

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE 24th March 2020

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

REPORT TITLE: Capital Forecast as at 29th February 2020

REPORT FOR: Decision



Turf Cutting at Heol Y Ffynnon, Brecon

1. **Purpose**

- 1.1 The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £71.43 million. The original budget was £92.34 million. The decrease is due to the reprofiling of budgets resulting in the roll forward into future years, in particular 2020/21.
- 1.2 Actual spend and committed expenditure amounts to £62.52 million representing 87% of the total budget. The actual spend to date is £49.46 million, with £13.06 million the committed figure. The actual spend equates to only 69% of the annual budget, and although there are commitments in the system, it is likely that there will be further slippage on delivery of some schemes, with spend needing to be reprofiled into future years. A further consequence will be the reduction in our borrowing requirement, maintaining the significant revenue budget underspend on borrowing.

- 1.3 Currently it is estimated that 3.4% of our net revenue budget of £255 million is supporting the past and present capital spend. It is essential that the investment in our capital programme is affordable over the short, medium and longer term and can demonstrate tangible benefits linked to the council's priorities.
- 1.4 Table 1 below summarises the financial position for each portfolio and service. Countryside Services are now reported under Highways, Transport and Recycling rather than Housing and Community Development due to structure changes.

Table 1 Capital Table as at 29th February 2020

Service	Original Budget	Virements Approved	Revised Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	290	411	701	685	16	2.3%
Childrens Services	0	119	119	139	-20	-16.8%
Education	44,818	(30,279)	16,643	13,500	1,040	18.6%
Highways Transport and Recycling	15,542	3,362	14,540	16,359	2,545	14.4%
Property, Planning and Public Protection	2,046	3,590	5,636	4,158	1,478	35.6%
Housing and Community Development	8,363	(2,825)	5,538	3,989	1,549	22.6%
Digital and Communication Services	973	128	1,101	695	406	56.0%
Legal and Democratic Services	0	22	22	22	0	0.0%
Finance	3,650	340	3,990	2,628	1,362	37.0%
Total Capital	75,681	(25,131)	50,551	42,175	8,376	22.1%
Housing Revenue Account	16,662	4,214	20,876	20,344	532	2.5%
TOTAL	92,343	(20,917)	71,427	62,519	8,908	12.5%

- 1.6 Table 2 below sets out how the 2019/20 capital programme is funded, 54% is funded through borrowing, the interest cost for this is charged to the revenue account.

Table 2 Funding of the Capital Budget as at 29th February 2020,

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	7,649	15,242	19,836	3,567	4,318	50,612
HRA	0	12,633	4,387	3,795	0	20,815
Total	7,649	27,875	24,223	7,362	4,318	71,427

2. Head of Service Comments

- 2.1 Appendix A provides commentary on the services' capital projects.

3. Virements

- 3.1 It is recommended that Cabinet note the contents of this report and recommend all virements over £0.5 million to the Council for approval and approve all of the other virements listed below:

- 3.2 The Band A 21st Century Schools Brecon High School building opened to pupils in December 2019 and the Carno and Glantwymyn project completed in March 2019.

This report seeks approval to transfer £0.18 million from the Carno and Glantwymyn approved funding envelope to the Brecon High School funding envelope.

There is an underspend of £0.72 million in the Carno and Glantwymyn project, due to the percentage of risk contingency allocated to the project. This transfer is required to fund the overspend in Brecon High School project.

Brecon High School approved envelope is £21.00 million and the final accounts shows a total spend of £21.18 million. This is because the Full Business Case (FBC) was submitted and approved to Welsh Government based on cost estimates and not actual costs. No future 21st Century Schools projects will be submitted to WG based on tender costs rather than estimates.

4. Reprofiling Budgets Across Financial Years

- 4.1 The following services have requested the reprofiling of their capital programme budgets into 2020/21, as the expected spend on projects will be significantly less than planned. We encourage services to reprofile budgets as soon as they become aware of forecast changes, rather than waiting until the end of the year.

4.2 Education

Some projects have been delayed pending the review of schools and the spend profile of other projects needs to be amended due to a change in the estimated cost. Table 3 shows the original budget, the adjustment required and the revised budget.

Table 3 Education Budget Adjustments

Project	Original Budget	Adjustment	Revised Budget
	£000	£000	£000
21st Century Schools			
Welshpool Cinw Access Works	0	8	8
Ysgol Gymraeg Y Trallwng	204	-100	104
Ysgol Gymraeg Y Trallwng Equipment	237	-215	22
New Primary School	250	-250	0
Ysgol Bro Hyddgen	250	-239	11
Brynllwarch New School	200	-200	0
Ysgol Cedewain New School	100	80	180
Ysgol Glantwymyn	828	-550	278
Carno Cp Extension	255	-130	125
Ysgol Calon Cymru	151	50	201
Gwernyfed Hs Refurbishment	270	-235	35
Total	2,745	-1,781	964
Major Improvements			
2019 Small Grant Scheme	193	-72	121

4.3 Adult Services

The project to upgrade Lant Avenue, Llandrindod has been delayed but the contractor is now on site. However, it has been necessary to roll forward £0.15 million of the budget to 2020/21.

The Telecare project is now going to be completed in 2020/21. £0.07 million has been rolled forward to 2020/21.

4.4 Property, Planning and Public Protection

The Ladywell House project has been extended due to ground floor refurbishment works being added to the scope of the works. This was necessary to ensure that the building complies with fire regulations. £0.81 million budget will be reprofiled into 2020/21 as a result.

4.5 Highways, Transport and Recycling

Projects at Newtown HWRC and Salt Storage at Llangammarch Wells are mostly complete but require budget for minor improvements in 2020/21.

For Brecon HWRC and Recycling Bulking Facility projects, spend in 2019/20 will not be as high as first anticipated and a re-profile is required. Table 4 shows the total reprofiles for the Highways, Transport and Recycling Service.

Table 4 Highways, Transport and Recycling Budget Adjustments

Project	Original Budget	Adjustment	Revised Budget
	£'000	£'000	£'000
Recycling Bulking Facility	1,858	-258	1,600
Newtown HWRC	226	-50	176
Salt Storage	834	-84	750
Brecon HWRC	20	-11	9
Total	2,938	-403	2,535

4.6 Digital and Communication Services

Due to a change in priorities with projects such as the Welsh Government Schools Hwb Programme being implemented, other projects have been delayed. A total budget of £0.16 million has been reprofiled into 2020/21. £0.03 million has been brought forward in the refresh programme due to more devices being replaced than originally planned. Table 5 shows the adjustments for the service.

Table 5 Digital and Communication Services Budget Adjustments

Project	Original Budget	Adjustment	Revised Budget
	£'000	£'000	£'000
Enterprise Monitoring	100	-100	0
System Rationalisation	160	-50	110
Cyber Security	90	-7	83
Refresh Programme	240	28	268
Total	590	-129	461

5 Grants Received

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

5.2 Highways, Transport & Recycling

Welsh Government Circular Economy Funding of £0.05 million for the purchase of an additional baler at Brecon Transfer Station.

5.3 Housing and Community Development

Welsh Government TRI Programme £1.59 million in total. The grant is profiled £0.35 million in 2019/20 and £1.24 million in 2020/21. The project also requires £1.0 million match funding. This is profiled £0.35 million in 2019/20 and £0.65 million in 2020/21.

5.4 Property, Planning and Public Protection

Salix loan funding for LED lighting in three depots of £54,458. The loan will be repaid after 6.19 years.

5.5 Education

Confirmation of the award of the 21st Century Band B grant for Welshpool High School Refurbishment for £1.13 million. This is profiled £1.05 million in 2019/20 and a further £0.08 million in 2020/21. The authority is contributing 35% match funding of £0.67 million making a total project cost of £1.80 million. This grant was included in the capital programme and the eligible spend now be claimed in March 2020.

