

# Pecyn Dogfennau Cyhoeddus



Mae'r adroddiadau canlynol yn Eitemau Gwybodaeth ar gyfer y Pwyllgor Craffu Polisi ac Adnoddau.

- 1 Adroddiad Monitro Rheoli'r Trysorlys (Cyfnod 9)
- 2 Adroddiadau Monitro Cyllideb Refeniw ar gyfer Gwasanaethau Corfforaethol a Chyllid Amrywiol (Cyfnod 9)
- 3 Adroddiad Monitro'r Gyllideb Gyfalaf (Cyfnod 9)



## **POLICY AND RESOURCES SCRUTINY COMMITTEE - 21<sup>ST</sup> FEBRUARY 2023**

**SUBJECT: TREASURY MANAGEMENT AND CAPITAL FINANCING  
PRUDENTIAL INDICATORS QUARTER 3 MONITORING  
REPORT (1ST APRIL 2022 TO 31ST DECEMBER 2022)**

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

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

- 1.1 To present Members with details of Treasury Management activities and Capital Financing, together with the related Prudential Indicators for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> December 2022.
- 1.2 To review the Treasury Management Strategy for 2022/23 as set out in the Annual Investment Strategy and Capital Financing Prudential Indicators Report.

### **2. SUMMARY**

- 2.1 The Code of Practice on Treasury Management in the Public Services 2009, which was adopted by the Council on 12<sup>th</sup> October 2010, sets out a framework of operating procedures, which is encompassed in the Treasury Management Practices (TMPs). TMP6 (Reporting Requirements and Management Information Arrangements) which requires the Authority to approve treasury management semi-annual and annual reports.
- 2.2 Under the provisions of the Local Government Act 2003, The Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 [The Capital Regulations], and the CIPFA's "The Prudential Code for Capital Finance in Local Authorities" [the Code], the Authority is obliged to approve and publish a number of indicators relevant to Capital Finance and Treasury Management.
- 2.3 The updated Prudential Code includes a new requirement for local authorities to provide a Capital Strategy, which is to be a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The capital strategy for 2022/23 was submitted to Full Council on the 24<sup>th</sup> February 2022.
- 2.4 The Authority's Annual Treasury Strategy and Capital Financing Prudential Indicators for 2022/23 were also approved by Council on the 24<sup>th</sup> February 2022.

### **3. RECOMMENDATIONS**

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

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

4.1 Compliance with the CIPFA “Code of Practice for Treasury Management in the Public Services”.

### **5. THE REPORT**

#### **5.1 Treasury Management**

##### **5.1.1 Borrowing Activity**

The current policy of internal borrowing is not sustainable in the long-term, but where prudent the policy of internal borrowing will be utilised. As at the 31<sup>st</sup> March 2022 the internal borrowing position was £49.5m.

The Annual Treasury Management Strategy was approved by Council in February 2022. As part of the strategy approval was given to borrow £42m in 2022/23 to part fund the General Fund capital programme if required. A further £17.7m was approved for the HRA to fund the WHQS and Affordable Housing capital programme. During the reported period no external borrowing has taken place and internal funds have been used.

During the period covered by this report, PWLB loans to the value of £1.8 m were repaid on maturity. Such loans had an average interest rate of 4.40%. £30k of the WRU Loan and £517k of the Salix Loan was also repaid. Total debt outstanding as at 31<sup>st</sup> December 2022 was £317.4m and comprised of £248.7m PWLB loans; £30m market loans (LOBOs); £10m Bank loan; £25.3m WG loans, £30k WRU loan; and a £3.4m Salix Energy Finance loan.

With respect to the £30m LOBO loans, the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. During the reporting period our total LOBO portfolio with a value of £30m had a rate option reviewed, and the lenders chose not to exercise the option. The LOBO's represent 9.5% of the Authority's debt portfolio, which is exposed to interest rate risk.

The loans from WG are charged at zero interest providing we meet the loan obligations and the loans will be repaid through future capital receipts.

##### **5.1.2 Rescheduling**

The Annual Strategy allows for the utilisation of debt rescheduling providing for both in year and future year savings and additional revenue resources. No rescheduling opportunities were utilised during the period covered by this report.

### 5.1.3 Investments

During the reported period the Authority was holding £79.4m of long-term investments where the maturity date is greater than 365 days. These investments are in accordance with the approved Investment Strategy. The long-term investments comprise of UK Gilts, Bank Deposits, Loans to Registered Providers, Loans to Local Authorities, Real Estate Investment Trusts (REITS) and pooled funds. The value of short-term deposits as at 31<sup>st</sup> December 2022 was £103.0m.

The total investments held as at 31<sup>st</sup> December 2022 were £182.4m and had a total average rate of income return equating to 2.41%. The minimum target rate which was set for our return on investments in the Treasury Management Strategy 22/23 was the base rate in place at that time of 0.25%. Over the reporting period, the base rate has increased from 0.75% to 3.5%, with an average rate of 1.79%. Our return of 2.41% exceeded the target rate and will continue to do so as further interest rate rises are forecast.

Our investment in pooled funds allow the Authority to generate enhanced income returns and the intention is to hold them for a minimum of five years as per the Treasury Strategy 2022-23. These investments generated an income return of 4.18% during the reporting period.

The Authority continued to maintain our cash surpluses to subsidise our capital programme and delay any borrowing

The portfolio as at 31<sup>st</sup> December 2022 comprised of the following types of investments:

<b>Counterparty</b>	<b>Investment Product</b>	<b>Sector</b>	<b>£m</b>
<b>Banks &amp; Building Societies</b>	Bonds and Fixed Term Deposits.	Financial	31.0
<b>Banks</b>	Short Term Notice	Financial	12.7
<b>Money Market Fund</b>	Cash Pooled Fund	Financial	39.9
<b>UK Government</b>	Gilts	UK Government	10.0
<b>Local Authorities and Housing Associations</b>	Fixed-term cash deposits	Local Government	69.2
<b>External Fund Managers</b>	Property Pooled Fund	Property	9.3
<b>External Fund Managers</b>	Bond Pooled Fund	Mixed	2.1
<b>External Fund Manager</b>	Equity Pooled Fund	Mixed	5.1
<b>External Fund Manager</b>	Multi Asset Pooled Fund	Mixed	2.1
<b>REIT</b>	Pooled Fund	Property	1.0
<b>Total Investments as at 31<sup>st</sup> December 2022</b>			<b>182.4</b>

#### 5.1.4 Economic Outlook

The conflict in Ukraine continued to keep global inflation elevated and the UK and global economic outlook remains weak. Political uncertainty in the UK improved in the later part of the period following a change in government to what financial markets perceived as being more fiscally prudent.

