



## **CABINET - 18<sup>TH</sup> SEPTEMBER 2024**

**SUBJECT: CAPITAL OUTTURN 2023/24**

**REPORT BY: CORPORATE DIRECTOR FOR EDUCATION AND CORPORATE SERVICES**

### **1. PURPOSE OF REPORT**

1.1 To provide information relating to the provisional capital outturn for 2023/24.

### **2. SUMMARY**

2.1 This report provides details of actual capital expenditure for the 2023/24 financial year and slippage that has been requested to be carried forward into 2024/25.

### **3. RECOMMENDATIONS**

3.1 Cabinet are asked to note the contents of this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

4.1 To advise Cabinet of the provisional outturn of the 2023/24 Capital programme prior to completion of the annual external audit of the accounts by Audit Wales.

### **5. THE REPORT**

5.1 The approved core Capital Programme for the 2023/24 financial year totals £47.289m, consisting of £11.636m for the General Fund and £35.653m for the Housing Revenue Account (HRA).

During the year, £30.728m of specific grants and contributions were received for various service areas.

Also, a total of £47.815m was funded from internal resources which included in year funding approved by Cabinet during 2023/24 of £13.925m. The

2023/24 allocation comprised £13.550m from Capital Reserves, £0.025m from Community Infrastructure Levy (CIL) monies, £0.180m from the Decarbonisation budget and £0.170m from Service Revenue Reserves. Including the core budget slippage of £28.624m and projects funded by Welsh Government loans of £26.397m, this takes the total available capital budget for 23/24 to £180.853m and is summarised in the table below:

|   | <b>General Fund<br/>£m</b> | <b>HRA<br/>£m</b> | <b>Total<br/>£m</b> |
|---|----------------------------|-------------------|---------------------|
| <b>Approved 2023/24 Budget</b>                    | <b>11.636</b>              | <b>35.653</b>     | <b>47.289</b>       |
| Core Budget Slippage Brought Forward from 2022/23 | 28.624                     |                   | 28.624              |
| In Year Grants, Contributions                     | 30.728                     |                   | 30.728              |
| Funding from Reserves                             | 47.815                     |                   | 47.815              |
| Welsh Government Loans                            | 26.397                     |                   | 26.397              |
| <b>Total:-</b>                                    | <b>145.200</b>             | <b>35.653</b>     | <b>180.853</b>      |

5.2 The following table provides a summary of the 2023/24 outturn against each service area:-

| <b>Capital Programme</b>         | <b>Total Capital Budget<br/>£m</b> | <b>Outturn Capital Spend<br/>£m</b> | <b>Variance<br/>£m</b> |
|----------------------------------|------------------------------------|-------------------------------------|------------------------|
| Community and Leisure Services   | 17.502                             | 2.714                               | 14.788                 |
| Corporate Services               | 5.088                              | 1.279                               | 3.809                  |
| Business Enterprise Renewal Team | 36.953                             | 9.391                               | 27.562                 |
| Education                        | 48.791                             | 24.440                              | 24.351                 |
| Infrastructure                   | 14.531                             | 8.149                               | 6.382                  |
| Private Housing                  | 11.834                             | 2.567                               | 9.267                  |
| Property Services                | 2.540                              | 2.153                               | 0.387                  |
| Public Protection                | 1.828                              | 1.511                               | 0.317                  |
| Social Services                  | 6.133                              | 1.144                               | 4.989                  |
| <b>General Fund Total:-</b>      | <b>145.200</b>                     | <b>53.348</b>                       | <b>91.852</b>          |
| <b>HRA Total:-</b>               | <b>35.653</b>                      | <b>28.880</b>                       | <b>6.773</b>           |
| <b>Total Capital Programme:-</b> | <b>180.853</b>                     | <b>82.228</b>                       | <b>98.625</b>          |

- 5.3 The General Fund variance of £91.852m is as a result of schemes that are ongoing or have been delayed into 2024/25 (slippage), schemes that have an approved budget allocated but have not yet started, and ring-fenced schemes.

As part of the Mobilising Team Caerphilly work, the capital programme has been reviewed in detail. The capital budget for 2024/25 took account of projected slippage at period 9 and has been profiled over multiple financial years in line with forecast expenditure. Project budgets will encompass all known funding streams, including the grant awarded, for the project. This will set a more robust and deliverable capital budget by financial year and reduce slippage.

As a consequence of this, a Placeshaping Operational Group, with representatives from all Service areas, has been set up which will meet monthly to review the Capital Programme. The capital monitoring reports will change significantly for 2024/25 and will provide members with more detailed information in relation to both current and pipeline projects, slippage will be actioned in periods 5, 7 and 9.

Appendix 1 provides a breakdown of the total slippage by project. The narrative for major schemes is detailed below.

- 5.4 Members are asked to note the following reasons for the cause of large capital budgets that have slipped into the 2024/25 financial year:
- Within Community and Leisure Services, £13.6m has been allocated to the Caerphilly Wellbeing Scheme. The total cost of this scheme is £33.6m and the external funding is from a £20m Levelling Fund Grant. All expenditure on this scheme to date has been funded by Grant.
  - Corporate Service hold a budget for Corporate Projects from our Core Capital Allocation from Welsh Government. Within the 2023/24 financial year £0.321m of these monies were allocated to a scheme at Colliers Farm for a cycle route. The remainder of this budget will be allocated to schemes in the 2024/25 financial year.
  - The Cwm lfor Solar Farm project sits within the Business Enterprise Renewal Team (BERT). As at the 31<sup>st</sup> March 2024 £1.441m of the budget allocated to this scheme remained unspent. This project will progress into the 2024/25 financial year and these funds will allow for Grid Connection prior to a decision being made as to whether to build or sell the Solar Farm Scheme.
  - The BERT received a Welsh Government loan on the 23<sup>rd</sup> February 2024 for £1.0m. This will enable Caerphilly Council to make interest free loans to landlords to support projects which reduce the number of empty or underused sites and properties in town centres. Once the loans are repaid, the local authority can use it again to fund new loans and re-invest in

similar projects.

- The Caerphilly Placemaking Schemes falls within the BERT, the largest value scheme is the Ness Tarr site scheme. WG provided us with a £20.0m interest free loan in 2021 in order to redevelop the site. Detailed negotiations are ongoing with WG and external parties as to the best course of action, as a result minimal spend has been made on this scheme. (£0.366m spent to date).
- WG also provided us with a loan for £5.175m in 2022 towards a Caerphilly 2035 scheme, which was to enable Caerphilly Council to purchase strategic properties within Caerphilly Town Centre for the regeneration of the area. At the moment, Site Assembly is under way with the intention of developing a Hotel/Leisure Quarter in the Town Centre. The first property Portcullis House was purchased during 2023/24 at a cost of £0.718m. We are currently generating circa £0.050m per annum rental on this property which will go towards the repayment of this loan.
- £14.860 m of the Education slippage is in relation to monies set aside for planned 21<sup>st</sup> Century Schools Band B projects. Current projects that are in progress are the Trinity Fields extension, Centre for Vulnerable Learners, Llanfabon Primary School, Plasyfelin Primary School and Ysgol y Llawnt. This funding will be used to match Welsh Government Grant funding as the schemes progress.
- £5.125m of the Education slippage is in relation to Welsh Government (WG) Education grants that were received. A full programme of works has been identified to utilise these monies and the majority of these works will take place during the summer of 2024.
- £1.030m of slippages also is included for WG government grants received in relation to the refurbishment of school kitchens for Free School Meals. These works are planned for Summer 2024.
- Works on Caerphilly Interchange have primarily been funded by grants to date. However, no further grant monies are available at present. Therefore, monies have been set aside from reserves in order to progress this project to RIBA Stage 4. This scheme currently has slippage figures of £1.1m and these monies will be used to fund the ongoing design works through 2024/25.
- Within Infrastructure, the budget in relation to Tips has slippage figure of £1.633m. For a number of years, this budget has been fully funded by WG grants, therefore the £0.246m annual budget allocated to this area has remained unspent. There are tips that require major works on them and these monies will be utilised for this purpose.
- £0.935m slippage exists on the Troedrhiwfwch highway improvement scheme. These monies were set aside to allow additional monitoring work and design works to be continue. A Resilient Roads Fund (RRF) grant was

subsequently granted by WG, therefore as per the Cabinet report on the 5<sup>th</sup> April 2023, these monies will be earmarked as match funding for the next RRF grant bid.

- Private Housing has £1.294m ringfenced for a recyclable loan pot for Home Improvement loans.
- On the 3<sup>rd</sup> April 2024 Cabinet approved the new Private Sector Housing Renewal and Adaption Policy. This offered a revised suite of financial assistance products to homeowners with the additional focus on loans. It was agreed that Private Housing slippage could be retained for the Home Safety Repayable Assistance loan until the Council receives sufficient loan repayments to enable the recyclable loan pot to be self-financing.
- Social Services have £4.635m of slippage which has been allocated for the provision of a new respite facility.

5.5 HRA have undertaken a reprofiling of their New Build Programme which is inherent of a development programme of this size, meaning spend is relatively low in this area and some contracts are likely to progress into the next financial year. Any underspend is ringfenced and is therefore carried forward accordingly.

## **6. ASSUMPTIONS**

6.1 The details set out in the report are based on actual expenditure between 1<sup>st</sup> April 2023 and 31<sup>st</sup> March 2024.

## **7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

7.1 This report is for information purposes, so the Council's Integrated Impact Assessment (IIA) process does not need to be applied.

## **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no personnel implications arising from this report.

## **10. CONSULTATIONS**

10.1 There are no consultation responses that have not been reflected in this

report.

## **11. STATUTORY POWER**

### 11.1 Local Government Acts 1972 and 2003.

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#### Consultees:

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M.S. Williams – Corporate Director for Economy and Environment

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S. Harris – Head of Financial Services and S151 Officer

L. Sykes- Deputy Head of Financial Services and Deputy S151 Officer

A. Southcombe – Finance Manager, Corporate Finance

Cllr E. Stenner-Cabinet Member for Finance and Performance

#### Appendices:

Appendix 1 – Capital Outturn Financial Summary