



POLICY AND RESOURCES SCRUTINIY COMMITTEE – FOR INFORMATION

**SUBJECT: 2019/20 CAPITAL EXPENDITURE MONITORING REPORT
(PERIOD 7)**

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

1. PURPOSE OF REPORT

1.1 To inform Members of projected capital expenditure for the 2019/20 financial year.

2. SUMMARY

2.1 The report provides details of actual and projected capital expenditure based on information available as at month 7 of the 2019/20 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 2019/20 Capital Programme.

5. THE REPORT

5.1 The approved Capital Programme for the 2019/20 financial year totalled £71.15m, consisting of £14.53m for the General Fund and £56.62m for the Housing Revenue Account (HRA). Appendix 1 provides details of the 2019/20 approved budget, the 2018/19 slippage carried forward and additional in-year funding for 2019/20 as at period 7.

5.2 Actual expenditure as at period 7 has been reviewed and budget holders have provided updates on anticipated spend for the remainder of the financial year. Schemes totalling £54.58m have been identified that are unlikely to be delivered in 2019/20. Consequently, these schemes will be carried forward as slippage into the 2020/21 financial year. Members will note from the table below that the majority of the slippage relates to Corporate Projects (31%); Education (16%); Infrastructure schemes (11%); Social Services (6%) and the HRA WHQS programme (18%).

Service Area	Scheme	£'000	%
Corporate Services	Various Corporate Services	108	0.2%
Corporate Services	Corporate Projects	16,798	30.8%
Education	Basic Needs Accommodation	229	0.4%
Education	Education Capital Maintenance Grant	2,308	4.2%
Education	Asset Management	462	0.8%
Education	Various Education Schemes	560	1.0%
Education	21st Century Schools- Band B Match	4,940	9.1%
Environment - Community & Leisure Services	Ty Duffryn Waste Transfer Station	769	1.4%
Environment - Community & Leisure Services	Playground Reinstatement (S106)	321	0.6%
Environment - Community & Leisure Services	Various CLS Schemes	75	0.1%
Environment -Economic Development & Regeneration	Regeneration Projects Board	675	1.2%
Environment -Economic Development & Regeneration	Various Economic Regeneration Schemes	281	0.5%
Environment- Infrastructure	Passenger Transport Capital	350	0.6%
Environment- Infrastructure	Caerphilly Basin Strategic Highway (S106)	1,168	2.1%
Environment- Infrastructure	General s106 Balances	752	1.4%
Environment- Infrastructure	Various Highways Liabilities	1,045	1.9%
Environment- Infrastructure	Infrastructure Retaining Walls	200	0.4%
Environment- Infrastructure	Ystrad Mynach Park & Ride	170	0.3%
Environment- Infrastructure	Major Highway Reconstruction	250	0.5%
Environment- Infrastructure	Bridge Strengthening	250	0.5%
Environment- Infrastructure	Various Infrastructure Schemes	506	0.9%
Environment- Infrastructure	Corporate Maintenance Tips, Mines & Spoils	621	1.1%
Environment- Infrastructure	Llanbradach Park & Ride	171	0.3%
Environment- Infrastructure	Monmouth & Brecon Canal	400	0.7%
Environment- Land Reclamation/Engineers	Land Reclamation Grant	238	0.4%
Environment- Land Reclamation/Engineers	Unfunded Liabilities Former Land Reclamation	1,907	3.5%
Environment- Public Protection	Carbon Reduction Vehicle Charge Point	111	0.2%
Environment- Public Protection	Various Public Protection Schemes	112	0.2%
Environment - Urban Renewal	Risca S106	362	0.7%
Environment - Urban Renewal	ERDF Ty Du Nelson	151	0.3%
Environment - Urban Renewal	Various Urban Renewal Schemes	447	0.8%

Environment - Urban Renewal	ERDF Lawns Industrial Estate Rhymney	586	1.1%
Private Housing	Various Private Housing Grant Breaches	373	0.7%
Private Housing	Disabled Facility Grants	530	1.0%
Private Housing	Home Improvement Loans	1,061	1.9%
Private Housing	Miscellaneous & Renewal Area	116	0.2%
Private Housing	Home Repair Grant	701	1.3%
Property Services	Demolition Pontllanfraith School	754	1.4%
Property Services	Penallta House Car Park Extension	142	0.3%
Property Services	Former Meals On Wheels Pengam	172	0.3%
Property Services	Newbridge Leisure Centre Refurbishment	540	1.0%
Social Services	Children's Centre Complex Needs	3,069	5.6%
HRA	HRA WHQS	9,803	18.0%
Total: -		54,584	100%

5.3 Members are asked to note the following reasons for the cause of large capital budgets that are forecasted to slip into 2020/21 financial year:

- £16.798m on Corporate Projects to is yet to be allocated to specific schemes. A report will be prepared during the spring outlining proposals to utilise this sum for investments in the Council's 'place shaping' agenda. This report will also include additional sums that have been identified for release as a consequence of the annual review of reserves and will be presented to the Policy & Resources Scrutiny Committee prior to consideration by Cabinet and Council.
- £2.308m Education capital maintenance grant that was received late in March 2019 is to be carried forward. Works have been identified but not undertaken in 2019/20 due to a lack of resources, and the impact of the works on school operational times. Works will now be scheduled for the summer holidays in 2020.
- £4.940m 21st Century Schools Band B match-funding - The Band B programme commenced in 2019/20 and the service area is putting together business cases to access WG funding to commence two specific schemes.
- £769k held against Ty Duffryn relates to funding that was initially set aside for a potential Waste Transfer Station. However the capital scheme is no longer progressing. The funding is to remain ring-fenced pending a decision on the proposal to expand Penallta Household Waste Recycling Centre into the adjacent Parks Depot, which is deemed to be an alternative waste capital scheme and anticipated to cost circa £690k. A report will be presented to Cabinet in due course.
- £675k Regeneration Project Board funding – Budget remaining that has not been allocated to specific projects. The Regeneration Project Board meets regularly to consider new capital projects.

- £1.168m held against Caerphilly Basin Strategic Highway (S106) – Section 106 funding to be carried forward for capital infrastructure works in the Caerphilly Basin area.
- £1.045m held against various Highways liabilities - Funding to be carried forward to address liabilities (Part 1 claims) against historical capital projects. A number of liabilities remain unresolved at present.
- £621k held against Corporate Maintenance Tips, Mines & Spoils – Works at Fochriw land reclamation site are to be retendered as the initial tender resulted in higher than expected costs. Retendering exercise to be undertaken in late spring/ early summer 2020.
- £1.907m held against Unfunded Liabilities at Former Land Reclamation sites – This is to be reviewed and the sum will be returned to corporate balances if it is determined that there is no longer a risk of grant clawbacks.
- £1.061m Home Improvement Loans funding - This is repayable WG funding that is forecasted to be carried forward.
- £701k held against Home Repair Grant scheme - £200k is to be carried forward to fund the Arbed scheme in Lansbury Park; £100k relates to grant funding recovered from grant breaches and is to be carried forward; and £400k relates to new grant applications.
- £754k held against the demolition Pontllanfraith School – This budget is currently earmarked in the event of demolition being approved.
- £3.069m for the Children’s Centre for Complex Needs – This is currently at design phase. The capital budget has been requested to be carried forward as slippage into 2020/21 financial year.

5.4 The £9.803m slippage on the WHQS programme could potentially be greater at the end of the financial year due to ongoing issues relating to procurement, condition surveys and asbestos. This slippage will be ring-fenced to the WHQS.

5.5 The table below summarises identified projected underspends totalling £1.31m: -

Service Area	Scheme	£'000
Corporate Finance	Unallocated Underspends	374
Corporate Finance	Schemes Not Progressing	936
Environment- Public Protection	Coed Top Closed Landfill Drainage	2
Total: -		1,312

5.6 The underspends identified in the table above will be monitored throughout the year and will be made available to support the Capital Programme in future years.

5.7 As at 31st October 2019 overspends against schemes to the value of £269k were identified: -

Service Area	Scheme	£'000	Comments
Environment-Infrastructure	Salix Street Lighting	(269)	Overspend to be carried forward into 2020/21 and to be funded from a planned drawdown on a Salix loan facility.
Total: -		(269)	

5.8 As indicated above, the projected overspends totalling £269k will be carried forward into the 2020/21 financial year.

6. ASSUMPTIONS

6.1 The details set out in the report are based on actual expenditure between 1st April 2019 and 31st October 2019 and projected expenditure to 31st March 2020.

7. LINKS TO RELEVANT COUNCIL POLICIES

7.1 The contents of this report are in accordance with the Budget Strategy agreed by Council at its meeting on the 21st February 2019.

7.2 Prudent financial management contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-

- A prosperous Wales.
- A resilient Wales.
- A healthier Wales.
- A more equal Wales.
- A Wales of cohesive communities.
- A Wales of vibrant culture and thriving Welsh Language.
- A globally responsible Wales.

8. WELL-BEING OF FUTURE GENERATIONS

8.1 Effective financial management is a key element in ensuring that the Well-being Goals within the Well-being of Future Generations Act (Wales) 2015 are met.

9. EQUALITIES IMPLICATIONS

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

10. FINANCIAL IMPLICATIONS

10.1 As detailed throughout the report.

11. PERSONNEL IMPLICATIONS

11.1 There are no personnel implications arising from this report.

12. CONSULTATIONS

12.1 There are no consultation responses that have not been reflected in this report.

13. STATUTORY POWER

13.1 Local Government Acts 1972 and 2003.

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Consultees:
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S. Harris - Interim Head of Business Improvement Services & Acting S151 Officer
A. Southcombe – Finance Manager, Corporate Finance
Cllr E. Stenner – Cabinet Member for Finance, Performance & Planning

Appendices:

Appendix 1 – 2019/20 Financial Summary.

Background Papers:

Council (21/02/19) - Budget Proposals for 2019/20 and Medium-Term Financial Plan 2019/20 to 2023/24.