

## CABINET

<b>Date of Meeting</b>	Thursday, 23 <sup>rd</sup> February 2023
<b>Report Subject</b>	Capital Programme Monitoring 2022/23 (Month 9)
<b>Cabinet Member</b>	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
<b>Report Author</b>	Corporate Finance Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The report summarises changes made to the Capital Programme 2022/23 since it was set in December 2021 to the end of Month 9 (December 2022), along with expenditure to date and projected outturn.

The Capital Programme has seen a net decrease in budget of (£20.414m) during the period which comprises of:-

- Net budget decrease in the programme of (£13.750m) (See Table 2 - Council Fund (CF) (£13.283m), Housing Revenue Account (HRA) (£0.467m));
- Carry Forward to 2023/24 approved at Month 6 of (£4.562m) and additional Free Schools Meals grant (£1.767m) (all CF);
- Identified savings at Month 9 of (£0.335m) (CF)

Actual expenditure was £35.294m (See Table 3).

Capital receipts received in the third quarter of 2022/23, along with savings identified total £0.882m. This gives a revised projected surplus in the Capital Programme at Month 9 of £4.258m (from a Month 6 funding position surplus of £3.376m) 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 1.13.
3	Approve the additional allocations, as set out in 1.15.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION – MONTH 9 2022/23</b>
1.01	<b>Background</b> <p>The Council approved a Council Fund (CF) Capital Programme of £37.469m for 2022/23 at its meeting on 7<sup>th</sup> December 2021 and a Housing Revenue Account (HRA) Capital Programme of £25.074m for 2022/23 at its meeting on 15<sup>th</sup> 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. The HRA programme is 'ring fenced' and can only be used for HRA purposes.
1.03	<b>Changes since Budget approval</b> <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	(0.060)	0.000	0.000	(0.245)	0.200
Governance	0.363	0.383	0.000	0.000	0.000	0.000	0.746
Education & Youth	10.010	6.057	(3.518)	(2.448)	0.000	1.564	11.665
Social Services	1.364	1.038	2.337	(0.189)	(0.082)	0.968	5.436
Planning, Environment & Economy	0.128	0.817	2.914	(0.657)	(0.018)	0.005	3.189
Streetscene & Transportation	3.519	2.683	12.928	(3.706)	0.000	(0.222)	15.202
Strategic Programmes	19.400	0.964	0.052	(0.275)	0.000	(15.353)	4.788
Housing and Communities	1.660	0.386	0.286	0.000	(0.235)	0.000	1.847
Capital Programme and Assets	0.675	1.243	0.035	(0.597)	0.000	0.000	1.356
<b>Council Fund Total</b>	<b>37.469</b>	<b>13.726</b>	<b>14.974</b>	<b>(7.872)</b>	<b>(0.335)</b>	<b>(13.283)</b>	<b>44.429</b>
<b>HRA Total</b>	<b>25.074</b>	<b>0.000</b>	<b>2.529</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.467)</b>	<b>27.136</b>
<b>Programme Total</b>	<b>62.543</b>	<b>13.726</b>	<b>17.503</b>	<b>(7.872)</b>	<b>(0.335)</b>	<b>(13.750)</b>	<b>71.565</b>

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 decrease in the programme total of £13.750m (CF (£13.283m), HRA (£0.467m)). A summary of the changes, detailing major items, is shown in Table 2 below:-

**Table 2**

<b>CHANGES DURING THIS PERIOD</b>		
	<b>Para</b>	<b>£m</b>
<b><u>COUNCIL FUND</u></b>		
<b>Increases</b>		
Education General	1.06	1.010
Children's Services	1.07	0.968
Other Aggregate Increases		0.721
		2.699
<b>Decreases</b>		
Theatr Clwyd	1.08	(15.500)
Other Aggregate Decreases		(0.482)
		(15.982)
<b>Total</b>		<b>(13.283)</b>
<b><u>HRA</u></b>		
<b>Increases</b>		
Major Works	1.09	1.415
Other Aggregate Increases		1.405
		2.820
<b>Decreases</b>		
WHQS Improvements	1.09	(3.287)
		(3.287)
<b>Total</b>		<b>(0.467)</b>

