

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

17 September 2019

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

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

REPORT FOR: Decision

1. Summary

1.1 The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £111.774m (The Original budget was £92.344m). The increase in budget is largely due to virements from previous year's programme 2018/19 and roll forward into 2019/20.

1.2 Table 1 below summarises the position for each portfolio and service.

Table 1: Capital Table as at 31st July 2019

| Service | Original Budget | Virements Approved | Virements Required by Council | Revised Working Budget 2018/19 as at 31st July 2019 (after virements approved and required) | Actuals & Commitments | Remaining Budget | |
|--|-----------------|--------------------|-------------------------------|---|-----------------------|------------------|--------------|
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 | % |
| Childrens & Adults | | | | | | | |
| Adult Services | 290 | 1,355 | 0 | 1,645 | 730 | 915 | 55.6% |
| Childrens Services | 0 | 1,211 | 0 | 1,211 | 12 | 1,199 | 99.0% |
| Education | 44,818 | 12,913 | -26,113 | 31,618 | 9,681 | 21,937 | 69.4% |
| Economy & Environment | | | | | | | |
| Highways Transport & Recycling | 15,151 | 3,865 | 0 | 19,016 | 6,904 | 12,112 | 63.7% |
| Property, Planning & Public Protection | 2,046 | 4,055 | 0 | 6,101 | 3,306 | 2,795 | 45.8% |
| Housing & Community Development | 8,753 | 5,030 | 0 | 13,783 | 1,468 | 12,315 | 89.3% |
| Organisational Transformation | | | | | | | |
| Digital & Communication Services | 973 | 1,664 | 0 | 2,637 | 97 | 2,540 | 96.3% |
| Legal & Democratic Services | 0 | 0 | 0 | 0 | 22 | -22 | |
| Finance | 3,650 | 347 | 0 | 3,997 | 254 | 3,743 | 93.6% |
| Total Capital | 75,681 | 30,440 | -26,113 | 80,008 | 22,474 | 57,534 | 71.9% |
| Housing Revenue Account | 16,662 | 15,104 | 0 | 31,766 | 8,680 | 23,086 | 72.7% |
| TOTAL | 92,343 | 45,544 | -26,113 | 111,774 | 31,154 | 80,620 | 72.1% |

1.3 Actual and committed expenditure amounts to £31.154m, of this £20.352m is the committed figure, representing in total 27.9% of the total budget.

- 1.4 The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £92.343m to £111.774m as at 31st July, 2019 to reflect the budget changes.

Table 2: Funding of the Capital Budget as at 31st July, 2019

| Funding | | | | | | |
|--|---------------------|----------------------|---------------|---------------------------|------------------|----------------|
| Service | Supported Borrowing | Prudential Borrowing | Grants | Revenue Cont'S To Capital | Capital Receipts | Total |
| | £,000 | £,000 | £,000 | £,000 | £,000 | £,000 |
| Original Budget | | | | | | |
| Revised Working Budget 2018/19 as at 31st July 2019 (after virements approved and required) | | | | | | |
| Capital | 11,032 | 41,404 | 19,969 | 3,103 | 4,500 | 80,008 |
| HRA | 0 | 17,678 | 10,257 | 3,831 | 0 | 31,766 |
| Total | 11,032 | 59,082 | 30,226 | 6,934 | 4,500 | 111,774 |

2. Service Updates

- 2.1 **Education** – Work on the Band A and Band B phases of the 21st Century Schools programme is progressing well. The only exception is the Welshpool Church in Wales project, Ysgol Bro Hyddgen and Ysgol Gymraeg y Trallwng projects, which are delayed due to the main contractor entering administration. Spend to date has focussed on Brecon High School, which is due to open to pupils in November, and Ysgol Carno and Glantwymyn projects. Ysgol Carno opened in March 2018 and works at Glantwymyn are scheduled to complete by the end of the year.

The forecast figures mainly relate to further design production working towards planning application stages on Calon Cymru, Gwernyfed High School, Brynllwarch and Cedewain projects.

The Major improvement programme has 50 schemes in 2019/20, including schemes carried forward from 2018/19. There is 1 scheme to commission, 2 schemes on hold, 6 schemes at the design stage, 12 are out to tender, 17 under construction and 12 schemes have been handed over to the end user. Any uncommitted funding within projects will be reallocated back to the programme contingency to cover for emergencies, unforeseeable and legislative requirements and budget fluctuations over the course of the year and to ensure school service continuity.

- 2.2 Children Services - The Brecon Flying Start project has been revised and is now likely to be completed by the end of the financial year. The Welshpool Flying Start project has been delayed due to the issues around the Schools projects in the town and the grant will shortly be rolled forward to 2020/21 with Welsh Government's agreement.
- 2.3 Highways, Transport and Recycling - Approximately one third of this year's budget has been spent to date, there is no current concern that expenditure will be in line with the budget.

- 2.2 Housing and Community Development – Capital projects are progressing. Delays in the approval of the small capital grant projects brings some risk of delivery within the current financial year.
- 2.3 Digital and Communications - The capital budget is currently £2,537,000. Some of the capital programmes for 19/20 were only confirmed at the end of quarter 1, therefore our actual and commitments are currently only £174k. Now that confirmation has been received projects can proceed, the projected outturn position will be reviewed and recast in light of the delay.
- 2.4 Finance - The capital budget comprises the Transformation Projects funded from the Capitalisation Direction and the Local Capital Bids. The Transformation costs to date of £0.25m are included in Table 1. The Local Capital Bids should be approved in early August and transferred to the appropriate service.

3. **Grants Received**

3.1 The following additional grant has been received since the last report and is included for information.

3.2 **£1.5 million – Housing and Community Development**

Award of Targeted Regeneration Investment Programme funding to support Town Centre Property Investment Fund (TCPIF), a programme that proposes to enhance town centre properties in six locations across Mid Wales. Funding will be used to bring vacant commercial, residential and retail floor space back into beneficial business use.

4 **Capital Receipts**

Capital receipts received during July are £45,000. The total receipts for the year is now £330,000. This comprises £10,000 vehicle receipts, £267,500 property receipts and £52,500 county farms. The year end forecast is £2.577m. A property auction is due to take place in the autumn and preparatory work has started. Property have reallocated and re prioritised workload to ensure that their effort is aligned to maximise the benefit.

5 **Options Considered / Available**

N/A

6 **Preferred Choice and Reasons**

N/A

7 **Impact Assessment**

Is an impact assessment required? Yes/No

8 **Corporate Improvement Plan**

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.

9 **Local Member(s)**

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

10 **Other Front Line Services**

This report relates to all service areas across the whole County

11 **Communications**

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

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

12.1 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.

12.2 **Finance**

The variance against the capital charge revenue budget is £2.1m. This calculation is based on new year borrowing of £70m being undertaken in September at a rate of 2.05%. Table 1 above is showing a significant underspend and there is a risk that some projects may slip. Work is being undertaken to obtain an accurate forecast from Project Managers and Head of Service to provide an update.

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.

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| Recommendation: | Reason for Recommendation: |
| The contents of this report are noted by Cabinet. | To report on the Capital Outturn position for the 2019/20 financial year. |

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| Contact Officer: Jane Thomas Tel: 01597-826290 Email: jane.thomas@powyscc.gov.uk |
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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: