents to continue to live independently in their own homes • Partnership working with Care and Repair to support vulnerable residents <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.13	<p><u>Private Sector Housing Renewal</u></p> <p>An annual allocation for private sector housing renewal and improvement loan management and administration. This had previously been reported under the DFG section before the services were disaggregated across portfolios.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.14	<p><u>School building works</u></p> <p>An annual allocation to fund the most urgent property works required at schools split across the regulatory / statutory and retained assets sections of the Capital Programme.</p> <p>A programme of toilet upgrades in both primary and secondary schools to ensure compliance with Education (School Premises) Regulations 1999 and Department for Education and Skills document "Toilets in Schools". There is currently a backlog of such works estimated to be in the region of £1.5m which is often reflected as a Health and Safety issue in Estyn inspections of schools. £0.100m per annum. When building new schools or extending current ones, the Council takes the approach to upgrade to the current standards at that time.</p> <p>Works to upgrade ventilation systems at school kitchens which are failing building regulations and gas safety legislation and are at risk of closure. £0.200m per annum.</p> <p>Fire Inspection Works at schools which are the responsibility of the Local Authority and have been identified during statutory fire risk assessments. £0.200m per annum.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.15	<p><u>Corporate property works</u></p> <p>An annual allocation to fund the most urgent property works required at non-school premises split across the regulatory / statutory and retained assets sections of the Capital Programme, including managing risks from legionella, fire safety, asbestos, accessibility and health and safety.</p>

	No changes are proposed for 2023/24 to 2025/26.
1.16	<p><u>Upgrade of kitchen equipment in schools</u></p> <p>The equipment in many of the school kitchens is currently very old and inefficient. Investment in new equipment will produce efficiency savings and will also better ensure the health and safety of NEWydd catering staff.</p> <p>No change is proposed for 2023/24.</p>
1.17	<p><u>School safeguarding works</u></p> <p>There is a requirement to carry out works/adaptations at schools, to address safeguarding concerns raised about access at main entrances. These works are required to ensure both children and adults can attend schools in a safe and secure environment.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.18	<p><u>Target Hardening</u></p> <p>The target hardening budget requires replenishment over the next three year period to prevent unauthorised use of land or buildings within the County.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.19	<p><u>Highways Asset Management Plan (HAMP)</u></p> <p>An annual allocation of £1.5m to fund the HAMP which includes resurfacing of the classified Highway Network, replacement programme for street lighting columns and structural maintenance, with £0.100m to be top sliced for 'streetscape' improvements.</p> <p>Whilst the Council has a statutory duty to maintain the Highways Network in a safe condition for travel, how the Council does this is not defined. WG set targets for road condition indices, and at present Flintshire is performing better than the target set as a result of significant additional investment from WG in recent years, however this funding has now ceased resulting in the proposed increase in the annual allocation.</p> <p>See paragraph 1.52 for more detail in regard to the position on the potential development of the HAMP.</p> <p>It is proposed to increase the annual allocation by £0.500m; to £1.5m for 2023/24 to 2025/26.</p>
1.20	<p><u>Play areas</u></p> <p>An annual allocation of £0.200m to fund the most urgent requirements to replace play equipment that has reached the end of its useful life at play areas, as well as upgrades to play areas. This will be delivered by Aura as the Council's management partner.</p>

	No changes are proposed for 2023/24 to 2025/26.
1.21	<p><u>ICT - Equipment at Datacentres</u></p> <p>£0.510m has previously been approved in the programme in 2024/25 for the replacement of equipment such as High Volume Air Conditioning units and batteries. This is to ensure the power supply to data centres is not interrupted, and to replace outdated systems with the technologies required to deliver effective datacentres and improve connection to end users devices.</p> <p>New bids include the environmental monitoring solutions and networking technologies at remote sites replacements in 2023/24, at a cost of £0.055m each. This is along with the upgrade to the Council’s telephone solution in 2024/25 costing £0.046m.</p>
1.22	<p><u>ICT - Server Technologies (Business Systems and SQL Servers)</u></p> <p>During the 2023/24 financial year the server technology used to deliver the Council’s remote access solution ‘Flintmap’ will require replacement at a cost of £0.088m.</p> <p>In 2024/25 and 2025/26 the server infrastructures currently used to deliver business systems through Citrix, will come to the end of their useable life and could lead to a degradation of service if not replaced, at a cost of £0.253m and £0.264m.</p> <p>£0.070m in 2024/25, for the replacement of servers used to support business systems that utilise SQL as a database technology, has been previously approved.</p>
1.23	<p><u>ICT - Laptop / PC Replacements</u></p> <p>The project will deliver a programme of device replacement based on the “just in time” principle of replacement to ensure the Council maximises the useable life of its laptop assets. It will ensure that the devices used by members of staff are fit for purpose and can deliver the required level of service, and can support the latest operating systems and security software.</p> <p>The absence of a replacement budget for replacement devices will result in devices that perform poorly and will not be able to accommodate the operating system and security software require to ensure the required level of performance. The inability to operate up to date security software poses a significant cyber security risk.</p> <p>Capital funding is required over a three year programme.</p>
1.24	<p><u>ICT - Storage Technology Replacement</u></p> <p>It is essential that the Council backs up data from IT systems to ensure copies are available to be restored in the case of data corruption, accidental deletion, or business system restoration. As equipment ages</p>

	<p>the risk for equipment failure increases. This would result in the need to back up the Council's IT Business Systems during the day which would cause disruption to the users of those IT systems. £0.055m is required in 2023/24.</p>
1.25	<p><u>ICT – Cyber Security</u></p> <p>The organisation relies on email scanning technology to check inbound emails to ensure they do not contain viruses or undesirable content. As cyber threats of this type continue to pose an increasing risk to organisations, it is important that this technology is kept up to date. £0.066m is required in 2025/26 for the replacement of firewall and email scanning technologies.</p>
1.26	<p><u>Schools WiFi and Networking Infrastructure</u></p> <p>Flintshire, along with all other authorities in Wales were awarded a significant amount of money to replace old and outdated networking infrastructures within all school by WG. This has provided the schools with a sound digital platform to deliver the curriculum for a number of years. The school infrastructures formed part of the Hwb programme (WG programme) and subsequent funding has been directed towards end users devices.</p> <p>A condition of the grant was that Local Authorities put in place sustainability plans to fund replacement infrastructures when they need replacement.</p> <p>The current networking and wireless equipment is two years old, and the wireless equipment will have reached the end of its usable life in 2025/26.</p> <p>The networking equipment replacement is expected in 2027/28, which is anticipated to cost £1.4m.</p>
1.27	<p><u>Base Provision for Leisure and Libraries Estate</u></p> <p>An annual allocation to fund the most urgent property works required across the Leisure and Libraries estate. The Council recognises its landlord responsibilities, it has retained ownership of all buildings from which Aura, its strategic Leisure and Libraries partner, delivers its business plan and operates these facilities in accordance with the service contract.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.28	<p><u>All Weather Pitches</u></p> <p>Replace the playing surface of all weather sport pitches which are in poor condition and have reached the end of their useful lives.</p> <p>A forward work plan has been put together of pitches the Council are responsible for maintaining, to ensure that their life cycle costs are captured.</p>

	<p>Pitches at Deeside Leisure Centre will require resurfacing in 2023/24, based on the outcome of condition surveys that will be completed.</p> <p>No change is proposed for 2023/24.</p>
1.29	<p><u>Public Space CCTV Upgrades</u></p> <p>The upgrade of the public space CCTV cameras and associated control equipment has come through necessity, due to its age and a strong desire to reduce the increasing annual operational costs. Most of the existing analogue cameras have been declared obsolete “end of life”, meaning they are no longer supported by manufacturer(s) which makes it increasingly difficult to carry out repairs as faults arise. The provision of a public space CCTV scheme forms part of the Councils commitment to the Community Safety Partnership initiative.</p> <p>This project will provide the opportunity to upgrade the existing CCTV cameras to state of the art and “future proofed” technologies.</p> <p>Investment in the upgrade of an outdated CCTV system, the infrastructure and camera stock will reduce annual operational costs through projected savings on annual transmission costs and maintenance charges.</p> <p>No change is proposed for 2023/24.</p>
1.30	<p><u>Funding ‘Headroom’</u></p> <p>‘Headroom’ has been built in to the Capital Programme to enable the programme to be more flexible so that funding can be allocated to small schemes as they present in year either as a result of opportunities or unforeseen circumstances (£0.350m per annum). An example would be the need to complete further highways works as a result of an exceptionally severe winter over and above any planned works funded from the annual allocation.</p> <p>No changes are proposed for 2023/24 to 2025/26.</p>
1.31	<p>Investment Section of the Capital Programme 2023/24 – 2025/26</p> <p>Table 4 below shows the proposed schemes for the period 2023/24 - 2025/26 for the Investment section of the Capital Programme. Details are provided in paragraphs 1.32 to 1.36.</p>

Table 4

PROPOSED INVESTMENT SCHEMES 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Investment Section				
<u>Previously Approved</u>				
Joint Archive Facility, FCC and DCC	0.000	0.138	2.645	2.783
Relocation of Tri-ffordd Day Service Provision	2.430	0.000	0.000	2.430
	2.430	0.138	2.645	5.213
<u>New Schemes for Approval</u>				
Croes Atti Residential Care Home	1.250	4.800	0.000	6.050
Theatr Clwyd Redevelopment	1.500	0.000	0.000	1.500
Levelling Up Fund - Match Funding	0.000	1.107	0.000	1.107
	2.750	5.907	0.000	8.657
Total Investment Section	5.180	6.045	2.645	13.870

1.32

Joint Archive Facility, Flintshire and Denbighshire Councils

This scheme recognises and responds to the need and demand of the two Councils' archive services. Both services occupy old buildings, unfit for purpose. They lack suitable public spaces and appropriate storage, are too full to accept new collections and are listed buildings lacking scope for adaptation, requiring expensive maintenance. The proposal is to construct a new building adjacent to Theatr Clwyd, Mold, to house both the physical archives and the new service operations.

The funding application for Heritage Horizon Award was unsuccessful, and the project board had sought alternative grant funding from the National Lottery Fund Wales, however this was at a significantly reduced funding level.

Further work was undertaken to develop a scaled back scheme, which still delivers against the business case for both authorities, and a funding application was submitted to National Lottery Fund Wales in November 2021. The application was regrettably withdrawn in March 2022, when it became clear that the temporary facility for the theatre, would not have vacated the proposed archive site in sufficient time to manage the project timescales.

In order to manage timescales, an alternative location on the County Hall site is currently being considered for the scaled back scheme. The programme and costs are currently being reviewed, with a view to a further National Lottery Fund Wales funding application in February 2023, however the delay will have caused the overall project cost to increase due to construction inflation, but the maximum value of the grant available is

	<p>unchanged. The need for the project remains, and it is planned to provide an update to both Councils, when the indicative costs and timescales have been confirmed.</p> <p>Direct Costs:</p> <ul style="list-style-type: none"> • Estimated funding available for the project is £10.5m, with £5.4m from grant funding, £3.028m from Flintshire County Council and £2.035m from Denbighshire County Council. £0.245m included in a previous programme. • It has been assumed that borrowing will be required to fund this project. The estimated revenue costs associated with borrowing £3.028m over 50 years totals £9.084m. In year 1 revenue debt costs are estimated to be £0.156m, rising to £0.215m in year 50, with an average of £0.181m over 50 years. <p>Direct Benefits:</p> <ul style="list-style-type: none"> • Sustainable and improved archive service for Denbighshire and Flintshire via the creation of a single shared service. • The construction of a new purpose built environmentally friendly building adjacent to Theatr Clwyd, Mold, to house both the physical archives and the new service operations. Provide a sustainable archive repository for the region for the foreseeable future from the perspective of storage space and building maintenance and management. • The overall revenue impact is an estimated saving of £11,647 per annum once the new building is open, with a potential further revenue saving once the joint service is running. <p>Indirect Benefits:</p> <ul style="list-style-type: none"> • Share knowledge and skills between the workforce of both Councils • Sphere of health, education and wellbeing (connectivity, involvement, identity) can be achieved. • The transferrable skills of our volunteers will develop will contribute to increasing their employability. • Deliver the long-term development of a resilient, relevant service: inspiring communities in North East Wales and enacting the Wellbeing of Future Generations Act; securing historic collections, diversifying audiences, volunteers and depositors. • Cost avoidance of £10,000 per annum additional revenue storage costs, and in excess of £0.718m to address the need for environmental management equipment, compliant storage areas and upgrading public facilities and access.
1.33	<p><u>Relocation of Tri-ffordd Day Service Provision</u></p> <p>Tri Ffordd is a day service provision in a horticultural environment set on 1.09 acres in Broughton for adults who have a Learning Disability, providing an opportunity for meaningful work orientated activity. The individuals who attend have a range of abilities and require varying levels of support and encouragement throughout the day to engage in activities and assist them with their daily needs.</p>

The current buildings at Tri Ffordd are former farm buildings, some of which offer restricted internal space for service users. The site is located on a busy road, and is subject to limited scope for further development. Social Services assessed the requirement to relocate the service provision in order to provide a high quality service, taking in to account the needs of the individuals and of the service, in to the future.

An options appraisal was undertaken and as a consequence of this, a 10 acre site on the outskirts of Mold was identified as a potential new location for Tri Ffordd's activities, alongside further potential service developments.

A feasibility study was undertaken and report issue in September 2021 which presented three potential design options, one of which has been taken forward for further design development. A contractor has recently been appointed and the project is currently in the design stages (RIBA Stages 2 & 3) with a view to seeking the required planning permissions in November 2022.

Direct Costs:

- Capital investment required is £2.7m, for the development of new workshop buildings, alongside an office and other necessary facilities, toilets, boot room, garage for equipment. £0.270m was included in last year's programme.
- It has been assumed that borrowing will be required to fund this project. The estimated revenue costs associated with borrowing £2.7m over 50 years totals £8.1m. In year 1 revenue debt costs are estimated to be £0.140m, rising to £0.192m in year 50, with an average of £0.162m over 50 years
- It is likely that there will be additional costs related to the development in relation to the scheme progressing in accordance with the WG commitment towards Net Zero Carbon in Operation (NZCiO). There are dedicated funding streams in relation to Net Zero targets and applications will be made for the relevant funding in this area.

Direct Benefits:

- Improved offer for people with Learning Disabilities and Mental Health problems in a purpose built facility to meet the needs of the intended client group, including those with mobility issues
- The development of purpose-built workshops for people supported to undertake their activities safely
- The development of a dedicated 'staff' area, with office, meeting space and breakout spaces for those attending. Here those attending undertake other activities. This also includes a reception where the service can sell the items produced at the site, such as plants and hanging baskets, alongside other products made across learning disability services, including crafts and refurbished bikes
- Provision of a 'changing places' facility within the building offering a changing places facility within the Mold area

Indirect Benefits:

- The new site presents an opportunity for service development. There is potential for services to be offered 7 days a week,

	<p>providing additional support to individuals and families in Flintshire. Primarily, an additional development on the site could include provision of day and work service opportunities for individuals with autism. At present, the local authority commissions similar out of county services for individuals with complex autism as there isn't sufficient capacity of bespoke provision within the local authority area. The development of the site could enable care to be provided 'closer to home'</p> <ul style="list-style-type: none"> • There is scope for the wider site to develop in to a community asset, not only for the people supported, but for other members of the local community with significant potential added social value • Location of a service in Mold would provide a geographical balance of the Learning Disability day/work opportunities offer across the county, complementing current sites in Queensferry (Hwb Cyfle), Flint (Abbey Upcycling, Crefftau Cariad and Project SEARCH), Shotton (Café Dai) and Greenfield (Hwb Dyffryn) • The Tri Ffordd site will be available to be freed up for other potential uses
1.34	<p><u>Croes Atti Residential Care Home</u></p> <p>The care sector in Flintshire is working within an increasingly challenging environment as a result of a range of factors, including the complexity of need, an ageing population, rising costs, increasing expectations and regulation and difficulties with recruitment and retention of high quality staff. As a result of these pressures there is limited resilience and Flintshire is particularly challenged, with only a small number of independent providers who are part of a reducing and fragile market. As a Council, we are taking a positive approach to rebalancing the care home provision, taking a lead as a local authority to develop care homes that value older people and provide good quality support that would place the Council in a good position for the future.</p> <p>Croes Atti is a single storey 31 bed care home purpose built for older people, which was refurbished in 2005. The 31 bedrooms are small and less than 12 square metres which makes it increasingly difficult to support people with complex physical care needs and there are only 3 bedrooms with an en-suite facility. The living and day time spaces are well used and whilst we have a number of assisted bathing / shower rooms, they are not all DDA compliant. The existing accommodation does not meet new RISCA regulations in relation to bedrooms and living space and any capital investing into refurbishment or new build must take into account of the new regulatory requirements. The care home is popular locally, is always at capacity and often with a waiting list for support. The home is regulated by the Care Inspectorate Wales (CIW) and achieves good inspection reports.</p> <p>The Council was awarded ICF grant, to fund feasibility works for a potential new build which will increase capacity for a further 25 placements. Detailed design and development works are currently taking place and are expected to be completed early next financial year.</p>

Estimated construction costs are £16.050m, at the feasibility phase of the project. It is anticipated that construction would begin in 2023/24 over a two year period.

The service have submitted grant bids applications to WG for the construction stage of the project totalling £10m, with the Council awaiting the outcome of the bids. If successful the Councils contribution would be £6.050m, resulting in an intervention rate of 38%.

Should the project not go ahead then the Council's design and development costs of £0.950m cannot be capitalised and would be a charge to the Council's revenue account.

Direct Costs:

- Capital investment required is £6.050m. It has been assumed that £3.5m of borrowing will be required to fund part of the Councils contribution. The estimated revenue costs associated with borrowing this over 50 years totals £10.5m. In year 1 revenue debt costs are estimated to be £0.181m, rising to £0.249m in year 50, with an average of £0.210m over 50 years.

Direct Benefits:

- Additional provision of residential care placements and through release of placements in other locations across Flintshire currently using step-up/step-down beds
- Additional provision of short term beds in a community setting to allow for more appropriate assessment of need for individual and as a viable alternative to a hospital admission/delayed discharge
- Purpose built accommodation and bespoke service provision to maximise independence and support reablement
- Increase in placements for citizens living in the west of Flintshire to link to acute service provision, supporting greater choice and ability to be in a location of their choosing

Indirect Benefits:

- Integrated provision of multi-professional support needed to reduce organisational boundaries and improve outcomes for individuals
- Discharge to Reable and Assess ethos and environment to support improved longer term planning within an enabling environment
- Free up bed space within independent sector care homes, where existing fragilities and lack of capacity are a significant factor and ongoing risk
- At a population level, the equivalent number of beds are available within the care sector to promote choice when long term care is the most appropriate option
- Reduction in risks associated with long term hospital stay
- Potential avoidance of people entering into long term care where this may be unnecessary
- The building will be built to achieve Net Zero Carbon in operation

1.35

Theatr Clwyd Redevelopment

The Theatr Clwyd building is nearing the end of its life and needs updating to ensure it is safe for public and employment use. The scope of the project has been reduced in line with agreed key business plan objectives. Funding secured for construction stage of the project totalled £38m.

The Council will receive significant levels of external funding for the scheme, with £22m from WG, £5m from the Arts Council of Wales (ACW) and £4m from Theatr Clwyd, with the Council's previously approved contribution of £7m.

Following the tender return deadline, due to the various global issues that have been impacting prices in the construction market, the actual costs exceed the available funding, with a shortfall of circa £6.6m which also assumes a recommended project contingency.

The strategy has been to seek additional contributions from key stakeholders to offer the best chance of success. It is requested that Council support an additional £1.5m of funding towards the scheme, with an additional £1.5m being matched by WG.

The balance of funding will come from the Theatr Clwyd Trust. They will deliver this via additional private fundraising and accessing £1m via prudential borrowing from the Council, which they will pay back through their own revenue funds over the next 30 years.

The project is now contracted with a construction start date of January 2023.

Should the project not go ahead then the Council's share of the design development costs cannot be capitalised and would be a charge to the Council's revenue account.

Direct Costs:

- Capital investment of £1.5m utilised from the Council's capital programme budget

Direct Benefits:

- Enabling 81% external investment in Theatr Clwyd
- Development to improve and increase the biggest and a highly regarded Welsh theatre
- A better facility for Flintshire communities, a base for increased community engagement, and multi-use spaces to be used for community needs
- Improved facilities to increase secondary revenue generation restaurant, bars, event spaces, etc
- Reduced revenue and capital maintenance costs

Indirect Benefits:

- A base for young people to gather, learn and develop (currently 30,000 young people per year engaged with)
- Specific spaces for Health and Wellbeing user groups

	<ul style="list-style-type: none"> • More facilities for work placed training in building (woodwork, carpentry) and other transferable theatre making crafts as well as hospitality, marketing, IT, arts management • Increase local footfall and marketing of Flintshire across the UK (In 2016 over 200,000 people visited work at Theatr Clwyd and another 220,000 people saw a Theatr Clwyd production elsewhere in the UK) • Improvement of working conditions for employees and protection, and growth, of work for local people (In 2016 nearly 200 local people were directly employed by TC, not including impact of trade with other local suppliers) • Development of economic contribution (currently 46% of Theatr Clwyd's audiences visit Flintshire from elsewhere in the UK) <p>The Council will retain ownership of the theatre and is responsible for all of its infrastructure, external envelope and grounds. These assets are specialised and expensive to replace, which is one of the reasons why such major investment is required. However, on the lead up to the major refurbishment scheme and post refurbishment, there will be a need to fund landlord retained service and equipment proportionally, and in line with agreed responsibilities that may be set out in any future management agreement. This is no different than those that exist for the libraries and leisure centres.</p>
1.36	<p><u>Levelling Up Fund - Match Funding</u></p> <p>The Council has the opportunity to bid for UK Government funding from the Levelling Up Fund (LUF) programme. In line with the guidance for the programme, the Council will submit three bids, each on behalf of the Delyn and Alyn and Deeside parliamentary constituencies, up to £20m per constituency plus a strategic transport bid of up to £50m in value.</p> <p>The Council has submitted bids for round two of the UK Government of the LUF programme. The bids focused on three schemes; Greenfield Business Park, Connahs Quay Docks and the Wrexham Bidston Railway Line.</p> <p>The latter project, investment into the Wrexham Bidston Line, has been submitted in partnership with Transport for Wales and does not require match funding from the Council.</p> <p>Total match funding required for the two is £1.357m, after taking into account the value of Council owned land which can contribute towards this. Of the £1.357m required, £0.250m of this was approved by Cabinet on the 12th July 2022 for full design and procurement work for the bids funded from the core capital programme. The incurred costs can be claimed from UK Government, should the bids be successful or contribute towards match funding.</p> <p>This leaves a funding requirement of £1.107m, which will be required in 2024/25 if the bids are successful.</p>

The total project costs for both is estimated at £23m. This results in an intervention rate of 5.9% from the Council. UK Government require their funding to be spent by the end of March 2025 which is an extremely tight deadline and reduces the opportunity of pushing the programmes back, if the bid is successful. If the bids were not successful, the Council would need to consider what works could be done at the sites.

Should the project not go ahead then the Council's share of the design development costs cannot be capitalised and would be a charge to the Council's revenue account.

Direct Costs:

- Capital investment required is £1.107m. It has been assumed that borrowing will be required to fund the Council's contribution. The estimated revenue costs associated with borrowing this over 50 years totals £3.3m. In year 1 revenue debt costs are estimated to be £0.057m, rising to £0.078m in year 50, with an average of £0.066m over 50 years.

Direct Benefits:

Greenfield Business Park

- Demolish two vacant and derelict commercial units and replace with three new small commercial units
- Clear vacant commercial land at the rear of the site and create new small commercial units
- Refurbish Unit 58
- Improve the goods and logistics space used by Unit 47 which is significantly problematic operationally currently

Connahs Quay Docks

- Remove contaminated silt from the historic dock and restore it
- Improve the public realm around the site to improve its appearance for visitors and businesses and improve security to reduce the problems of anti-social behaviour, crime and prostitution that occur
- Fully assess the condition of the modern dock and undertake needed stabilisation and improvement works to maintain integrity, improve security, promote business use and improve dockside management
- Create a new slipway facility for water users

Indirect Benefits:

Greenfield Business Park

- Help to safeguard 438 skilled and secure jobs in one of Flintshire's most deprived communities
- Create space for an estimated 194 new jobs to come to Greenfield
- Create new units with an increased annual rental value

Connahs Quay Docks

- Reduce crime and anti-social behaviour in a significant hot spot
- Ensure that the Council does not face unbudgeted future liabilities from dock infrastructure repairs
- Reduce safety issues associated with the current dock infrastructure – access ladders, substandard slipway, uncertain loading capacity of dock wall, potential underwater hazards
- Improve the site for local people and visitors
- Improve conditions for local businesses

1.37

Summary (Generally funded) Capital Programme 2023/24 – 2025/26

Table 5 below summarises the generally funded Capital Programme and available funding.

Table 5

SUMMARY (GENERALLY FUNDED) CAPITAL PROGRAMME 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Statutory / Regulatory Section	3.180	3.130	3.130	9.440
Retained Assets Section	4.135	4.521	5.168	13.824
Investment Section	5.180	6.045	2.645	13.870
Total (All Sections)	12.495	13.696	10.943	37.134
Estimated available general funding ¹	11.354	8.152	8.152	27.658
Total	11.354	8.152	8.152	27.658
Surplus / (Shortfall) - no borrowing	(1.141)	(5.544)	(2.791)	(9.476)
Schemes requiring funding by borrowing:				
Joint Archive Facility, FCC and DCC	0.000	0.138	2.645	2.783
Relocation of Tri-ffordd Day Service Provision	2.430	0.000	0.000	2.430
Croes Atti Residential Care Home	0.000	3.500	0.000	3.500
Levelling Up Fund - Match Funding	0.000	1.107	0.000	1.107
Total	2.430	4.745	2.645	9.820
Surplus / (Shortfall) - with borrowing	1.289	(0.799)	(0.146)	0.344
<small>1 As per 2022/23 Final Settlement</small>				

1.38

Table 5 shows that before any prudential borrowing is considered there is an overall shortfall in projected funding of £9.476m over the 3 year period, with an estimated shortfall of £1.141m in 2023/24.

