

CABINET

Date of Meeting	Tuesday, 19 th November 2024
Report Subject	Capital Programme Monitoring 2024/25 (Month 6)
Cabinet Member	Cabinet Member for Finance and Social Value
Report Author	Corporate Finance Manager
Type of Report	Operational

EXECUTIVE SUMMARY

The report summarises changes made to the Capital Programme 2024/25 since it was set in December 2023 to the end of Month 6 (September 2024), along with expenditure to date and projected outturn.

The Capital Programme has seen a net decrease in budget of £7.305m during the period which comprises of:-

- Net budget increase in the programme of £0.047m (See Table 2 – Council Fund (CF) £7.200m, Housing Revenue Account (HRA) (£7.153m);
- Net Carry Forward to 2025/26 of (£4.847m) (All CF)
- Identified savings at Month 6 of (£2.505m) (CF)

Actual expenditure was £38.373m (See Table 3).

Capital receipts received in the second quarter of 2024/25, along with savings identified total £2.568m. A request for an additional allocation of £0.806m towards Phase 1 of the office rationalisation programme gives a revised projected surplus in the Capital Programme at Month 6 of £2.590m (from a Month 4 funding position surplus of £0.828m) for the 2024/25 – 2026/27 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources. (See Table 5)

RECOMMENDATIONS

	Cabinet are requested to:
1	Approve the overall report.
2	Approve the carry forward adjustments, as set out at 1.12
3	Note the additional allocations approved by Cabinet on the 15 th October 2024, as set out in 1.14

REPORT DETAILS

1.00	EXPLAINING THE CAPITAL PROGRAMME MONITORING POSITION – MONTH 6 2024/25
1.01	Background Council approved a Council Fund (CF) Capital Programme of £25.326m for 2024/25 at its meeting on 6 th December 2023 and a Housing Revenue Account (HRA) Capital Programme of £29.498m for 2024/25 at its meeting on 23 rd January 2024.
1.02	For presentational purposes the Capital Programme is shown as a whole, with sub-totals for the Council Fund and HRA. The HRA programme is 'ring fenced' and can only be used for HRA purposes.
1.03	Changes since Budget approval Table 1 below sets out how the programme changed during 2024/25. More detailed cumulative information relating to each Portfolio is provided in Appendix A:-

Table 1

REVISED PROGRAMME	Original Budget 2024/25	Carry Forward from 2023/24	2024/25 Previously Reported		Savings (Current)	Changes (Current)	Revised Budget 2024/25
			Changes	Carry Forward to 2025/26			
			£m	£m			
People & Resources	0.350	0.364	(0.313)	0.000	0.000	(0.015)	0.386
Governance	2.353	0.283	0.000	(0.433)	0.000	0.015	2.218
Education & Youth	11.583	5.145	2.482	(1.745)	0.000	7.050	24.515
Social Services	4.800	1.420	14.287	(0.183)	0.000	0.014	20.338
Planning, Environment & Economy	0.240	0.779	2.632	(0.508)	0.000	0.528	3.671
Streetscene & Transportation	2.470	4.621	9.163	(1.546)	(2.405)	(0.479)	11.824
Housing and Communities	1.500	0.029	1.154	0.000	0.000	0.045	2.728
Capital Programme and Assets	2.030	1.595	23.230	(0.432)	(0.100)	0.042	26.365
Council Fund Total	25.326	14.236	52.635	(4.847)	(2.505)	7.200	92.045
HRA Total	29.498	0.000	0.000	0.000	0.000	(7.153)	22.345
Programme Total	54.824	14.236	52.635	(4.847)	(2.505)	0.047	114.390

1.04

Carry Forward from 2023/24

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

1.05

Changes during this period

Funding changes during this period have resulted in a net increase in the programme total of £0.047m (CF £7.200m, HRA (£7.153m)). 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		
Schools Modernisation	1.06	4.828
Education - General	1.07	2.212
Other Aggregate Increases		1.048
		8.088
Decreases		
Other Aggregate Decreases		(0.888)
		(0.888)
Total		7.200
<u>HRA</u>		
Decreases		
Estate Modernisation	1.08	(4.000)
SHARP	1.08	(3.153)
		(7.153)
Total		(7.153)

1.06 Introduction of grant funding from Welsh Government for Ysgol Croes Atti Flint, to support the new Welsh Medium Primary School as part of the school modernisation programme.

