

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

Date 18th June, 2019

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

SUBJECT: Capital Programme Outturn Position for the Financial Year
ending 31st March 2019

REPORT FOR: Decision

1. Summary

- 1.1 The Revised working budget for the 2018/19 Capital Programme, after accounting for approved virements, is £81.170m (The Original budget was £87.703m). The decrease in budget is largely due to virements from previous year's programme that have lapsed into 2018/19 and roll forward into 2019/20.
- 1.2 The actual spend to the end of March is £76.971m, with a spend of £19.679m in March. This leaves £4.799m or 5.87% of the budget uncommitted at the end of March 2019.
- 1.3 Additional grant funding of £5.971m was provided by Welsh Government during the latter months of the financial year, where appropriate this has been utilised to fund existing capital spend, and replaces the need to borrow for some schemes. This will reduce the Capital Financing Requirement and provide a revenue saving on the Capital Charges budget in both 2018/19 and 2019/20.
- 1.4 The funding of the programme has been amended in line with the outturn position and matches actual expenditure.
- 1.5 Virements are required to reflect the final funding position and the re-profiling of budgets between 2018/19 and the new financial year for projects that are yet to be completed.
- 1.6 Table 1 below summarises the position for each portfolio and service.

Table 1 Capital Table as at 31st March 2019

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 31 st March 2019 (after virements approved and required)	Actuals	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
People								
Adult Services & Commissioning	819	-34	-366	0	419	329	90	21.46%
Childrens Services	0	141	-80	0	61	60	1	1.59%
Housing	1,825	847	-457	0	2,214	1,937	277	12.51%
Schools and Inclusion	39,367	-4,794	-296	-6,816	27,460	25,907	1,553	5.65%
Workforce, OD and Comms	0	0	0	0	0	0	0	
Resources								
Business Services	0	105	0	0	105	124	-19	-18.6%
Information Services	1,610	-97	-115	0	1,398	1,100	298	21.32%
Legal Services	0	19	0	0	19	0	19	100.0%
Financial Services	578	-432	-146	0	0	0	0	100.0%
Corporate Activities	0	3,104	0	-886	2,218	2,218	0	0.00%
Place								
Highways, Transport & Recycling	16,380	8,702	-1,169	-1,729	22,184	20,484	1,700	7.66%
Leisure & Recreation	3,357	5,529	-243	-1,870	6,773	6,089	685	10.11%
Regeneration	1,125	-624	0	0	501	468	33	6.57%
Property, Planning And Public Protection	2,503	258	-735	0	2,027	1,756	270	13.34%
Total Capital	67,564	12,723	-3,607	-11,301	65,379	60,473	4,906	7.5%
Housing Revenue Account	20,139	-2,518	-340	-891	16,391	16,498	-107	-0.65%
TOTAL	87,703	10,205	-3,947	-12,192	81,770	76,971	4,799	5.87%

1.7 The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £87.703m to £76.971m as at 31st March 2019 to reflect actual expenditure incurred.

Table 2 Funding of the Capital Budget as at 31st March 2019

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Revised Working Budget 2018/19 as at 31st March 2019 (after virements approved and required)						
Capital	-6,545	-20,536	-26,008	-3,020	-3,773	-65,379
HRA	0	-1,937	-4,835	-9,084	-534	-16,391
Total	-6,545	-22,473	-36,340	-12,104	-4,308	-81,770

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 Highways, Transport and Recycling – Newtown HWRC £251,461.21

Due to delays in construction, works will not be completed until early in the new financial year. It is therefore recommended to roll forward £251,461.21 into 2019/20 in order to complete the scheme.

2.3 Highways, Transport and Recycling – Flood Alleviation

Major schemes in Talgarth and Welshpool have not been completed in 2018/19 and work will continue in 2019/20. The schemes are 85% funded by Welsh Government and require the following budgets to be rolled forward:

Talgarth - £466,982.99

Welshpool - £123,176.94

2.4 Highways, Transport and Recycling – Structures Strengthening & Major Remedial Earthworks

Strengthening works at B4398 New Bridge Vyrnwy have not been completed the remaining budget of £170,229.03 is proposed to roll forward into 2019/20 to complete the work.

Delays due to land issues resulted in the B4518 Gabion Wall Collapse scheme not progressing as planned. Design works are now complete and roll forward of the remaining budget of £157,283.15 is required for ongoing works in 2019/20.

2.5 Highways, Transport and Recycling – Vehicle Replacement Programme £1.7m

The service were allocated £3.904m to fund an extensive vehicle replacement programme. 105 vehicles were replaced this year but not all of the budget was required to fund this, the remaining £1.7m is no longer required and can be removed from the programme. The programme continues for 19/20 with £2.122m allocated.