It has previously been approved that the schemes for the Joint Archive Facility and relocation of Tri-ffordd day service provision be funded from

	<p>borrowing with the associated costs of borrowing included as revenue pressures within the Medium Term Financial Strategy (MTFS).</p>
<p>1.39</p>	<p>Table 5 shows that after prudential borrowing is considered, there is an overall surplus in projected funding of £0.344m over the 3 year period, with an estimated surplus of £1.289m in 2023/24.</p> <p>The Council has developed a prudent policy of allocating its own capital receipts to fund capital projects only when receipts are actually received rather than when it is anticipated the receipt will be received, and this position continues to be the case.</p> <p>In recent years, much of the Council's programme has been funded from capital receipts. However, the Council's ability to generate significant capital receipts is getting harder and is almost exhausted. Although the Council will, wherever possible, seek to identify assets for sale (as appropriate) to fund the Capital Programme.</p> <p>Options to fund shortfalls include a combination of future capital receipts, alternative grants, and scheme phasing as the expenditure profile of large complex projects such as those included in the investment section of the programme could change. Every effort will be made to ensure that other sources of funding are utilised to fund the programme.</p> <p>Ultimately, should other sources of funding not materialise the Council will need to use prudential borrowing to finance any shortfalls. This could be short term during the three years, or if necessary, long term to fund any overall shortfalls.</p>
<p>1.40</p>	<p>Specific Grants and Borrowing</p> <p>Sustainable Communities for Learning Band B Programme</p> <p>WG has approved the Council's in principle submission for Sustainable Communities for Learning Band B, with a funding envelope of £85m. The programme is to be funded from specific grant from WG at an agreed intervention rate, with the Council's contribution to be funded by prudential borrowing. The WG intervention rate for funding the Sustainable Communities for Learning Band B programme has increased from 50% to 65% for schools, 75% for Pupil Referral Units (PRUs) and Additional Learning Needs (ALN) provision, and 81% for Mutual Investment Models (MIM).</p> <p>Each of the remaining schemes are subject to individual approval to ensure that each meets the Council's continuing priorities and is affordable in the context of the Council's MTFS.</p> <p>Currently, the following Band B schemes yet to be fully costed or brought forward included within the Councils capital programme are: Ysgol Croes Atti - Flint, Drury Primary School, Elfed High School, Buckley and Saltney / Broughton Area.</p> <p>Schemes currently in progress are Ysgol Croes Atti and Drury Primary School.</p>

Over the past twenty four to thirty months, various global issues have been impacting prices in the construction market. The key causes are Brexit, COVID-19 pandemic and the war in Ukraine. These causes have conflated and the impact on projects being: an increase in demand for construction (post covid); Supply chain disruption and an ongoing energy crisis. The consequences of this are: the lack of construction materials; high inflation and price volatility; high raw material prices; high energy prices and increased uncertainty.

In the present market Contractors are now more risk averse when pricing packages. Previously accepted market practice of D&B Contractors fixing a construction price for a significant period is no longer viable. The cost increases are being seen across all sectors. Analysis of the market is suggesting that nothing is likely to improve in terms of prices dropping or even levelling out in the foreseeable future. Consequently this will have a significant impact on the current securing price certainty on schemes.

Given the current volatility of the construction markets, flexibility and consideration will need to be given around timescales and expected costs of each scheme to ensure the Council stays within the Band B funding envelope. Any increase in the cost of any of the exiting schemes, may result in pushing schemes or making the difficult decisions to pull schemes to form part of the next iteration of the Sustainable Communities for Learning programme.

Other projects included in this category were Hawarden High School, Flint High School and Mold Alun High School. Early intelligence suggest that the WG are moving away from prescriptive timing on its onward investment programme as LA's and FEI's in Wales have made differing progress in their schools and colleges investment programmes. Instead LA's and FEI's in Wales will be asked to bring forward their investment programmes based on local timing and funding. The intervention rates for the WG onward investment programme is currently unknown.

The initial respective estimated costs of these schemes are outlined in the table below:

Band B	Total Cost	WG funded	Council funded
	£m	£m	£m
Ysgol Croes Atti, Flint	5.500	3.575	1.925
Saltney / Broughton Area	25.000	16.250	8.750
Drury CP	3.650	2.372	1.278
Elfed HS	4.488	2.917	1.571
Total	38.638	25.114	13.524

The benefits and costs of the school improvement programme scheme are:

Direct Benefits:

- Enabling 65%-81% external investment in schools
- Continuing to raise educational standards

- Reduction in backlog maintenance costs
- Reduction in fixed costs associated with buildings and leadership focuses investment on learners
- At Drury CP, the removal of mobile classrooms and increase in permanent capacity to meet local demand
- Ysgol Croes Atti, Flint, will be Flintshire's first new build Welsh Medium primary school and is strategically linked to the Council's Welsh Education Strategic Plan (WESP)
- Energy efficiency improvements

Direct Costs:

- Part of bigger development programme in Band B, £85.4m.
- Estimated revenue borrowing costs associated (interest and minimum revenue provision) with each scheme are as follows:

Band B	Year 1	Year 50	Average over 50 years
	£m	£m	£m
Ysgol Croes Atti, Flint	0.099	0.137	0.116
Saltney / Broughton Area	0.453	0.622	0.525
Drury CP	0.066	0.090	0.077
Buckley Elfed HS	0.081	0.112	0.094
Total	0.699	0.961	0.812

Indirect Benefits:

- Improving learner outcomes by ensuring that school buildings are effective in creating the conditions for learners to succeed
- Alignment with the Council's School Modernisation Strategy to ensure schools are fit for purpose
- A more secure school estate
- A school estate with reduced vandalism
- Upgrading ICT provision and enabling new methods of curriculum delivery
- Provision of appropriate capacity of school network
- Economic benefits of local contractor and sub-contractor spend
- Supports with the Councils net zero carbon aims

1.41

Details of schemes specifically funded by specific grant and borrowing is shown in Table 6 below:

Table 6

SPECIFICALLY FUNDED SCHEMES 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Specifically Funded Schemes				
Sustainable Communities for Learning - Band B	1.546	17.028	13.725	32.299
Theatr Clwyd Redevelopment	19.000	0.000	0.000	19.000
Total Schemes	20.546	17.028	13.725	51.299
Funding				
Specific Capital Grants	9.005	11.068	8.921	28.994
Unsupported (Prudential) Borrowing	7.541	5.960	4.804	18.305
Theatr Clwyd Contribution	4.000	0.000	0.000	4.000
Total Schemes	20.546	17.028	13.725	51.299

1.42

At the time of setting the budget, the details of many capital grants have not been released by WG, and so are not included in Table 6 above. As details become available they will be reported to Members via the quarterly 2023/24 Capital Programme monitoring reports.

