

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE**

5 March 2019

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Capital Programme Update for the period to 31st January
2019

REPORT FOR: Decision

1. Summary

- 1.1 The Capital Governance Framework identifies multiple points within a project's life cycle where decisions have to be made to progress. These decisions vary from approval of options for further analysis, to final investment decisions and change control.
- 1.2 This monthly Capital report on the status of all projects within the Capital strategy, is an integral part of the Governance Framework for Capital development works. It ensures that stakeholders are engaged in evaluation and decision-making and encourages a disciplined governance that includes approval gateways at which prudence, affordability and sustainability of projects are reviewed.
- 1.3 The Revised working budget for the 2018/19 Capital Programme, after accounting for approved virements, is £92.131m (The Original budget was £87.703m). The increase in budget is largely due to virements from previous year's programme that have lapsed into 2018/19.
- 1.4 The actual spend to the end of January is £50.553m and a further £28.652m has been committed. This leaves £12.926m or 14.0% of the budget uncommitted at the end of January. Of this £8.918m is in Highways, Transport and Recycling.
- 1.5 Table 1 below summarises the position for each portfolio and service.

Table 1 Capital Table as at 31st January 2019

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 31st January 2019 (after virements approved & required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
People								
Adult Services & Commissioning	819	502	-360	0	961	264	697	72.5%
Childrens Services	0	141	0	0	141	78	63	44.7%
Housing	1,825	1,016	0	0	2,841	1,983	858	30.2%
Schools and Inclusion Workforce, OD and Comms	39,367	6,112	-1,097	-10,661	33,721	35,330	-1,609	-4.8%
Resources								
Business Services	0	298	-193	0	105	131	-26	-24.8%
Information Services	1,610	947	-1,144	0	1,413	986	427	30.2%
Legal Services	0	19	0	0	19	0	19	100.0%
Financial Services	578	-509	0	0	69	0	69	100.0%
Corporate Activities	0	0	0	0	0	0	0	
Place								
Highways, Transport & Recycling	16,380	10,418	0	-3,023	23,775	15,586	8,189	34.4%
Leisure & Recreation	3,357	5,964	0	0	9,321	5,898	3,423	36.7%
Regeneration	1,125	-459	0	0	666	237	429	64.4%
Property, Planning And Public Protection	2,503	3,216	-130	-2,886	2,703	1,682	1,021	37.8%
Total Capital	67,564	27,665	-2,924	-16,570	75,735	62,175	13,560	17.9%
Housing Revenue Account	20,139	6,518	-3,210	-7,051	16,396	17,030	-634	-3.9%
TOTAL	87,703	34,183	-6,134	-23,621	92,131	79,205	12,926	14.0%

1.6 The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £87.703m to £92.131m as at 31st January 2019 to reflect virements and re-profiling of the capital programme. This matches the projected expenditure to ensure a balanced budget.

1.7 Table 2 Funding of the Capital Budget as at 31st January 2019

Revised Working Budget 2018/19 as at 31st January 2019 (after virements approved and required)						
Capital	-12,394	-20,675	-34,322	-5,667	-2,677	-75,735
HRA	0	-6,985	-3,792	-5,085	-534	-16,396
Total	-12,394	-27,660	-38,114	-10,752	-3,211	-92,131

2. **Proposal**

- 2.1 It is recommended that Cabinet note the contents of this report and recommend all virements over £500k to the Council for approval and approve all of the other virements listed below:
- 2.2 **Business Services: Cashless System** The project to provide a Cashless System for school dinners has been implemented. It is recommended that the budget of £192,799 is returned to the corporate unallocated budget to be used for other overspends in 2018/19.
- 2.3 **ICT: Finance System** The project to upgrade E-Financials and associated systems is now anticipated to cost £106,235 more than the original budget. This virement recommends funding this project from the Corporate Unallocated budget mentioned in 2.2 above.
- 2.4 **Property, Planning And Public Protection: Presteigne Cemetery Extension** A capital allocation was granted for the purchase of additional land at Presteigne and develop a cemetery extension. The full capital allocation was £170k. The land was purchased for £47,045.84 in January 2018. In order to satisfy planning conditions, details of the site infrastructure had to be submitted by Hereford Planning Authority. The plans were approved in November.
- In October, Powys County Council (PCC) was informed by Presteigne and Norton Town Council that the owner of land to the north of the cemetery would be willing to sell the land to facilitate the development of the cemetery extension. Prior to this PCC intended to access the extension area via the existing entrance. The access is poor and meant that a road would have to be created around existing memorials. Additionally, the original proposal would not afford additional parking.
- If PCC were to purchase the land, then this would provide improved access to the cemetery and provide car parking facilities. The original business case for the project was amended to reflect the opportunity to purchase additional land and was approved by the Acting Head of Property, Planning and Public Protection and Commercial Services. A Portfolio Holder is currently being prepared to approve the purchase of the additional land.
- In light of these developments, the project will now be delivered in 19/20. This virement recommends that £163,830 is rolled forward to 19/20.
- 2.5 **Property, Planning And Public Protection: Office Accommodation Review** It is recommended to roll forward capital funding of £130K at County Hall in respect of delivering the continued refurbishment of the building. Due to the constraints of the building, works to individual office areas has to be phased. The next phase of works at County Hall will take place from April 2019 and will finalise the upper floor refurbishment of the building. The improvement works will remedy significant health and safety concerns and additionally will improve energy efficiency and reduce the annual revenue spend by approximately £20k.

- 2.6 **Property, Planning And Public Protection: Ladywell House** It is recommended to roll forward £2.2225m to 2019/20. The Project Board has accepted a revised project completion of August 2019. This is a result of design delays and the need to fit windows in spring / summer. We therefore need to roll money forward to cover the works.
- 2.7 **Property, Planning And Public Protection: Business Units at Abermule Business Park** It is recommended to roll forward £663K in 2019/20. The project programme has been revised to accommodate a longer lead time for detailed design, ground works and construction. We therefore need to roll money forward to cover the works.
- 2.8 **Schools: Crickhowell High School Extension** The work to provide an extension at Crickhowell High School has been delayed because of planning issues. It is recommended to roll forward £692k to 19/20.
- 2.9 **Schools: Major Improvements** The Major Improvement Programme includes a project to provide a 3G pitch with a £300k budget funded from a unsecured contribution. It is recommended that this project is removed from the programme until the contribution has been received. In addition design work is progressing on the early years works at Ysgol Llanbrymair with a view to undertake the works during the school summer holidays. It is therefore recommended to roll forward £105k to 2019/20.
- 2.9 **Housing Revenue Account: Welsh Quality Housing Standard (WHQS)** The WHQS budget for 18/19 was revised to £16.958m. It is now recommended that the budget for the following projects are revised as per Table 3. The revised budget is £11.908m.

Table 3 HRA Virements

Job Name	Current Budget £'000	Proposed Virement £'000	Revised Budget £'000
Estate Works North - 11	£1,390	£-1,200	£190
Estate Works South - 14	£1,390	£-1,130	£260
To be recommended to Council	£2,780	£-2,330	£450
Rewiring North - 5	£278	£-230	£48
Roofing North - 9	£1,500	£-200	£1,300
Roofing South - 12	£1,450	£-650	£800
Wallwork North - 10	£250	£-250	£0
Wallwork South - 13	£590	£-290	£300
Gwaelod - Y - Bryn	£246	£-240	£6
2018 Energy Efficiency (Insulation)	£250	£-110	£140
To be recommended to Cabinet	£4,564	£-1,970	£2,594

2.10 Housing Revenue Account: Other HRA Works

The budget for other HRA works is currently £8.372m. It is now recommended that the budget for the following projects are revised as per Table 4. The revised budget will be £3.161m.

Table 4 Other HRA Work Virements

Project Name	Current Budget £'000	Proposed Virement £'000	Revised Budget £'000
Level Access Bungalows North	£1,549	-£800	£749
Level Access Bungalows South	£1,315	-£1,310	£5
	£1,861	-£1,861	£0
To be recommended to Council	£4,726	-£3,971	£755
2018 Communal Areas	£250	-£240	£10
2018 Fire Safety Works	£250	-£250	£0
2018 Damp/Water Ingress Works	£500	-£450	£50
2018 Radon Works	£100	-£100	£0
2018 Photo-Voltaic (Solar Panels)	£200	-£200	£0
To be recommended to Cabinet	£1,300	-£1,240	£60

2.11 Highways, Transport and Recycling – Recycling Bulking Facility, North Powys The amount of the roll forward for this project needs to increase from £2,723,482.23 to £3,223,482.23, an increase of £300k because of a revised forecast.

3 Grants Received

3.1 £2.606m General Capital Grant Welsh Government have awarded the authority additional General Capital Grant. This has been used to replace £2.606m Prudential Borrowing in 2018/19.

4 Project Update

4.1 21st Century Schools: Work on the Band A phase of the 21st Century Schools programme is progressing well. The only exception is the Welshpool catchment area schools. The decision by Cadw to list the Ysgol Maesydre has had a huge impact, on both the Budget and the timelines of the project. Consequently, the Welsh Medium School has been deferred to Band B of the programme.

4.2 **Housing:** A review of the HRA budgets has been undertaken in January and the revised budget now reflect the anticipated outturn figures. The HRA outturn is now expected to be £16.3m. The service has an actual spend of £11.23m with commitments of £5.7m.

4.3 **Highways, Transport and Recycling (HTR):** have a working budget of £23.8m. Total spend at the end of January, including commitment is £15.586m, representing 65.6% of budget. Finance are monitoring the project performance with project officers to ensure that work is progressed in line with expectation.

5 **Capital Receipts**

5.1 The current capital receipt end of year forecast, excluding the HRA right to buy, for 2018/19 is £1.822m for Property and £3.535m for County Farms, of which £252k has been agreed subject to contract and should be received before year end. Three sales of £729k has been completed as at 31st January 2019, Land and Property sales £175k; Smallholding/Farm Sales £554k.

5.2 The suspension of the Right to Buy for the HRA for Powys came into effect on the 18th November 2017. The disposals this year relate to properties where the tenant had applied before the suspension. Five sales have been completed as at 31st January 2019 amounting to £539k.

6. **Options Considered / Available**

6.1 N/A

7 **Preferred Choice and Reasons**

7.1 N/A

8 **Impact Assessment**

8.1 Is an impact assessment required? Yes/No

9 **Corporate Improvement Plan**

9.1 To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. These capital and revenue monitoring reports, are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

10 **Local Member(s)**

10.1 This report relates to all service areas across the whole County.

11 **Other Front Line Services**

11.1 This report relates to all service areas across the whole County

12 **Communications**

12.1 Have Communications seen a copy of this report? Yes/No

Have they made a comment? If Yes insert here.

13 **Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

13.1 This report has no specific impact on support services other than reporting on those service areas with capital programmes. Financial Services work closely with all service areas in monitoring financial performance on capital programmes against budgets.

13.2 **Finance**

This monthly Capital report on the status of all projects within the Capital strategy is an integral part of the Governance Framework for Capital development works.

The virements proposed in section 2 of this report, are to align the actual works expected to be done in the current financial year to the funding required to finance such Capital works. This is a prudent approach to ensure that the Council only makes available what is required to finance the Capital expenditure. There are no exceptional financial implications to be reported at this time.

13 Scrutiny

Has this report been scrutinised? Yes / No?

14 **Data Protection**

N/A

15 **Statutory Officers**

The Head of Financial Services & Deputy Section 151 Officer notes the contents in the report.

The Deputy Monitoring Officer notes the content of the report and makes no specific comment upon the same.

16. **Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation:		Reason for Recommendation:	
<p>1. The contents of this report are noted by Cabinet.</p> <p>2. That Cabinet approves the virement proposed in section 2 of this report.</p>		<p>To outline the capital budget position as at 31st January 2019.</p> <p>To ensure appropriate virements, are carried out.to align budgets with spending plans.</p>	
Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N
Contact Officer: Jane Thomas Tel: 01597-826290 Email: jane.thomas@powyscc.gov.uk			

Relevant Local Member(s):	
Person(s) To Implement Decision:	
Date By When Decision To Be Implemented:	
Is a review of the impact of the decision required?	Y / N
If yes, date of review	
Person responsible for the review	
Date review to be presented to Portfolio Holder/ Cabinet for information or further action	

Background Papers used to prepare Report: