

CYNGOR SIR POWYS COUNTY COUNCIL.

**Council
26 November 2020**

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

REPORT TITLE: Revenue and Capital Virements

REPORT FOR: Decision

1. Purpose

1.1 This report seeks Council approval for the following virements. These virements have been approved by cabinet and are recommended to Council for approval.

2. Background

2.1 There are several virements requiring approval that were set out in the Quarter 2 Cabinet reports:

- Revenue virement to fund the additional 0.75% National Joint Council (NJC) national pay award that was additional to the 2% already factored into base budgets for 2020/21. The agreed pay award is for all eligible local government employees of the council, and includes school non teaching staff.
- Capital Virements - The 2020/30 capital programme was set out as part of the Capital and Treasury Management Strategy and approved by Council in February as part of the overall budget setting process. The programme included the schemes listed in section 3, which at that time set out indicative grant amounts. The grant funding has now been confirmed and approval is sought for the virements.

3. Advice

3.1 A virement of £635,000 is recommended for approval to fund the additional 0.75% pay award and associated oncosts for NJC staff across the council, the total pay award being 2.75%, with 2% already included in the base budget. This additional cost will be funded from the centrally held Risk Budget.

3.2 The following capital virements are required to realign the budgets for agreed schemes in line with the funding secured for each scheme and amend the annual expenditure profile based on the progress being made on each site. Both schemes relate to the Housing Revenue Account.

a) Heol y Ffynnon, Brecon, New Build Scheme

This scheme is partially funded by the Affordable Housing Grant, this is a Welsh Government revenue contribution of £0.17 million per annum for 29 years towards the repayment of borrowing for this scheme.

A virement is requested to realign the 2020/21 budget, removing the Capital Grant funding expectation (£1.51 million) and replace with increasing the revenue borrowing budget in line with the confirmed revenue grant.

The capital grant equivalent of this funding is £3,285,785. This grant funding equates to around 58% of the scheme costs.

Works on site are moving at pace so a reprofiling of the budget is requested so that £2.30 million borrowing is to be brought forward from the 2021/22 allocation. This will ensure that the works will be completed and funded in 2021. The current spend profile anticipates £0.28 million borrowing is required to complete the scheme in 2021/22.

b) Bowling Green, Newtown, New Build Scheme

This development has been successful in securing £2.19 million Innovative Housing Capital Grant, the request is to update the budget to reflect the grant received. Based on the current cost plan £1.55 million grant will be required in 2020-21. The remaining grant (£0.64 million) together with £1.20 million borrowing is required to complete the scheme in 2021/22.

The virement request is to realign 2020/21 budgets with the grant amount confirmed and the updated spend profile outlined above.

4. Resource Implications

- 4.1 The funding of the additional 0.75% pay award will be made from the centrally held Risk Budget in 2020/21.
- 4.2 The confirmation of the grant allocations has ensured that these New Build schemes remain affordable within the HRA Business Plan. The HRA's contribution will be financed using borrowing, future rental income will cover the debt repayment costs. The affordability of future schemes will depend on the availability of grant funding and their impact on the HRA Business Plan.
- 4.3 The Head of Finance (Section 151 Officer) can support the recommendations.

5. Legal implications

- 5.1 The Monitoring Officer has no specific concerns with this report.

6. Data Protection

- 6.1 The proposal does not involve the processing of personal data.

7. Comment from local member(s)

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

8. Integrated Impact Assessment

- 8.1 No impact assessment is required

9. Recommendation

- 9.1 To approve the virements to ensure the 2020/21 budgets are aligned with the confirmed changes and grant amount
- 9.2 To ensure the updated spend profile outlined above is put in place to ensure robust forecasting.

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