1.06	Introduction of Welsh Government grant funding to support learning environments for those with ALN and increase accessibility to promote inclusive practice, support learning and pupil wellbeing.
1.07	Introduction of grant in relation to Ty Nyth Assessment Centre and funding to support Childcare and Early Years small grants schemes.
1.08	Re-profiling of grant funding over financial years following the commencement of works on the Theatr Clwyd redevelopment scheme.
1.09	Award of Optimised RetroFit grant funding from WG within the WHQS programme and delays to work in Leeswood due to mobilisation issues, has allowed budget to be re-allocated in year to carry out urgent major works.
1.10	<b>Capital Expenditure compared to Budget</b>  Expenditure as at Month 9, across the whole of the Capital Programme was £35.294m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.

This shows that 49.32% of the budget has been spent (CF 42.37%, HRA 60.70%). Corresponding figures for Month 9 2021/22 were 64.80% (CF 64.88%, HRA 64.62%).

1.11 The table also shows a projected underspend (pending carry forward and other adjustments) of £3.060m on the Council Fund and a break-even position on the HRA.

**Table 3**

EXPENDITURE	Revised Budget	Cumulative Expenditure Month 9	Percentage Spend v Budget	Projected Outturn	Variance Budget v Outturn (Under)/Over
	£m	£m	%	£m	£m
People & Resources	0.200	0.000	0.00	0.200	0.000
Governance	0.746	0.445	59.65	0.672	(0.074)
Education & Youth	11.665	4.215	36.13	10.743	(0.922)
Social Services	5.436	3.332	61.30	5.436	0.000
Planning, Environment & Economy	3.189	1.224	38.38	2.947	(0.242)
Streetscene & Transportation	15.202	6.861	45.13	14.252	(0.950)
Strategic Programmes	4.788	1.124	23.48	4.223	(0.565)
Housing & Communities	1.847	1.277	69.14	1.697	(0.150)
Capital Programme & Assets	1.356	0.345	25.44	1.199	(0.157)
<b>Council Fund Total</b>	<b>44.429</b>	<b>18.823</b>	<b>42.37</b>	<b>41.369</b>	<b>(3.060)</b>
Buy Backs	0.050	0.000	0.00	0.050	0.000
Disabled Adaptations	1.015	0.651	64.14	1.015	0.000
Energy Schemes	2.967	2.641	89.01	2.967	0.000
Major Works	2.141	0.937	43.76	2.141	0.000
Accelerated Programmes	0.685	0.302	44.09	0.685	0.000
WHQS Improvements	15.625	8.665	55.46	15.625	0.000
SHARP Programme	4.653	3.275	70.38	4.653	0.000
<b>Housing Revenue Account Total</b>	<b>27.136</b>	<b>16.471</b>	<b>60.70</b>	<b>27.136</b>	<b>0.000</b>
<b>Programme Total</b>	<b>71.565</b>	<b>35.294</b>	<b>49.32</b>	<b>68.505</b>	<b>(3.060)</b>

1.12 Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and remedial actions which may be required, where those variances exceed +/- 10% of the revised budget. In addition, where carry forward into 2023/24 has been identified, this is also included in the narrative.

1.13 **Carry Forward into 2023/24**  
 During the quarter, carry forward requirements of £3.060m (all CF) has been identified which reflects reviewed spending plans across all programme areas; these amounts can be split into two areas, those required to meet the cost of programme works and/or retention payments in 2023/24.

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

**Table 4**

CARRY FORWARD INTO 2023/24							Total
	Month 4	Month 6	Reversed	WG Grant	Sub Total	Month 9	
	£m	£m	£m	£m	£m	£m	£m
Governance	0.000	0.000	0.000	0.000	0.000	0.074	0.074
Education & Youth	0.461	0.220	0.000	1.767	2.448	0.922	3.370
Social Services	0.189	0.000	0.000	0.000	0.189	0.000	0.189
Planning, Environment & Economy	0.250	0.408	(0.001)	0.000	0.657	0.242	0.899
Streetscene & Transportation	0.046	3.660	0.000	0.000	3.706	0.950	4.656
Strategic Programmes	0.000	0.275	0.000	0.000	0.275	0.565	0.840
Housing & Communities	0.000	0.000	0.000	0.000	0.000	0.150	0.150
Capital Programme & Assets	0.597	0.000	0.000	0.000	0.597	0.157	0.754
<b>Council Fund</b>	<b>1.543</b>	<b>4.563</b>	<b>(0.001)</b>	<b>1.767</b>	<b>7.872</b>	<b>3.060</b>	<b>10.932</b>
<b>TOTAL</b>	<b>1.543</b>	<b>4.563</b>	<b>(0.001)</b>	<b>1.767</b>	<b>7.872</b>	<b>3.060</b>	<b>10.932</b>

