

Meeting of:	<b>Homes and Safe Communities Scrutiny Committee</b>
Date of Meeting:	<b>Wednesday, 12 July 2023</b>
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	<b>Capital Closure of Accounts 2022/23</b>
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 2022/23 financial year.
Report Owner:	Director of Environment and Housing
Responsible Officer:	Matt Bowmer, 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 Chief Executive's Emergency Powers.

**Executive Summary:**

- The report provides detail on the closing of the Capital Programme for the period 1<sup>st</sup> April 22 to 31<sup>st</sup> March 2023. Details by scheme, that are relevant to this Scrutiny Committee are shown in Appendix 1 and a summary table is included below:

Directorate	Approved Programme 2022/23	Additions Approved Programme 2022/23	Adjusted Approved Programme 2022/23	Actual Spend 2022/23	Variance at Outturn 2022/23
	£000	£000	£000	£000	£000
Learning & Skills	30,969	1,190	32,159	34,026	(1,867)
Social Services	1,082	16	1,098	767	331
Housing	21,320	0	21,320	22,369	(1,049)
Environment	21,204	121	21,325	17,696	3,629
Place	4,023	121	4,144	3,738	406
Corporate Resources	1,851	571	2,422	2,195	227
<b>Total</b>	<b>80,449</b>	<b>2,019</b>	<b>82,468</b>	<b>80,791</b>	<b>1,677</b>

- Appendix 2 provides a summary of the position of the Capital Programme by directorate from approval at Council on 7<sup>th</sup> March, 2022 to 31<sup>st</sup> March, 2023, including any changes requested in this report.
- Several schemes totalling £2.019m were required to be added late in the programme and the report notes the current adjusted programme of £82.468M and capital expenditure during the year of £80.791M.
- Despite capital schemes facing continued challenges due to a number of issues, including significant cost increases and shortages of resources, it is pleasing to note that the 2022/23 Capital Programme out turned at £80.791M and 98% of the programme was spent before the end of the financial year.
- Due to the dedication, commitment and hard work across all directorates, the report notes the current adjusted programme of £82.468M and net slippage of £715k which required approval by Emergency Powers into the 2023/24 Capital Programme. A summary table detailing slippage is provided below:

Directorate	Adjusted Approved Programme	Revised Out turn	Variance	Net Slippage requested	Budget Adjustments/Slippage not requested
	2022/23	2022/23	2022/23	2022/23	2022/23
	£000	£000	£000	£000	£000
Learning & Skills	32,159	34,026	(1,867)	2,146	(279)
Social Services	1,098	767	331	(329)	(2)
Housing	21,320	22,369	(1,049)	1,280	(231)
Environment	21,325	17,696	3,629	(3,206)	(423)
Place	4,144	3,738	406	(364)	(42)
Corporate Resources	2,422	2,195	227	(242)	15
City Deal	0	0	0	0	0
<b>Total</b>	<b>82,468</b>	<b>80,791</b>	<b>1,677</b>	<b>(715)</b>	<b>(962)</b>

- For this Scrutiny Committee, the position regarding the budget was a variance of -£1.019M against an adjusted programme of £22.523M. Outturn for this Scrutiny Committee was recorded at £23.542M and slippage of -£1.249M has been requested.

## **Recommendations**

1. That Committee note the year end capital position for financial year 2022/23.
2. That Committee note the additional scheme budgets as set out in Appendix 1.
3. That Committee notes the summary position of the changes in the Capital Programme by directorate from approval at Council on 7<sup>th</sup> March, 2022 to 31<sup>st</sup> March, 2023, as set out in Appendix 2.
4. That Committee note the Emergency Power approved in respect of the slippage as set out in Appendix 3.

## **Reasons for Recommendations**

1. To inform Committee of the year end capital position for financial year 2022/23.
2. To inform Committee of the additional schemes added to the approved programme for 2022/23.
3. To inform Committee of the changes to the Approved Capital Programme set on 7<sup>th</sup> March 2022.
4. To advise Committee of the approved slippage in the Emergency Powers in the 2022/23 Capital Programme.