1.43

All of the schemes proposed for inclusion within the Capital Programme invest in assets and / or reconfigure models of service provision. They are pivotal to support the delivery of the Council's strategic priorities outlined in portfolio business plans and the Council Plan.

1.44

Summary Total Council Fund Capital Programme 2023/24 - 2025/26

Table 7 summarises the total proposals for the 2023/24 - 2025/26 Capital Programme.

Table 7

SUMMARY CAPITAL PROGRAMME 2023/24 - 2025/26				
	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m
Expenditure				
Statutory / Regulatory Section	3.180	3.130	3.130	9.440
Retained Assets Section	4.135	4.521	5.168	13.824
Investment Section	5.180	6.045	2.645	13.870
Specific Section	20.546	17.028	13.725	51.299
Total Programme (All Sections)	33.041	30.724	24.668	88.433
Funding				
General Funding ¹	11.354	8.152	8.152	27.658
Grant Funding	9.005	11.068	8.921	28.994
Unsupported (Prudential) Borrowing	9.971	10.705	7.449	28.125
Theatr Clwyd Contribution	4.000	0.000	0.000	4.000
Total Projected Funding	34.330	29.925	24.522	88.777
Surplus / (Shortfall)	1.289	(0.799)	(0.146)	0.344
<small>1 As per 2022/23 Provisional Settlement</small>				

Potential future schemes

1.45 All capital schemes need to be considered in the context of the position of the Council's MTFS. All schemes which require prudential borrowing to fund them add revenue pressures in the form of interest charges and charges to the Minimum Revenue Provision (MRP).

1.46 Sustainable Communities for Learning

The WG schools investment programme is expected to continue into Band C, with the expectation is that this will run from 2025 to 2030.

Unknown's at this stage are the WG intervention rates and also whether WG will be using MIM funding in Band C.

WG are also likely to introduce additional criteria for Net Zero Carbon (NZC) in construction and, or operation for new build schools with the next phase of the programme. To this end, early industry indications are that this is likely to increase construction costs by 10% in construction and 20% in operation.

Whilst there are a lot of unknowns currently, early modelling work is already being undertaken in forming the Councils potential Band C programme. This work will be presented at a later date.

1.47	<p>Llys Gwenffrwd, Holywell Care Home Review</p> <p>Llys Gwenffrwd is a 31 bed, three storey care home built in the 1970s which was refurbished in early 2000. There are challenges associated with the current building as it is built on a sloping site, as a result there are a number of levels requiring the need for ramps to access many areas both inside and outside. It includes the provision of a single undersized lift to reach the three stories which does not meet DDA requirements and there are a number of living and day spaces which are some distance from the bedroom areas. Outside space is difficult to access because of the site levels and parking can be difficult. The Holywell locality has the fewest number of care home placements available and would benefit from a new build facility on a different more accessible site which requires further consideration. A relocated new build meets the needs of an ageing population in alignment with the strategic service priorities.</p>
1.48	<p>Additional Learning Needs Reform</p> <p>In previous Cabinet reports, the need for specialist Autism and Moderate Learning Difficulties facilities had been highlight as short/medium term ambition. In reviewing the impact of Additional Learning Needs (ALN) transformation, extending existing ALN provision would also be a requirement along with consideration for a Secondary Phase Behaviour, Emotional & Social Difficulties (BESD) Resourced Unit, the County only has primary provision currently. A technical feasibility is currently being undertaken to provide a range of options with high level cost estimates around effective building solutions. As an alternative option to a Council funded solution, it would be prudent to consider whether ALN transformation could be included as a project (or series of projects) from 2024. For larger value cost options it would be prudent to consider the next phase of the WG Sustainable Communities for Learning (Band C) investment programme, given that the current intervention rate in this programme for ALN provision is 75% WG funded, with the Councils contribution being 25%.</p>
1.49	<p>County Hall Campus</p> <p>The requirement to take forward the redevelopment of the site so to address the future needs of the Council and other public sector partners; to provide a range of options and an integrated approach around the Courts, Theatr Clwyd and joint Archive service together with a wider site development.</p>
1.50	<p>Register Office, Llwynegrin Hall</p> <p>This plan is to develop Llwynegrin Hall as a complete venue for civil marriages/partnerships in Flintshire. The intention is to upgrade internal accommodation, to include Floor 1, to offer more choice to couples for their wedding. The building has potential to be available and booked as a wedding package.</p>

1.51	<p>Review of Industrial Estates</p> <p>The Council's industrial estates are widely dispersed throughout the County and provide much needed commercial accommodation to many local businesses, preventing them from leaving the County and maintaining local sources of employment. They also bring into the Council significant revenue through rental income but are of an age where they are now likely to require investment. The most pressing issue is that of Minimum Energy Efficiency Standards (MEES) which will become increasingly stringent over the next eight years and which the Council must adhere to if they are able to continue to let the units.</p> <p>There is a study currently being undertaken which will assist with understanding the likely level of investment required. This will be an integral part of an estate-by-estate review which follows the work already undertaken on two of our estates as part of the feasibility work in relation to the potential to access the Levelling Up Fund. We will consider additional factors such as regeneration, employment opportunities, sustainability and economic viability. Some of this work may determine that existing vacant buildings are demolished which will require funding.</p>
1.52	<p>Highways Asset Management Plan</p> <p>The core Capital Programme includes £1.5m per annum for the HAMP. It has been estimated that the investment required to maintain current network performance is £3.2m per annum, an increase of £1.7m per annum.</p>
1.53	<p>Digital Strategy</p> <p>A planned programme of projects required to increase the number and range of services available digitally are under consideration. The projects have an impact across a range of services, rather than in a single specific service e.g. web payment portal that will be used for all payments to the council. These will be used to enhance the ability of customers to interact with the Council on line.</p> <p>The capital costs of purchasing new software will be calculated on a project by project basis at the time each project is ready to proceed in order to accurately capture not only the technical requirements for the software but also the costs prevailing at the time.</p> <p>The range of cross cutting projects under consideration include:</p> <ul style="list-style-type: none"> • A generic web booking system to allow customers to make appointments for services on line • Integration of webchat and email into the Customer Relationship Manager application • A generic facility for customers to upload and store commonly needed documents e.g. proof of entitlement to benefits • Software to link information held in separate databases so that we can update them all at once in a single contact with the customer

1.54	<p>Deeside Leisure Centre</p> <p>Deeside Leisure Centre (DLC) is 50 years old and reaching the end of its economic useful life. It is the largest sports facility in the County at 15,000m² and is of strategic importance regionally and locally in terms of sports participation and health and wellbeing. It is an ageing building occupying too large a footprint with inefficient energy systems. The building is not sustainable beyond the medium term.</p> <p>DLC was partially occupied by the Health Board until April 2022 with the ice rink arena being used as a COVID-19 vaccination centre. The ice rink is currently undergoing reinstatement works to return the facility to its original purpose. The ice rink is due to re-open in autumn 2022 meaning the leisure centre will be returned to full use.</p> <p>The Council, and its strategic partner Aura, has undertaken a feasibility study and business case of options for the leisure centre going forward, and will review the impact this may have on the Capital Programme and any future potential revenue savings.</p>
1.55	<p>Homelessness – Young Persons Hub</p> <p>Responding to the needs of young people and particularly those who may be at a risk of homelessness is a key focus for the Council. Consideration needs to be given to not only accommodation needs but also support to assist young people with the key life skills needed to live independently and reduce risks of homelessness. When looking at best practice in this area of work, there are a number of examples of positive practice which seek to not only provide accommodation, but also co-ordinate support and service delivery.</p> <p>The Housing & Communities Portfolio is considering opportunities for the development of a Young Persons Hub which will seek to provide a number of units of self-contained accommodation with support onsite. This could potentially extend to provision of housing and homelessness advice and support and facilities for co-location of young person focussed services within a “housing hub”. A feasibility study will be considered to inform this approach once a site is identified, which may consider the provision of office and community space to ensure a joined-up approach within a multi-disciplinary team model.</p> <p>Subject to the outcome of feasibility works, capital funding may be required to deliver on this agenda. External funding streams will also be considered in order to maximise opportunities to develop the Young Persons Hub. This activity is referenced within the Councils Housing Prospectus.</p>
1.56	<p>Homelessness – Emergency Bed Provision</p> <p>In late 2019, the Council undertook work to develop an Emergency Bed provision for people who are homeless and may otherwise face the prospect of sleeping rough. Significant works were completed within the Glanrafon Resource Centre in Queensferry to transform the building into a Night Shelter offering up to 12 Emergency Beds. The Council, as the owner of the building, completed refurbishment works and then partnered</p>

	<p>with The Wallich, to deliver the support required to safely operate the Night Shelter.</p> <p>At present there are 23 Porta-Kabins on site offering self-contained accommodation but this is not of a standard we wish to sustain and need to develop a purpose built provision offering high quality self-contained accommodation. Following the COVID-19 pandemic, further guidance has been issued by WG regarding the future direction of homelessness service. In the guidance there is a clear steer towards offering high quality self-contained accommodation for people experiencing homelessness.</p> <p>The Glanrafon Homeless Hub was always considered a short to medium term solution for rough sleeping in Flintshire but the Covid pandemic has prolonged the need for the provision and the model has developed significantly. The next iteration of the Homeless Hub is identified as a priority activity within the Councils Housing Prospectus and Social Housing Grant can be prioritised in order to deliver on this activity. Sites are presently being considered with full feasibility studies to be undertaken to inform build plans and service planning.</p>
1.57	<p>Net Zero Carbon Aims</p> <p>WG has set out its legal commitment to achieve net zero emissions by 2050 and work towards a net zero public sector in Wales by 2030. One of the Council's key priorities within the Council Plan is to become a NZC Council by 2030 and to support wider decarbonisation actions across the County. The capital works programme plays a vital role in accelerating the shift towards achieving the NZC target. The Council has been investing in low carbon and renewable energy systems and energy efficiency for over 10 years which has led to a 51% reduction in scope 1 and 2 greenhouse gas emissions against a 2007/08 baseline year.</p> <p>Inclusion of this priority within the programme reinforces our commitment to tackling climate change and acknowledges that we have a significant role to play in further reducing our own greenhouse gas emissions. This commitment values energy efficiency, low carbon and smart technologies as a fundamental requirement of reaching net zero for across a multitude of Council services, acting as an important contributing factor towards decarbonisation.</p> <p>The 2022/23 final settlement from WG indicated that there will be £20m nationally in 2023/24 and 2024/25 to support Local Government Decarbonisation. Based on previous allocations, the Council should receive circa £0.950m.</p>
1.58	<p>Town Centre Regeneration</p> <p>The strategic approach to town centre regeneration approved by Cabinet includes the following priorities:</p> <ul style="list-style-type: none"> • identify potential future development sites and develop options for their future assembly and redevelopment;

	<ul style="list-style-type: none"> • diversify land uses to maintain the vitality and viability of town centres including the acquisition of properties; • develop potential projects for future capital funding opportunities; • start, subject to the availability of capital resources and detailed investigation into commercial viability, to acquire key sites for redevelopment; <p>Limited capital funds are available from WG to support these priorities but they require either repayment loans or a minimum of 30% match funding to be available from grants. Both would represent a future call on the capital programme if projects are to be proposed to WG for funding.</p> <p>The Council is developing Place Plans to steer investment in each town and capital projects are expected to arise from this process.</p>
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2.00	RESOURCE IMPLICATIONS																				
2.01	Financial consequences for capital resources are as set out within the report.																				
2.02	<p>As previously stated there are revenue consequences of borrowing in interest costs and revenue provision for debt repayment which will bear on the MTFS as new pressures.</p> <p>The pressures for previously approved school building works, the Joint Archive Facility and the Tri-ffordd relocation have been built into the current MTFS. Pressures for borrowing for new schemes, will be built into future MTFS calculations as necessary.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Pressure in Year 1</th> <th>Pressure in Year 50</th> <th>Average Annual Pressure</th> </tr> <tr> <th></th> <th>£m</th> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>Croes Atti Residential Care Home</td> <td style="text-align: center;">0.181</td> <td style="text-align: center;">0.249</td> <td style="text-align: center;">0.210</td> </tr> <tr> <td>Levelling Up Fund</td> <td style="text-align: center;">0.057</td> <td style="text-align: center;">0.078</td> <td style="text-align: center;">0.066</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">0.238</td> <td style="text-align: center;">0.327</td> <td style="text-align: center;">0.276</td> </tr> </tbody> </table>		Pressure in Year 1	Pressure in Year 50	Average Annual Pressure		£m	£m	£m	Croes Atti Residential Care Home	0.181	0.249	0.210	Levelling Up Fund	0.057	0.078	0.066	Total	0.238	0.327	0.276
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3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	Any decisions made which involve the Council's assets and its Capital Programme often have very large and long term financial implications. As it seeks approval for its Capital Programme, the Council is required to produce indicators assessing the affordability, prudence and sustainability of the capital plans. These are called the Prudential Indicators and are included in the Capital Strategy report.

3.02	Ways of Working (Sustainable Development) Principles Impact	
Long-term	<p>The development a new facility Joint Archive Facility will provide a sustainable archive repository for the region along with providing annual revenue savings once the service is running.</p> <p>The Theatr Clwyd building is nearing the end of its life. Investment in the building will allow long term sustainability which will support the local economy.</p> <p>Capital funding assists in securing the future of schools in their local communities.</p>	
Prevention	<p>Target Hardening budget prevents unauthorised use of land or buildings within the County.</p> <p>Works at Croes Atti residential care home will give additional provision of short term beds in a community setting to allow for more appropriate assessment of need for individual and as a viable alternative to a hospital admission/delayed discharge.</p>	
Integration	<p>The investment on the Highway Network is required to enable maintenance of good transportation infrastructure to support the local economy and public transport links for commuters. This includes school pupils attending schools where the Council is also investing in order to improve the quality of education being delivered. Investment in IT infrastructure supports the Council to deliver these changes along with school digital connectivity and broadband improvements.</p> <p>Development of the Croes Atti residential care home is a joint venture with close working required from both Flintshire County Council and Betsi Cadwaladr University Health Board. The success of the project and operational model will be essential to achieving both bodies' well-being goals.</p>	
Collaboration	<p>The Joint Archive Facility identifies collaboration between both Flintshire County Council and Denbighshire County</p>	

	<p>Council to meet the need and demand of the two local Councils archive services. This will allow a sustainable and improved service via the creation of a single shared service and it will improve knowledge and skill sharing between both.</p> <p>Working in partnership with the Council's Planning Department to address the requirements of the Local Development Plan.</p>
Involvement	<p>The Joint Archive Facility will deliver a revolutionary archive offer to the public, which will deliver long-term development of a resilient, relevant service, inspiring communities in North East Wales. The facility will secure historic collections, diversify audiences, volunteers and depositors.</p> <p>The proposed schools projects will help promote greater community integration/use/involvement.</p>
Well-being Goals Impact	
Prosperous Wales	<p>Investment in schools will improve learner outcomes by ensuring that school buildings are effective in creating the conditions for learners to succeed which develops a skilled and well-educated population in the economy.</p> <p>Capital investment directly benefits local supply chain/economy. A percentage of local expenditure is a requirement of the grant funding for school investment.</p>
Resilient Wales	<p>Use of sustainable and recycled materials during construction, more energy efficient, potential reduction in carbon emissions.</p>
Healthier Wales	<p>The Council is investing in residential care, to provide additional services, beds and multidisciplinary support in a community setting. This provides permanent residential beds, as well as beds which prevent hospital admissions, expedites hospital discharges and allows appropriate assessment to reduce care packages to support people in the long term.</p>

		Improved physical infrastructure and facilities at schools will positively impact on the wellbeing of the school and its community.
	More equal Wales	Educational opportunities will enabling people to develop the skills and knowledge to be fulfilled.
	Cohesive Wales	Allocation to the Highways Network includes resurfacing, street lighting improvements and structural maintenance which allows residents in the County to travel in safe conditions.
	Vibrant Wales	Investment in Welsh Medium schools that supports the Council's Welsh Education Strategic Plan (WESP) and enables continued support and potential growth for Welsh Medium provision. Target Hardening will ensure that facilities are available for Community.
	Globally responsible Wales	Construction of net zero carbon schools and residential care homes to support WG commitment to achieve net zero emissions by 2050. Schools capital investment, delivers a more sustainable product, local spend and added benefits for apprenticeships, work experience in construction.
	The impacts above include a range across several of the schemes the Council are looking at investing in over the next three years. The main body of the report breaks down the benefit for each scheme separately.	
3.03	<p>Integrated Impact Assessments</p> <p>An integrated impact assessment is not required for statutory / regulatory and retained assets elements of the capital programme, as this investment is required to meet specific obligations (for example improvements and adaptations to private sector homes (Disabled Facilities Grants), adaptations to schools for children with disabilities and works required to keep buildings open by meeting Health and Safety standards) and to ensure business continuity.</p> <p>Individual integrated impact assessments have not been completed for each investment scheme as these programmes of works will be brought back to Cabinet for approval and the integrated impact assessments will be completed as part of the scheme specific reports.</p>	

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Any comments from Corporate Resources Overview and Scrutiny Committee on the proposed Capital Programme will be referred back to the November 2022 meeting of the Cabinet for consideration before the final Capital Programme for 2023/24 – 2025/26 is considered and approved by County Council in December 2022.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Business Case forms completed by Portfolios.

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>Asset Management Plan - A plan maintained by an authority of the condition and suitability of its assets, updated regularly and utilised to assess future capital needs</p> <p>Capital Expenditure - Expenditure on the acquisition of Non-current Assets or expenditure that extends the life or value 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 Receipt - Receipts (in excess of £10,000) from the disposal of an asset</p> <p>Capital Scheme - An individual capital project which is monitored and managed in isolation. The aggregate of all schemes comprises the Capital Programme</p> <p>Capital Strategy - A corporate document providing clear strategic guidance about an authority's objectives, priorities and spending plans, demonstrating</p>

the link to key corporate and service objectives. May be combined with the **Asset Management Plan (AMP)** to form a single document

Council Fund - The fund to which all the Council's revenue and capital expenditure is charged

Disposal - The decommissioning or transfer of an asset to another party

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

Regulation and Inspection of Social Care (Wales) Act 2016 (RISCA) - The act builds on the success of regulation in Wales and reflects the changing world of social care. It places service quality and improvement at the heart of the regulatory regime and strengthens protection for those who need it. Regulation will move beyond compliance with minimum standards, and focus more on the quality of services and the impact which they have on people receiving them

Prudential Code - The Code of Practice drawn up by the Chartered Institute of Public Finance and Accountancy (CIPFA) to underpin the requirements of the Local Government Act 2003 in respect of an authority's duty to determine the affordability, prudence and sustainability of its capital investment needs

Prudential Indicators - Required by the **Prudential Code**, these take the form of limits, estimates or actual figures used to support the local decision making process for capital investment

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.

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