The economic backdrop during the April to December period continued to be characterised by high energy and commodity prices, high inflation and the associated impact on consumers' cost of living, as well as little likelihood that the Russia-Ukraine hostilities will end any time soon. China started to lift some of its zero-Covid policy restrictions at the end of the period causing a sharp increase in infections, but also leading to questions over potential under reporting of the number of cases by the Chinese government due to how it is counting the figures.

Central Bank rhetoric and action continued to remain robust. The Bank of England, Federal Reserve and the European Central Bank all increased interest rates over the period and committed to fighting inflation, even in the face of potential recessions in those regions.

UK inflation remained high, but there were tentative signs it may have peaked. Annual headline CPI registered 10.7% in November, down modestly from 11.1% in October. RPI was 14% in November, down from 14.2% in October, but slightly above expectations for a larger fall to 13.9%.

The UK government under Rishi Sunak and Jeremy Hunt reversed some of the support to household energy bills announced under the previous Liz Truss leadership. The previous support package which would have seen average consumption cost £2,500 annually until 2024 was replaced by a less generous scheme which was only maintained at this level until March 2023, to be replaced by a higher cap of £3,000 per year for the typical household from April onwards.

The labour market remained tight but with some evidence of softening demand for new labour. The unemployment rate 3m/year for April-June was 3.8%, which declined to 3.6% in July-September and picked up again to 3.7% in October-December. The inactivity rate was 21.5% in the latest quarter, down by 0.1% compared to the previous period. Pay growth in October-December was 6.1% for both total pay (including bonuses) and for regular pay. Once adjusted for inflation, however, both measures fell by 2.7%.

Household disposable income remained under pressure, pushing consumer confidence down to a record low of -49 in September, but following months showed registered modest improvements to December's reading of -42. Quarterly GDP for the April-June quarter was revised upwards to 0.2% (from -0.1%), following revisions to household and government spending, but fell by -0.3% in the July-September quarter, a larger decline than the -0.2% predicted.

The Bank of England increased the official Bank Rate to 3.5% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises at every

subsequent meeting over the period, with outsized hikes of 50bps in August and September, 75bps in November and then another 50bps in December. November's rise was voted by a majority of 7-2, with one MPC member preferring a 0.5% rise and another a 0.25% rise. The December vote was 6-3, with two members preferring to keep Bank Rate on hold at 3% while one member wanted a larger increase of 0.75%. Once again, the Committee noted that domestic inflationary pressures are expected to remain strong and continuing rhetoric around combating inflation means further rate rises are predicted.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the calendar year at 3.62%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.67%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 4.03%.

The Sterling Overnight Rate (SONIA) averaged 1.75% over the period.

Arlingclose expects Bank Rate to peak at 4.25% during 2023 before starting to fall during the latter part of 2024.

<b>Official Bank Rate</b>	<b>Upside Risk</b>	<b>Arlingclose (Central case)</b>	<b>Downside Risk</b>
<b>2023/24 Q1</b>	0.75	4.25%	-0.75
<b>2023/24 Q2</b>	1.00	4.25%	-0.75
<b>2023/24 Q3</b>	1.00	4.25%	-0.75
<b>2023/24 Q4</b>	1.00	4.25%	-0.75
<b>2024/25</b>	1.50	3.50%	-1.00
<b>2025/26</b>	1.25	3.25%	-1.00

#### 5.1.5 Borrowing Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield;

The authority is not planning to purchase any investment assets primarily for yield within the next 3 years and so is able to take advantage of the reduction in the PWLB borrowing rate if required.

The UK Infrastructure Bank, which is wholly owned and backed by HM Treasury, has been set up with £4bn of funding earmarked to lending to Local Authorities. Loans will be available for qualifying projects at gilt yield plus 0.6%, which is 0.2% lower than the PWLB certainty rate.

#### 5.1.6 Counterparty Update

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks earlier in the year (May), Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Although local authorities remain under financial pressure, Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree of caution is merited with certain authorities.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

#### 5.1.7 Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Such investments can comprise of property; shared ownership housing; loans to local businesses/ subsidiaries; and shareholdings. During the reported period the Authority did not hold any non-treasury related investments.

### **5.2 Prudential Indicators**

#### 5.2.1 Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. In accordance with best professional practice, the

Authority does not associate borrowing with particular items or types of expenditure. In practice, the raising and repaying of loans is determined primarily by professional / expert advice and may not necessarily take place in the relevant year. In order to create an operating environment within which the Treasury Manager can legitimately react to appropriate advice, the various authorised limits as identified in Appendix 1 are set at a level in excess of the CFR. In the financial year to date, the Authority has been operating within the approved limits.

Appendix 1 shows a projected CFR value of £361.652m as at 31<sup>st</sup> March 2023. The actual CFR as at 31<sup>st</sup> March 2022 was £368.804m. Certain capital schemes have been delayed or the scheme extended which has resulted in a lower funding requirement than budgeted.

#### 5.2.2 Prudential Indicators – “Prudence”

The Prudential Indicators for Treasury Management are shown in Appendix 1, and the Authority is currently operating within the approved limits.

#### 5.2.3 Prudential Indicators – “Affordability”

There is a requirement to analyse and report the capital financing costs and express those costs as a percentage of the net revenue streams of the Authority. These are identified in Appendix 2 and currently show a projected reduction from the original budget as a consequence of deferred borrowing for the General Fund.

#### 5.2.4 Capital Expenditure and Funding

A summary of capital expenditure and funding is attached at Appendix 3 and shows that there will be an underspend on the core capital budget for HRA due to delays in awarding contracts for the PAMS programme due to resource issues. Any underspend is ringfenced and is therefore carried forward accordingly. The HRA budget is as per the approved HRA Business Plan 22/23.

### **6. ASSUMPTIONS**

- 6.1 The details set out in the report are based on actuals that have occurred between 1<sup>st</sup> April 2022 and 31<sup>st</sup> December 2022 (period 9).

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

- 7.1 This report is for information only and no Integrated Impact Assessment is required.

