CYNGOR SIR *POWYS* COUNTY COUNCIL.
CABINET EXECUTIVE

30th July 2019

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

SUBJECT: **Capital Programme Update for the period to 30th June 2019**

REPORT FOR: **Decision**

1. Summary

1.1 The revised working budget for the 2019-20 Capital Programme, after accounting for approved virements from 2018-19, is £110.924 million (compared to an original budget of £92.344 million).

1.2 Table 1 below summarises the position for each portfolio and service and shows actual and committed expenditure of £28.96 million as at 30 June 2019 (representing 26% of the total 2019-20 budget). At this point in the financial year the forecast outturn for the year is break even.

Table 1: Capital Table as at 30th June 2019

Expenditure								
Service	**Original Budget**	**Virements Approved**	**Virements Required by Cabinet**	**Virements Required by Council**	**Revised Working Budget 2019/20 as at 30th June 2019 (after virements approved and required)**	**Actuals & Commitments**	**Remaining Budget**	
	£,000	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**%**
Childrens & Adults								
Adult Services	290	1,355	0	0	1,645	644	1,001	60.9%
Childrens Services	0	99	0	0	99	2	97	98.0%
Education	44,818	4,012	0	-14,535	34,295	9,052	25,243	73.6%
Economy & Environment								
Highways Transport & Recycling	15,151	2,272	0	0	17,423	6,288	11,135	63.9%
Property, Planning & Public Protection	2,046	4,235	0	0	6,281	3,181	3,100	49.4%
Housing & Community Development	8,753	4,699	0	0	13,452	1,285	12,167	90.4%
Organisational Transformation								
Digital & Communication Services	973	1,564	0	0	2,537	174	2,363	93.1%
Finance	3,650	362	0	0	4,012	0	4,012	100.0%
Total Capital	**75,681**	**18,598**	**0**	**-14,535**	**79,744**	**20,626**	**59,118**	**74.1%**
Housing Revenue Account	16,662	13,682	0	836	31,180	8,334	22,846	73.3%
TOTAL	**92,343**	**32,280**	**0**	**-13,699**	**110,924**	**28,960**	**81,964**	**73.9%**

1.3 The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £92.343m to £110,924m as at 30 June 2019 to reflect actual expenditure incurred.

Table 2: Funding of the Capital Budget as at 30 June 2019

Funding						
Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Revised Working Budget 2019/20 as at 30th June 2019 (after virements approved and required)						
Capital	11,503	40,646	19,685	2,987	4,924	**79,745**
HRA	0	17,093	10,256	3,831	0	**31,180**
Total	**11,503**	**57,739**	**29,941**	**6,818**	**4,924**	**110,925**

2. Service Updates

2.1 Highways, Transport and Recycling - Plans are in place to spend the capital budget; any slippage will be reported and managed promptly.

2.2 Housing and Community Development – Capital Projects are progressing.

2.3 Digital and Communications – Approval of a number of capital bids was not received until the end of quarter 1 which is reflected in the spend/commitment to date (i.e. only 6.9%). The projects are now being progressed and an updated expenditure forecast will be included in the period four report.

2.4 Finance – This budget includes the £2 million Transformation Fund and a £1.15 million provision for redundancy costs, both financed through the Capitalisation Direction and £626,000 to support Local Capital Bids. The Transformation Fund has been fully committed and the full year forecast outturn will be included in the period four report. The Local Capital Bids should be approved in early August and the budget will then be transferred to the appropriate service.

3. Proposal

3.1 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:

3.2 Schools Gwernyfed High School - £4.88 million

This project has been delayed while the options to deliver the project within the agreed budget are resolved. The project will now take place during the next two years. It is therefore proposed to move the 2019-20 budget of £4.88 million into 2020-21 and 2021-22.

3.3 21st Century Schools Band B Projects

A number of Band B projects have been affected by the delays following Dawnus going into administration. At the same time the programme has been extended by two years and funding has been updated to take account of the additional grant funding made available for Special Schools. This has reduced the authority's contribution by £2.47m.

The overall funding envelope for Band B has been approved. However, the individual project budgets are still at an estimate stage and will be subject to approval, both by Welsh Government, and Cabinet at the Strategic Outline Case stage. The authority's contribution may again change as the programme is updated.

Table 3 below sets out the proposed reprofile of the projects in Band B together with the virements required which collectively require £9.655 million to be moved from 2019-20 into future years.

Table 3: 21st Century Schools Band B Projects

	Prior Years' Budget	19-20 Original Budget	18-19 Year End Virement	Period 3 Virement	Amount in Table 1	2019-20 Revised Budget	20-21	21-22	22-23	23-24	24-25	25-26	Total Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ysgol Bro Hyddgen	1,142	12,684	1,017	-13,450	-12,434	250	14,114	8,077					23,584
Ysgol Brynllywarch	347	1,347	2,681	-3,828	-1,147	200	800	2,000	4,753	900			9,000
Newtown Development	0			0	0								
Cedewain	0	750	0	-650	-650	100	7,900	8,136	0	0			16,136
New WM Secondary School	0	1,400	0	0	0	1,400	250	6,500	16,000	7,941			32,091
EM Primary School	0	250		0	0	250	1,500	7,212	0	0			8,962
Remodelling of Schools	0			0	0		0	0	0	0			0
Welshpool HS Remodelling	0	0	0	1,624	1,624	1,624	0	0	0	0			1,624
School A					0		0	1,948	1,674	1,449			5,071
School B					0		0	0	0	873	4,946		5,819
School C					0		0	0	0	0	873	4,302	5,175
Brecon Primary Review	0	0		0	0		0	0	0	0			0
Mid Powys WM Review	0	0		0	0		0	0	0	0			0
Ysgol Gymraeg y Trallwng (Welsh-medium school Welshpool)	490	5,133		-4,929	-4,929	204	0	3,500	2,268	0			6,462
Calon Cymru					0								
		21,563	3,698	-21,232	-17,535	4,029	24,564	37,373	24,695	11,163	5,819	4,302	113,924

4. Grants Received

4.1 The following grants have been received since the last report and are included for information.

4.2 **£1.593 million – Highways, Transport and Recycling**

£85,000 – Local Transport Fund for the construction of active travel improvements on Spa Road/Middleton Street/South Crescent Junction and scheme design for Middleton Street Improvements.

£350,000 – Local Transport Network Fund for first phase of construction of Machynlleth Rail/Bus Station Interchange and provision of smart passenger information at key transport interchanges and core strategic routes.

£1.158 million – Active Travel Fund. £1m for phase two of Newtown Bridge scheme to include construction of active travel river crossing and £158k core allocation for minor improvements to, and design, consultation and promotion of active travel schemes.

4.3 **£1.272 million Housing and Community Development**

Welsh Government ICF funding to provide funding for Extra Care facilities in Welshpool and Ystradgynlais. This is working in partnership with two housing associations.

4.4 **£174,800 Housing and Community Development**

Welsh Government grant funding split between the Housing Revenue Account and the Council fund. The grant can only be used in relation to the delivery of adaptations under the Enhanced Adaptations Service, Enable – support for independent Living.

4.5 **£20,063 – Housing and Community Development**

Grants received on behalf of the Museum Service from Art Fund, Victoria and Albert Museum and Brecknock Art Trust for purchase of a plate depicting Sarah Siddons as The Tragic Muse by Thomas Baxter c.1814.

4.6 **£933,000 Education**

This grant is to enable the authority to provide sufficient childcare places to meet demand generated by the Childcare Offer. This grant is for three additional setting across the authority in Crossgates, Rhayader and Guilsfield.

4.7 **£303,804 Education**

The Voluntary Aided Schools Grant is to undertake roof works at St Michael's Church in Wales School.

4.8 **£200,000 Education**

This grant is linked to the Childcare Offer Grant. The grant is to provide additional places in Ystradgynlais.

4.9 **£1,112,300 Children Services**

The Purpose of the Funding is to build, develop and / or refurbish suitable premises from which Flying Start services will be delivered. The funding is for two projects in Brecon and Welshpool.

4.10 **£3.68 million Housing Revenue Account**

This Major Repairs Allowance grant is for the Housing Revenue Account.

5 **Capital Receipts**

Capital receipts received during the 1st quarter are £285,000. The year end forecast is £2.577 million. A property auction is due to take place in the autumn and preparatory work has started and achievement of the forecast will be dependent on the auction results and staff workload.

6 **Options Considered / Available**

N/A

7 **Preferred Choice and Reasons**

N/A

8 **Impact Assessment**

Is an impact assessment required? ~~Yes~~/No

9 **Corporate Improvement Plan**

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning within its medium term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. Regular 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)**

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

11 **Other Front Line Services**

This report relates to all service areas across the whole County

12 **Communications**

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

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**

The virements proposed in section 2 of this report, aligns the capital programme and its funding to the actual expenditure incurred. This is a prudent approach to ensure that the Council only makes available what is required to finance the Capital expenditure.

14. **Scrutiny**

Has this report been scrutinised? ~~Yes~~ / No?

15. **Data Protection**

N/A

16. **Statutory Officers**

The Head of Finance (Section 151 Officer) comments: Expenditure on the Capital Programme has slipped considerably in previous financial years, the effective monitoring and re-profiling of schemes is essential to enable us to more accurately project expenditure, the consequential need to borrow and the impact on the revenue budget. Project Managers and Service leads will be supported to improve financial monitoring and forecasting of expenditure.

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.

18. **Future Status of the Report**

Members are invited to consider the future status of this report and whether it can be made available to the press and public either immediately following the meeting or at some specified point in the future.

Recommendation:	**Reason for Recommendation:**
a. The contents of this report are noted by Cabinet. b. That Cabinet approves the virements proposed in section 3 of this report. **c.** That all virements over £500k are recommended to Council for approval.	To report on the Capital Outturn position for the 2019/20 financial year. To ensure appropriate virements, are carried out to align budgets and financing requirements.

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Relevant Local Member(s):	
Person(s) To Implement Decision:	**Jane Thomas**
Date By When Decision To Be Implemented:	**ongoing**
Is a review of the impact of the decision required?	**N**
If yes, date of review	**n/a**

Background Papers used to prepare Report: