

Meeting of:	<b>Homes and Safe Communities Scrutiny Committee</b>
Date of Meeting:	<b>Wednesday, 11 September 2024</b>
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Capital Closure of Accounts 2023/24
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 2023/24 financial year.
Report Owner:	<b>Director of Environment and Housing</b>
Responsible Officer:	Matt Bowmer, Head of Finance/S151 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 1st April 2023 to 31st March 2024. Details by scheme, that are relevant to this Scrutiny Committee are shown in Appendix 1 and a summary table of the overall capital position is included below:

Table 1 – Summary of 2023/24 Capital Programme by Directorate

Directorate	Approved Programme 2023/24	Additions Approved Programme 2023/24	Adjusted Approved Programme 2023/24	Actual Spend 2023/24	Variance at Outturn 2023/24
	£000	£000	£000	£000	£000
Learning & Skills	24,501	73	24,574	21,563	3,011
Social Services	628	15	643	350	293
Housing	44,997	2,589	47,586	40,865	6,721
Environment	18,559	188	18,747	15,307	3,440
Place	3,721	30	3,751	3,150	601
Corporate Resources	5,213	0	5,213	4,628	585
Pipeline Schemes	815	2,500	3,315	2,757	558

<b>Total</b>	<b>98,434</b>	<b>5,395</b>	<b>103,829</b>	<b>88,620</b>	<b>15,209</b>
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Appendix 2 provides a summary of the position of the Capital Programme by directorate from approval at Council on 6th March, 2023 through to 31st March 2024, including any changes requested within this report.

Several schemes totalling £5.395M were required to be added late in the programme and the report notes the current adjusted programme of £103.829M and capital expenditure during the year of £88.620M.

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 2023/24 Capital Programme out turned at £88.620M and 85.35% 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 £103.829M and net slippage of £15.013M which required approval by Emergency Powers into the 2024/25 Capital Programme. A summary table detailing slippage is provided below:

Table 2 – Detail of Slippage into 2024/25 Capital Programme by Directorate

<b>Directorate</b>	<b>Adjusted Approved Programme 2023/24</b>	<b>Revised Outturn 2023/24</b>	<b>Variance 2023/24</b>	<b>Net Slippage requested 2023/24</b>	<b>Budget Adjustments /Slippage not requested 2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Learning & Skills	24,574	21,563	3,011	3,004	7
Social Services	643	350	293	280	13
Housing	47,586	40,865	6,721	6,721	0
Environment	18,747	15,307	3,440	3,171	269
Place	3,751	3,150	601	675	(74)
Corporate Resources	5,213	4,628	585	604	(19)
Pipeline Schemes	3,315	2,757	558	558	0
<b>Total</b>	<b>103,829</b>	<b>88,620</b>	<b>15,209</b>	<b>15,013</b>	<b>196</b>

For this Scrutiny Committee, the position regarding the budget was a variance of £6.523M against an adjusted programme of £48.398M. Outturn for this Scrutiny Committee was recorded at £41.875M and slippage of £6.521M has been requested.

## **Recommendations**

1. Committee note the year end capital position for financial year 2023/24.
2. Committee note the additional scheme budgets as set out in Appendix 1.
3. Committee note the summary position of the changes in the Capital Programme by directorate from approval at Council on 6th March, 2023 to 31st March, 2024, as set out in Appendix 2.
4. 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 2023/24.
2. To inform Committee of the additional schemes added to the approved programme for 2023/24.
3. To inform Committee of the changes to the Approved Capital Programme set on 6th March 2023.
4. To advise Committee of the approved slippage in the Emergency Powers in the 2023/24 Capital Programme.

## **1. Background**

- 1.1 Council on 6<sup>th</sup> March, 2023 (Minute Reference 777) approved the Capital Programme for 2023/24.
- 1.2 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 2024, which will follow the audit by Audit Wales.

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

- 2.1 Appendix 1 details the outturn figures on the Capital Programme as at 31st March, 2024. The overall position on the revised 2023/24 Capital Programme was a variance of £15.209M against an adjusted programme of £103.829M. The position regarding this committee budget was a variance of £6.523M against an adjusted programme of £48.398M.
- 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 2023/24 Capital Programme outturn is £88.620M as set out in the summary table below. Outturn for this Scrutiny Committee was recorded at £41.875M.

**Table 3 – Summary of 2023/24 Capital Programme**

Directorate	Approved Programme 2023/24	Additions to Approved Programme 2023/24	Adjusted Approved Programme 2023/24	Actual Spend 2023/24	Variance at Outturn 2023/24
	£000	£000	£000	£000	£000
Learning & Skills	24,501	73	24,574	21,563	3,011
Social Services	628	15	643	350	293
Housing	44,997	2,589	47,586	40,865	6,721
Environment	18,559	188	18,747	15,307	3,440
Place	3,721	30	3,751	3,150	601
Corporate Resources	5,213	0	5,213	4,628	585
Pipeline Schemes	815	2,500	3,315	2,757	558
<b>Total</b>	<b>98,434</b>	<b>5,395</b>	<b>103,829</b>	<b>88,620</b>	<b>15,209</b>

- 2.3** From the approved programme to the revised outturn at the end of March 2024, 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 6th March 2023 to 31st March 2024, is set out in Appendix 2.
- 2.5** There was net slippage of £15.013M against programmes of work during the year. The slippage for this committee was £6.521M. 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 2023/24:

**Table 4 – Summary of the financing of the 2023/24 Capital Programme**

Source of Funding	Outturn (£'000)
General Capital Funding	3,047
General Fund Borrowing	3,452
Housing Borrowing	5,485
Capital Receipts – Housing	720
Capital Receipts – General fund including education and vehicles	3,216
WG Grants	29,445
Reserves & Revenue contributions	29,399
Other e.g., Section 106, other grants	13,856

<b>TOTAL</b>	<b>88,620</b>
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**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. £1.327M of the 2023/24 General Capital grant has been spent during 2023/24. 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 2023/24 are set out in the table below:

**Table 5: Capital Receipts**

<b>Area</b>	<b>Opening Balance April 2023</b>	<b>Capital Receipt income</b>	<b>Use of Capital receipts</b>	<b>Closing Balance 31 March 2024</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Use	7,502	203	(1,400)	6,305
Social Services	1,339	0	0	1,339
Education	1,790	0	(1,790)	0
Vehicles	0	26	(26)	0
Housing	0	720	(7,20)	0
Capital Receipts in Advance	0	55	0	55
Deferred Capital Receipts	11	0	0	11
<b>TOTAL CAPITAL RECEIPTS</b>	<b>10,642</b>	<b>1,004</b>	<b>(3,936)</b>	<b>7,710</b>

**2.9** Housing Revenue Account - £40.865M was spent on major improvements to the Council's housing stock during 2023/24. 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 2023/24 was £2.770M. The following table shows a breakdown of the financing of HRA expenditure in 2023/24:

**Table 6: Financing of the HRA**

<b>Source of Funding</b>	<b>Outturn (£000)</b>
Major Repairs Allowance	2,770
Housing Borrowing	5,485
Capital Receipts – Housing	720
Revenue	19,364

WG Grant	12,502
Other Income	24
<b>TOTAL</b>	<b>40,865</b>

### Capital Programme 2023/24

**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 2023/24 Capital Programme.

### Housing Improvement Programme

**2.11** At the beginning of April 2023, the Council took the decision to complete the development of 53 new homes at Hayeswood Road themselves. The Council took on the construction and site management responsibilities and employed agents to supervise the process. The Council then directly appointed and paid the subcontractors to complete the works.

**2.12** In February 2024, the Council completed and handed over the first 14 new homes, with the remaining 39 new homes being handed over in phases throughout the Spring and Early Summer. This innovative way of self-delivering new Council homes will be used to deliver further schemes at Coldbrook Road East and Olive Lodge, both in Barry.

**2.13** Hayeswood Road Development, Barry



## 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. Participate Vale allows the community to have their say and get involved with Council decisions and local issues in the Vale of Glamorgan.
- **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. There is a decarbonisation scheme on the Capital Programme totalling £1.538k from 2024-25 to 2028/29, and this budget has been allocated across 10 schemes for installation of LED lighting, PV Panels, air source heat pumps and interface upgrade.