6 Capital Receipts

6.1 Capital receipts received during February are £3.75 million. The total receipts for the year are now £5.35 million. This comprises £0.05 million vehicle receipts, £2.55 million property receipts, £0.09 million Housing Revenue Account and £2.66 million county farms. The year-end forecast is £5.9 million.

6.2 The year-end forecast is dependent on the completion of other agreed sales currently under negotiation.

7 Resource Implications

7.1 The Head of Finance (Section 151 Officer) has provided the following comments:

7.2 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.

8. Legal implications

8.1 The Monitoring Officer has no specific concerns with this report.

9. Comment from local member(s)

9.1 This report relates to service areas across the whole county.

10. Integrated Impact Assessment

10.1 No impact assessment is required

11. Recommendation

- That the contents of this report are noted.
- That Cabinet approves the virements proposed in this report
- That all virements over £0.50 million are recommended to Council for approval.

11.1 Reason for Recommendation

- 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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Appendix A – Updates on Capital projects by Service

Service	Original Budget	Virements Approved	Revised Working Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	290	411	701	685	16	2.3%
<u>HOS Comment</u>						
<p>Castell Y Dail allocation is in part being allocated to other bases in the North due to unsecure lease with NPTC. Community equipment actuals and commitments are greater than the ICF capital allocation of £100K. Day centre relocation activity is being delayed due to HOWP capacity.</p> <p>Capital allocation for Powys owned care homes has been rolled forward</p> <p>Work to redevelop the Old Bank in Welshpool through Substance misuse capital funding has been delayed due to planning and listed building consent. There will be a reported overspend due to discovery of a basement by a sub-contractor.</p> <p>Extra care scheme developments continue to be programme managed and virements and roll forwards have been actioned.</p>						
	£,000	£,000	£,000	£,000	£,000	%
Childrens Services	0	119	119	139	-20	-16.8%
<u>HOS Comment</u>						
	£,000	£,000	£,000	£,000	£,000	%
Highways Transport & Recycling	15,542	3,362	18,904	16,359	2,545	13.5%
<u>HOS Comment</u>						
	£,000	£,000	£,000	£,000	£,000	%
Education	44,818	-30,278	15,540	13,500	1,040	7.2%
<u>HOS Comment</u>						
	£,000	£,000	£,000	£,000	£,000	%
Housing & Community Development	8,363	-2,825	5,538	3,989	1,549	28.0%
<u>HOS Comment</u>						
<p>Leisure - Budget for roofing works at Bro Ddyfi Leisure Centre, Machynlleth and Llanfair Caereinion Sports Centre have been reprofiled, the remainder of the programme is fully committed and will be delivered.</p>						

	Original Budget	Virements Approved	Revised Working Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Housing Revenue Account	16,662	4,214	20,876	20,344	532	2.5%
<u>HOS Comment</u>						
Investment proceeds to plan with a small carry-forward expected to run from 2019-2020 to 2020-2021 to cover programmes underway and heading for completion.						
	£,000	£,000	£,000	£,000	£,000	%
Property, Planning & Public Protection	2,046	3,590	5,636	4,158	1,478	26.2%
<u>HOS Comment</u>						
	£,000	£,000	£,000	£,000	£,000	%
Digital & Communication Services	973	128	1,101	695	406	36.9%
<u>HOS Comment</u>						
All orders for purchases have been placed and final receipts are due in before year end. Any delayed projects have been reported for adjustment at year end.						
	£,000	£,000	£,000	£,000	£,000	%
Legal & Democratic Services	0	22	22	22	0	0.0%
<u>HOS Comment</u>						
	£,000	£,000	£,000	£,000	£,000	%
Finance	3,650	340	3,990	2,628	1,362	34.1%
<u>HOS Comment</u>						
The forecast for the Capitalisation budget is expected to be underspent by £200k. Any revision to the budget profile will be actioned in March and reported in the next cabinet report.						
The unallocated budget of £350k may be required to finance any overspends in the capital programme at year end.						