

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

26th March 2019

**REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance**

**SUBJECT: Capital Programme Update for the period to 28th February
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 £96.247m (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 February is £57.292m and a further £29.380m has been committed. This leaves £9.575m or 9.9% of the budget uncommitted at the end of February. Of this £5.747m 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 28th February 2019

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 28 th February 2019 (after virements approved and required)	Actuals	Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
People									
Adult Services & Commissioning	819	142	-176	0	785	204	77	504	64.2%
Childrens Services	0	141	0	0	141	33	45	63	44.7%
Housing	1,825	1,104	-28	-714	2,187	1,679	473	35	1.6%
Schools and Inclusion									
Workforce, OD and Comms	39,367	-1,417	-300	-692	36,958	22,018	13,755	1,185	3.2%
Resources									
Business Services	0	0	0	0	0	0	0	0	
Information Services	0	298	-193	0	105	106	25	-26	-24.8%
Legal Services	1,610	-203	106	0	1,513	816	319	378	25.0%
Financial Services	0	19	0	0	19	0	0	19	100.0%
Corporate Activities	578	-509	0	0	69	0	0	69	100.0%
Place									
Highways, Transport & Recycling	0	3,104	0	0	3,104	0	3,104	0	0.0%
Leisure & Recreation	16,380	7,695	-1,118	0	22,957	12,684	4,526	5,747	25.0%
Regeneration	3,357	5,964	-465	0	8,856	5,562	645	2,649	29.9%
Property, Planning And Public Protection	1,125	-459	-150	0	516	284	186	46	8.9%
Total Capital	67,564	19,057	-2,618	-4,292	79,711	44,414	23,923	11,374	14.3%
Housing Revenue Account	20,139	6,538	-3,279	-6,862	16,536	12,878	5,457	-1,799	-10.9%
TOTAL	87,703	25,595	-5,897	-11,154	96,247	57,292	29,380	9,575	9.9%

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 £96.247m as at 28th February 2019 to reflect virements and re-profiling of the capital programme. This matches the projected expenditure to ensure a balanced budget.

Table 2 Funding of the Capital Budget as at 28th February 2019

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Revised Working Budget 2018/19 as at 28th February 2019 (after virements approved and required)						
Capital	-11,997	-20,990	-35,026	-5,767	-5,931	-79,711
HRA	0	-8,722	-3,811	-3,469	-534	-16,536
Total	-11,997	-29,712	-38,837	-9,236	-6,465	-96,247

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 Housing

The Integrated Care Fund grant listed in 3.1 was awarded £1.109m for the Extra Care Facility in Adult Social care but because of delays the project will now commence in 2019/20. The works listed are eligible under the grant and have been approved by WG and the Regional Partnership Board (RPB).

The Welsh Government required that the RPB and in particular Powys Teaching Health Board (as the accountable body) were happy with this approach. Approval was given at the RPB's Cross Cutting and Resource Overview Group on the 11th February and the Chair of the RPB (CEO of PTHB) has sent a letter outlining approval.

It is recommended to use the grant to fund the following projects and therefore roll forward the council's funding to 19/20 and use this to fund the Extra Care Facility.

- To roll forward £500k budget from Fit For Purpose works to the Extra Care Facilities in Adult Social Care.
- To roll forward £109k budget from HRA Adaptations to the Extra Care Facilities in Adult Social Care.
- To roll forward £500k budget from Disabled Facilities Grant to the Extra Care Facilities in Adult Social Care.

2.3 The budget for Private Sector Housing is £2.4m. It is anticipated that the end of year actual spend will be £2.1m. It is proposed to remove this underspend and not do any roll forwards. The two main projects are the Disabled Facilities Grant underspend of £214k and Safe Warm and Secure of £96k.

2.4 Housing Council Fund – Abrisas System

This is a new project to acquire software to assist in the administration of the homelessness function and to support the common housing register. The software will be procured at the same time as the HRA seeks to re-procure its integrated housing management system, but as homelessness and allocations are statutory responsibilities of the council, the purchase of the software for homelessness and allocations needs to be funded by the council fund. It is recommended to create a budget for this software. Both homelessness and the common housing register currently operate making use of temporary solutions. The roll out of specialist software for both functions will ensure that the homelessness function is less labour intensive and the roll out of a dedicated system for the common housing register will ensure that housing association partners will have full access to the allocation software. The total cost for the project is £150k to be profiled £68k in 2018/19 and the balance of £82k in

2019/20. This will be funded from the funding removed for the Food Hoppers under 2.8 below.

2.5 Housing Revenue Account – New Builds

This project has successfully secured Affordable Housing Grant for a number of projects in 2018/19 and will no longer need all of the original budget. It is recommended to roll forward £561K to 2019/20.

