

# Public Document Pack



The following reports are Information Items for the Corporate and Regeneration Scrutiny Committee.

- 1 Minutes - Gwent Public Services Board Scrutiny Committee - 7th June 2023.
- 2 Minutes - Gwent Public Services Board Scrutiny Committee - 29th November 2023.
- 3 Corporate Services and Miscellaneous Finance 2023/24 Budget Monitoring Report (Period 7).
- 4 Economy and Environment 2023-24 Budget Monitoring Report (Period 7)
- 5 Capital Outturn 2022/23
- 6 2023/24 Capital Expenditure Monitoring Report (Period 7).
- 7 Treasury Management and Capital Financing Prudential Indicators Outturn Report 2022/23.
- 8 Treasury Management and Capital Financing Prudential Indicators Quarter 2 Monitoring Report (1st April 2023 to 30th September 2023).

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO: THE CHAIR AND MEMBERS OF THE GWENT  
PUBLIC SERVICES BOARD SCRUTINY COMMITTEE**

**SUBJECT: GWENT PUBLIC SERVICES BOARD SCRUTINY  
COMMITTEE - 7TH JUNE, 2023**

**REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER**

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PRESENT: COUNCILLOR T. SMITH (BGCBC) (CHAIR)

Blaenau Gwent  
Councillor E. Jones

Torfaen  
Councillor D.H. Williams  
Councillor S. Evans

Monmouthshire  
Councillor P. Jones  
Councillor A. Watts

Caerphilly  
Councillor S. Williams

Newport CC  
Councillor E. Corten  
Councillor F. Hussain

WITH: Blaenau Gwent CBC  
Andrew Parker  
Liz Thomas

Torfaen CBC  
Kathryn Peters  
Rebecca Fahey-Jones  
Lyndon Puddy

Monmouthshire CBC

Sharran Lloyd  
Robert McGowan  
Hazel Ilett

Caerphilly CBC

Catherin Forbes Thompson  
Kathryn Peters  
Matthew Gatehouse

Newport CC

Leanne Rowlands

South Wales Fire and Rescue Service

Steve O'Connell

ITEM	SUBJECT	ACTION
No. 1	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>The following apologies for absence were reported:</p> <p>Stephen Tiley - GAVO Peter Farley - GAVO Steve Morgan - NRW Sarah King – Blaenau Gwent Scott Morris- South Wales Fire &amp; Rescue Councillor Jen Morgan, J.P. – Gwent Fire &amp; Rescue Authority</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	
No. 4	<p><b><u>GWENT PUBLIC SERVICES BOARD SCRUTINY COMMITTEE</u></b></p> <p>Consideration was given to the decisions of the Committee held on</p>	

	<p>29<sup>th</sup> March, 2023.</p> <p>The Committee AGREED that the decisions be recorded as a true record of proceedings.</p>	
<p><b>No. 5</b></p>	<p><b><u>ACTION SHEET</u></b></p> <p>Consideration was given to the Action Sheet.</p> <p>The Committee AGREED that the Action Sheet be noted.</p>	
<p><b>No. 6</b></p>	<p><b><u>DRAFT TERMS OF REFERENCE FOR THE GWENT PUBLIC SERVICES BOARD SCRUTINY COMMITTEE</u></b></p> <p>Consideration was given to the report of the Head of Democratic Services, Governance and Partnerships (Blaenau Gwent).</p> <p>The Committee AGREED that the report be accepted and</p> <ul style="list-style-type: none"> <li>(i) the Draft Terms of Reference (Appendix 1) be agreed;</li> <li>(ii) it was agreed that the Chairperson for the first year (June 2023 – May 2024) would be a nominated representative from Blaenau Gwent County Borough Council, namely Councillor Tommy Smith</li> <li>(iii) it was agreed that the Vice-Chairperson for the first year (June 2023 – May 2024) would be a nominated representative from Caerphilly County Borough Council; namely, Councillor S. Williams</li> <li>(iv) the meetings would be held on a hybrid basis, taking into consideration the detail in paragraph 5.3 as follows, to be reviewed in 12 months.</li> </ul> <p><i>“ It was further recommended that the Scrutiny Committee meetings are offered on a hybrid basis, with the option to hold the meetings in other Local Authority areas. It should be noted that if meetings are held in other Local Authority areas, the support arrangements for that meeting for the use of the systems within that Local Authority would need to be provided by the democratic services staff of that council, adhering to individual council’s Multi Location Meetings Policies”.</i></p> <ul style="list-style-type: none"> <li>(v) Following agreement of 6.1 (iv), the Committee agreed the venue for the next meeting of the Gwent Public Services</li> </ul>	

	Board Scrutiny Committee scheduled to be held on 6 <sup>th</sup> September 2023.	
No. 7	<p><b><u>GWENT PUBLIC SERVICES BOARD DRAFT PERFORMANCE MANAGEMENT FRAMEWORK</u></b></p> <p>Consideration was given to the Draft Performance Management Framework.</p> <p>The Committee AGREED that the report be accepted and scrutinised the draft Performance Management Framework attached as Appendix 1 and provided feedback ahead of its discussion by the Gwent Public Services Board on 22<sup>nd</sup> June 2023.</p>	

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO: THE CHAIR AND MEMBERS OF THE GWENT  
PUBLIC SERVICES BOARD SCRUTINY COMMITTEE**

**SUBJECT: GWENT PUBLIC SERVICES BOARD SCRUTINY  
COMMITTEE - 29TH NOVEMBER, 2023**

**REPORT OF: DEMOCRATIC & COMMITTEE SUPPORT OFFICER**

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PRESENT: COUNCILLOR T. SMITH, BGCBC (CHAIR)

Blaenau Gwent  
Councillor E. Jones

Torfaen  
Councillor D.H. Williams  
Councillor R. Seabourne

Monmouthshire  
Councillor P. Jones  
Councillor A. Watts

Caerphilly  
Councillor A. Angel

Newport CC  
Councillor F. Hussain

South Wales Fire & Rescue  
Councillor S. Evans

WITH: Aneurin Bevan University Health Board  
Stuart Bourne

Blaenau Gwent CBC  
Andrew Parker  
Liz Thomas  
Gemma Wasley  
Sarah King

Torfaen CBC  
Rebecca Fahey-Jones  
Lyndon Puddy

Monmouthshire CBC  
Sharran Lloyd  
Robert McGowan  
Hazel Ilett

Newport CC  
Leanne Rowlands  
Wayne Tucker

ITEM	SUBJECT	ACTION
No. 1	<p><b><u>SIMULTANEOUS TRANSLATION</u></b></p> <p>It was noted that no requests had been received for the simultaneous translation service.</p>	
No. 2	<p><b><u>APOLOGIES</u></b></p> <p>The following apologies for absence were reported:-</p> <p>Peter Farley Councillor E. Corten Kathryn Peters Steve O'Connell</p>	
No. 3	<p><b><u>DECLARATIONS OF INTEREST AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>	

<p><b>No. 4</b></p>	<p><b><u>GWENT PUBLIC SERVICES BOARD SCRUTINY COMMITTEE</u></b></p> <p>Consideration was given to the decisions of the Committee held on 7<sup>th</sup> June, 2023.</p> <p>It was reported that Councillor Rose Seabourne’s apologies had been omitted from the decisions.</p> <p>The Committee AGREED, subject to the foregoing that the decisions be recorded as a true record of proceedings</p>	
<p><b>No. 5</b></p>	<p><b><u>ACTION SHEET</u></b></p> <p>Consideration was given to the Action Sheet.</p> <p>The Committee AGREED that the Action Sheet be noted.</p>	
<p><b>No. 6</b></p>	<p><b><u>BUILDING A FAIRER GWENT: IMPROVING HEALTH EQUITY AND THE SOCIAL DETERMINANTS</u></b></p> <p>Consideration was given to the report of Anna Pennington, Gwent Marmot Programme Manager, Aneurin Bevan University Health Board and Stuart Bourne, Consultant in Public Health, Aneurin Bevan University Health Board.</p> <p>The Committee AGREED that the contents of the report and appendices be noted and provided comments with regards to its findings and recommendations.</p>	



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024**

**SUBJECT: CORPORATE SERVICES AND MISCELLANEOUS FINANCE 2023/24  
BUDGET MONITORING REPORT (PERIOD 7)**

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

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

1.1 To inform members of projected revenue expenditure for the Directorate of Corporate Services and Miscellaneous Finance for the 2023/24 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 seven 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 £0.262m for the 2023/24 financial year, full details of which are provided in Appendix 1.

5.1.2 There is an anticipated net underspend on Chief Executive and Director of Education & Corporate Services of £0.052m, mainly due to the delay in recruiting to the Deputy Chief Executive post, which has now been appointed.

5.1.3 The anticipated net underspend of £0.080m 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.

5.1.4 There is an anticipated net underspend of £0.338m 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 £0.142m for IT Services which is due in the main to delays in filling vacancy posts.
- A projected net underspend of £0.071m on Procurement & Information Governance which relates in the main to delays in filling vacant posts after taking into account the agreed use of reserves.
- An underspend of £0.125m for Customer First which is due in the main to vacant posts still to be filled offset by reduced income levels.

5.1.5 Legal & Governance is projecting a net underspend of £0.078m after allowing for the following to be ring-fenced and transferred to earmarked reserves: -

- Projected underspend on Members related expenditure of £0.059m. 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 underspend of £0.034m on Electoral Services, due in the main to delays in filling vacant posts.

5.1.6 The net underspend of £0.078m for Legal & Governance is due in the main to delays in filling vacant posts and savings associated with working from home. The net underspend is after taking into account the agreed use of reserves for an additional Committee Services Officer.

5.1.7 There is a projected net underspend of £0.255m for People Services mainly consisting of: -

- Human Resources projected net underspend of £0.096m 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 £0.055m 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.
- Occupational Health is projecting a small overspend of £0.003m, due to additional Doctor/Physiotherapy Sessions to help reduce the backlog. It was agreed this will be funded by the agreed earmarked reserve.
- The Communications Unit is projecting a net underspend of £0.040m, due in the main to delays in filling vacant posts.
- CMT Support is anticipating a small overspend of £0.005m.
- The Leadership Development Programme budget is anticipated to underspend by £0.068m.
- The Apprentice Programme is progressing with a number of apprentices employed. It is envisaged that any unused budget this year will be ring-fenced to support the programme moving forward.

5.1.8 There is an anticipated £0.049m net underspend in Business Improvement Services after taking account of the following: -

- Management – Projected small underspend of £0.007m.
- Projected net underspend of £0.012m in the Policy Team due in the main to a delay in filling a vacant post.
- Projected overspend of £0.022m in the Equalities and Welsh Language Team due in the main to costs associated with external translation.
- Projected underspend of £0.038m in the Performance Management Unit due in the main to delays in filling vacant posts.
- Projected net underspend of £0.010m in the Transformation Team due in the main to some staff not yet reaching the top of salary scales.
- The Community Empowerment Fund is expected to fully spend in this financial year.

- Projected net underspend of £0.004m in the Decarbonisation Team due in the main to staff not being yet being at the top of salary scales and one-off income.

5.1.9 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 £0.134m, consisting of the following: -

- Management – Net £0.023m overspend.
- Energy – estimating a breakeven position.
- Estates – £0.058m 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 - £0.013m underspend mainly due to additional income.
- Corporate Facilities – a net £0.063m underspend mainly to projected energy costs being lower than expected.
- Maintenance – Projecting a breakeven position but will be monitored closely during the year.
- Building Consultancy – Projected £0.139m underspend due to additional income generated from Fees offset by some additional consultancy costs.
- Agile Zone – this is funded from the agreed earmarked reserve.

5.1.10 There is a projected overspend of £0.724m on Housing Services (excluding the Housing Revenue Account (HRA)), which consists of the following: -

- General Fund Housing is expected to show a £1.004m overspend at this stage, which is mainly as a result of the ongoing Bed & Breakfast placements as well as increased costs by providers.
- 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. WG has replaced the original Covid-19 Hardship Grant with The Noone Left Out Grant, but this has significantly reduced from the original Covid-19 Hardship Grant funding received for the previous 2 years. WG have recently confirmed funding in 2023/24 of £0.623m but budgetary growth of £1.747m was also necessary this year to fund the demand. 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 to what this provision will look like for CCBC in the longer-term. In the meantime, the Council is 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. Funding from the Welsh Government's TACP (Transitional Accommodation Capital Programme) has also helped Caerphilly Homes buy back previous council homes and includes a modular housing element that officers are currently considering.

- Private Sector Housing is currently predicting a £0.280m underspend. After receiving £0.635m budgetary growth this year, this service area no longer has to rely on its fee income to be able to fund the service. However, some agency fee income is still being recovered whilst officers await a decision on reviewing the Private Sector Housing Renewal Policy (due for Cabinet consideration on 13 December 2023). It is intended that any surplus on this budget due to agency fee income will be offered back corporately to assist with the Council's Medium-Term Financial Plan (MTFP) savings requirement.

5.1.11 The following table provides a summary of progress in delivering agreed 2023/24 savings for the Directorate of Corporate Services: -

Section	Agreed MTFP Savings £'m	Progress against Savings £'m	Variance £'m
<b><u>Corporate Services.</u></b>			
CEO	0.000	0.000	0.000
Director	0.011	0.011	0.000
Corporate Finance	0.218	0.217	0.000
Digital Services	0.274	0.274	0.000
Legal & Governance Support	0.116	0.109	0.007
Peoples Services	0.235	0.214	0.021
Business Improvement Services	0.244	0.233	0.011
	1.098	1.058	0.039
<b><u>Non-Corporate Services.</u></b>			
Property Services	0.311	0.311	0.000
	0.311	0.311	0.000
<b>Grand Total</b>	<b>1.409</b>	<b>1.369</b>	<b>0.039</b>

5.1.12 The MTFP budgets were set with an assumed vacancy target, the £0.039m variance is due in the main to the full target not currently being achieved. This will be kept under review as we progress through the remainder of the financial year.

5.1.13 It is expected that the unachieved MTFP savings will be covered off by other budget savings in the service areas.

## 5.2 Miscellaneous Finance

5.2.1 There is an overall projected underspend of £2.175m in Miscellaneous Finance.

5.2.2 There is a projected net underspend of £2.293m on Capital Financing budgets which is due to the following: -

- £0.636m underspend on Debt Charges due to delays in borrowing requirements.
- Investment income being £1.657m more than the budgeted level due to new medium to long-term investments and increases in the Bank of England base interest rate.

- 5.2.3 There is a projected overspend of £0.068m 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 during the remainder of the financial year.
- 5.2.5 The remaining projected overspends in Miscellaneous Finance consist of the following: -
- £0.054m on the Class 1A NI savings, this is due in the main to a reduced take-up of the Tusker GASS car scheme.
  - £0.055m net of recharges on Bank Charges, due in the main to increased on-line payments and post office cards.
  - £0.072m 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 - £0.014m
  - Former Authority on-going pension liability net of recharges – £0.119m.
- 5.2.7 The following budgets have previously had agreement to ringfence any underspends to their earmarked reserves: -
- Council Tax Reduction Scheme - £0.253m
  - Discretionary Rate Relief Scheme - £0.063m, this is due to the revaluation of the businesses and the transitional relief provided by WG for this year only.
- 5.2.8 The following table provides a summary of progress in delivering agreed 2023/24 savings for Miscellaneous Finance: -

Section	Agreed MTFP Savings £'m	Progress against Savings £'m	Variance £'m
<b>Miscellaneous Finance</b>	4.619	4.619	0.000
<b>Grand Total</b>	4.619	4.619	0.000

- 5.2.9 The agreed MTFP savings for Miscellaneous Finance are anticipated to be achieved.

## 6. ASSUMPTIONS

- 6.1 Assumptions linked to this report were detailed in the budget report to Council on 23rd February 2023.
- 6.2 The projected outturn position is based on actual income and expenditure details to the end of October 2023.
- 6.3 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.

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Consultees: R. Edmunds – Corporate Director for Education and Corporate Services  
S. Harris – Head of Financial Services and S151 Officer  
L. Sykes – Deputy 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, Deputy Chief Executive  
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  
Cllr E. Stenner, Cabinet Member for Finance and Performance  
Cllr N. George, Cabinet Member for Corporate Services, Property and Highways  
Cllr S. Cook, Cabinet Member for Housing  
Cllr G. Johnston, Chair of Corporate and Regeneration Scrutiny  
Cllr A McConnell, Vice Chair of Corporate and Regeneration Scrutiny

Appendices:

Appendix 1 Corporate Services and Miscellaneous Finance 2023/24 Budget Monitoring Report (Period 7).

<b>CORPORATE SERVICES DIRECTORATE &amp; OTHER</b>	<b>Estimate 2023-24</b>	<b>Revised Estimate 2023-24</b>	<b>Anticipated Outturn 2023-24</b>	<b>Anticipated Variance 2023-24</b>
<b><u>SUMMARY</u></b>				
<b>CHIEF EXECUTIVE &amp; DEPUTY CHIEF EXECUTIVE</b>	<b>431,785</b>	<b>431,785</b>	<b>390,123</b>	<b>41,662</b>
<b>DIRECTOR CORPORATE SERVICES &amp; EDUCATION</b>	<b>158,044</b>	<b>158,044</b>	<b>148,140</b>	<b>9,904</b>
<b>CORPORATE FINANCE</b>				
Financial services & Internal Audit	2,751,108	2,751,108	2,599,632	151,476
Approved Use of Reserves - IR 35 Officer	(47,585)	(47,585)	(45,446)	(2,139)
Approved Use of Reserves -Capital Accounting Officer	(47,585)	(47,585)	(12,132)	(35,453)
Approved Use of Reserves -Ledger Assistant	(33,844)	(33,844)	(34,870)	1,026
Approved Use of Reserves -C Tax Billing Officers	(67,182)	(67,182)	(42,661)	(24,521)
Approved Use of Reserves - Grants Officer	(52,426)	(52,426)	(10,454)	(41,972)
Approved Use of Reserves - Business Partner	(52,426)	(52,426)	(50,099)	(2,327)
Approved Use of Reserves - Finance Officer - Cashless Catering	(37,771)	(37,771)	(16,625)	(21,146)
Approved use of reserves Call Recording - Benefits & C Tax	0	0	(30,000)	30,000
Approved use of Reserves P360 to Cloud Services	0	0	(12,500)	12,500
Approved Use of Reserves Northgate	0	0	(13,400)	13,400
	<b>2,412,289</b>	<b>2,412,289</b>	<b>2,331,446</b>	<b>80,843</b>
<b>DIGITAL SERVICES</b>				
IT Services	6,997,256	6,997,256	6,809,643	187,613
Approved Use of Reserves	(976,859)	0		0
Digital Services Manager (50%)	0	(45,182)	(43,843)	(1,339)
Business Relationship Assistant	0	(24,900)	(24,900)	0
IT Support for Schools	0	(176,362)	(176,362)	0
IT Support for Transformation	0	(186,494)	(116,413)	(70,081)
Digital Transformation	0	(493,921)	(356,193)	(137,728)
End User Reserve	0	(50,000)	(43,855)	(6,145)
Schools Management Information Systems Migration Project	0	0	(74,750)	74,750
Approved Use of Reserves - WIFI Infrastructure	0	0	(49,997)	49,997
Approved Use of Reserves - CLOUD Migrations	0	0	(44,633)	44,633
Procurement	1,640,087	1,640,087	1,660,891	(20,804)
Approved Use of Reserves Information Governance Officer	0	0	(29,185)	29,185
Approved Use of Reserves for Business Relationship Assistant (	0	0	(24,901)	24,901
Approved Use of Reserves for Business Relationship Assistant (	0	0	(9,651)	9,651
Approved Use of Reserves for Business Relationship Assistant	0	0	(28,248)	28,248
Customer First	1,474,561	1,474,561	1,349,896	124,665
	<b>9,135,045</b>	<b>9,135,045</b>	<b>8,797,499</b>	<b>337,546</b>
<b>LEGAL &amp; GOVERNANCE SUPPORT</b>				
Legal & Democratic Services	1,284,193	1,284,193	1,163,670	120,523
Approved Use of Reserves - Committee Services Officer	(42,105)	(42,105)	0	(42,105)
Members Allowances	2,143,795	2,143,795	2,084,744	59,051
Ringfenced to Earmarked Reserves	0	0	59,051	(59,051)
Electoral Services	498,805	498,805	464,359	34,446
Ringfenced to Earmarked Reserves	0	0	34,446	(34,446)
	<b>3,884,688</b>	<b>3,884,688</b>	<b>3,806,270</b>	<b>78,418</b>
<b>PEOPLE SERVICES</b>				
Human Resources	2,509,746	2,509,746	2,275,573	234,173
Approved Use of Reserves - Managing Attendance Officers	(94,460)	(94,460)	(60,394)	(34,066)
Approved Use of Reserves - HR Welsh Translator	(44,139)	(44,139)	(42,158)	(1,981)
Approved Use of Reserves -Linkedin	0	0	(15,000)	15,000
Ringfenced to reserves For Fixed Term MA Posts	0	0	37,542	(37,542)
Ringfenced to reserves For Fixed Term HR Posts	0	0	79,890	(79,890)
Health & Safety	1,010,809	1,010,809	953,277	57,532
Approved Use of Reserves - Fire&Asbestos Officers	(93,662)	(93,662)	(41,324)	(52,338)
Approved Use of Reserves for Asbestos Surveys	0	0	(50,000)	50,000
Occupational Health	245,092	245,092	247,688	(2,596)
Agreed use of ringfenced reserves	0	0	(2,596)	2,596
Communications Unit	630,922	630,922	634,369	(3,447)
Approved Use of Reserves - Social Media Management System	(14,000)	(14,000)	(14,000)	0
Approved Use of Reserves -Waste and Recycling project	0	0	(43,430)	43,430
CMT Support	198,967	198,967	203,538	(4,571)
Leadership (MeUs) Development Programme	68,250	68,250	0	68,250
Apprentice Programme	449,696	449,696	262,853	186,843
Approved Use of Reserves - Apprentice	(187,196)	(187,196)	(353)	(186,843)
	<b>4,680,025</b>	<b>4,680,025</b>	<b>4,425,476</b>	<b>254,549</b>
<b>BUSINESS IMPROVEMENT SERVICES</b>				
Management	148,868	148,868	141,562	7,306

## CORPORATE SERVICES &amp; MISCELLANEOUS FINANCE 2023-2024 BUDGET MONITORING REPORT

## APPENDIX 1

Policy	536,768	536,768	524,216	12,552
Equalities	487,354	487,354	509,823	(22,469)
Performance Management Unit	245,012	245,012	207,075	37,937
Transformation	592,047	592,047	764,944	(172,897)
Approved Use of Reserves - Well-being & Placeshaping Officer	(52,035)	(52,035)	0	(52,035)
Approved Use of Reserves - Project Officer Universal Primary FS	(52,035)	(52,035)	(50,100)	(1,935)
Approved Use of Reserves - Place Shaping (Bang on the table)	0	0	(14,500)	14,500
Approved Use of Reserves - Licence to Innovate	0	0	(1,725)	1,725
Approved Use of Reserves - Mobilising Team Caerphilly	0	0	(221,000)	221,000
Community Empowerment Fund	250,000	250,000	250,000	0
Decarbonisation	220,017	220,017	206,334	13,683
Approved Use of Reserves - Fleet Review Officer	(52,035)	(52,035)	(34,257)	(17,778)
Approved Use of Reserves - Decarbonisation Officers	(94,141)	(94,141)	(89,323)	(4,818)
Approved Use of Reserves -Decarb Revenue Reserve	0	0	(12,631)	12,631
	<b>2,229,820</b>	<b>2,229,820</b>	<b>2,180,417</b>	<b>49,403</b>
<b>TOTAL CORPORATE SERVICES</b>	<b>22,931,696</b>	<b>22,931,696</b>	<b>22,079,369</b>	<b>852,327</b>
<b>CORPORATE PROPERTY SERVICES</b>				
Management	405,815	405,815	429,250	(23,435)
Energy	165,760	165,760	165,760	0
Estates	207,691	207,691	265,356	(57,665)
Non Operational Properties	94,135	94,135	80,678	13,457
Facilities	3,092,858	3,102,692	3,039,416	63,276
Maintenance	1,990,434	1,990,434	1,990,434	0
Building Consultancy	9,621	9,621	(129,333)	138,954
Agile Working Zones	0	0	281,931	(281,931)
Agreed Use of Reserves	0	0	(281,931)	281,931
	<b>5,966,314</b>	<b>5,976,148</b>	<b>5,841,561</b>	<b>134,587</b>
<b>HOUSING SERVICES</b>				
General Fund Housing	3,766,401	3,766,401	4,770,576	(1,004,175)
Private Housing	1,172,485	1,172,485	892,734	279,751
	<b>4,938,886</b>	<b>4,938,886</b>	<b>5,663,310</b>	<b>(724,424)</b>
<b>TOTAL NON-CORPORATE SERVICES</b>	<b>10,905,200</b>	<b>10,915,034</b>	<b>11,504,871</b>	<b>(589,837)</b>
<b>TOTAL SERVICES</b>	<b>33,836,896</b>	<b>33,846,730</b>	<b>33,584,240</b>	<b>262,490</b>



<i>MISCELLANEOUS FINANCE</i>	Estimate 2023-24	Revised Estimate 2023-24	Anticipated Outturn 2023-24	Anticipated Variance 2023-24
<b><i>MISCELLANEOUS FINANCE</i></b>				
<b><i>Staff Related Costs</i></b>				
Pension Contribution - Former Authorities Ongoing	1,125,689	1,125,689	965,306	160,383
Recharge to Education - Former Authorities	(179,629)	(179,629)	(137,770)	(41,859)
	<b>946,060</b>	<b>946,060</b>	<b>827,537</b>	<b>118,523</b>
<b><i>Statutory Benefit Schemes</i></b>				
Council Tax Benefits	17,059,156	17,059,156	16,806,296	252,860
Ringfenced to Earmarked Reserves	0	0	252,860	(252,860)
DHP Rent allowances	40,128	40,128	40,128	0
DHP Rent Rebates	299,149	299,149	699,149	(400,000)
DHP Income	(339,277)	(339,277)	(339,277)	0
Agreed Use of Reserves	0	0	(400,000)	400,000
General Rent Allowances	20,824,510	20,824,510	20,824,510	0
Rent Rebates	22,952,047	22,952,047	22,952,047	0
Rent Allowance War Widow Concessions	25,000	25,000	25,000	0
Housing Benefit Subsidy	(43,776,557)	(43,776,557)	(43,776,557)	0
	<b>17,084,156</b>	<b>17,084,156</b>	<b>17,084,156</b>	<b>0</b>
<b><i>Levies Upon the Council</i></b>				
Coroner	398,539	398,539	470,539	(72,000)
Archives	253,455	254,079	254,079	0
Fire Service Authority	10,381,343	10,381,343	10,381,343	0
	<b>11,033,337</b>	<b>11,033,961</b>	<b>11,105,961</b>	<b>(72,000)</b>
<b><i>Capital Financing</i></b>				
Debt Charges (Principal Repaid)	2,672,511	2,672,511	2,590,945	81,566
Debt Charges (Interest Payments)	7,634,217	7,634,217	7,079,420	554,797
Debt Charges (Debt Management Exp's)	41,792	41,792	41,792	0
Income from External Investments:	(3,332,469)	(3,332,469)	(4,989,357)	1,656,888
Earmarked for specific funds/balances	812,500	812,500	812,500	0
CERA (Capital Expenditure funded from Revenue Account)	1,571,437	1,571,437	1,571,437	0
	<b>9,399,988</b>	<b>9,399,988</b>	<b>7,106,737</b>	<b>2,293,251</b>
<b><i>Corporate and Democratic Core Costs</i></b>				
Bank Charges	228,105	228,105	296,689	(68,584)
Income from HRA	(36,557)	(36,557)	(49,903)	13,346
External Audit Fees	439,001	439,001	439,001	0
Actuarial Fees	2,016	2,016	4,007	(1,991)
Income from HRA	(70,906)	(70,906)	(70,906)	0
Subscriptions	141,720	141,720	127,343	14,377
	<b>703,379</b>	<b>703,379</b>	<b>746,230</b>	<b>(42,851)</b>

<b>MISCELLANEOUS FINANCE</b>	<b>Estimate 2023-24</b>	<b>Revised Estimate 2023-24</b>	<b>Anticipated Outturn 2023-24</b>	
<b>Grants to Voluntary sector</b>				
Assistance to Voluntary sector	8,735	8,735	8,735	0
Discretionary Rate Relief	196,735	196,735	134,168	62,567
Ringfenced to DRR Earmarked Reserves	0	0	62,567	(62,567)
	<b>205,470</b>	<b>205,470</b>	<b>205,470</b>	<b>0</b>
<b>Private Finance Initiative</b>				
PFI Schools	1,962,308	1,962,308	1,962,308	0
PFI SEW	3,330,618	3,330,618	3,330,618	0
	<b>5,292,926</b>	<b>5,292,926</b>	<b>5,292,926</b>	<b>0</b>
<b>Other</b>				
Counsel Fees	297,129	297,129	297,129	0
Careline	17,789	17,789	19,399	(1,610)
Ringfenced reserves	0	0	(1,610)	1,610
Carbon Management Scheme	4,302	4,302	4,302	0
IT Replacement Strategy	148,644	148,644	148,644	0
PV Panel Maintenance	2,292	2,292	2,292	0
PV Panels Income	(61,379)	(61,379)	(61,379)	0
Risk Management Contribution	(479,330)	(479,330)	(479,330)	0
Class 1A NI	(93,219)	(93,219)	(39,400)	(53,819)
City Deal	902,151	902,151	902,151	0
Matched Funding for Community Schemes	16,783	16,783	16,783	0
Targeted Rate Relief Scheme	247,751	247,751	247,751	0
Miscellaneous Items	95,523	94,899	94,899	0
Trade Union Facilities	38,673	38,673	106,776	(68,103)
PFI Review	851,944	851,944	851,944	0
	<b>1,989,053</b>	<b>1,988,429</b>	<b>2,110,351</b>	<b>(121,922)</b>
<b>TOTAL MISCELLANEOUS FINANCE</b>	<b>46,654,369</b>	<b>46,654,369</b>	<b>44,479,368</b>	<b>2,175,001</b>
<b>EXPENDITURE TO DIRECTORATE SUMMARY</b>	<b>80,491,265</b>	<b>80,501,099</b>	<b>78,063,608</b>	<b>2,437,491</b>

## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024.**

**SUBJECT: ECONOMY AND ENVIRONMENT 2023-24 BUDGET MONITORING  
REPORT (PERIOD 7)**

**REPORT BY: CORPORATE DIRECTOR FOR ECONOMY AND ENVIRONMENT**

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

- 1.1 To inform members of projected revenue expenditure for the Economy & Environment Directorate for the 2023-24 financial year. Service Divisions include Regeneration & Planning Division, Infrastructure Services Division, Public Protection Division and Community & Leisure Services Division.

### **2. SUMMARY**

- 2.1 The report summarises the most recent budget monitoring projections for 2023-24 based on the latest available financial information. It should be noted that it is only the Planning and Regeneration service division that is within the remit of this Scrutiny Committee with other service division budgets sitting within the remit of the Housing and Environment Scrutiny Committee.

### **3. RECOMMENDATIONS**

- 3.1 Corporate Services and Regeneration Scrutiny Committee Members are requested to note the contents of this report and the detailed budget monitoring pages that follow in respect of the Regeneration & Planning Division, which is the only division that falls within the remit of this Scrutiny Committee.

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

- 4.1 The Council Budget is based on the achievement of both expenditure and income targets. To ensure these are met and the Council's financial integrity is maintained Directors are required to review income and expenditure trends.

### **5. THE REPORT**

#### **5.1 INTRODUCTION**

- 5.1.1 The report outlines the revenue budget position for each of the service Divisions that form part of the Economy & Environment Directorate based on the most current financial information available. Projected outturn figures for the financial year are compared with the budget to show the anticipated under/overspends. More detailed budget monitoring figures are shown in the appendix 1A.

5.1.2 The table 1 below summarises the present budget monitoring position, with an overall Directorate underspend of £1.877m, but exclusive of ring-fenced budgets is projecting an overspend of £1.435m. Appendix 1A provides more detail on the budget variation projection for Regeneration & Planning Division, which fall under the remit of this Scrutiny.

TABLE 1	Estimate 2023/24 £'m	Revised Estimate 2023/24 £'m	Anticipated Outturn 2023/24 £'m	Variance 2023-24 £'m
Regeneration & Planning Division	3.713	3.713	3.840	(0.127)
Infrastructure Division	25.200	25.200	25.879	(0.679)
Public Protection Division	10.409	10.409	10.203	0.206
Community & Leisure Services Division	28.259	28.259	29.539	(1.280)
Directorate General	0.195	0.195	0.192	0.003
<b>NET DIRECTORATE</b>	<b>67.776</b>	<b>67.776</b>	<b>69.653</b>	<b>(1.877)</b>
Home to School Transport - ring fenced over spend				0.899
Social Services Transport – ring fenced under spend				(0.457)
Cemeteries Task & Finish – ring fenced under spend				
<b>NET DIRECTORATE under spend (excluding ring fenced budgets)</b>				<b>(1.435)</b>

## 5.2 REGENERATION & PLANNING DIVISION

- 5.2.1 Overall, the service division presently has a projected overspend of £0.127m for the 2023-24 financial year, full details are provided in Appendix 1
- 5.2.2 There is a small underspend in senior management support of £0.008m due to staff not being paid at the top of the incremental scale. This is after the agreed use of reserves for the Caerphilly Town Placemaking Programme Manager.
- 5.2.3 Business Support and Urban Renewal are projecting a net £0.056m underspend, in the main due to salary savings a projected underspend on the Community Enterprise Fund partially offset by a predicted overspend on Bargoed Unit Shops. This is after the agreed use of reserves for the International Trade Support Officer and a contribution to the MDP project.
- 5.2.4 Events are currently projecting a small overspend of £0.011m.
- 5.2.5 There is a projected £0.198m overspend in relation to industrial properties due in the main to shortfall in property rents of £0.089m linked to units being unoccupied, overspend on “property” related costs such as maintenance (£0.126m), Cleaning (£0.027m) & Security (£0.015m) together with additional costs for Equipment (£0.020m) offset with some savings on utility costs (£0.132m) and postage (£0.020m). The industrial and office property portfolio should generate income of £2.49million to the Council. The service is proactively seeking to ensure vacant units are let as quickly as possible by identifying businesses interested in taking up a rental.
- 5.2.6 Town Centre Management is projecting an underspend of £0.018m, due in the main to a delay in filling a vacant post and some staff not being top of scale offset by reduced income levels.

5.2.7 Overall Tourism Venues are reporting combined overspend of £0.012m. Further details are below: -

- Tourism Venue Management support is projecting a £0.002m underspend.
- Llancaiach Fawr is projecting a breakeven position at present due to salary savings offset by reduced income levels. Income levels will be closely monitored in year.
- Cwmcarn VC is projecting an overspend of £0.063m due in the main to increased Maintenance, Utility costs and reduced Income levels partially offset to salary savings due to delays in filling vacant posts.
- Winding House is predicting an underspend of £0.020m due in the main to a revaluation on NNDR costs and Utilities partially offset by a reduction in income, additional maintenance costs and salary costs to cover maternity.
- Caerphilly Visitor Centre is predicting a £0.023m overspend due to additional staffing, Utilities, Kitchen equipment and commodity costs being offset by increased income levels.
- Blackwood Miners' Institute is projecting an underspend of £0.032k due in the main to salary savings due to staff not reaching top of the scale offset by income projections being better than anticipated.
- Arts Development is projecting an underspend of £0.020m due to increased fee income.

5.2.8 Community Regeneration is projecting a net £0.010k underspend after the agreed use of reserves for the Apprentice Officer, to support the "Kick-start" project.

5.2.9 Uk Shared Prosperity Fund and C4WPlus Additional Funding initiatives are all fully funded from grant, currently there is a projected underspend which total £5k. This has no effect on the outturns as the grant only funds the actual spend on the projects.

5.2.10 Planning Services Management are projecting a small overspend.

5.2.11 Regeneration & Planning Administrative Support are projecting a small overspend £0.003m.

5.2.12 Strategic Planning is presently projecting a small net underspend of £0.017m. This is due in the main to delays in recruiting to a vacant post. This is after the agreed ringfencing of the Community Infrastructure Levy (CIL) (£0.101m) and the agreed transfer to the LDP reserve.

5.2.13 Development Management is reporting overspend of £0.032m primarily due to reduced income levels not being offset by salary savings due to delays in filling vacant posts. Income is projected to be circa 25% below budget but is very volatile and will be monitored during the year.

5.2.14 Building Control is reporting overspend of £0.010m due in the main to reduced income levels being offset by salary savings. The income level is volatile and will be monitored during the year.

5.2.15 Land Charge Services along with Land Registry Automation are projecting a net underspend of £0.037m due in the main to increased income levels. The income level is volatile and will be monitored during the year. This takes into account the HMRC funding for the "Land Registry Automation."

5.2.16 GIS/Land Gazetteer support services is projecting an overspend of £0.005m.

### 5.3 **Medium Term Financial Plan Savings**

5.3.1 The following table provides a summary of progress in delivering agreed 2023/24 savings for the Directorate of Economy & Environment: -

Section	Agreed MTFP Savings £'m	Progress against Savings £'m	Variance £'m
<b><u>Economy &amp; Environment</u></b>			
Infrastructure	1.161	1.115	0.045
Public Protection	0.060	0.045	0.015
Community & Leisure	0.254	0.147	0.106
Regeneration & Planning	0.364	0.296	0.068
Director	0.000	0.000	0.000
<b>Grand Total</b>	<b>1.839</b>	<b>1.603</b>	<b>0.234</b>

5.3.2 Details of the projected unachieved savings for the services that fall within the remit of this scrutiny are detailed below: -

5.3.3 The variance of £0.068m in Regeneration & Planning is due to: -

- £0.010m subsidy in Winding House.
- £0.052m subsidy in Cwmcarn Visitor Centre
- £0.004m subsidy from BMI.
- £0.001m from various sections mileage reductions not being achieved.

5.3.4 It is expected that the unachieved MTFP savings will be covered by other budget savings in the service areas.

## 5.4 Conclusion

5.4.1 Members are advised Regeneration & Planning is the only division within the Economy & Environment Directorate which is in the remit of this scrutiny committee. Overall, the Directorate provides a diverse range of front-line services to residents and businesses. The revised overall Directorate has a budget totalling £67.776m, with a projected net overspend of £1.435m (2.12% of total budget). The operational managers will endeavour to ensure that service net expenditure does not exceed the budget available.

## 6. ASSUMPTIONS

6.1 Assumptions linked to this report were detailed in the budget report to Council on 23rd February 2023.

6.2 The projected outturn position is based on actual income and expenditure details to the end of October 2023.

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

## 7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An IIA is not necessary for this Information Only Report.

## 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.

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### Consultees

Cllr G Johnston, Chair Corporate Services and Regeneration Scrutiny Committee  
Cllr A, McConnell, Vice Chair Corporate Services and Regeneration Scrutiny Committee  
Mark S Williams, Corporate Director for Economy and Environment  
Rhian Kyte, Head of Regeneration and Planning  
Steve Harris, Head of Financial Services and S151 Officer  
Leanne Sykes, Deputy Head of Financial Services and S151 Officer  
Rachel Smith, Assistant Accountant  
Cllr J. Pritchard, Cabinet Member for Prosperity, Regeneration and Climate Change  
Cllr P Leonard, Cabinet Member for Planning and Public Protection  
Cllr C Andrews, Cabinet Member for Education and Communities

### Appendices:

Appendix 1A Budget Monitoring Report - Regeneration and Planning

Economy and Environment Directorate	Estimate 2023/24	Revised Estimate 2023/24	Anticipated Outturn 2023/24
<b><u>REGENERATION &amp; PLANNING</u></b>			
Regeneration & Planning Senior Management Support	186,880	186,880	178,407
Use of Reserves For Placeshaping Officer	(17,444)	(17,444)	(16,779)
<b>Support Services</b>			
Business Support & Urban Renewal	691,176	691,176	910,665
Use of Reserves For International Trade Support Officer	(19,827)	(19,827)	(19,827)
Regen Board Funding(MDT) - 2507			(275,821)
Events	91,511	91,511	102,748
Property Operations	(1,036,488)	(1,036,488)	(838,421)
Town Centre Management	322,377	322,377	303,557
<b>Tourism Venues</b>			
Tourism Venues Management Support	84,071	84,071	81,771
Llanciach Fawr	499,280	499,280	499,214
Winding House & Museum	206,933	206,933	187,259
Caerphilly Visitor Centre	78,044	78,044	101,306
Cwmcam Visitor Centre	260,281	260,281	323,224
Blackwood Miners Institute	362,710	362,710	330,343
Arts Development	172,500	172,500	152,762
<b>Community Regeneration</b>			
Use of Reserves for Apprentice Gateway Scheme	40,375	40,375	29,551
	(3,210)	(3,210)	(2,729)
<b>Communities for Work Plus Additional Funding</b>			
Expenditure	1,687,435	1,687,435	1,682,651
Grant Funding	(1,687,435)	(1,687,435)	(1,682,651)
<b>UK Shared Prosperity Fund</b>			
Community & Places	2,020,288	2,020,288	2,020,288
Local Businesses	1,112,933	1,112,933	1,112,933
People & Skills	4,422,568	4,422,568	4,422,568
Multiply	2,176,315	2,176,315	2,176,315
SPF Admin	296,434	296,434	296,434
UKSPF Grant	(10,028,538)	(10,028,538)	(10,028,538)
<b>Planning Services</b>			
Planning Services Management	160,022	160,022	162,637
Regeneration & Planning Administrative Support	641,433	641,433	644,012
Strategic Planning	365,557	365,557	246,643
Transfer to Community Infrastructure Levy Ringfenced Reserve	0	0	101,172
Agreed transfer to Reserves for LDP	0	0	890
Development Control	416,405	416,405	448,707



Building Control	123,377	123,377	133,334
Land Charges	26,056	26,056	31,473
Land Registry Automation	(7,577)	(7,577)	(49,589)
GIS & Land Gazetteer	68,223	68,223	73,353
<b>TOTAL NET BUDGET</b>	<b>3,712,665</b>	<b>3,712,665</b>	<b>3,839,861</b>

**Appendix 1A**

**Variance 2023-  
24**

8,473
(665)
(219,489)
0
275,821
(11,237)
(198,067)
18,820
2,300
66
19,674
(23,262)
(62,943)
32,367
19,738
10,824
(481)
4,784
(4,784)
0
0
0
0
0
0
(2,615)
(2,579)
118,914
(101,172)
(890)
(32,302)

(9,957)

(5,417)

42,012

(5,130)

**(127,196)**



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024**

**SUBJECT: CAPITAL OUTTURN 2022/23**

**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 the 2022/23 financial year.

### **2. SUMMARY**

- 2.1 The report provides details of actual capital expenditure for the 2022/23 financial year and slippage that has been requested to be carried forward into 2023/24.

### **3. RECOMMENDATIONS**

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

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

- 4.1 To advise Members of the provisional outturn of the 2022/23 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 2022/23 financial year totalled £37.945m, consisting of £10.021m for the General Fund and £27.924m for the Housing Revenue Account (HRA). During the year specific grants and contributions were received for various service areas, in addition the budget has also been increased for funding allocations from revenue, reserves and core budget slippage from previous years. This takes the total capital budget for 2022/23 to £157.381m and is summarised in the table below: -

	<b>General Fund £m</b>	<b>HRA £m</b>	<b>Total £m</b>
<b>Approved 2022/23 Budget</b>	<b>10.021</b>	<b>27.924</b>	<b>37.945</b>
Core Budget Slippage Brought Forward from 2021/22	18.632		18.632
In Year Grants, Contributions	12.341		12.341
Revenue Contribution to Capital Outlay (RCCO)	17.411		17.411
Funding from Reserves	40.404		40.404
Welsh Government Loans	26.740		26.740
Other Funding	3.908		3.908
<b>Total:-</b>	<b>129.457</b>	<b>27.924</b>	<b>157.381</b>

5.2 The following table provides a summary of the 2022/23 outturn against each service area: -

<b>Capital Programme</b>	<b>Total Capital Budget £m</b>	<b>Outturn Capital Spend £m</b>	<b>Variance £m</b>
Community & Leisure Services	16.521	1.364	15.157
Corporate Services	4.716	1.115	3.601
Business Enterprise Renewal Team	34.479	4.873	29.606
Education	35.776	14.275	21.501
Infrastructure	17.647	12.640	5.007
Private Housing	10.197	1.599	8.598
Property Services	2.165	0.942	1.223
Public Protection	1.540	0.585	0.955
Social Services	6.416	1.082	5.334
<b>General Fund Total:-</b>	<b>129.457</b>	<b>38.475</b>	<b>90.982</b>
<b>HRA Total:-</b>	<b>27.924</b>	<b>23.665</b>	<b>4.259</b>
<b>Total Capital Programme:-</b>	<b>157.381</b>	<b>62.140</b>	<b>95.241</b>

5.3 The 2022/23 Housing Revenue Account (HRA) underspend of £4.259m will be carried forward into the 2023/24 financial year. The main cause of the underspend is delays in awarding contracts for the Post Asset Management Strategy (PAMS) programme due to resource issues.

