

Meeting of:	Homes and Safe Communities Scrutiny Committee
Date of Meeting:	Wednesday, 07 September 2022
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Capital Closure of Accounts 2021/22
Purpose of Report:	The accounts are complete, and this report is to inform Committee of the provisional financial position of the Council's Capital Programme for the 2021/22 financial year.
Report Owner:	Director of Environment and Housing
Responsible Officer:	Matt Bowmer, Head of Finance/Section 151 Officer
Elected Member and Officer Consultation:	This report does not require Ward Member consultation.
Policy Framework:	This is a matter for Executive decision by Cabinet. Slippage has been approved via the use of Managing Director's emergency powers.
Executive Summary:	The total capital expenditure during the year was £66.411M which required funding of £1.191M to be drawdown from reserves.

Recommendations

1. That Committee note the year end capital position for financial year 2021/22.

Reasons for Recommendations

1. To inform Committee of the year end capital position for financial year 2021/22.

1. Background

- 1.1 Following the end of the financial year, Cabinet is provided with provisional outturn figures for the Council. It is anticipated that the Statement of Accounts will be approved by Council during September 2022, which will follow the audit by Audit Wales.

2. Key Issues for Consideration

- 2.1 Council on the 10th February 2021 (minute no. C488) agreed the Authority's capital budget for 2021/22.
- 2.2 The COVID-19 pandemic had a varying impact on the delivery of the capital programme and a spend of £66.411M was achieved as set out in the table below. There has been a significant increase in the cost of materials and labour, this has resulted in delays to schemes where negotiations and project re-engineering has been required to bring schemes within the budget available. Sourcing materials has also been problematic with long lead times when ordering and this has also impacted on the progress of the capital programme.

Directorate	Approved Programme 2021/22 £'000	Actual Spend 2021/22 £'000	Approved Slippage 2021/22 £'000
Education & Schools	38,717	35,053	3,315
Libraries	45	56	0
Catering	0	0	0
Total Learning & Skills	38,762	35,109	3,315
Children and Youth Services	355	309	12
Adult Services	1,471	768	713
Total Social Services	1,826	1,077	725
Neighbourhood and Transport Services (Including Community Safety)	16,869	14,569	1,610
Public Sector Housing (HRA)	14,642	10,056	4,287
Total Environment and Housing Services	31,511	24,625	5,897
Resources	3,066	2,336	509
Regeneration and Planning	3,669	2,418	925
Private Sector Housing	987	846	125
Total Managing Director and Resources	7,722	5,600	1,559
City Deal	0	0	0
Total	79,821	66,411	11,496

2.3 The overall position on the revised 2021/22 Capital Programme was a variance of £13.410m against a planned programme of £79.821M . There was slippage of £11.496M against planned programmes of work during the year and this has been brought forward into the 2022/23 Capital Programme with approval via Chief Executive's Emergency Powers. The overall outturn for this Committee is a variance of £4.819M against a planned programme of £15.785M. The statement at Appendix 1 details the outturn by scheme. The slippage for this committee was £4.501M and is detailed in Appendix 2.

2.4 In 2021/22 the Council was in receipt of over 50 grant awards on the Capital Programme, many of which arrived late in the financial year. This is favourable in that it brings additional funding into the Council. However, the terms and conditions of the grants can sometimes be onerous and can involve providing quarterly claims to the awarding body along with invoices and defrayment evidence.

Large Variances within the Programme

- 2.5** Welsh Housing Quality Standard (WHQS) Internal Works – Central Heating and boiler replacements, Kitchen replacements and Bathrooms have underspent due to delays in the procurement of the framework because of staff turnover. The underspend of £204K will offset the overspend on IHP retro fit scheme £79K, £4k to emergency works and £25K to Jenner Walls.
- 2.6** WHQS External Works- Roof renewals £325K has been delayed due to delays in the procurement due to increased costs and staff turnover, the Aireys £95K project is to be re-evaluated in 2022/23 to ensure value for money, the windows and doors contract continues into 2022/23 requiring £34K. Sewage treatment works will continue into 2022/23 requiring £66K It has therefore been requested via emergency powers that £519K is carried forward into the 2022/23 Capital Programme.
- 2.7** Environmental Works – The Buttrill’s Environmental scheme ended the financial year with a £220K underspend. This is due to in part the Buttrill’s Awbrey House scheme being put on hold for a large period of time. This was due to no tender bids being received on the first round of procurement and the Buttrills estate environmental improvement project start being delayed by the contractor. These works will continue to be delivered during 2022/23. Environmental Improvements Trebefad works will be completed in 2022/23.
- 2.8** Due to staffing issues within Highways, there was an impact on the delivery of the Highways maintenance & Street Lighting replacement programmes. Pathways works have been delayed due to problems in packaging the works. The Williams/Irving and Owen scheme has been delayed due to staff turnover and will continue into 2022/23. It has therefore been requested that £462K is carried forward into the 2022/23 Capital Programme via emergency powers.
- 2.9** Common Parts - To assist with the continuation of works to communal areas Lot 1&2 and fire safety works which were delayed due to the framework. It has therefore been requested via emergency powers that £384K is carried forward into 2022/23.
- 2.10** IHP Retrofit- To facilitate the continuation works in 2021/22 this scheme has overspent by £79K which will be offset against the Internal works underspend.
- 2.11** Emergency Works- To assist with the continuation of emergency works projects. It has therefore been requested via emergency powers that £39K is carried forward into the 2022/23 Capital Programme which includes the virement from internal works of £4K mentioned above.
- 2.12** Individual Schemes- S20 Leaseholder blocks, Severn Avenue and Long meadow have all been delayed due to a Contractor going into administration and a