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

- **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.
- **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 and UK Government and S106 contributions, to deliver schemes.
- **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.
- **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.
- **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 were included in the 2023/24 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 Section 6 of the Capital Strategy. 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** As detailed in the body of the report.

### **Employment**

- 5.2** Some of the work included in the capital programme will be undertaken by Council staff and the relevant costs will be recharged to the capital scheme.

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

- 5.3** 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 2023/24 the Statement of Accounts should be certified by the Section 151 Officer by 31st May 2024.
- 5.4** 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 2024, 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 30th June 2024.

## **6. Background Papers**

None.



	Approved Programme 2023/24	Additions to Approved Programme 2023/24	Adjusted Approved Programme 2023/24	Actual Spend 2023/24	Variance at Outturn 2023/24		
	£'000	£'000	£'000	£'000	£'000		
<b>Housing Improvement Programme</b>							
Larger Homes Fund	293	0	293	272	21	M Ingram	Emergency Powers requested slippage of £21k for continuation of scheme
WHQS Internals	929	0	929	699	230	M Ingram	Emergency powers approved the slippage be vired to the New Build scheme in the 2024/25 Capital programme.
WHQS Externals	1308	0	1,308	1,158	150	M Ingram	Emergency powers approved that the slippage be vired to the New Build scheme in the 2024/25 Capital programme.
Individual Schemes	3816	0	3,816	3,845	-29	M Ingram	Emergency Powers requested overspend be funded from underspend on the IHP scheme budget
Emergency Works	590	0	590	505	85	M Ingram	Emergency Powers requested slippage of £85k for continuation of scheme
Aids and Adaptions	475	0	475	589	-114	M Ingram	Emergency powers requested the overspend to be offset from the underspend on Environmental Improvement scheme budget
Energy Efficiency	1843	0	1,843	685	1,158	M Ingram	Emergency powers requested slippage of £1.158m to New Building the 2024/25 Capital Programme
Common Parts	2297	0	2,297	2,988	-691	M Ingram	Overspend approved to be offset with Environmental underspend
WHQS Environmental Improvements	2385	0	2,385	686	1,699	M Ingram	Emergency Powers approved to fund overspend of £114k on the Aids and Adaptions scheme budget and £691k on the Common Parts scheme. Approval also requested to slip £894k, £634k to Individual Schemes and £260k to New Build in the 2024/25 Capital Programme.
New Build	30616	2,565	33,181	29,170	4,011	M Ingram	Request to increase budget by £2.565M for unexpected year end grants and Emergency powers approved to request slippage of £4.011m to this scheme in the 2024/25 Capital Programme.
ICF - Penarth Older Person's Village	259	0	259	87	172	M Ingram	Emergency powers approved which requested the slippage of £172k for continuation of the scheme.
7 St Paul's Avenue	156	0	156	157	-1	M Ingram	Emergency Powers requested overspend to be funded from underspend on the IHP scheme budget
IHP	30	0	30	0	30	M Ingram	Emergency Powers requested underspend used to fund overspend on the overspend of £29k on Individual scheme budget and £1k on the 7 St Pauls scheme budget
8 Clos Holm View	0	24	24	24	0	M Ingram	Requested to increase the capital program in 2023/24 by £24k to include 8 Clos Holm View funded by Safer Accommodation grant
<b>Community Safety</b>							
Target Hardening Grant	44	0	44	45	-1	M Goldsworthy	Scheme complete.
Upgrade of CCTV System	0	0	0	-3	3	M Goldsworthy	Scheme complete.
<b>Place</b>							
<b>Private Sector Housing</b>							
Housing Care Fund Objective 3 - Disabled Facilities Grants Pods	59	0	59	59	0	G Pyke	Scheme complete.
Housing Care Fund Objective 3 - Disabled Facilities Grants Small Adaptations Needs	57	0	57	57	0	G Pyke	Scheme complete.
ENABLE	242	0	242	242	0	P Chappell	Scheme complete.

	Approved Programme 2023/24	Additions to Approved Programme 2023/24	Adjusted Approved Programme 2023/24	Actual Spend 2023/24	Variance at Outturn 2023/24		
	£'000	£'000	£'000	£'000	£'000		
Disabled Facility Grants	400	0	400	610	(210)	P Chappell	£210k has been requested to be brought forward from the 2024/25 budget via Emergency Powers. Slippage requested of £10k to this scheme budget in the 2024/25 Capital Programme
Empty Homes Grant	10	0	10	0	10	M Goldsworthy	
<b>Total Committee</b>	<b>45,809</b>	<b>2,589</b>	<b>48,398</b>	<b>41,875</b>	<b>6,523</b>		

**CAPITAL MONITORING  
FOR THE PERIOD ENDED 31st MARCH 2024**

Appendix 2

APPROVED PROGRAMME AS AT FINAL PROPOSALS	SLIPPAGE APPROVED FROM 22/23 TO 2023/24		ADDITIONS PRIOR TO YEAR END 2023/24	SLIPPAGE APPROVED * 2023/24	APPROVED PROGRAMME 2023/24	ADDITIONS TO APPROVED PROGRAMME 2023/24	ADJUSTED APPROVED PROGRAMME 2023/24	REVISED OUTTURN 2023/24	VARIANCE 2023/24	NET SLIPPAGE REQUESTED 2023/24	BUDGET ADJUSTMENTS & SLIPPAGE NOT REQUESTED 2023/24	COMMENTS
£'000	£'000		£'000	£'000	£,000	£'000	£,000	£'000	£'000	£'000	£'000	
		<u>SUMMARY</u>										
36,697	(1,864)	Directorate of Learning and Skills	497	(10,829)	24,501	73	24,574	21,563	3,011	3,004	7	
595	342	Directorate of Social Services	125	(434)	628	15	643	350	293	280	13	
45,019	1,992	Housing	6716	(8,730)	44,997	2,589	47,586	40,865	6,721	6,721	0	
12,830	6,046	Environment	6,942	(7,259)	18,559	188	18,747	15,307	3,440	3,171	269	
4,039	1,329	Directorate of Place	(209)	(1,438)	3,721	30	3,751	3,150	601	675	(74)	
1,130	895	Directorate of Corporate Resources	3,516	(328)	5,213	0	5,213	4,628	585	604	(19)	
2,506	0	City Deal	0	(2,506)	0	0	0	0	0	0	0	
1,152	(7)	Pipeline Schemes	60	(390)	815	2,500	3,315	2,757	558	558	0	
<b>103,968</b>	<b>8,733</b>	<b>TOTAL</b>	<b>17,647</b>	<b>(31,914)</b>	<b>98,434</b>	<b>5,395</b>	<b>103,829</b>	<b>88,620</b>	<b>15,209</b>	<b>15,013</b>	<b>196</b>	

\* Slippage approved in current programme

FINAL CAPITAL PROGRAMME - 2024/25

Schemes	Total Budget	Change of	Revised
	£'000	Budget	Budget
	£'000	£'000	£000
<b>Housing Improvement Programme</b>			
WHQS Internals	4,933	0.00	4,933.00
WHQS Externals	3,362	0.00	3,362.00
Larger Homes fund	0	21.00	21.00
Individual Schemes	3,325	634.00	3,959.00
Emergency Works	360	85.00	445.00
Aids and Adaptions	480	0.00	480.00
Energy Efficiency	5,848	0.00	5,848.00
Common Parts	3,750	0.00	3,750.00
WHQS Environmental Improvements	2,164	0.00	2,164.00
New Build	14,523	5,809.00	20,332.00
ICF - Penarth Older Person's Village	0	172.00	172.00
<b>Private Sector Housing</b>			
Empty Homes Grant	160	10.00	170.00
ENABLE	242	0.00	242.00
Disabled Facility Grants	1,306	-210.00	1,096.00
<b>Total Committee</b>	<b>40,453</b>	<b>6,521.00</b>	<b>46,974.00</b>