### **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.

Author: Rhiann Williams – Group Accountant- Treasury and Capital  
E-mail: [willrh@caerphilly.gov.uk](mailto:willrh@caerphilly.gov.uk)

### Consultees:

S. Harris – Head of Financial Services and S151 Officer  
A. Southcombe – Finance Manager, Corporate Finance  
R. Edmunds- Corporate Director for Education and Corporate Services  
Cllr E. Stenner – Cabinet Member for Finance and Performance

### Appendices:

Appendix 1 – Treasury Management Prudential Indicators – Prudence  
Appendix 2 – Capital Finance Prudential Indicators – Affordability  
Appendix 3 – Capital Expenditure and Funding

**Appendix 1 Treasury Management Prudential Indicators- Period 9 Report (G**

	<b>Budget 2022-23</b>	<b>Estimated 2022-23</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised limit for external debt -</b>		
Borrowing	478,730	478,730
Other long term liabilities	24,162	24,162
<b>Total</b>	<b>502,892</b>	<b>502,892</b>
<b>Operational boundary for external debt -</b>		
Borrowing	382,984	315,273
Other long term liabilities	24,162	24,162
<b>Total</b>	<b>407,146</b>	<b>339,435</b>
Capital Financing Requirement	417,763	361,652
<b>Upper limits for interest rate exposure</b>		
Principal outstanding on borrowing	382,984	315,273
Principal outstanding on investments	100,000	182,456
<b>Net principal outstanding</b>	<b>282,984</b>	<b>132,817</b>
<b>Fixed rate limit – 100%</b>	282,984	132,817
<b>Variable rate limit – 30%</b>	84,895	39,845
<b>Upper limit for total invested for over 364 days</b>	<b>60,000</b>	<b>60,000</b>

<b>Maturity structure of fixed rate borrowing</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
<b>Under 12 months</b>	<b>35%</b>	<b>0%</b>
<b>Over 12 months and within 24 months</b>	<b>40%</b>	<b>0%</b>
<b>Over 2 years and within 5 years</b>	<b>50%</b>	<b>0%</b>
<b>Over 5 years and within 10 years</b>	<b>75%</b>	<b>0%</b>
<b>Over 10 years</b>	<b>100%</b>	<b>0%</b>

	<b>Budget 2022-23</b>	<b>Estimated 2022-23</b>
	<b>£000</b>	<b>£000</b>
<b>Gross Debt and Net Debt</b>		
<b>Outstanding Borrowing</b>	382,984	315,273

<b>Other long term liabilities</b>	24,162	24,162
<b>Gross Debt</b>	<b>407,146</b>	<b>339,435</b>
<b>Less investments</b>	100,000	182,456
<b>Net Debt</b>	<b>307,146</b>	<b>156,979</b>

## Appendix 2 Treasury Management Prudential Indicators- Mid Year report (Q

<b>Ratio of Financing costs to net revenue stream</b>	<b>Budget 2022-23</b>	<b>Estimated 2022-23</b>
<b>General Fund</b>	<b>£000</b>	<b>£000</b>
Principal repayments	2,673	2,673
Interest costs	7,724	7,245
Debt Management costs	41	42
Rescheduling discount		
Investment income	-1,443	-2,268
Interest applied to internal balances	812	812
<b>Total General Fund</b>	<b>9,807</b>	<b>8,504</b>
Net revenue stream	394,474	394,474
<b>Total as percentage of net revenue stream</b>	<b>2.49%</b>	<b>2.16%</b>
<b>Housing Revenue Account</b>		
Principal repayments	1,903	1,903
Interest costs	5,895	5,529
Rescheduling discount		
Debt Management costs	37	34
<b>Total HRA</b>	<b>7,835</b>	<b>7,466</b>
Net revenue stream	50,227	50,227
<b>Total as percentage of net revenue stream</b>	<b>15.60%</b>	<b>14.87%</b>

<b>Capital financing requirement [end of year position]</b>	<b>Budget 2022-23</b>	<b>Estimated 2022-23</b>
	<b>£000</b>	<b>£000</b>
Council Fund	273,566	230,442
Housing Revenue Account	144,197	131,210
<b>Total Authority</b>	<b>417,763</b>	<b>361,652</b>

## Appendix 3 Treasury Management Prudential Indicators- Mid Year report (Q

	<b>Budget 2022-23</b>	<b>Estimated 2022-23</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>
Council Fund	10,021	10,021

Housing Revenue Account	27,924	16,650
<b>Total</b>	<b>37,945</b>	<b>26,671</b>
<b>Funding</b>		
Surplus/ (Deficit) Balance b/f	509	509
Borrowings - Supported (GF)	4,829	
General Capital Grant - WG	3,328	3,328
Internal Borrowing		4,542
RCCO Budget	128	128
Capital underspends frm previous years		
General Fund working balances		
One off funding- MRP Review	1,514	1,514
RCCO- (HRA)	20,620	9,354
Borrowings - Unsupported (HRA)		
Borrowing - Unsupported (Affordable Housing)		
Major Repairs Allowance (HRA)	7,304	7,296
<b>Total</b>	<b>38,232</b>	<b>26,671</b>
<b>Surplus C/f</b>	<b>287</b>	

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Quarters 1 & 2)



## POLICY AND RESOURCES SCRUTINY COMMITTEE - 21ST FEBRUARY 2023

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2022/23  
BUDGET MONITORING REPORT (PERIOD 9)**

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

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

- 1.1 To inform members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2022/23 financial year.

### **2. SUMMARY**

- 2.1 The report projects the anticipated final outturn for the Directorate of Corporate Services and Miscellaneous Finance based upon expenditure and income trends for the first nine months of the financial year.

### **3. RECOMMENDATIONS**

- 3.1 Members are requested to note the contents of the report.

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

- 4.1 To ensure that Members are informed of the projected financial position for the Directorate of Corporate Services and Miscellaneous Finance.

### **5. THE REPORT**

#### **5.1 Corporate Services**

- 5.1.1 The Directorate of Corporate Services is currently forecasting a net underspend of £554k for the 2022/23 financial year, full details of which are provided in Appendix 1.
- 5.1.2 Members are advised that the projected outturn for Education & Lifelong Learning is a net underspend of £1,059k, consequently overall the projected outturn position for Education and Corporate Services is an overspend of £1,613k.
- 5.1.3 There is an anticipated net underspend on Chief Executive and Director of Education & Corporate Services of £29k.
- 5.1.4 The anticipated net underspend of £390k in Corporate Finance relates in the main to in-year vacancies, some of which are in the process of being filled, additional one-off grant income,

together with the use of reserves to fund a number of fixed term posts.

5.1.5 There is an anticipated net underspend of £663k in Digital Services, after taking into account the agreed use of reserves. The underspends will be monitored during the year and may reduce depending on agreed project work. The underspends consist of: -

- A projected underspend of £307k for IT Services which is due in the main to delays in filling vacancies, offset with the additional use of consultants to fund project work and reduced income levels.
- A projected net underspend of £247k on Procurement & Information Governance which relates in the main to delays in filling vacant posts.
- An underspend of £110k for Customer First which is due in the main to vacant posts still to be filled offset by reduced income levels.

5.1.6 Legal & Governance is projecting a net underspend of £198k after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £101k. This is due in the main to underspends on Members' Allowances and associated budgets which is partly offset by increased costs on Members' superannuation costs.
- Projected overspend of £198k on Electoral Services, due in the main to the costs of the local elections. The Electoral Services overspends will be funded from the ring-fenced Election reserve.

5.1.7 The net underspend of £198k for Legal & Governance is due in the main to a one-off increase in income levels, some staff not reaching the top of their pay scales, some temporary reduced hours, delays in filling vacant posts and savings associated with working from home. The income levels will be monitored closely during the year. The net underspend is after taking into account the agreed use of reserves for an additional Committee Services Officer.

5.1.8 There is a projected net underspend of £499k for People Services mainly consisting of: -

- Human Resources projected net underspend of £162k due in the main to delays in filling vacant posts and some temporary reductions in working hours. The net underspend is after taking account of the agreed use of reserves.
- Health & Safety underspend of £237k due in the main to salary savings arising from delays in recruitment after taking account of the agreed use of reserves for Fire & Asbestos Officers. The underspend is partially offset by reduced internal training income as courses are restarting after Covid-19.
- Occupational Health is projecting a net breakeven position after utilizing some agreed ring-fenced reserves to provide additional clinics as Covid-19 restrictions are lifted.
- The Communications Unit is projecting a net underspend of £100k, due in the main to delays in filling vacant posts and increased levels of internal income, partially offset by the increased costs of printing levels. Income levels will be closely monitored in year.
- CMT Support is anticipated to break even.
- Leadership Development Program is anticipated to break even.
- The Apprentice Program is progressing with a number of apprentices employed. It is envisaged that any unused budget this year will be ring-fenced to support the program moving forward.

5.1.9 There is an anticipated £436k net underspend in Business Improvement Services after taking account of the following: -

- Management – Projected net underspend of £111k due to a vacant post, which is partially offset by additional temporary costs for an existing Head of Service to cover duties.
- Projected net underspend of £158k in the Policy Team due in the main to a delay in filling a vacant post and various one-off savings on budgets.



- Projected underspend of £84k in the Equalities and Welsh Language Team due in the main to some staff not reaching the top of pay scales in the current year and delays in filling vacant posts.
- Projected small underspend of £7k in the Performance Management Unit.
- Projected net underspend of £37k in the Transformation Team due in the main to delays in filling vacant posts, after taking account of the agreed transfer of reserves.
- The Community Empowerment Fund is expected to fully spend in this financial year.
- Projected net underspend of £8k in the Decarbonisation Team. This team has been brought together from the posts within Policy to aid reporting on the decarbonisation agenda. All posts were within other sections of Business Improvement Services.
- Asylum Dispersal Funding is projecting a £30k underspend due to the additional one off grant.

5.1.10 Although Property Services is managed within the Economy & Environment Directorate, budget monitoring has traditionally been considered by the Policy and Resources Scrutiny Committee. For Property Services there is a net projected underspend of £9k, consisting of the following: -

- Management – Net £67k underspend due in the main to staff on temporary reduced hours and delays in appointing to vacant posts. This is after taking into account the agreed use of reserves for the purchase of Monitors and Laptops for the section.
- Energy - £2k underspend, due to a temporary reduction in hours of a member of staff.
- Estates – £98k overspend. This is due to reduced fee income levels, partly offset by small salary savings. The fee income will be monitored closely in-year.
- Non – Operational Properties - £47k underspend mainly due to additional income.
- Corporate Facilities – a net £31k overspend mainly due to increased electricity costs for Ty Penallta, partially offset by savings in salaries due to some temporary reductions in hours. The net overspend is after the agreed in-year virement of £225k to cover the dilapidation costs from the vacation of a building leased to the Authority.
- Maintenance – Projected £7k underspend due in the main to delays in filling a vacant post along with staff on temporary reduced hours and some staff not paying into the pension scheme.
- Building Consultancy – Projected £14k underspend due to additional income generated from Fees offset by some additional consultancy costs.

5.1.11 There is a projected overspend of £1.67m on Housing Services (excluding HRA) which consists of the following: -

- General Fund Housing is expected to show a £1.4m overspend at this stage, which is mainly as a result of ongoing Bed & Breakfast placements.
- This service area includes a statutory duty for Temporary Accommodation which is demand led and difficult to predict. The demand for B&B placements as a result of Covid-19 has been significant with on average 70 cases per month, together with accompanying security costs for the relevant establishments. Welsh Government have funded these costs (net of any housing benefits) from the Covid Hardship Grant, but this funding stopped in March 2022. A replacement grant has been awarded from WG called The No-one Left Out grant (£403k), but this has significantly reduced from the original Covid Hardship funding received for the previous 2 years. WG have since increased the No-one Left Out grant by a further £393k for Caerphilly this which has assisted in reducing the predicted overspend. WG have also recently confirmed further funding in 2023/24 of £623k. There has been a Covid reserve set up corporately and details of how this can be claimed are still being considered, therefore any funding from this has not been assumed at this stage. In addition to this, it is likely that B&B placements will increase further as more people are expected to find themselves homeless as a consequence of the Cost-of-Living crisis especially since the introduction of the new Renting Homes Wales Act in December 2022. Furthermore, there could be an increase and delay with placements as a result of the current Ukraine situation. It is important to note that for every temporary

accommodation placement, the council has to fund on average 80% of the cost. The DWP only funds on average 20% of the cost via housing benefits, which is why the overspend is increasing.

- In the long term, however, Welsh Government has set out an ambitious Programme for Government with the aim of making our community a better place to live and work, which will be achieved in part, by reforming homelessness services to focus on prevention and rapid rehousing, which should in theory eradicate the need for B&B placements. However, this a long-term strategy likely to take 5-10 years. Emergency Accommodation will still be required but on a smaller scale and officers are currently undertaking a review with regard what this provision will look like for CCBC in the longer term. In the meantime, the Council are maximising its Caerphilly Keys Private Rented Sector project and recently launched its own website whilst running a heightened media campaign in an attempt to attract more landlords to the project, so that the Housing Solutions Team can maximise move on within that sector.
- Growth has been requested for this budget for 2023/24 with an ongoing review and expectation that the growth will reduce over time as B&B placements will fall in line with the preventing homeless strategy.
- Private Sector Housing is expected to show a £270k overspend at this stage. This budget relies on its fee income to be able to fund the service. Unfortunately, due to the Covid-19 restrictions, officers were unable to progress with any works, (other than emergencies) and as such have not been able to receive any significant fee income. The reduced activity during the pandemic has created a backlog of work which officers are now trying to manage, together with a significant disruption on staffing levels due to long term sickness. In addition, the increase in construction costs/rates and material supplies are also a concern together with a significant impact on contractor availability, which is now the main reason work is unable to progress, resulting in a reduction of fee income to balance the budget.
- Welsh Government offered up a lost income financial assistance grant as a consequence of Covid-19, and claims made for the lost agency fee were fully successful over the past two years. However, that support ended in March 2022. There is an intention to claim on the internal covid reserve once the process has been agreed but any funding likely to be received has not been assumed at this stage. Officers are reviewing the budget for long term sustainability as part of the MTFP process and growth is being considered as part of this process.

## 5.2 Miscellaneous Finance

- 5.2.1 There is an overall projected underspend of £2.231m in Miscellaneous Finance.
- 5.2.2 There is a projected net underspend of £1.213m on Capital Financing budgets which is due to the following: -
- £389k underspend on Debt Charges due to delays in borrowing requirements.
  - Investment income being £824k more than the budgeted level due to the new medium to long term investments along with increases in interest rates.
- 5.2.3 There is a projected overspend of £68k on the Trade Union budget. We are currently still in discussions with Trade Union colleagues to review and update our Facilities Agreement to ensure that equitable support arrangements are in place.
- 5.2.4 The Counsel Fees budget is projected to be breakeven at present, but this is a volatile budget that will be monitored closely in year.
- 5.2.5 The remaining projected overspends in Miscellaneous Finance consist of the following: -
- £38k on the Class 1A NI savings, this is due in the main to a reduced take-up of the Tusker GASS car scheme.

- £57k net of recharges on Bank Charges, due in the main to increased on-line payments and post office cards.
- £44k additional contribution to the Coroners levy due to increased costs of the service.

5.2.6 The remaining projected underspend for Miscellaneous Finance consists of the following: -

- Subscriptions - £8k
- Carbon Energy Tax - £247k (scheme ended in 2019-20).
- £4k Carbon Management Scheme.
- £438k due to delays in recruitment to Head of Service posts.
- £322k on Free School Meal Grants
- £367K from the City Deal, there will be no need to borrow to fund any City Deal capital contributions in 2022-23.

## **6. ASSUMPTIONS**

6.1 The projected outturn position is based on actual income and expenditure details to the end of December 2022.

6.2 Forecasts have been made following discussions with Managers based on current information available.

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

7.1 This report is for information only, so an IIA is not required.

## **8. FINANCIAL IMPLICATIONS**

8.1 As detailed throughout the report.

## **9. PERSONNEL IMPLICATIONS**

9.1 There are no direct 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 and the Council's Financial Regulations.

Author: D. Roberts, Interim Finance Manager (Corporate & Communities).  
[roberda@caerphilly.gov.uk](mailto:roberda@caerphilly.gov.uk) Tel: 01443 863342

Consultees: R. Edmunds – Corporate Director for Education and Corporate Services  
 S. Harris – Head of Financial Services and S151 Officer  
 R. Tranter – Head of Legal Services  
 L. Donovan – Head of People Services  
 L. Lucas – Head of Customer and Digital Services  
 C. Harrhy, Chief Executive

L. Allen, Principal Accountant, Housing.  
N. Taylor-Williams, Head of Housing.  
D. Street, Corporate Director Social Services  
B. Winstanley, Head of Land and Property Services  
M.S. Williams, Corporate Director for Economy and Environment  
S. Richards, Head of Education Planning and Strategy  
A. Southcombe, Finance Manager, Corporate Services  
J. Southcombe, Finance Manager, Education and Lifelong Learning & Schools  
Cllr E. Stenner, Cabinet Member for Finance and Performance  
Cllr N. George, Cabinet Member for Corporate Services and Property  
Cllr S. Cook, Cabinet Member for Housing  
Cllr G. Johnston, Chair of Policy and Resources Scrutiny  
Cllr B. Miles, Vice Chair of Policy and Resources Scrutiny

Appendices:

Appendix 1 Corporate Services and Miscellaneous Finance 2022/23 Budget Monitoring Report (Period 9).

Background Papers:

Council (24/02/22) – Budget Proposals for 2022/23 and Medium-Term Financial Outlook

<b>CORPORATE SERVICES DIRECTORATE</b>	<b>Original Estimate 2022-23</b>	<b>Revised Estimate 2022-23</b>	<b>Anticipated Outturn 2022-23</b>	<b>Anticipated Variance 2022-23</b>
<b>SUMMARY</b>				
<b>CHIEF EXECUTIVE</b>	<b>214,584</b>	<b>217,246</b>	<b>204,147</b>	<b>13,099</b>
<b>DEPUTY CHIEF EXECUTIVE/DIRECTOR CORPORATE SERVICES &amp; EDUCATION</b>	<b>158,503</b>	<b>161,165</b>	<b>145,672</b>	<b>15,493</b>
<b>CHIEF EXECUTIVE &amp; DIRECTOR OF EDUCATION &amp; CORPORATE SERVICES</b>	<b>373,087</b>	<b>378,411</b>	<b>349,819</b>	<b>28,592</b>
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,219,607	2,506,877	2,203,543	303,334
Approved Use of Reserves - IR 35 Officer	(42,818)	(42,818)	(35,810)	(7,008)
Approved Use of Reserves -Capital Accounting Officer	(42,818)	(42,818)	(3,568)	(39,250)
Approved Use of Reserves - Grants Officer	(47,086)	(47,086)	(28,953)	(18,133)
Approved Use of Reserves - Business Partner	(52,728)	(52,728)	(34,035)	(18,693)
Approved Use of Reserves - Finance Officer - Cashless Catering	(33,206)	(33,206)	(32,985)	(221)
Approved Use of Reserves - Ctax	0	0	(15,000)	15,000
Approved Use of Reserves - Idox	0	0	(5,000)	5,000
Approved Use of Reserves - Pay 360 Cloud	0	0	(30,000)	30,000
Approved Rollout of Call Recording	0	0	(30,000)	30,000
Approved G5 Ledger Assistant	0	0	(4,951)	4,951
Approved Cloud Migration	0	0	(84,824)	84,824
	<b>2,000,951</b>	<b>2,288,221</b>	<b>1,898,417</b>	<b>389,804</b>
<b>DIGITAL SERVICES</b>				
IT Services	6,101,157	6,256,030	5,864,693	391,337
Approved Use of Reserves	(1,245,933)	(1,245,933)	(657,612)	(588,321)
Approved Use of Reserves _ EAS	0	0	(85,000)	85,000
Approved Use of Reserves Wi-Fi Infrastructure Review	0	0	(100,000)	100,000
Approved Use of Reserves - Modern Patch Management Tool	0	0	(100,000)	100,000
Approved Use of Reserves - Cloud Migrations	0	0	(45,000)	45,000
Approved Use of Reserves= Gamma System	0	0	(47,000)	47,000
Approved Use of Reserves - O365 Server Licenses	0	0	(44,000)	44,000
Approved Use of Reserves - Learning Domain Security Review	0	0	0	0
Approved Use of Reserves - Server & Storage Costs	0	0	(53,000)	53,000
Approved Use of Reserves- Codebased Contract Extension	0	0	(30,000)	30,000
Procurement & Information Governance	1,674,742	1,772,785	1,405,124	367,661
Approved Use of Reserves - Brexit Funding for Information Governance PC	(37,611)	(37,611)	(28,274)	(9,337)
Approved Use of Reserves - Brexit Funding for Procurement Post	(29,487)	(29,487)	(29,487)	0
Approved Use of Reserves - Waste Review	(211,834)	(211,834)	(100,631)	(111,203)
Customer First	1,271,358	1,378,681	1,269,617	109,064
	<b>7,522,392</b>	<b>7,882,631</b>	<b>7,219,430</b>	<b>663,201</b>
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,232,243	1,308,183	1,110,103	198,080
Approved Use of Reserves - Committee Services Officer	(37,610)	(37,610)	(37,778)	168
Members Allowances	2,010,983	2,021,243	2,039,163	(17,920)
Agreed Use of Reserves - Hybrid Meetings	0	0	(118,507)	118,507
Ringfenced to Earmarked Reserves	0	0	100,587	(100,587)
Electoral Services	407,875	420,699	567,788	(147,089)
Approved Use of Reserves - Electoral Services Apprentices	(51,338)	(51,338)	0	(51,338)
Ringfenced to Earmarked Reserves	0	0	(198,427)	198,427
	<b>3,562,153</b>	<b>3,661,177</b>	<b>3,462,929</b>	<b>198,248</b>
<b>PEOPLES SERVICES</b>				
Human Resources	1,836,571	1,992,963	1,873,587	119,376
Approved Use of Reserves - Managing Attendance Officer	(33,206)	(33,206)	(33,206)	0
Approved Use of Reserves - HR Apprentice	(25,669)	(25,669)	0	(25,669)
Approved use of reserves to support recruitment	0	0	(14,545)	14,545
Approved Use of reserves - JE System	0	0	(54,163)	54,163
Health & Safety	927,531	995,009	693,921	301,088
Agreed Use of Reserves for Fire/Asbestos Officer	(84,755)	(84,755)	(10,591)	(74,164)
Agreed Use of Reserves External Asbestos Surveys	0	0	(10,000)	10,000
Occupational Health	226,866	233,630	233,519	111
Agreed Use of Ringfenced Reserves for Clinics	0	0	111	(111)
Communications Unit	441,300	653,365	528,100	125,265
Approved Use of Reserves - Social Media Management System	(14,000)	(14,000)	(14,000)	0
Approved Use of Reserves - Apprentice	(25,669)	(25,669)	0	(25,669)
Approved use of reserves for new structure	0	0	0	0
CMT Support	177,806	189,452	188,976	476
Leadership (MeUs) Development Programme	65,000	65,000	65,000	0
Apprentice Programme	250,000	250,000	250,000	0
	<b>3,741,775</b>	<b>4,196,120</b>	<b>3,696,709</b>	<b>499,411</b>
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management	135,355	137,940	26,000	111,940
Policy	683,217	652,384	435,259	217,125
Approved Use of Reserves - Brexit Officer	(47,086)	(47,086)	0	(47,086)
Approved Use of Reserves - Asylum Dispersal Officer	(11,771)	(11,771)	0	(11,771)
Equalities	484,949	505,462	421,743	83,719
Approved Use of Reserves - External Translation	(40,000)	(40,000)	(40,000)	0
Performance Management Unit	235,028	247,338	240,163	7,175
Transformation	898,449	750,094	441,327	308,767

## CORPORATE SERVICES &amp; MISCELLANEOUS FINANCE 2022-23 BUDGET MONITORING REPORT (PERIOD 9)

## APPENDIX 1

Approved Use of Reserves - 4 Project Managers Transformation	(188,344)	(188,344)	(161,834)	(26,510)
Approved Use of Reserves - Well-being & Placeshaping Officer	(47,086)	(47,086)	0	(47,086)
Approved Use of Reserves - Project Officer Universal Primary FSM Scherr	(47,086)	(47,086)	(35,893)	(11,193)
Approved Use of Reserves - Community Connect	(206,890)	(206,890)	(19,977)	(186,913)
Community Empowerment Fund	341,120	341,120	341,120	0
Decarbonisation	0	208,552	153,011	55,541
Approved Use of Reserves - Fleet Review Officer	(47,086)	(47,086)	(46,899)	(187)
Approved Use of Reserves - Decarbonisation Officers	(84,697)	(84,697)	(37,527)	(47,170)
Asylum Dispersal	0	0	(29,500)	29,500
	<b>2,058,072</b>	<b>2,122,844</b>	<b>1,686,993</b>	<b>435,851</b>
<b>TOTAL CORPORATE SERVICES</b>	<b>19,258,430</b>	<b>20,529,404</b>	<b>18,314,297</b>	<b>2,215,108</b>
<b>PROPERTY SERVICES</b>				
Management	375,157	421,861	354,060	67,801
Agreed Use of Reserves - Laptops & Monitors	0	(36,750)	(36,750)	0
Energy	149,200	159,460	157,380	2,080
Estates	167,793	193,305	290,800	(97,495)
Non Operational Properties	104,142	104,142	57,340	46,802
Facilities	2,285,058	2,546,922	2,577,840	(30,918)
Maintenance	2,058,926	2,096,223	2,089,702	6,521
Building Consultancy	(119,760)	(59,379)	(73,172)	13,793
	<b>5,020,516</b>	<b>5,425,784</b>	<b>5,417,201</b>	<b>8,583</b>
<b>HOUSING SERVICES</b>				
General Fund Housing	1,426,508	1,477,602	2,877,605	(1,400,003)
Private Housing	405,044	474,865	744,865	(270,000)
	<b>1,831,552</b>	<b>1,952,467</b>	<b>3,622,470</b>	<b>(1,670,003)</b>
<b>TOTAL NON- CORPORATE SERVICES</b>	<b>6,852,068</b>	<b>7,378,251</b>	<b>9,039,671</b>	<b>(1,661,420)</b>
<b>TOTAL SERVICES</b>	<b>26,110,498</b>	<b>27,907,655</b>	<b>27,353,968</b>	<b>553,687</b>