contractor delaying the delivery start date of the S20 Leaseholder blocks scheme, the works will continue into 2022/23. It has therefore been requested via emergency powers that £712K is carried forward into the 2022/23 Capital Programme.

2.13 Energy Efficiency - Street lighting was underspent £66K due to staffing issues. External Wall Insulation (EWI) was underspent £420K due to small delays in the procured schemes starting later in the year and will continue into 2022/23. Energy Efficiency will commence in 2022/23. It has therefore been requested via emergency powers that £479K is carried forward into the 2022/23 Capital Programme.

2.14 New Builds – The Cwrt St Cyres scheme will continue into 2022/23. Hayes Road had some small delays around supply chain issues and will now be completed in May 2022.

Land Appropriation at Holm View Phase 2 £740K budget was allocated and was completed prior to 31st March 2022. There is no actual expenditure against the budget, but this needed to be accounted for as there was an increase in borrowing to fund the appropriations.

Land acquisitions at Coldbrook Road East and Olive Lodge, Barry were not completed during 2021/22 and will be carried forward to 2022/23 for the acquisitions to be completed.

Barry Town gateway will continue into 2022/23.

It has therefore been requested via emergency powers that £1.417M is carried forward into the 2022/23 Capital Programme.

2.15 Integrated Care Fund (ICF) Penarth Older Persons Village – This scheme will progress in 2022/23. It has therefore been requested via emergency powers that £275K is carried forward into the 2022/23 Capital Programme to fund detailed design and additional due diligence of the proposed Council owned over 55's accommodation.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The underspend on the revised capital programme in 2021/22 is £13.410M against a budget of £79.821M with actual spend of £66.411M and therefore its expenditure is incurred in order to achieve its corporate priorities as set out in the Corporate Plan 2020-2025 through the 4 well-being outcomes.

4. Climate Change and Nature Implications

- 4.1 The Council understands the importance of decarbonisation to help protect and sustain the environment over the long term and in line with its Climate emergency declaration is working and investing in measures to reduce its CO2 emissions. All schemes progressed as part of the Capital Programme proposals set out the decarbonisation considerations that will be considered as part of progressing the bids.

5. Resources and Legal Considerations

Financial

- 5.1 The underspend on the revised capital programme in 2021/22 is £13.410M against a budget of £79.821M with actual spend of £66.411M.
- 5.2 The following table shows how the capital programme has been financed in 2021/22.

Source of Funding		Outturn (£000)
General Capital Funding		6,328
General Fund Borrowing		703
Housing Borrowing		0
Capital Receipts – Housing		0
Capital Receipts – Council Fund		1,796
WG Grants		45,022
Revenue		3,373
Reserves - WG School Capital Grant	2,284	
- ICF	25	
- Neighbourhood Services & Transport	-1,147	
- Committed Capital Schemes	3	
- Energy Management	23	
- Gypsy Traveller Study	3	
		1,191
Other e.g., Section 106, other grants		7,998
TOTAL		66,411

- 5.3 General Capital Funding - Capital expenditure in the year was sufficient to cover the full allocation of the supported borrowing allocation from Welsh Government. £2.899M of the General Capital grant has been spent during

2021/22 and £539K has been carried forward into 2022/23 which is allowable in the terms and conditions of the grant. In some instances where schemes were originally planned to be financed from General Capital Funding have underspent, other schemes, planned to be funded from capital receipts, revenue contributions to capital or reserves, have been substituted in their place.

- 5.4** Capital Receipts - The Council Fund capital receipts balance as at 31st March 2022 was £16.213M which are split as follows:

Area	£000
General Use	7,333
Social Services	1,339
Education	3,173
Deferred Capital Receipts	4,368
TOTAL CAPITAL RECEIPTS	16,213

The sum of 4,603K was received in 2021/22 as a result of the sale of assets as follows:

Type of Asset	£000
Council Houses	0
Land and Buildings	210
Vehicles	37
Deferred Capital Receipts – Land Buildings	4,356
TOTAL RECEIPTS	4,603

- 5.5** As a result of the capital underspend in 2021/22, an allocation of £11.495M has been approved via Managing Director's Emergency Powers, as slippage into 2022/23. Of this figure, the sum of £520K will be funded from capital receipts and £10.975M will be provided from revenue, reserves, borrowing or external sources. The slippage for this committee was £4.501M and is detailed in Appendix 2.

Employment

- 5.6** There are no employment implications contained in this report.