## **1. Background**

- 1.0 Council on 7<sup>th</sup> March 2022 (Minute Reference 904) approved the Authority's capital budget for 2022/23.
- 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 November 2023, which will follow the audit by Audit Wales.

## **2. Key Issues for Consideration**

- 2.1 Appendix 1 details the outturn figures for this Scrutiny Committee on the Capital Programme as at 31<sup>st</sup> March, 2023. The overall position on the revised 2022/23 Capital Programme was a variance of £1.677M against an adjusted programme of £82.468M. The position regarding this committee budget was a variance of -£1.019M against an adjusted programme of £22.523M.

**2.2** Despite capital schemes facing continued challenges due to significant cost increases, resulting in delays to projects, and major shortage of resources in many areas, it is pleasing to note that the 2022/23 Capital Programme outturn is £80.791M as set out in the summary table below. Outturn for this Scrutiny Committee was recorded at £23.542M.

<b>Directorate</b>	<b>Approved Programme 2022/23</b>	<b>Additions to Approved Programme 2022/23</b>	<b>Adjusted Approved Programme 2022/23</b>	<b>Actual Spend 2022/23</b>	<b>Variance at Outturn 2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning & Skills	30,969	1,190	32,159	34,026	(1,867)
Social Services	1,082	16	1,098	767	331
Housing	21,320	0	21,320	22,369	(1,049)
Environment	21,204	121	21,325	17,696	3,629
Place	4,023	121	4,144	3,738	406
Corporate Resources	1,851	571	2,422	2,195	227
City Deal	0	0	0	0	0
<b>Total</b>	<b>80,449</b>	<b>2,019</b>	<b>82,468</b>	<b>80,791</b>	<b>1,677</b>

**2.3** From the approved programme to the revised outturn at the end of March 2023, several schemes have required to be added late in the year to provide an adjusted approved programme. Amongst these additions is revenue expenditure that required capitalisation and several late grants

**2.4** The summary position of all changes in the Capital Programme by directorate from approval at Council on 7<sup>th</sup> March, 2022 to 31<sup>st</sup> March, 2023, is set out in Appendix 2.

**2.5** There was net slippage of £715k against programmes of work during the year. Due to increased spend against some schemes, predominantly within the Sustainable Communities for Learning schemes and the Housing Improvement Programme, there was a requirement to bring forward £4.996M to fund additional spend in the 2022/23 Programme and carry forward £5.711M into the 2023/24 Capital Programme. The resulting net slippage of £715k has been approved via Chief Executive's Emergency Powers. The slippage for this committee was -£1.249M and Appendix 3 provides the detail of the slippage and resulting schemes.

**2.6** The following table shows how the capital programme has been financed in 2022/23.

<b>Source of Funding</b>	<b>Outturn (£'000)</b>
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General Capital Funding	3,187
General Fund Borrowing	3,451
Housing Borrowing	0
Capital Receipts – Housing	2,090
Capital Receipts – General fund including education and vehicles	2,464
WG Grants	33,789
Reserves & Revenue contributions	23,284
Other e.g., Section 106, other grants	12,526
<b>TOTAL</b>	<b>80,791</b>

**2.7** General Capital Funding - Capital expenditure in the year was sufficient to cover the full allocation of the supported borrowing allocation from Welsh Government. £3.187M of the General Capital grant has been spent during 2022/23. In some instances where schemes were originally planned to be financed from General Capital Funding the schemes have underspent at outturn, other schemes, planned to be funded from capital receipts, revenue contributions to capital or reserves, have been substituted in their place.