MISCELLANEOUS FINANCE	Original Estimate 2022-23	Revised Estimate 2022-23	Anticipated Outturn 2022-23	Anticipated Variance 2022-23
<b>MISCELLANEOUS FINANCE</b>				
<b>Staff Related Costs</b>				
Pension Contribution - Former Authorities Ongoing	1,125,689	1,125,689	1,125,689	0
Recharge to Education - Former Authorities	(179,629)	(179,629)	(179,629)	0
	<b>946,060</b>	<b>946,060</b>	<b>946,060</b>	<b>0</b>
<b>Statutory Benefit Schemes</b>				
Council Tax RS	16,041,850	16,041,850	15,501,234	540,616
Ringfenced to Earmarked Reserves	0	0	540,616	(540,616)
DHP Rent allowances	33,239	33,239	33,239	0
DHP Rent Rebates	299,149	299,149	299,149	0
DHP Income	(332,388)	(332,388)	(332,388)	0
General Rent Allowances	18,718,703	18,718,703	18,718,703	0
Rent Rebates	23,036,303	23,036,303	23,036,303	0
Rent Allowance War Widow Concessions	25,000	25,000	25,000	0
Housing Benefit Subsidy	(41,755,006)	(41,755,006)	(41,755,006)	0
	<b>16,066,850</b>	<b>16,066,850</b>	<b>16,066,850</b>	<b>0</b>
<b>Levies Upon the Council</b>				
Coroner	326,991	326,991	370,790	(43,799)
Archives	238,731	238,731	238,731	0
Fire Service Authority	9,286,956	9,286,956	9,286,956	0
	<b>9,852,678</b>	<b>9,852,678</b>	<b>9,896,477</b>	<b>(43,799)</b>
<b>Capital Financing</b>				
Debt Charges (Principal Repaid)	2,672,511	2,672,511	2,672,511	0
Debt Charges (Interest Payments)	7,634,217	7,634,217	7,245,436	388,781
Debt Charges (Debt Management Exp's)	41,792	41,792	41,792	0
Income from External Investments:	(1,443,333)	(1,443,333)	(2,267,770)	824,437
Earmarked for specific funds/balances	812,500	812,500	812,500	0
CERA (Capital Expenditure funded from Revenue Account)	3,750,912	3,353,912	3,353,912	0
	<b>13,468,599</b>	<b>13,071,599</b>	<b>11,858,381</b>	<b>1,213,218</b>
<b>Corporate and Democratic Core Costs</b>				
Bank Charges	206,996	217,243	297,194	(79,951)
Income from HRA	(34,816)	(34,816)	(49,987)	15,171
Income from DLO/DSO	(14,862)	0	0	0
External Audit Fees	456,191	456,191	456,191	0
Actuarial Fees	1,920	1,920	1,920	0
Income from HRA	(77,053)	(77,053)	(77,053)	0
Income from DLO/DSO	(32,891)	0	0	0
Subscriptions	134,970	134,970	127,343	7,627
	<b>640,455</b>	<b>698,455</b>	<b>755,608</b>	<b>(57,153)</b>
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	195,686	195,686	195,686	0
	<b>195,686</b>	<b>195,686</b>	<b>195,686</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	2,045,098	2,045,098	2,045,098	0
PFI SEW	3,449,351	3,449,351	3,449,351	0
	<b>5,494,449</b>	<b>5,494,449</b>	<b>5,494,449</b>	<b>0</b>
<b>Other</b>				
Free School Meals Grant	322,250	322,250	0	322,250
Counsel Fees	282,980	282,980	282,980	0
Careline	16,942	16,942	16,942	0
Carbon Management Scheme	4,097	4,097	0	4,097
Carbon Energy Tax	246,839	246,839	0	246,839
IT Replacement Strategy	141,566	141,566	141,566	0
PV Panel Maintenance	2,183	2,183	2,183	0
PV Panels Income	(61,379)	(61,379)	(61,379)	0
Risk Management Contribution	(474,771)	(456,505)	(456,505)	0
Class 1A NI	(88,780)	(88,780)	(51,024)	(37,756)
City Deal	512,845	512,845	145,779	367,066
Matched Funding for Community Schemes	15,984	15,984	15,984	0
Targeted Rate Relief Scheme	235,953	235,953	235,953	0
Miscellaneous Items	6,674,026	689,752	689,752	0
Trade Union Facilities	29,340	37,037	105,040	(68,003)
PFI Review	851,944	851,944	851,944	0
Transformation Posts	437,760	284,072	0	284,072
Inescapable Social Services Budget Pressure	5,715,355	0	0	0
	<b>14,865,134</b>	<b>3,037,780</b>	<b>1,919,215</b>	<b>1,118,565</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>61,529,911</b>	<b>49,363,557</b>	<b>47,132,726</b>	<b>2,230,831</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>87,640,409</b>	<b>77,271,212</b>	<b>74,486,694</b>	<b>2,784,518</b>



## **POLICY AND RESOURCES SCRUTINY COMMITTEE - 21ST FEBRUARY 2023**

**SUBJECT: 2022/23 CAPITAL EXPENDITURE MONITORING REPORT  
(PERIOD 9)**

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

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

1.1 To inform members of the projected capital expenditure for the 2022/23 financial year.

### **2. SUMMARY**

2.1 The report provides details of actual and projected capital expenditure based on information available as at month 9 of the 2022/23 financial year.

### **3. RECOMMENDATIONS**

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

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

4.1 To ensure that members are advised of projected spend for the 2022/23 Capital Programme.

### **5. THE REPORT**

5.1 The approved Capital Programme for the 2022/23 financial year totals £37.94m, consisting of £10.02m for the General Fund and £27.92m for the Housing Revenue Account (HRA) as per their approved 2022/23 business plan. Appendix 1 provides details of the 2022/23 approved budget, the 2021/22 slippage carried forward and additional in-year funding for 2022/23 as at period 7.

5.2 Actual expenditure as at period 9 has been reviewed and budget holders have provided updates on anticipated spend for the remainder of the financial year. Schemes totalling £72m have been identified that are unlikely to be delivered in 2022/23. Consequently, these schemes will be carried forward as slippage into the 2023/24 financial year. Members will note from the table below that the majority of the slippage relates to Education (21%); Private Housing (12%); Social Services (6%); and the HRA programme (12%).



Service Area	Scheme	£'000
Corporate Services	Various Corporate Services	56
Corporate Services	IT Budgets	341
Corporate Services	Funding to be allocated	1,809
Corporate Services	Place Shaping Agenda	25,099
Education	Cwm Gwyddon School	3,950
Education	Education Capital Maintenance Grant	5,152
Education	Schools to Community Grant	1,031
Education	Asset Management	993
Education	Free School Meals Grant	1,979
Education	Basic Needs Accommodation	585
Education	Health and Safety	583
Education	Various Schemes	664
Economy and Environment - Community and Leisure Services	Ty Duffryn Waste Transfer Station	769
Economy and Environment - Community and Leisure Services	Playground Reinstatement (S106)	343
Economy and Environment-Community and Leisure Services	Visitor Centre Penallta Park	897
Economy and Environment - Community and Leisure Services	Cemeteries	246
Economy and Environment-Community & Leisure Services	Various Schemes	269
Economy and Environment-Economic Regeneration	Cwm lfor Solar Farm	240
Economy and Environment-Economic Regeneration	Various Economic Regeneration Schemes	308
Economy and Environment-Infrastructure	Caerphilly Basin Strategic Highway (S106)	581
Economy and Environment-Infrastructure	Various Historic Highways Liabilities	752
Economy and Environment-Infrastructure	Corporate Maintenance Tips, Mines and Spoils	632
Economy and Environment-Infrastructure	Park and Ride Schemes	520
Economy and Environment-Infrastructure	Various Infrastructure Schemes	718
Economy and Environment- Public Protection	Kitchen Refurbishments	571
Economy and Environment- Public Protection	Various Public Protection Schemes	392
Private Housing	Disabled Facility Grants	2,811
Private Housing	Home Improvement Loans	1,540
Private Housing	Miscellaneous & Renewal Area	711
Private Housing	Home Repair Grant	2,936
Private Housing	Various Private Housing Schemes	408

Property Services	Demolition Pontllanfraith School	820
Property Services	Former Meals On Wheels Pengam	160
Property Services	Other Property Schemes	175
Social Services	New Respite Facility	4,632
HRA	HRA	8,342
<b>Total: -</b>		<b>72,015</b>

5.3 Members are asked to note the following reasons for the cause of large capital budgets that are forecasted to slip into 2023/24 financial year:

- The £25.099m within Corporate Services is the balance available on the Council's 'Place Shaping Agenda' capital earmarked reserve.
- £3.950m of the Education slippage is in relation to Cwm Gwyddon primary school. This is planned work into 23/24.
- £5.152m Education capital maintenance grant is in relation to additional Welsh Government (WG) grant monies that were awarded to the Council late in the financial year. These monies have displaced expenditure from the original budget allocated. Works have been identified for these monies however due to the impact of the works on school operational times these works are likely to be undertaken in Summer 2023. This is also applicable to the Free School Meals Grant and Schools to Community Grant of £1.979m and £1.031m respectively.
- £769m in relation to Ty Duffryn Waste Station, this scheme is no longer going ahead. However, a Waste Strategy is due to be approved by Cabinet with the intention that these monies will be reallocated for alternative uses within the Waste Division.
- £897k is in relation to a Visitor Penallta Park. This scheme is under review due to increase in build costs.
- £799k is held in relation to Historic Highways Liabilities and Outstanding Claims.
- £632m is held against Corporate Maintenance Tips, Mines & Spoils. A scheme at Fochriw Tip is currently ongoing.
- £1.5m slippage in relation to Private Housing is ringfenced to make Home Improvement Loans. £5.7m slippage of Private Housing Grants has been due to the fact that applications to the funds were put on hold in 2020-21 due to Covid-19 and subsequent resourcing issues with contractors. These funds are expected to be carried forward to deal with the backlog of applications in 2023-24.
- £833k held against the demolition Pontllanfraith School – These works are currently commencing.
- £4.632m has been earmarked to provide a new respite facility.

5.4 The £8.342m slippage on HRA is due to the delay in progressing the Post Asset Management Strategy (PAMS) programme.

## **6. ASSUMPTIONS**

6.1 The details set out in the report are based on actual expenditure between 1<sup>st</sup> April 2022 and 31<sup>st</sup> December 2022 and projected expenditure to 31<sup>st</sup> March 2023.

## **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.

Author: R. Williams – Group Accountant- Treasury Management and Capital  
E-mail: willirh@caerphilly.gov.uk

Consultees:  
R. Edmunds- Corporate Director of Education and Corporate Services  
S. Harris – Head of Financial Services and S151 Officer  
A. Southcombe – Finance Manager, Corporate Finance  
Cllr E. Stenner – Cabinet Member for Finance and Performance

Appendices:

Appendix 1 – Period 9 2022/23 Financial Summary

## Appendix 1

## Capital Monitoring 2022/23 P9

Service Area	B/f Funding	Core Capital Budget 22-23	Additional In Year Funding	Service Transfers	Total Available Capital Budget	Expenditure to 31.12.2022	Projected Expenditure to 31.03.2023	Slippage	
Corporate Services-General	760	2,009			2,769	113	563	2,206	3%
Corporate Services-Placeshaping	25,099				25,099	-		25,099	35%
Education & Lifelong Learning	14,941	1,422	12,929		29,292	8,216	14,355	14,937	21%
Community and Leisure Services	2,459	230	692		3,381	817	857	2,524	4%
Business Enterprise Renewal Team	1,645	98	694		2,437	1,645	1,889	548	1%
Infrastructure	6,136	2,572	2,607		11,315	6,318	8,112	3,203	4%
Public Protection	818	493	82		1,393	398	430	963	1%
Property Services	1,312	690			2,002	647	847	1,155	2%
Social Services	5,909	340	129		6,378	387	1,746	4,632	6%
Private Housing	6,973	2,167	361		9,501	981	1,095	8,406	12%
<b>General Fund Total</b>	<b>66,052</b>	<b>10,021</b>	<b>17,494</b>	<b>-</b>	<b>93,567</b>	<b>19,522</b>	<b>29,894</b>	<b>63,673</b>	
HRA	-	27,924	73		27,997	8,646	19,655	8,342	12%
<b>Total</b>	<b>66,052</b>	<b>37,945</b>	<b>17,567</b>	<b>-</b>	<b>121,564</b>	<b>28,168</b>	<b>49,549</b>	<b>72,015</b>	100%