1.07 Introduction of WG funding relating to schools Community Focus Grant and schools capital Repair and Maintenance Grant.

1.08 Re-profiling of prudential borrowing for the Strategic Housing and Regeneration Programme (SHARP), due to schemes progressing into 2025/26 and no schemes due to commenced in year relating to the modernisation programme.

1.09 **Capital Expenditure compared to Budget**

Expenditure as at Month 6, across the whole of the Capital Programme was £38.373m. The breakdown of expenditure is analysed in Table 3, along with the percentage spend against budget.

This shows that 33.55% of the budget has been spent (CF 31.00%, HRA 44.03%). Corresponding figures for Month 6 2023/24 were 29.07% (CF 25.81%, HRA 37.56%).

1.10 The table also shows a projected underspend (pending carry forward and other adjustments) of £1.681m 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	0.386	0.000	0.00	0.386	0.000
Governance	2.218	0.017	0.76	2.148	(0.070)
Education & Youth	24.515	5.811	23.70	23.779	(0.736)
Social Services	20.338	5.635	27.71	20.338	0.000
Planning, Environment & Economy	3.671	0.035	0.95	3.471	(0.200)
Streetscene & Transportation	11.824	5.420	45.84	11.574	(0.250)
Housing & Communities	2.728	1.815	66.53	2.728	0.000
Capital Programme & Assets	26.365	9.802	37.18	25.940	(0.425)
Council Fund Total	92.045	28.534	31.00	90.364	(1.681)
Disabled Adaptations	1.100	0.750	68.18	1.100	0.000
Energy Schemes	4.563	1.995	43.72	4.563	0.000
Major Works	2.156	1.530	0.60	2.156	0.000
Accelerated Programmes	0.532	0.309	58.08	0.532	0.000
WHQS Improvements	12.994	4.931	9.48	12.994	0.000
SHARP Programme	1.000	0.325	32.46	1.000	0.000
Housing Revenue Account Total	22.345	9.839	44.03	22.345	0.000
Programme Total	114.390	38.373	33.55	112.709	(1.681)

1.11 Details of the variances for individual programme areas are listed in Appendix B, which includes the reasons, and remedial actions which may be required, where those variances exceed +/- 10% of the revised budget. In addition, where carry forward into 2025/26 has been identified, this is also included in the narrative.

1.12 **Carry Forward into 2025/26**
 During the quarter, carry forward requirements of £1.681m (all CF) have been identified which reflects reviewed spending plans across all programme areas. These amounts can be split into two areas, those required to meet the cost of programme works and/or retention payments in 2025/26 and Corporate provision that are allocated as requested and approved.

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

Table 4

CARRY FORWARD INTO 2025/26					Total
	Month 4	Reversed	Sub Total	Month 6	
	£m	£m	£m	£m	£m
Governance	0.433	0.000	0.433	0.070	0.503
Education & Youth	1.745	0.000	1.745	0.736	2.481
Social Services	0.183	0.000	0.183	0.000	0.183
Planning, Environment & Economy	0.508	0.000	0.508	0.200	0.708
Streetscene & Transportation	3.951	(2.405)	1.546	0.250	1.796
Capital Programme & Assets	0.532	(0.100)	0.432	0.425	0.857
Council Fund	7.352	(2.505)	4.847	1.681	6.528
TOTAL	7.352	(2.505)	4.847	1.681	6.528

1.14

Additional Allocations

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

- Office Rationalisation Programme and County Hall Campus (Phase One) - £0.806m. The objective of this phase of the project is to move as many people as possible out of County Hall by the end of February 2025. To enable this to happen, works are required at both Ty Dewi Sant and Flint offices. These works are essential to be undertaken as soon as possible under phase one of the project as they are necessary to provide alternative office accommodation for employees moving out of County Hall. This allocation was approved by Cabinet at its meeting of the 15th October 2024.

1.15

Savings

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

- Waste Transfer Station Project - £2.405m. Work has commenced to scope the feasibility study and review of operational depots and infrastructure, which will help to determine the direction of the Waste Transfer Station Project. Due to the timescales associated with this work, a proportion of funding has been released back into the capital programme in the interim.
- Community Asset Transfer - £0.100m. This money had been earmarked for Mancot Library, however the allocation is no longer required as the Community Library Organisation has found alternative premises.

1.16

Funding of 2024/25 Approved Schemes

The position at Month 6 is summarised in Table 5 below for the three year Capital Programme between 2024/25 – 2026/27:-

Table 5

FUNDING OF APPROVED SCHEMES 2024/25 - 2026/27		
	£m	£m
Balance carried forward from 2023/24		(0.819)
Increases		
Reduction of funding compared to estimated	0.051	
Additional allocation for office rationalisation	0.806	<u>0.857</u>
Decreases		
Surplus in 2024/25 to 2026/27 Budget	(0.052)	
Actual In year receipts	(0.071)	
Savings (para 1.15)	(2.505)	<u>(2.628)</u>
Funding - (Available)/Shortfall		(2.590)

1.17 Capital receipts received in the second quarter of 2024/25, along with savings identified total £2.568m. A request for an additional allocation of £0.806m towards Phase 1 of the office rationalisation programme gives a revised projected surplus in the Capital Programme at Month 6 of £2.590m (from a Month 4 funding position surplus of £0.828m) for the 2024/25 – 2026/27 Capital Programme, prior to the realisation of additional capital receipts and/or other funding sources.

1.18 **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.

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

Table 6**INVESTMENT IN COUNTY TOWNS**

	2023/24	2024/25	2025 -
	Actual	Revised	2027
	£m	Budget	Budget
	£m	£m	£m
Buckley / Penyffordd	1.872	1.184	9.288
Connah's Quay / Shotton	1.150	2.340	0.000
Flint / Bagillt	5.452	29.123	1.880
Holywell / Caerwys / Mostyn	1.894	1.416	0.000
Mold / Treuddyn / Cilcain	17.880	28.641	12.800
Queensferry / Hawarden / Sealand	0.518	4.420	0.000
Saltney / Broughton / Hope	0.835	0.033	16.000
Unallocated / To Be Confirmed	0.856	3.793	26.642
Total	30.457	70.950	66.610

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

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

1.22 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.

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

1.24 In addition to the information contained in Appendix C, there is also considerable capital expenditure on the HRA Welsh Housing Quality Standard (WHQS), which was originally outside the scope of this analysis. A summary is provided in Table 7 below, albeit using a slightly different catchment area basis.

Table 7

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

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

2.00 RESOURCE IMPLICATIONS

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

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

3.00 IMPACT ASSESSMENT AND RISK MANAGEMENT

3.01 The legacy impacts of the pandemic along with the supply and demand of materials, leading to cost increases, higher tender prices and project delays will continue to be monitored closely during the year. Due to the re-profiling of schemes from 2023/24 and resources available to manage and deliver schemes, the levels of planned expenditure in 2024/25 may be affected, resulting in a high level of carry forward requests to re-phase budgets into the 2025/26 programme.

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

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

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

5.00	APPENDICES
5.01	Appendix A: Capital Programme - Changes during 2024/25
5.02	Appendix B: Variances
5.03	Appendix C: Investment in Towns
5.04	Appendix D: Prudential Indicators – Quarter 2 2024/25

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

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

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

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

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

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

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

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

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

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

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

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