

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

**12 February 2019**

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

**SUBJECT: Capital Programme Update for the period to 31<sup>st</sup> December  
2018**

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**REPORT FOR: Decision**

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**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 £104,457 (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 December is £45.532m and a further £30.089m has been committed. This leaves £28,836m or 27.6% of the budget uncommitted at the end of December. Of this £8,918m is in Highways, Transport and Recycling and £10.462m in the Housing Revenue Account.
- 1.5 Table 1 below summarises the position for each portfolio and service.

**Table 1 Capital Table as at 31<sup>st</sup> December 2018**

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 31 <sup>st</sup> December 2018 (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
<b>People</b>								
Adult Services & Commissioning	819	502	-360	0	961	264	697	72.5%
Childrens Services	0	141	0	0	141	20	121	85.8%
Housing	1,825	1,016	0	0	2,841	1,826	1,015	35.7%
<b>Schools and Inclusion Workforce, OD and Comms</b>	39,367	6,112	0	-10,661	34,818	35,521	-703	-2.0%
<b>Resources</b>								
Business Services	0	298	0	0	298	131	167	56.0%
Information Services	1,610	947	-1,250	0	1,307	923	384	29.4%
Legal Services	0	19	0	0	19	0	19	100.0%
Financial Services	578	-509	0	0	69	0	69	100.0%
Corporate Activities	0	0	0	0	0	0	0	
<b>Place</b>								
Highways, Transport & Recycling	16,380	10,418	287	-4,745	22,340	13,422	8,918	39.9%
Leisure & Recreation	3,357	5,964	0	0	9,321	5,815	3,506	37.6%
Regeneration	1,125	-459	0	0	666	289	377	56.6%
Property, Planning And Public Protection	2,503	3,216	0	-700	5,019	1,215	3,804	75.8%
<b>Total Capital</b>	<b>67,564</b>	<b>27,665</b>	<b>-1,323</b>	<b>-16,106</b>	<b>77,800</b>	<b>59,426</b>	<b>18,374</b>	<b>23.6%</b>
Housing Revenue Account	20,139	6,518	0	0	26,657	16,195	10,462	39.2%
<b>TOTAL</b>	<b>87,703</b>	<b>34,183</b>	<b>-1,323</b>	<b>-16,106</b>	<b>104,457</b>	<b>75,621</b>	<b>28,836</b>	<b>27.6%</b>

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 £105,015 as at 30<sup>th</sup> December 2018 to reflect virements and re-profiling of the capital programme. This matches the projected expenditure to ensure a balanced budget.

**1.7 Table 2 Funding of the Capital Budget as at 31<sup>st</sup> December 2018**

Revised Working Budget 2018/19 as at 31 <sup>st</sup> December 2018 (after virements approved and required)						
Capital	-13,197	-24,598	-31,714	-5,667	-2,623	<b>-77,799</b>
HRA	0	-17,246	-3,792	-5,085	-534	<b>-26,657</b>
<b>Total</b>	<b>-13,197</b>	<b>-41,845</b>	<b>-35,506</b>	<b>-10,752</b>	<b>-3,157</b>	<b>-104,457</b>

## 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 Capitalisation Direction:** This virement recommends using the powers given to the authority under the Local Government Act 2003 sections 16(2)(b) and 20 Treatment of Certain Costs as Capital Expenditure to create a Capitalisation Directions to use capital receipts, from the sale of land and building assets, to fund the identified costs of Service Reform and Transformation. The full details of the costs capitalised will be included in a Disclosure Note in the Statement of Accounts and will need to be approved by the Audit Committee, when approving the Statement of Accounts. The amount to be used in 2018/19 is £3.104m.

**2.3 Schools 21<sup>st</sup> Century School Projects:** The school projects while progressing well have slipped. The following projects will now be completed in future years and this virement recommends removing the budget from 18/19. The most up to date profile of the spend has been used in the 19/20 capital programme.

Brecon HS	-£2,393,803
Gwernyfed HS	-£5,150,733
Bro Hyddgen	-£3,116,160

**2.4 Information Services:** Three projects have slipped and will now be completed in 19/20. These are:

ICT Capital Strategy Funding	-£500,000
Desktop Refresh	-£390,000
Infrastructure	-£260,000

**2.5 Social Care Mobile Working and Transformation:** £360k of this project is going to be spent in 2019/20 rather than this financial year. This virement requests that the budget of £360k is rolled forward to 19/20.

### **3 Grants Received**

**3.1 £1,810k from Welsh Government in relation to Local Transport Fund and Active Travel:** The grant has been revised from £175k to £1,985k. The increase includes £260k for active travel schemes and £1,550k for new vehicles on public transport routes.

### **4 Project Update**

**4.1 21<sup>st</sup> Century Schools:** Work on the Band A phase of the 21<sup>st</sup> Century Schools programme is progressing well. The only exception is the Welshpool catchment area schools. The decision by Cadw to list the Ysgol Maesydre has had a huge impact, on both the Budget and the timelines of the project. Consequently, the Welsh Medium School has been deferred to Band B of the programme.

4.2 **Major Improvements:** The Major improvement programme has 68 schemes in 2018/19, including schemes carried forward from 2017/18. There are 4 schemes commissioned, 1 scheme cancelled, 6 schemes on hold, 4 schemes commissioned, 7 schemes at the design stage, 3 are out to tender, 15 under construction and 32 schemes have been handed over to the end user.

4.3 **Housing:** The council achieved the Welsh Housing Quality Standard (WHQS) at the 31<sup>st</sup> December, 2018. The WHQS Schemes are progressing well with a total spend of £8.7m to date which represents 63% of the budget for 2018/19 financial year. This projection is being reviewed on a monthly basis and adjusted accordingly with £2.9% currently uncommitted. The remaining HRA budget will be reviewed during the month with any virements required confirmed in the next monitoring report

4.4 **Highways, Transport and Recycling (HTR):** have a working budget of £23.4m. Total spend at the end of December, including commitment is £13.422m, representing 57% of budget. Finance are monitoring the project performance with project officers to ensure that work is progressed in line with expectation, however it is now anticipated that there will be additional slippage in the area reported next month.

## 5 **Capital Receipts**

5.1 The current capital receipt end of year forecast, excluding the HRA right to buy, for 2018/19 is £1.822m for Property and £3.535m for County Farms, of which £252k has been agreed subject to contract and should be received before year end. Three sales of £729k has been completed as at 31<sup>st</sup> December 2018, Land and Property sales £175k; Smallholding/Farm Sales £554k.

5.2 The suspension of the Right to Buy for the HRA for Powys came into effect on the 18<sup>th</sup> November 2017. The disposals this year relate to properties where the tenant had applied before the suspension. Five sales have been completed as at 31<sup>st</sup> December 2018 amounting to £539k.

## 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.

13 Scrutiny

Has this report been scrutinised? Yes / No?

14 **Data Protection**

N/A

15 **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.

**16. 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.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
<p>a. The contents of this report are noted by Cabinet.</p> <p>b. That Cabinet approves the virement proposed in section 2 of this report.</p>		<p>To outline the capital budget position as at 30<sup>th</sup> November 2018.</p> <p>To ensure appropriate virements, are carried out to align budgets with spending plans.</p>	
Relevant Policy (ies):			
<b>Within Policy:</b>	<b>Y / N</b>	<b>Within Budget:</b>	<b>Y / N</b>

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<b>Relevant Local Member(s):</b>	
<b>Person(s) To Implement Decision:</b>	
<b>Date By When Decision To Be Implemented:</b>	
<b>Is a review of the impact of the decision required?</b>	<b>Y / N</b>
<b>If yes, date of review</b>	
<b>Person responsible for the review</b>	
<b>Date review to be presented to Portfolio Holder/ Cabinet for information or further action</b>	

**Background Papers used to prepare Report:**