1.15 **Additional Allocations**

Additional allocations have been identified in the programme in this quarter as follows:

- Wepre Park Visitor Centre - £0.035m. Funding to support grant received through WG Brilliant Basics Fund to upgrade and improve amenities including provision of accessible toilets.

This can be funded from within the current 'headroom' provision.

- Dock area works- £0.015m. To carry out health and safety improvements to dock areas, assisting in mitigation of claims against the Council.

This can be funded from within the current health and safety provision.

1.16 **Savings**

The following savings have been identified in the programme in this quarter.

**Table 5**

<b>IDENTIFIED SAVINGS</b>	
	<b>Savings</b>
	<b>£m</b>
Diabled Facilities Grants	0.235
Marleyfield House Residential Care Home	0.082
Levelling Up Fund	0.018
<b>Total</b>	<b>0.335</b>

- Ty Nyth Children’s Assessment Centre - £0.060m. Previously, funding had been allocated from ‘headroom’ provision to complete works, pending the outcome of a bid for additional grant funding. The bid was successful; therefore this has been returned to the ‘headroom’ provision.

**1.17 Funding of 2022/23 Approved Schemes**

The position at Month 9 is summarised in Table 6 below for the three year Capital Programme between 2022/23 – 2024/25:-

**Table 6**

<b>FUNDING OF APPROVED SCHEMES 2022/23 - 2024/25</b>		
	<b>£m</b>	<b>£m</b>
Balance carried forward from 2021/22		(2.149)
<b>Increases</b>		
Shortfall in 2022/23 to 2024/25 Budget	0.867	0.867
<b>Decreases</b>		
Additional GCG - 2022/23 Confirmed	(0.786)	
Savings	(0.585)	
Actual In year receipts	(1.605)	(2.976)
<b>Funding - (Available)/Shortfall</b>		<b>(4.258)</b>

1.18 Capital receipts received in the third quarter of 2022/23, along with savings identified total £0.882m. This gives a revised projected surplus in the Capital Programme at Month 9 of £4.258m (from a Month 6 funding position surplus of £3.376m) for the 2022/23 – 2024/25 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources.

1.19	<p><b>Investment in County Towns</b></p> <p>At its meeting on 12<sup>th</sup> December 2017, the Council approved a Notice of Motion relating to the reporting of investment in county towns. The extent and format of the reporting was agreed at the Corporate Resources Overview and Scrutiny Committee on 14<sup>th</sup> June 2018.</p>																																																								
1.20	<p>Table 7 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 7<sup>th</sup> December, 2021. Further detail can be found in Appendix C, including details of the 2022/23 spend to Month 9.</p> <p><b>Table 7</b></p> <table border="1" data-bbox="347 613 1358 1317"> <thead> <tr> <th colspan="4" style="text-align: center;"><b>INVESTMENT IN COUNTY TOWNS</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>2021/22</b></th> <th style="text-align: center;"><b>2022/23</b></th> <th style="text-align: center;"><b>2023 -</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>Actual</b></th> <th style="text-align: center;"><b>Revised</b></th> <th style="text-align: center;"><b>2025</b></th> </tr> <tr> <th></th> <th style="text-align: center;"><b>£m</b></th> <th style="text-align: center;"><b>Budget</b></th> <th style="text-align: center;"><b>Budget</b></th> </tr> <tr> <th></th> <th></th> <th style="text-align: center;"><b>£m</b></th> <th style="text-align: center;"><b>£m</b></th> </tr> </thead> <tbody> <tr> <td>Buckley / Penyffordd</td> <td style="text-align: center;">1.928</td> <td style="text-align: center;">1.450</td> <td style="text-align: center;">13.607</td> </tr> <tr> <td>Connah's Quay / Shotton</td> <td style="text-align: center;">0.842</td> <td style="text-align: center;">2.727</td> <td style="text-align: center;">1.500</td> </tr> <tr> <td>Flint / Bagillt</td> <td style="text-align: center;">0.368</td> <td style="text-align: center;">1.611</td> <td style="text-align: center;">7.939</td> </tr> <tr> <td>Holywell / Caerwys / Mostyn</td> <td style="text-align: center;">4.495</td> <td style="text-align: center;">4.609</td> <td style="text-align: center;">0.000</td> </tr> <tr> <td>Mold / Treuddyn / Cilcain</td> <td style="text-align: center;">6.968</td> <td style="text-align: center;">5.928</td> <td style="text-align: center;">38.290</td> </tr> <tr> <td>Queensferry / Hawarden / Sealand</td> <td style="text-align: center;">8.031</td> <td style="text-align: center;">3.834</td> <td style="text-align: center;">3.000</td> </tr> <tr> <td>Saltney / Broughton / Hope</td> <td style="text-align: center;">4.929</td> <td style="text-align: center;">1.342</td> <td style="text-align: center;">27.430</td> </tr> <tr> <td>Unallocated / To Be Confirmed</td> <td style="text-align: center;">1.540</td> <td style="text-align: center;">3.549</td> <td style="text-align: center;">18.092</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: center;"><b>29.101</b></td> <td style="text-align: center;"><b>25.050</b></td> <td style="text-align: center;"><b>109.858</b></td> </tr> </tbody> </table>	<b>INVESTMENT IN COUNTY TOWNS</b>					<b>2021/22</b>	<b>2022/23</b>	<b>2023 -</b>		<b>Actual</b>	<b>Revised</b>	<b>2025</b>		<b>£m</b>	<b>Budget</b>	<b>Budget</b>			<b>£m</b>	<b>£m</b>	Buckley / Penyffordd	1.928	1.450	13.607	Connah's Quay / Shotton	0.842	2.727	1.500	Flint / Bagillt	0.368	1.611	7.939	Holywell / Caerwys / Mostyn	4.495	4.609	0.000	Mold / Treuddyn / Cilcain	6.968	5.928	38.290	Queensferry / Hawarden / Sealand	8.031	3.834	3.000	Saltney / Broughton / Hope	4.929	1.342	27.430	Unallocated / To Be Confirmed	1.540	3.549	18.092	<b>Total</b>	<b>29.101</b>	<b>25.050</b>	<b>109.858</b>
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1.21	<p>The inclusion of actuals for 2021/22 and approved schemes for future years allows a slightly fuller picture of investment plans. However, expenditure which has occurred in years' prior to 2021/22 has not be included, and the expenditure and budgets reported should be considered in that context.</p>																																																								
1.22	<p>There are two significant factors which increase allocations to areas, which are homes developed under SHARP, and new or remodelled schools. The impact of these can be seen in the detail shown in Appendix C.</p>																																																								
1.23	<p>Some expenditure cannot yet be allocated to specific towns as schemes are not yet fully developed or are generic in nature and not easily identifiable to one of the seven areas. As such schemes are identified the expenditure will be allocated to the relevant area.</p>																																																								
1.24	<p>Information on the split between internal and external funding can be found in Appendix C.</p>																																																								
1.25	<p>In addition to the information contained in Appendix C, there is also considerable capital expenditure on the HRA Welsh Housing Quality</p>																																																								

Standard (WHQS), which was originally outside the scope of this analysis. A summary is provided in Table 8 below, albeit using a slightly different catchment area basis.

**Table 8**

<b>WHQS Programme</b>		
	<b>2021/22 Actual £m</b>	<b>2022/23 Budget £m</b>
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
<b>Total</b>	<b>17.080</b>	<b>15.562</b>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
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.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
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 received rather than when it is anticipated the receipt will be received, and this position continues to be the</p>

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

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

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

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

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

**Carry Forward:** Carry forward occurs when schemes due to be completed in a given financial year are delayed until a subsequent year. In this case the relevant funding is carried forward to meet the delayed, contractually committed expenditure.

**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.