- 5.4 The General Fund variance of £90.982m is as a result of schemes that are ongoing or have been delayed into 2023/24 (slippage), schemes that have an approved budget allocated but have not yet started, and ring-fenced schemes. Moving forward the Capital Strategy will encompass all known funding streams and profile budgets into the year works will be undertaken. This will set a more robust and deliverable capital budget by financial year and reduce slippage. Appendix 1 provides a breakdown of the total slippage figure by project. The narrative for major schemes is detailed below.
- 5.4.1 Community and Leisure Services have £13.600m allocated for the new Health and Wellbeing Centre in Caerphilly funded from reserves to match fund the Levelling Up Grant. There is also S106 funding being held for Playgrounds of £504k, and a review of these projects is currently being undertaken.
- 5.4.2 Corporate Services have £1.4m budget allocated for the New Heating System in Ty Penallta, this expenditure will take place in 2023/24. £1.809m Core Capital budget was also allocated for Corporate Projects. In year, £180k was approved from this to the Cwm Ifor Solar Farm project, the remainder has not been allocated so will be slipped into 2023/24 for future projects.
- 5.4.3 The Business Enterprise Renewal Team (BERT) encompasses the Caerphilly Placemaking Scheme. The placemaking schemes have contributed to £26.881m of the variance identified in the table above at 5.2. At the end of 2019/20 we received £20m in the form of a Welsh Government loan to regenerate the Ness Tarr site in Caerphilly. Negotiations are taking place with Welsh Government and the landowners to determine the preferred course of action to move this scheme forward. Another loan of £5.125m from Welsh Government along with match funding of £575k funded by the Regeneration Board has also been allocated to begin site assemblies for a proposed Leisure Quarter within the town. Ffos Market is currently under construction and has an expected completion date of January 2024. The other key project within the BERT team is Cwm Ifor Solar Farm, this is currently at Planning Stage with full business case planned to be presented to cabinet in January 2025.
- 5.4.5 Education have a number of projects which have been allocated 21<sup>st</sup> Century Band B grant, these have £10.866m of slippage. A breakdown of these projects is included in Appendix A. The slippage from Education's core capital allocations totals £2.3m. Education received a number of additional grants from Welsh Government late in the financial year for which works were programmed for the Summer of 2023 to minimise disruption to the schools.
- 5.4.6 Infrastructure were successful in securing Welsh Government Grants, which increased the available budget for 2022/23. Work has been planned into 2023/24 to ensure the slippage is spent in the relevant areas, this included the works programme on Tips.
- 5.4.7 Private Housing has £1.4m included in their variance which is ringfenced for Private Housing Loans. The remainder of the slippage has accumulated since Covid due to a backlog of applications for grants as a result of the inability to appoint contractors. A report is due to go to Cabinet in 2023/24 to provide further detail on how the Private Housing slippage is to be spent.
- 5.4.8 The key cause of the Property variance is £826k which was allocated for the demolition of Pontllanfraith Comprehensive School, this work is now being undertaken in 2023/24.
- 5.4.9 Public Protection have £538k of slippage from the Core Capital Budget for Kitchen Refurbishments in Schools as a result of Welsh Government providing a Grant to

update kitchens in relation to the Free School Meals programme. There is a rolling programme planned to ensure the school kitchens are maintained to the required standard and the slippage will be used for this.

5.4.10 Included within Social Services budgets is £4.635m for a respite facility. A site has now been identified and this project is being taken forward.

## **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> 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.

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S. Harris – Head of Financial Services and S151 Officer  
L. Sykes-Deputy Head of Financial Services and S151 Officer  
A. Southcombe – Finance Manager, Corporate Finance

Appendices:

Appendix 1 – 2022/23 Variance Analysis

## Appendix 1: 22-23 Variance Analysis

Service Area	Scheme	Outturn Position 31/03/2023 £000s	Comments
Community and Leisure Services	Caerphilly Health and Wellbeing Centre	13,600	Allocation of internal reserves to match fund the LUF allocation.
Community and Leisure Services	Playgrounds	504	S106 funding for building and improving playgrounds
Community and Leisure Services	Cemeteries	295	Ringfenced reserve for ongoing capital works in Cemeteries.
Community and Leisure Services	Various Capital Schemes	758	Countryside Capital Schemes includes matchfunding for Grant projects
Corporate Services	IT Hardware	385	Ongoing delivery of IT Infrastructure
Corporate Services	Heating System	1,400	Funding for New IT heating System
Corporate Services	Corporate Projects	1,629	Allocation from Core Capital Budget
Corporate Services	Various Capital Schemes	187	Minor Capital Projects
BERT	Ness Tarr	19,742	WG to fund regeneration of site-ongoing discussions.
BERT	Pentrebane Street	382	Part of Caerphilly Placemaking
BERT	Leisure Quarter	5,700	Part of Caerphilly Placemaking
BERT	Ffos Market	1,057	Expected Completion January 2024
BERT	Solar Farm	608	Feasibility budget-currently at Planning Stage.
BERT	Various Capital Schemes	2,117	Ongoing works planned 23-24
Education	Ysgol Gymraeg Cwm Gwyddon	5,019	Building Work ongoing-Completion due 23-24



Education	Llanfabon Primary School	1,126	Match funding for planned new school
Education	Plasyfelin Primary School	3,092	Match funding for planned new school
Education	Trinity Fields School	581	Match funding for school extension
Education	Centre for Vulnerable Learners	1,048	Match funding for planned new centre
Education	WG Education Grant	3,641	Ongoing works planned 23-24
Education	WG Free School Meals Grant	1,586	Ongoing works planned 23-24
Education	WG Additional Learning Needs Grant	556	Ongoing works planned 23-24
Education	WG Schools to Community Grant	996	Ongoing works planned 23-24
Education	Virginia Park	375	Works planned 23-24
Education	Various Capital Schemes	3,481	Primarily slippage from core capital budget as planned expenditure funded by grant. Revised Work planned 23-24.
Infrastructure	Infrastructure Retaining Walls	530	Ongoing delivery of programme
Infrastructure	Bridge Strengthening	711	Ongoing delivery of programme
Infrastructure	Bedwas Bridge	387	Ongoing delivery of scheme
Infrastructure	Corporate Maintenance Tips Mines Spoils	1388	Works ongoing
Infrastructure	Troedyrhiwfwch	779	Ongoing delivery of scheme
Infrastructure	Various Capital Schemes	1212	Ongoing delivery of various schemes

Private Housing	Disabled Facility Grants	2,832	Ongoing delivery of programme to meet statutory requirements
Private Housing	Home Repair Grants/Misc.	3,943	Ongoing delivery of programme-new strategy going to Cabinet 2024.
Private Housing	Home Improvement Loans	1,485	Ringfenced recyclable loan pot.
Private Housing	George Street Walls	338	Works to be undertaken 23-24
Property Services	Corporate Asset Management	397	Ongoing delivery of programme
Property Services	Demolition Pontllanfraith School	826	Demolition to be completed 23-24
Public Protection	Various Capital Schemes	417	Ongoing delivery of programme
Public Protection	Kitchen Refurbishments	538	Grant received for these works. Slippage to be utilised 23-24.
Social Services	Respite Facility	4635	Site Identified-Pre Construction Planning underway.
Social Services	Minor Works Budget	699	Ongoing delivery of programme.
<b>Total General Fund Slippage 2022-23: -</b>		90,982	
<b>HRA</b>		4,259	Ongoing delivery of Programme
<b>Total Slippage 2022/23</b>		95,241	



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024**

**SUBJECT: 2023/24 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 the projected capital expenditure for the 2023/24 financial year.

### **2. SUMMARY**

2.1 This report provides details of actual and projected capital expenditure based on information available as at month 7 of the 2023/24 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 2023/24 Capital Programme.

### **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). The total Capital Programme budget for 2023/24 is £151.369m, this includes the 2022/23 slippage brought forward of £90.982m and additional in-year funding of £13.098m. Appendix 1 provides a summary by service as at period 7.

5.2 Actual expenditure as at period 7 has been reviewed and budget holders have provided updates on forecast spend for the remainder of the financial year. Schemes totalling £86.855m have been identified that are unlikely to be delivered in 2023/24. Consequently, these schemes will be carried forward as slippage into the 2024/25 financial year. Members will note from Appendix 1 that the majority of the slippage relates to BERT (26%); Education (21%); Community & Leisure Services (17%); and

Private Housing (11%).

- 5.3 As part of the Mobilising Team Caerphilly work, the capital programme has been reviewed. The capital budget going forward will be profiled over multiple financial years in line with forecast expenditure to ensure a robust and deliverable programme and allow for detailed financial performance and slippage to be reported on. As a consequence of this, the capital monitoring reports will change significantly for 2024/25 and will provide members with more detailed information in relation to both current and future projects.
- 5.4 Members are asked to note the following reasons for the cause of large capital budgets that are forecasted to slip into the 2024/25 financial year:
- Within Corporate Services, there is £4.732m that is currently unallocated to specific projects.
  - £15.680 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.
  - £1.980m of the Education slippage is in relation to Welsh Government (WG) Education grants that were received late in the financial year. Works have been identified but will take place during the summer of 2024.
  - Community and Leisure Services have £12.681m allocated in relation to the Caerphilly Health and Wellbeing Centre, this project will be delivered across multiple financial years.
  - Within the Business Enterprise Renewal Teams there are a number of Caerphilly Placemaking projects which will be delivered across multiple financial years e.g. The Leisure quarter and Pentrebane Steet. However the majority of the slippage is in relation to the Ness Tarr site for which we received a £20m interest free loan from WG in 2020. There are ongoing discussions taking place to determine how these monies will be spent.
  - As stated in the Capital Outturn Report, Private Housing's slippage has accumulated since Covid due to a backlog of applications for grants as a result of not being able to appoint contractors. A report is due to go to Cabinet in 2024 to provide further details on how the Private Housing slippage is to be spent.
- 5.5 The £5.413m slippage on HRA is due to the delay in progressing the Post Asset Management Strategy (PAMS) programme due to resource issues.

## 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> October 2023 and projected expenditure to 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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S. Harris – Head of Financial Services and S151 Officer  
L. Sykes-Deputy Head of Financial Services and S151 Officer  
A. Southcombe – Finance Manager, Corporate Finance

Appendices:

Appendix 1 – Period 7 2023/24 Financial Summary

Appendix 1

Capital Monitoring 2023/24 P7

Service Area	B/f Funding	Core Capital Budget 23-24	Additional In Year Funding	Service Transfers	Total Available Capital Budget	Expenditure to 31.10.2023	Projected Expenditure to 31.03.2024	Slippage	
Corporate Services-General	3,601	3,624	-	321	6,904	79	595	6,309	7%
Education & Lifelong Learning	21,501	1,422	9,704		32,627	10,828	13,652	18,975	22%
Community and Leisure Services	15,157	230	326	321	16,034	2,148	2,828	13,206	15%
Business Enterprise Renewal Team	29,606	98	430		30,134	4,992	7,105	23,029	27%
Infrastructure	5,007	2,572	1,541		9,120	2,433	4,834	4,286	5%
Public Protection	955	493	1,097		2,545	1,209	1,592	953	1%
Property Services	1,223	690			1,913	1,081	1,613	300	0%
Social Services	5,334	340			5,674	668	983	4,692	5%
Private Housing	8,598	2,167			10,765	633	1,073	9,692	11%
<b>General Fund Total</b>	<b>90,982</b>	<b>11,636</b>	<b>13,098</b>	<b>-</b>	<b>115,716</b>	<b>24,071</b>	<b>34,275</b>	<b>81,442</b>	
HRA	-	35,653			35,653	8,640	30,240	5,413	6%
<b>Total</b>	<b>90,982</b>	<b>47,289</b>	<b>13,098</b>	<b>-</b>	<b>151,369</b>	<b>32,711</b>	<b>64,515</b>	<b>86,855</b>	<b>100%</b>



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024**

**SUBJECT:           TREASURY MANAGEMENT AND CAPITAL FINANCING  
PRUDENTIAL INDICATORS OUTTURN REPORT FOR  
2022/23**

**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 2022/23

### **2.     SUMMARY**

- 2.1    In October 2010 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Service: Code of Practice (the CIPFA Code) 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 2021 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 Authority is operating a policy of internal borrowing in order to reduce risk and keep its interest costs low. As at the 31<sup>st</sup> March 2023 the internal borrowing position was £51.2m.

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 the only external borrowing that has taken place is a £600k Welsh Government loan in relation to the development of Ffos Market in Caerphilly, otherwise internal funds have been used in place of borrowing. No borrowing was required by the HRA as underspends in Revenue were used to fund the Capital programme.

During the period covered by this report, PWLB loans to the value of £3.5m were repaid on maturity. Such loans had an average interest rate of 4.42%. £30k of the WRU Loan and £517k of the Salix Loan was also repaid. Total debt outstanding as at 31<sup>st</sup> March 2023 was £315.8m and comprised of £246.4m PWLB loans; £30m market loans (LOBOs); £10m Bank loan; £25.9m 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 Welsh Government are charged at zero interest providing we meet the loan obligations, the loans will be repaid though future capital receipts generated from projects.

#### **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**

At the end of 2022/23 the Authority was holding £57.5m 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, Bonds, 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> March 2023 was £106.5m.

The total investments held as at 31<sup>st</sup> March 2023 were £164m and had a total average rate of income return of 2.89%. The minimum target rate which was set for our return on investments in the Treasury Management Strategy 2022/23 was the base rate in place at that time. Over the reporting period, the base rate has increased from 0.75% to 4.25%, with an average rate of 2.29%. Our return of 2.89% exceeded the average target rate for the year.

Our investments 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 4.36% during the reporting period.

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

The portfolio as at 31<sup>st</sup> March 2023 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	18.0
<b>Banks</b>	Short Term Notice	Financial	10.0
<b>Money Market Fund</b>	Cash Pooled Fund	Financial	40.0
<b>UK Government</b>	Gilts and DMO	UK Government	11.5
<b>Local Authorities and Housing Associations</b>	Fixed-term cash deposits	Local Government	65.0
<b>External Fund Managers</b>	Property Pooled Fund	Property	9.1
<b>External Fund Managers</b>	Bond Pooled Fund	Mixed	2.1
<b>External Fund Manager</b>	Equity Pooled Fund	Mixed	5.2
<b>External Fund Manager</b>	Multi Asset Pooled Fund	Mixed	2.2
<b>REIT</b>	Pooled Fund	Property	0.9
<b>Total Investments as at 31<sup>st</sup> March 2023</b>			<b>164.0</b>

#### 5.1.4 Economic Outlook

The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased

interest rates over this reporting period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period GDP revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%.

The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

As at the 31<sup>st</sup> March 2023 the interest rates forecasts were as per table below.

Official Bank Rate	Upside Risk	Arlingclose (Central case)	Downside Risk
2023 Q4	0.25	5.25%	-0.00
2024 Q1	0.50	5.25%	-0.25
2024 Q2	0.50	5.25%	-0.50
2024 Q3	0.75	5.00%	-0.75
2024 Q4	0.75	4.75%	-1.00
2024/2025	0.75	4.00%	-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.

The UK Infrastructure Bank, which is wholly owned and backed by HM Treasury, has been set up with £4bn of funding earmarked for 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

Credit Default Swap Prices (CDS) had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from Silicon Valley Bank caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As 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.

Local authorities remain under financial pressure, but 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.

#### 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. 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 CFR value of £363.256m as at 31<sup>st</sup> March 2023. 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. The General Fund currently shows a projected reduction from the original budget as a consequence of not needing to borrow. HRA shows an overspend as MRP has been charged on the underlying need to borrow irrespective of whether the actual external borrowing has taken place. This allows for the £17.9m that was due to be borrowed in 2019/20.

#### 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. This underspend is mainly as a result of 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 2022/23. The outturn for General Fund includes expenditure which has been funded from outside our Core Capital Budget.

### **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> March 2023

### **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.

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S. Harris – Head of Financial Services and S151 Officer  
L. Sykes-Deputy Head of Financial Services and S151 Officer  
A. Southcombe – Finance Manager, Corporate Finance

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- Outturn 2022-23

	Budget 2022-23	Actual 2022-23
	£000	£000
<b>Authorised limit for external debt -</b>		
Borrowing	478,130	478,130
Other long term liabilities	24,162	24,162
<b>Total</b>	<b>502,292</b>	<b>502,292</b>
<b>Operational boundary for external debt -</b>		
Borrowing	382,984	315,760
Other long term liabilities	24,162	24,310
<b>Total</b>	<b>407,146</b>	<b>340,070</b>
Capital Financing Requirement	417,763	363,256
<b>Upper limits for interest rate exposure</b>		
Principal outstanding on borrowing	382,984	315,760
Principal outstanding on investments	100,000	164,000
<b>Net principal outstanding</b>	<b>282,984</b>	<b>151,760</b>
<b>Fixed rate limit – 100%</b>	282,984	151,760
<b>Variable rate limit – 30%</b>	84,895	45,528
<b>Upper limit for total invested for over 364 days</b>	<b>60,000</b>	<b>60,000</b>

Page 46

	Upper Limit	Lower Limit	Actual	%
<b>Maturity structure of fixed rate borrowing</b>				
Under 12 months	35%	0%	6,227	2%
Over 12 months and within 24 months	40%	0%	3,647	1%
Over 2 years and within 5 years	50%	0%	21,413	7%
Over 5 years and within 10 years	75%	0%	31,274	10%
Over 10 years	100%	0%	253,199	82%

	Budget 2022-23	Actual 2022-23
	£000	£000
<b>Gross Debt and Net Debt</b>		
Outstanding Borrowing	382,984	315,760
Other long term liabilities	24,162	24,310
<b>Gross Debt</b>	<b>407,146</b>	<b>340,070</b>
Less investments	100,000	164,000
<b>Net Debt</b>	<b>307,146</b>	<b>176,070</b>

## Appendix 2 Treasury Management Prudential Indicators- Outturn 2022-23

<b>Ratio of Financing costs to net revenue stream</b>	<b>Budget 2022-23</b>	<b>Actual 2022-23</b>
<b>General Fund</b>	<b>£000</b>	<b>£000</b>
Principal repayments	2,673	2,576
Interest costs	7,724	7,359
Debt Management costs	41	35
Rescheduling discount		
Investment income	(1,443)	(2,866)
Interest applied to internal balances	812	620
<b>Total General Fund</b>	<b>9,807</b>	<b>7,724</b>
Net revenue stream	394,474	394,028
<b>Total as percentage of net revenue stream</b>	<b>2.49%</b>	<b>1.96%</b>
<b>Housing Revenue Account</b>		
Principal repayments	1,903	2,678
Interest costs	5,895	5,375
Rescheduling discount		
Debt Management costs	37	29
<b>Total HRA</b>	<b>7,835</b>	<b>8,082</b>
Net revenue stream	50,227	50,227
<b>Total as percentage of net revenue stream</b>	<b>15.60%</b>	<b>16.09%</b>

Page 47

<b>Capital financing requirement [end of year position]</b>	<b>Budget 2022-23</b>	<b>Actual 2022-23</b>
	<b>£000</b>	<b>£000</b>
Council Fund	273,566	232,046
Housing Revenue Account	144,197	131,210
<b>Total Authority</b>	<b>417,763</b>	<b>363,256</b>



### Appendix 3 Treasury Management Prudential Indicators- Outturn 2022-23

	<b>Budget 2022-23</b>	<b>Actual 2022-23</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>
Council Fund	10,021	38,472
Housing Revenue Account	43,290	23,665
<b>Total</b>	<b>53,311</b>	<b>62,137</b>
<b>Funding</b>		
Surplus/ (Deficit) Balance b/f	509	
Borrowings - Supported (GF)	4,829	
General Capital Grant - WG	3,328	3,328
Internal Borrowing		2,567
Grants and Contributions		29,393
One off funding- MRP Review	1,514	
RCCO-Budget	128	
RCCO- (GF)		3,184
RCCO- (HRA)	22,886	14,227
Borrowings - Unsupported (HRA)		
Borrowing - Unsupported (Affordable Housing)	13,100	
Major Repairs Allowance (HRA)	7,304	7,296
WG Grants-HRA		2,142
<b>Total</b>	<b>53,598</b>	<b>62,137</b>
<b>Surplus C/f</b>	<b>287</b>	



## **CORPORATE AND REGENERATION SCRUTINY COMMITTEE - 9<sup>TH</sup> JANUARY 2024**

**SUBJECT: TREASURY MANAGEMENT AND CAPITAL FINANCING  
PRUDENTIAL INDICATORS QUARTER 2 MONITORING  
REPORT (1ST APRIL 2023 TO 30TH SEPTEMBER 2023)**

**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 2023 to 30th September 2023.
- 1.2 To review the Treasury Management Strategy for 2023/24 as set out in the Annual Investment Strategy and Capital Financing Prudential Indicators Report.

### **2. SUMMARY**

- 2.1 In October 2010 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Service: Code of Practice (the CIPFA Code) 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 2023/24 was submitted to Full Council on the 23<sup>rd</sup> February 2023.
- 2.4 The Authority's Annual Treasury Strategy and Capital Financing Prudential Indicators for 2023/24 were also approved by Council on the 23<sup>rd</sup> February 2023.

### **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 Authority is operating a policy of internal borrowing in order to reduce risk and keep its interest costs low. As at the 31<sup>st</sup> March 2023 the internal borrowing position was £51.2m.

The Annual Treasury Management Strategy was approved by Council in February 2023. As part of the strategy approval was given to borrow £46.8m in 2023/24 to part fund the General Fund capital programme if required. A further £45.00m was approved for the HRA to fund the WHQS and Affordable Housing capital programme. During the reported period no external borrowing has taken place.

During the period covered by this report, PWLB loans to the value of £3.5m were repaid on maturity. Such loans had an average interest rate of 4.42%. The £30k final balance of the WRU Loan and £258k of the Salix Loan was also repaid. Total debt outstanding as at 30<sup>th</sup> September 2023 was £312.0m and comprised of £243m PWLB loans; £30m market loans (LOBOs); £10m Bank loan; £25.9m WG loans, and a £3.1m 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 9.6% of the Authority's debt portfolio, which is exposed to interest rate risk.

The loans from Welsh Government are charged at zero interest providing we meet the loan obligations, the loans will be repaid through future capital receipts generated from projects.

##### **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 £47.9m 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, Bonds, Real Estate Investment Trusts (REITS) and pooled funds. The value of short-term deposits as at 30<sup>th</sup> September 2023 was £138.0m.

The total investments held as at 30<sup>th</sup> September 2023 were £185.9m and had a total income rate of return equating to 4.36%. The target rate which was set for our return on investments in the Treasury Management Strategy 2023/24 was the base rate in place at that time of 3.50%. Over the reporting period, the base rate has increased from 4.25% to 5.25%, with an average rate of 4.80%. Our overall return of 4.36% was below the target rate due to some historic investments which were made when interest rates were significantly lower.

Our investments in pooled funds allow the Authority to generate 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 4.77% 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 30<sup>th</sup> September 2023 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	33.6
<b>Banks</b>	Short Term Notice	Financial	10.0
<b>Money Market Fund</b>	Cash Pooled Fund	Financial	40.0
<b>UK Government</b>	Gilts and DMO	UK Government	21.0
<b>Local Authorities and Housing Associations</b>	Fixed-term cash deposits	Local Government	62.0
<b>External Fund Managers</b>	Property Pooled Fund	Property	9.0
<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 30<sup>th</sup> September 2023</b>			<b>185.9</b>

**Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025 but has been

withdrawn in England from this date. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken if this override is also withdrawn in Wales.

#### 5.1.4 Economic Outlook

UK inflation remained stubbornly high over much of the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to

S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

Over the period, the 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%.

The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

<b>Official Bank Rate</b>	<b>Upside Risk</b>	<b>Arlingclose (Central case)</b>	<b>Downside Risk</b>
<b>2023 Q4</b>	0.25	5.25%	-0.00
<b>2024 Q1</b>	0.50	5.25%	-0.25
<b>2024 Q2</b>	0.50	5.25%	-0.50
<b>2024 Q3</b>	0.75	5.00%	-0.75
<b>2024 Q4</b>	0.75	4.75%	-1.00
<b>2024/2025</b>	0.75	4.00%	-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.

A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15<sup>th</sup> June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans.

The UK Infrastructure Bank, which is wholly owned and backed by HM Treasury, has been set up with £4bn of funding earmarked for 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 a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank, the purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened 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 and 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 £351.459m as at 31<sup>st</sup> March 2024. The actual CFR as at 31<sup>st</sup> March 2023 was £363.256m. 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. As a result of charging HRA for internal borrowing, their capital financing costs have increased.

#### 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. The original HRA budget was set on the 2022/23 business plan however this budget was subsequently revised downwards in the 2023/24 business plan.

### **6. ASSUMPTIONS**

- 6.1 The details set out in the report are based on actuals that have occurred between 1<sup>st</sup> April 2023 and 30<sup>th</sup> September 2023 (period 6).

### **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.

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Leanne Sykes-Deputy Head of Financial Services and S151 Officer  
Andrew Southcombe – Finance Manager, Corporate Finance

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 6 Report (Quarters 1 &2)

	Budget 2023-24	Estimated 2023-24
	£000	£000
<b>Authorised limit for external debt -</b>		
Borrowing	501,210	501,210
Other long term liabilities	21,989	21,989
<b>Total</b>	<b>523,199</b>	<b>523,199</b>
<b>Operational boundary for external debt -</b>		
Borrowing	400,968	309,750
Other long term liabilities	21,989	21,989
<b>Total</b>	<b>422,957</b>	<b>331,739</b>
Capital Financing Requirement	381,503	351,459
<b>Upper limits for interest rate exposure</b>		
Principal outstanding on borrowing	400,968	309,750
Principal outstanding on investments	100,000	185,900
<b>Net principal outstanding</b>	<b>300,968</b>	<b>123,850</b>
<b>Fixed rate limit – 100%</b>	300,968	123,850
<b>Variable rate limit – 30%</b>	90,290	37,155
<b>Upper limit for total invested for over 364 days</b>	<b>60,000</b>	<b>60,000</b>

	Upper Limit	Lower Limit
<b>Maturity structure of fixed rate borrowing</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>

	Budget 2023-24	Estimated 2023-24
<b>Gross Debt and Net Debt</b>	<b>£000</b>	<b>£000</b>
Outstanding Borrowing	400,968	309,750
Other long term liabilities	21,989	21,989
<b>Gross Debt</b>	<b>422,957</b>	<b>331,739</b>
Less investments	100,000	185,900
<b>Net Debt</b>	<b>322,957</b>	<b>145,839</b>

**Appendix 2 Treasury Management Prudential Indicators- Mid Year report (Quarters 1 & 2)**

<b>Ratio of Financing costs to net revenue stream</b>	<b>Budget 2023-24</b>	<b>Estimated 2023-24</b>
<b>General Fund</b>	<b>£000</b>	<b>£000</b>
Principal repayments	2,943	2,591
Interest costs	7,881	7,079
Debt Management costs	42	42
Rescheduling discount		
Investment income	(3,343)	(4,989)
Interest applied to internal balances	812	812
<b>Total General Fund</b>	<b>8,335</b>	<b>5,535</b>
Net revenue stream	422,327	422,327
<b>Total as percentage of net revenue stream</b>	<b>1.97%</b>	<b>1.31%</b>
<b>Housing Revenue Account</b>		
Principal repayments	1,864	2,624
Interest costs	5,930	5,568
Rescheduling discount		
Debt Management costs	38	34
<b>Total HRA</b>	<b>7,832</b>	<b>8,226</b>
Net revenue stream	53,075	53,075
<b>Total as percentage of net revenue stream</b>	<b>14.76%</b>	<b>15.50%</b>

<b>Capital financing requirement [end of year position]</b>	<b>Budget 2023-24</b>	<b>Estimated 2023-24</b>
	<b>£000</b>	<b>£000</b>
Council Fund	225,469	222,873
Housing Revenue Account	156,034	128,586
<b>Total Authority</b>	<b>381,503</b>	<b>351,459</b>

<b>Liability Benchmark</b>	<b>Budget 2023-24</b>	<b>Estimated 2023-24</b>
	<b>£000</b>	<b>£000</b>
Capital Financing Requirement	381,503	351,459
Less Balance Sheet Resources	(219,600)	(204,600)
<b>Net Loans Requirement</b>	<b>161,903</b>	<b>146,859</b>
Plus Liquidity allowance	10,000	10,000
<b>Liability Benchmark</b>	<b>171,903</b>	<b>156,859</b>

### Appendix 3 Treasury Management Prudential Indicators- Mid Year report (Quarters 1 & 2)

	<b>Budget 2023-24</b>	<b>Estimated 2023-24</b>
<b>Expenditure</b>	<b>£000</b>	<b>£000</b>
Council Fund	11,636	11,636
Housing Revenue Account	64,865	30,240
<b>Total</b>	<b>76,501</b>	<b>41,876</b>
<b>Funding</b>		
Surplus/ (Deficit) Balance b/f	287	287
Borrowings - Supported (GF)	4,821	
General Capital Grant - WG	4,951	4,951
Internal Borrowing		4,821
RCCO Budget	128	128
Capital underspends frm previous years		
General Fund working balances		
One off funding- MRP Review	1,449	1,449
RCCO- (HRA)	30,469	17,915
Borrowings - Unsupported (HRA)		
Borrowing - Unsupported (Affordable Housing)	27,100	
Major Repairs Allowance (HRA)	7,296	7,296
WG Grant		5,029
<b>Total</b>	<b>76,501</b>	<b>41,876</b>
<b>Surplus C/f</b>		