2.6 Schools - Glantwymyn CP School, Refurbishment £699,249.28

The final element of the project is the outdoor play area and multi-use games area (muga) which will now take place in the summer. It is recommended to roll forward £699,249.28 to 19/20 to complete this work.

2.7 Schools – Carno CP School, New Build – £255,115.99

This project has not yet been completed in 18/19. It is recommended to roll forward the remaining budget of £255,115.99 to 19/20 to complete the project.

2.8 Schools – Unallocated 21st Century Schools project £165k

The full budget has not been utilised in 18/19 but will need to be rolled forward to 2019/20 to complete the projects in the Band A programme.

2.9 Schools – Dawnus Projects

Four school projects were affected by Dawnus going into administration. The remaining budgets allocated to the projects will be required in 19/20 and it is proposed to roll these forward as follows:

Welshpool Church in Wales School	-£2,300,463.29
Welshpool Gymraeg Y Trallwng	-£2,681,101.45
Bro Hyddgen	-£1,016,555.85
Ysgol Gymraeg Y Trallwng Equipment	-£239,694.59

2.10 Schools - Brynlllywarch Special School £346,784.57

This project is part of the Band B 21st Century Schools projects which commences on 1st April 2019. However, this project started in 2018/19. Mobile buildings were purchased in 2018/19 and work has commenced, costs of £346,784.54 have been incurred and are to be funded by prudential borrowing, a virement is required to reflect this.

2.11 Schools – Ysgol Calon Cymru £202,894.04

Design work has commenced in 18/19 funded from the 21st Century schools project. Costs of £202,894.04 have been incurred and a virement is required to reflect this.

2.12 Schools – Crickhowell High School Extension £189,305

Work has commenced on this project but planning delays have stalled the project, it is therefore recommended to roll forward the remaining budget to 19/20.

2.13 IT System Rationalisation - £114,672.59

The money was not spent in 2018/19 due to a lack of resource to progress at the expected pace (due to secondments) and a number of current projects needing extra time. Next year we plan to rationalise a further 13 systems to enable digital transformation, reducing the quantity of live systems, reduce cost and reduce the support & maintenance requirements. It is recommended to roll forward £115k to 2019/20 to continue the projects.

2.14 Corporate Unallocated - £104,045.99

The authority always retains a small contingency fund to allow for any urgent or unforeseen projects to commence or to finance any overspends that happen on approved projects. It is recommended to carry forward the budget to 19/20.

2.15 Leisure and Recreation – Y Gaer £1.870m

This project is nearing completion and revised costings estimate that £428,752 is required to be rolled forward to complete the project in 2019/20.

2.16 Leisure and Recreation – Captain’s Walk Gardens £246,801.19

This project has been affected by the delays to y Gaer and will now be completed in 2019/20, it is therefore recommended that this budget is rolled forward.

2.17 Housing Revenue Account - Other Projects

Management Fees	-£803,000.00
Level Access Bungalows North	-£618,672.08
Level Access Bungalows South	-£211,880.70
Fit for Purpose South	-£127,650.85

2.18 Housing Revenue Account - New Builds £530,805.71

This budget of £1.327m was overspent at year end by £0.531 because of work carried out on new sites and purchases. The schemes are supported by the Affordable Housing Grant the details of which are included in section 3.9 of the report. It is recommended to finance the additional cost of the New Builds from prudential borrowing over the life of the new assets. There is a risk that if the developments do not go ahead the costs incurred will need to be charged to the Housing Revenue Account as abortive costs.

2.19 Housing Revenue Account – Contribution from Reserves £3,774,662.22

The HRA has a ring fenced revenue reserve. It is prudent to hold £1m in this reserve for contingencies. Over the last two years the reserve had increased to over £5m. This level of reserve is excessive and it is therefore prudent to utilise £3.774m of the reserve to finance the HRA capital programme in 18/19 reducing the need to borrow. This will also reduce the burden on the revenue budget and save £75,493.24 per annum.

2.20 Property, Planning and Public Protection – County Farms £100,751.26

This budget is used to carry out urgent health and safety work on the county farm estate. It is recommended to remove this budget in 18/19. The capital programme includes £600K for further works in 2019/20.

2.21 Property, Planning and Public Protection – New Industrial Unit at Ffrwdgrech £100,984.63

This budget was underspent at year end, the project is not complete and therefore it is recommended to roll forward the budget to 19/20.

2.22 Property, Planning and Public Protection – Ladywell House £360,905.77

The project has been delayed and not all of the budget is required in 2018/19, it is recommended to roll forward the remaining budget into 19/20 when the project will be completed.

2.23 Property, Planning and Public Protection – County Hall £172,059.64

This budget was underspent at year end. It is recommended to remove the budget in 18/19.

2.24 Corporate Resources – Transformation £886,044.37

Capital Receipts were set aside to meet the costs of transformation as permitted under the Capitalisation Directive, some of these costs have now been funded from slippage on the revenue budget instead during 2018/19. The capital budget needs to be amended to reflect this change.

2.25 Private Sector Housing – Landlord Loans £236,078.60

This budget was not fully utilised during 2018/19, it is recommended that the balance is rolled forward to 19/20 to support this ongoing initiative.

3 Grants Received

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

3.2 -£4,034k 21st Century Schools Grant

This grant was provided in March 2018 by WG for the construction of a new High School in Brecon. The funding for the project in 2018/19 has changed so that £4.034m is now funded from the Local Government Borrowing Initiative (LGBI) for Schools instead of the 21st Century Schools Grant. This now uses the whole of the LGBI allocation for Schools.

3.3 £366,429.18 Substance Misuse Action Fund – Welshpool

This project has been delayed because of issues with planning and listed building consent. The work will be completed by July 2019 and WG have approved the use of the grant in 2019/20.

3.4 £1,579,411 Public Highways Refurbishment Grant 2018-21

This Welsh Government grant has been made available to support authorities to finance public highways refurbishment. Funding of £1,579,411 was received in relation to 2018/19 and used to finance schemes that had previously been planned to be financed from borrowing. This displaced borrowing can now be utilised in 2019/20.

Further grant funding of £1,574,623 has been confirmed for 2019/20. Funding for 2020/21 will be confirmed in due course.

3.5 £155k - Costs relating to Storm Callum in October 2018

Welsh Government will fund additional costs of £196k incurred by the Authority as a result of Storm Callum. £155k of this funding relates to capital works, £35k has been spent in 2018/19 and works to the value of £120k will be carried out in 2019/20, which is permitted under the grant conditions.

3.6 £2,186,987 Innovative Housing Programme – Bowling Green, Newtown

Welsh Government have approved funding under the Innovative Housing Programme for the new housing units at the Bowling Green. The funding is for the period up to 30th March 2020.

3.7 £2,100,000 – Funding for purchase of buses - Traws Cymru T4 Network

The funding will be claimed and paid to third party providers for the purchase of 12 buses for use on the Traws Cymru T4 network.

3.8 -£80,000 – Flying Start Capital Grant – St Josephs, Brecon

This project did not proceed, because the building was being used by the PRU for the South of the county, and the grant has not been claimed in 18/19.

3.9 £100,000 Integrated Care Fund (ICF)

Specialist Equipment was purchased from this grant, to be used in the community to support Adult Social Care.

3.10 Housing Revenue Account – Affordable Housing Grant

This grant is not a capital grant but a revenue grant, which will allow the authority to borrow over a 30-year period. The amount of the grant for 18/19 is £72k which will allow £561,000 borrowing in 18/19 and £838,474 in 19/20.

3.11 £1,783,578 - Schools Building Maintenance Grant

The Schools Building Maintenance grant for £1.7m was received in March 2019. This grant was used to fund existing expenditure in the schools Major Improvement programme and the existing resources rolled forward to be used in 19/20 in line with the terms and conditions of the grant.

4 Capital Receipts

4.1 Capital receipts received during the financial year, excluding those in the HRA, were £1,545,910. These are broken down as:

£534,500 Land & Property

£714,070 County Farms

£297,340 Vehicle Sales

4.2 Total HRA capital receipts were £1,005,500. Of this, £538k relates to six disposals to tenants who had applied to the HRA Right to Buy scheme before its suspension on the 18th November 2017. The other sales were properties sold at auction and a land sale.

5. Options Considered / Available

5.1 N/A

6 **Preferred Choice and Reasons**

6.1 N/A

7 **Impact Assessment**

7.1 Is an impact assessment required? Yes/No

8 **Corporate Improvement Plan**

8.1 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.

9 **Local Member(s)**

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

10 **Other Front Line Services**

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

11 **Communications**

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

Have they made a comment? If Yes insert here.

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**

This report concludes the position of the Capital Programme for 2018/19.

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. The reduction in the capital programme and the increase in grant funding has resulted in the underspend in the capital charges budget because of lower interest charges from borrowing.

14. **Scrutiny**

Has this report been scrutinised? Yes / No?

15. **Data Protection**

N/A

16. **Statutory Officers**

The Head of Finance notes the content of the report and supports the virements proposed to realign the funding requirements with the expenditure incurred and the reprofiling of projects between financial years.

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.	To report on the Capital Outturn position for the 2018/19 financial year.
b. That Cabinet approves the virements proposed in section 2 of this report.	To ensure appropriate virements, are carried out to align budgets and financing requirements.
c. That all virements over £500k are recommended to Council for approval.	To ensure that budgets for uncompleted projects is made available in the new financial year.

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:

CABINET REPORT TEMPLATE VERSION 6