**2.8** Capital Receipts - The movement of the capital receipt accounts for 2022/23 are set out in the table below:

Area	Opening Balance April 2022	Transfer	Capital Receipt income	Use of Capital receipts	Closing Balance 31 March 2023
	£'000	£'000	£'000	£'000	£'000
General Use	7,333	850	389	(1,070)	7,502
Social Services	1,338	0	0	0	1,338
Education	3,173	0	0	(1,383)	1,790
Vehicles	0	0	11	(11)	0
Housing	0	0	2,090	(2,090)	0
Deferred Capital Receipts	861	(850)	0	0	11
<b>TOTAL CAPITAL RECEIPTS</b>	<b>12,705</b>	<b>0</b>	<b>2,490</b>	<b>(4,554)</b>	<b>10,641</b>

**2.9** Housing Revenue Account - £22.369M was spent on major improvements to the Council's housing stock during 2022/23. The Major Repairs Allowance (MRA) is a grant given to the Authority by the Welsh Government and can be used for

capital expenditure on HRA assets. The Authority's MRA for 2022/23 was £2.773M. The following table shows a breakdown of the financing of HRA expenditure in 2022/23: -

<b>Source of Funding</b>	<b>Outturn (£000)</b>
Major Repairs Allowance	2,773
Housing Borrowing	0
Capital Receipts – Housing	2,090
Revenue	8,742
WG Grant	8,184
Other Income	580
<b>TOTAL</b>	<b>22,369</b>

- 2.10** It is important to recognise the work undertaken to deliver the Capital Programme and detailed below is one scheme that has been delivered in the 2022/23 Capital Programme, under the remit of this Scrutiny Committee.

#### **Housing Improvement Plan**

- 2.11** On 7<sup>th</sup> October 2022, the Council completed a scheme of 23 new homes for social rent at Lon y Felin Wynt off Hayes Road, Barry and tenants from the Council's Homes4U waiting list moved in during that week. The Scheme consists of 19 four person two bedroom houses and 4 five person three bedroom houses.
- 2.12** This was the Council's first package deal contract, completed successfully by a development partner using local subcontractors and suppliers, many based on the adjacent Trading Estate. The scheme was constructed using modern methods of construction and utilises a structurally insulated timber panelised system, with all windows also pre-installed.

#### **Hayes road social rent development**



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

**3.1** The Capital Programme focuses capital investment to deliver the outcomes identified as part of the Corporate Plan. Some examples are:-

- **To work with and for our communities** - Consultations are carried out with the community on capital projects.
- **To support learning, employment and sustainable economic growth** - Further investment in schools through the School Investment Programme. Contributing as a partner in the Cardiff Capital Region City Deal will bring economic prosperity to the area.
- **To support people at home and in their community** - Investment in housing through the Housing Improvement Programme will maintain the Welsh Housing Quality Standard, consideration of alternative heating measures and new developments. Other schemes include Disabled Facility Grant, Enable schemes, Investment in leisure centres and playgrounds.
- **To respect, enhance and enjoy our environment** - The Council supports decarbonisation as part the Sustainable Communities for Learning Programme, which has seen the first Net Zero Carbon Primary School in Wales. Other schemes include LED street lighting, installation of vehicle charging infrastructure and LED lighting and Photovoltaic Panels installed in several Council assets.

**3.2** The setting and the monitoring of the Capital programme follows the Five Ways of Working.

- 3.3 Looking to the long term** - The development of the capital programme is a means of planning for the future and takes a strategic approach to ensure services are sustainable and that investments are affordable over the longer term and that future need and demand for services is understood.
- 3.4 Taking an integrated approach** – In setting the capital programme, working with partners is encouraged, as it allows the utilisation of funding from various sources, such as Welsh Government and S106 contributions, to deliver schemes.
- 3.5 Involving the population in decisions** – As part of the annual budget setting process there is engagement with residents, customers and partners. Prior to the implementation of certain capital schemes, consultation may also take place with the public which may in some cases be statutory.
- 3.6 Working in a collaborative way** – It is recognised that more can be achieved, and better services can be provided by collaboration, and it encourages this as a way of working in the future which includes providing funding to work with local communities.
- 3.7 Understanding the root cause of issues and preventing them** – The process for setting and monitoring the capital programme is proactive and allows an understanding of the financial and operational issues to be considered together so that issues can be tackled at the source.

## **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. Several projects are included in the 2022/23 Capital Programme which will assist the work the Council is undertaking as part of Project Zero and commitments in the Council’s Climate Challenge Plan. More detail can be found in the Capital Strategy in Section 6. 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**

As detailed in the body of the report.

### **Employment**

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

### **Legal (Including Equalities)**



- 5.2** 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 2022/23 the Statement of Accounts should be certified by the Section 151 Officer by 31<sup>st</sup> May, 2023.
- 5.3** If it is not possible to meet this deadline the Council must advertise that this has not happened and the reason why. As it was not possible to produce the Statement of Accounts by 31st May 2023, the appropriate advert was placed outlining the reason that in line with the agreed timescales for the previous year, as agreed with Governance & Audit Committee, for preparing the accounts and recognising changes in ongoing processes and risks still in place because of the Covid-19 pandemic. The Statement of Accounts was signed by the S151 Officer by 30<sup>th</sup> June 2023.

## **6. Background Papers**

None

	APPROVED PROGRAMME 2022/23	ADDITIONS TO APPROVED PROGRAMME 2022/23	ADJUSTED APPROVED PROGRAMME 2022/23	ACTUAL SPEND 2022/23	VARIANCE AT OUTTURN 2022/23	PROJECT SPONSOR	COMMENTS
	£'000	£'000	£'000	£'000	£'000		
<b><u>Housing Improvement Programme</u></b>							
Larger Homes Fund	125	0	125	108	17	M Ingram	Requested slippage of £17k for continuation of this scheme.
WHQS Internals	521	0	521	392	129	M Ingram	Requested virement of £35k to Emergency Works. Emergency powers requested to fund overspend of £37k on Common Parts and £44k on Aids and Adaptations. No slippage requested.
WHQS Externals	715	0	715	586	129	M Ingram	Requested slippage of £115k for continuation of this scheme.
Individual Schemes	1044	0	1,044	1,142	(98)	M Ingram	Emergency Powers requested virement of £142k from Environmental Works to fund over spend and slippage request. Requested slippage of £44k for continuation of this scheme.
Emergency Works	197	0	197	102	95	M Ingram	£35k requested to be vired from Internal works to this scheme budget and slippage requested of £130k.
Aids and Adaptions	550	0	550	594	(44)	M Ingram	Emergency Powers requested virement of £44k to fund overspend on this scheme budget from underspend on Internal works
Energy Efficiency	2359	0	2,359	2,417	(58)	M Ingram	Emergency Powers requested virement of £58k to fund overspend on this scheme budget from underspend on Environmental Works.
Common Parts	228	0	228	265	(37)	M Ingram	Emergency Powers requested virement of £37k to fund overspend on this scheme budget from underspend on Internal works.
WHQS Environmental Improvements	2051	0	2,051	1,189	862	M Ingram	Emergency Powers requested virement of £142k to fund overspend on Individual schemes, £58k to fund overspend on Energy Efficiency and £64k to fund overspend on New Build. Slippage requested of £410k. Balance not to be slipped.
New Build	13002	0	13,002	15,373	(2,371)	M Ingram	Emergency Powers requested to bring forward £2.945m from 23/24 Capital Programme. Slippage requested of £637k.
ICF - Penarth Older Person's Village	275	0	275	16	259	M Ingram	Slippage requested of £259k to the 23/24 Capital Programme.
7 St Paul's Avenue	253	0	253	200	53	M Ingram	Slippage requested of £53k to the 23/24 Capital Programme.
IHP	0	0	0	-15	15	M Ingram	Scheme complete.
	<b>21,320</b>	<b>0</b>	<b>21,320</b>	<b>22,369</b>	<b>(1,049)</b>		
<b><u>Community Safety</u></b>							
Upgrade of CCTV system	302	0	302	303	(1)	M Goldsworthy	Scheme complete. Overspend funded from revenue contribution.
	<b>302</b>	<b>0</b>	<b>302</b>	<b>303</b>	<b>(1)</b>		
<b><u>Private Housing</u></b>							
ENABLE 2022/23	201	0	201	201	0	P Chappell	Scheme complete.
Disabled Facilities Grant	700	0	700	669	31	P Chappell	Slippage requested of £31k to this scheme budget in the 2023/24 Capital Programme
	<b>901</b>	<b>0</b>	<b>901</b>	<b>870</b>	<b>31</b>		
<b>Committee Total</b>	<b>22,523</b>	<b>0</b>	<b>22,523</b>	<b>23,542</b>	<b>-1,019</b>		

APPROVED PROGRAMME AS AT FINAL PROPOSALS £'000	SLIPPAGE APPROVED FROM 21/22 TO 2022/23 £'000		ADDITIONS PRIOR TO YEAR END 2022/23 £'000	SLIPPAGE APPROVED * 2022/23 £'000	APPROVED PROGRAMME 2022/23 £,000	ADDITIONS TO APPROVED PROGRAMME 2022/23 £'000	ADJUSTED APPROVED PROGRAMME 2022/23 £,000	REVISED OUTTURN 2022/23 £'000	VARIANCE 2022/23 £'000	NET SLIPPAGE REQUESTED 2022/23 £'000	BUDGET ADJUSTMENTS & SLIPPAGE NOT REQUESTED 2022/23 £'000	COMMENTS
<b>SUMMARY</b>												
20,381	3,314	Directorate of Learning and Skills	15,602	(8,328)	30,969	1,190	32,159	34,026	(1,867)	2,146	(279)	
180	725	Directorate of Social Services	204	(27)	1,082	16	1,098	767	331	(329)	(2)	
39,778	4,287	Housing	190	-22935	21,320	0	21,320	22,369	(1,049)	1,280	(231)	
17,937	1,611	Environment	10,992	(9,336)	21,204	121	21,325	17,696	3,629	(3,206)	(423)	
5,801	1,049	Directorate of Place	935	(3,762)	4,023	121	4,144	3,738	406	(364)	(42)	
856	509	Directorate of Corporate Resources	1,139	(653)	1,851	571	2,422	2,195	227	(242)	15	
273	0	City Deal	284	-557	0	0	0	0	0	0	0	
<b>85,206</b>	<b>11,495</b>	<b>TOTAL</b>	<b>29,346</b>	<b>(45,598)</b>	<b>80,449</b>	<b>2,019</b>	<b>82,468</b>	<b>80,791</b>	<b>1,677</b>	<b>(715)</b>	<b>(962)</b>	
* Slippage approved in current programme												

**FINAL CAPITAL PROGRAMME - 2023/24**  
**APPENDIX 3**

<b>Schemes</b>	<b>Current Approved Budget £'000</b>	<b>Change of Budget £'000</b>	<b>Revised Budget £'000</b>
<b><u>HRA</u></b>			
<b>Housing Improvement Programme</b>			
Larger Homes Fund	276	17	293
WHQS Internals	2,624	0	2,624
WHQS Externals	2,543	115	2,658
Individual Schemes	4,262	44	4,306
Emergency Works	460	130	590
Aids and Adaptions	475	0	475
Energy Efficiency	2,343	0	2,343
Common Parts	2,297	0	2,297
WHQS Environmental Improvements	2,925	410	3,335
New Build	36,724	-2308	34,416
ICF - Penarth Older Person's Village	0	259	259
7 St Paul's Avenue	32	53	85
IHP	30	0	30
<b>Private Sector Housing</b>			
Disabled Facility Grants	1,500	31	1,531
<b>2023/24 Capital Bid</b>			
Empty Homes Grant	85	0	85
<b>Total Committee</b>	<b>56,576</b>	<b>-1,249</b>	<b>55,327</b>