Legal (Including Equalities)

- 5.7** The provisional outturn figures for the Council have been used in the preparation of the Statements of Accounts. Regulation 10(1) of the Accounts and Audit (Wales) Regulations 2014 (as amended) requires the Responsible Financial Officer to sign and date the Statement of Accounts and certify that they present a true and fair view of the financial position at the end of the year. This means that for 2021/22 the Statement of Accounts should be certified by the Section 151 Officer by 31st May 2022.

5.8 If it is not possible to meet this deadline the Council has to advertise that this has not happened and the reason why. Due to the pressures of the COVID-19 pandemic and a number of staff changes it was not possible to produce the Statement of Accounts by 31st May 2022 and the appropriate advert was placed. The Statement of Accounts was signed by the S151 Officer by 5th July 2022.

6. Background Papers

None

	APPROVED PROGRAMME 2021/22 £000	ACTUAL SPEND 2021/22 £000	VARIANCE AT OUTTURN 2021/22 £000	PROJECT SPONSOR	COMMENTS
Housing Improvement Programme					
HRA Internal Works	562	358	204	M Punter	Requested via the slippage emergency powers that the underspend of £204k will offset the overspend on IHP retro fit scheme £79k, £4k to emergency works and £25k to Jenner Walls.
HRA External Works	1,310	789	521	M Punter	Requested slippage of £520k via emergency powers for continuation of scheme.
Individual Schemes	717	30	687	M Punter	Requested slippage of £712k via emergency powers for continuation of scheme (including the £25k vired from internal works).
Energy Efficiency	1,241	762	479	M Punter	Requested slippage of £479k via emergency powers for continuation of scheme.
Emergency Works	396	361	35	M Punter	Requested slippage of £39k via emergency powers for continuation of scheme (including the £4k vired from internal works).
Aids and Adaptations	350	425	-75	M Punter	Overspend of £75k funded from a revenue contribution to capital.
Common Parts	510	126	384	M Punter	Requested slippage of £384k via emergency powers for continuation of scheme.
Environmental Improvements	1,564	858	706	M Punter	Requested slippage of £462k via emergency powers for continuation of scheme.
New Build	7,024	5,571	1,453	M Punter	Requested slippage of £1.417m via emergency powers for continuation of scheme.
Ty Iolo Hostel - Lift installation	20	20	0	M Punter	Scheme complete.
IHP- Heating retrofit	595	674	-79	M Punter	Overspend funded from the underspend on the HRA Internals Works scheme.
ICF - Penarth Older Persons Village	300	25	275	M Punter	Requested slippage of £275k via emergency powers for continuation of scheme.
Penarth Food Pod	48	51	-3	M Punter	Scheme complete.
Everyone Garden Education Centre	5	6	-1	M Punter	Scheme complete. Overspend funded from a revenue contribution to capital.
	14,642	10,056	4,586		
Community Safety					
Upgrade of CCTV system	135	43	92	M Punter	Requested slippage of £89k via emergency powers for continuation of scheme.
Target Hardening Grant	21	21	0	M Punter	Scheme complete.
	156	64	92		
Private Housing					
Disabled Facilities Grant	800	675	125	P Chappell	In the process of issuing grants. Requested slippage of £125k via emergency powers for continuation of scheme.
Barry Island and Cosmeston Toilets	10	10	0	P Chappell	Scheme complete.
ENABLE Grant	177	161	16	P Chappell	Scheme complete.
	987	846	141		
Committee Total	15,785	10,966	4,819		

Schemes	Current	Change	Revised
	Approved	of	22/23
	22/23 'Budget £	Budget £	Budget £
HRA			
Housing Improvement Programme			
WHQS Internals	1,925,457	0	1,925,457
WHQS Externals	2,850,000	519,622	3,369,622
Individual Schemes	3,650,000	711,749	4,361,749
Emergency Works	381,000	39,000	420,000
Energy Efficiency	4,009,000	479,278	4,488,278
Common Parts	3,291,000	383,710	3,674,710
Aids and Adaptions	550,000	0	550,000
WHQS - Environmental Improvements	3,409,000	461,862	3,870,862
New Build	19,403,000	1,416,955	20,819,955
ICF - Penarth Older Persons Village	0	275,000	275,000
IHP	100,000	0	100,000
Larger Homes Fund	400,000	0	400,000
Total Housing Improvement Programme	39,968,457	4,287,176	44,255,633
Community Safety			
Upgrade of CCTV System	212,720	89,423	302,143
Total Community Safety	212,720	89,423	302,143
Youth Offending Services Slippage			
Salisbury Road No. 91 (YOS) External Repairs Phase 2	15,000	0	15,000
Total Youth Offending Services	15,000	0	15,000
Private Sector Housing			
Disabled Facility Grants	1,396,000	124,718	1,520,718
Additional Disabled Facility Grants	150,000	0	150,000
Penarth Renewal Area	5,000	0	5,000
Total Private Sector Housing	1,551,000	124,718	1,675,718
Committee Total	41,747,177	4,501,317	46,248,494