2.6 Leisure & Recreation – Library Self-Service Terminals

It was originally intended to purchase self-service terminals for all libraries in 2018/19 but this had been postponed due to discussions around future budgetary savings. It is recommended to both reduce the budget by £63k and roll forward the remaining £133k of the original £196k budget into 2019/20.

2.7 Leisure & Recreation – Byways Network

It was anticipated that works would be commenced on a number of byways within the 2018/19 financial year. This has not been possible due to delays in acquiring permissions and consents without which the Authority would be at legal risk. It is therefore recommended to roll forward £156k into 2019/20. Works will be completed by the end of 2019/20.

2.8 Leisure & Recreation – Monks Trod Byway

It is recommended to roll forward £113k budget for Monks Trod byway works to 2019/20. The byway crosses three legally protected nature conservation areas and separate legal consents must be obtained prior to works taking place. Consent is dependent on legislative processes and ecological restrictions ie bird-nesting season, outside of the control of the Countryside Service and will not be obtained before 31st March 2019.

2.9 Highways, Transport & Recycling – Depot Consolidation

It is recommended to roll forward the whole £248.5k budget for the Depot consolidation project to 2019/20. The project seeks to enable changes to existing Powys owned depot sites to allow operations to be consolidated at a number of these sites, which will assist in realising future savings. Due to delays in the progress of other depot projects, proposed works will now not commence until the summer.

2.10 Highways, Transport & Recycling – Food Hoppers

As part of a review of the overall Capital Programme, the Food Hoppers project has been put on hold and has not been requested as part of the Capital Provision going forward. It is therefore recommended to remove the £400k funding for the project from the Programme.

2.11 Highways, Transport & Recycling – In Cab Technology

The vehicle technology project will not be completed until early next financial year. It is anticipated that actual spend will total £31k of the £200k overall budget and is recommended to roll forward £169k to 2019/20.

2.12 Regeneration Targeted Regeneration Investment Programme

This project has been delayed because of the external funding process. It is recommended to roll forward £150k to 2019/20.

2.13 Adult Services & Commissioning – Works at Lant Avenue, Llandrindod Wells

Due to delays, it is recommended that the budget of £176,105 for works at Lant Avenue, Llandrindod Wells is rolled forward into 2019/20.

3 Grants Received

3.1 £1.415m Integrated Care Fund

In June 2018 Powys Regional Partnership Board received notification of a 3 year Integrated Care Fund capital allocation which for 2018-19 is £1.415m. The funding comes in via Powys Teaching Health Board, and the proposed capital programme was approved by Powys Regional Partnership Board back in October 2018. Due to significant delays in the application and approval process the programme has been pushed back so late (approval early January for most elements of the programme), it has not left enough time to deliver. Out of the £1.415m we are able to spend a realistic figure of £0.306m. One of the biggest projects associated with this capital is a Powys County Council project for the provision of Extra Care in Welshpool, to include elements of integrated health care too. Housing will be bringing a separate Cabinet report on this issue.

3.2 £300k Collaborative Change Programme 2018/19

The purpose of the funding is to support improvements in the management of recycling and recycling infrastructure in Powys.

4 Project Update

4.1 **21st Century Schools:** Work on the Band A phase of the 21st Century Schools programme is progressing well. The outturn for Schools is now expected to be £36.958m with £22.018m actual and £13.755m commitments.

4.2 **Housing:** A review of the HRA budgets has been undertaken in January and the revised budget now reflects the anticipated outturn figures. The HRA outturn is now expected to be £16.536m. The service has an actual spend of £12.878m with commitments of £5.457m. The service is showing an overspend of £1.799m, however it anticipates that the Affordable Housing Grant and other funding will cover this overspend together with a review of the commitments in the system.

4.3 **Highways, Transport and Recycling (HTR):** have a working budget of £22.957m. Total spend at the end of January, including commitment is £17.210m, representing 75% 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 £0.991m for Property and £0.716m for County Farms, of which £0.680m has been agreed subject to contract and should be received before year end. The sales of £944k has been completed as at 28th February 2019, Land and Property sales £55k; Smallholding/Farm sales £714k and Vehicle sales £175k.
- 5.3 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. Six sales have been completed as at 28th February 2019 amounting to £538k.

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.

14. **Scrutiny**

Has this report been scrutinised? Yes / No?

15. **Data Protection**

N/A

16. **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.

17. **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:
a. The contents of this report are noted by Cabinet.	To outline the capital budget position as at 28th February 2019.
b. That Cabinet approves the virement proposed in section 2 of this report.	To ensure appropriate virements, are carried out to align budgets with spending plans.

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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: