

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET EXECUTIVE 22nd June 2021

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

REPORT TITLE: Capital Outturn for the year ended 31st March 2021

REPORT FOR: Decision

1. Purpose

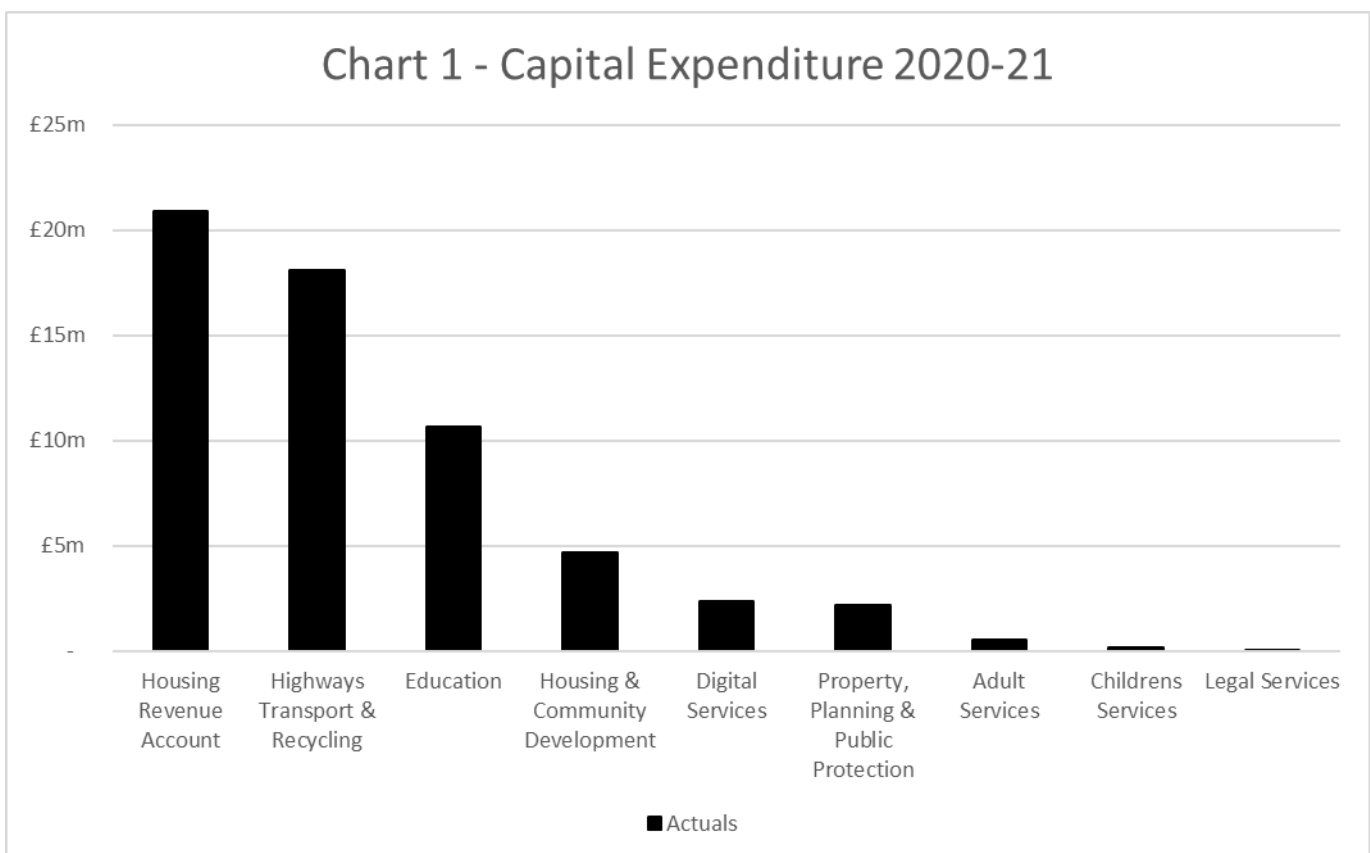
1.1 This report provides the outturn financial position for the Council's capital programme for 2020/21 and the funding streams used to support the programme.

2. Financial Update

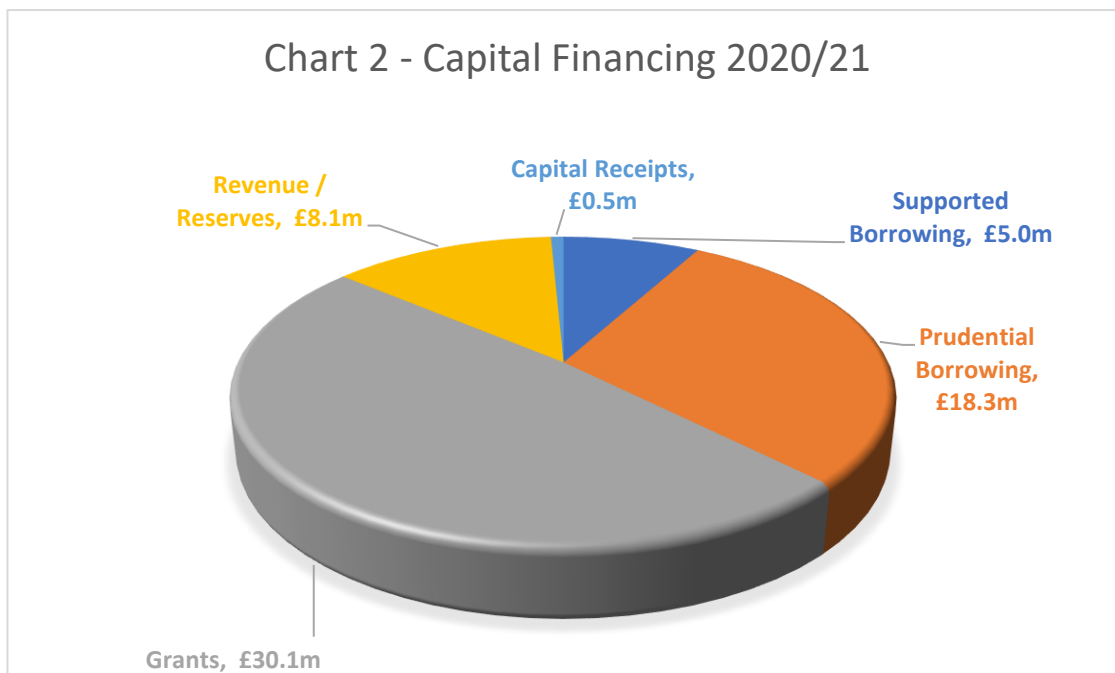
2.1 The final working budget for the 2020/21 Capital Programme, after accounting for approved virements, is £72.91 million.

2.2 Actual spend amounts to £61.83 million, representing 85% of the total budget.

2.3 Chart 1 below summarises the financial position for each service.



2.4 Chart 2 below sets out how the 2020/21 capital programme has been financed, 38% is funded through borrowing, the interest cost for this is charged to the revenue account.



2.5 The revenue expenditure to cover the borrowing for past and present capital schemes is charged to the revenue budget, the table below shows the breakdown for 2020/21.

Table 1 – Revenue expenditure covering borrowing and Minimum Revenue Provision (MRP).

Interest Paid	£	11.353m
MRP	£	3.472m
MRP Overprovision	£	0.767m
Total	£	15.592m
Costs attributable to		
HRA	£	5.426m
Council	£	10.166m

2.6 Based on the amounts above, 3.8% of the net revenue budget of £269 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.

3. Grants Received

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

3.2 Highways, Transport and Recycling

3.3 Welsh Government revised the original Active Travel Grant offer from July 2020 to reduce the funding by £0.57 million. Delays have occurred on the Newtown Bridge Active Travel scheme, that has meant we have been unable to utilise the full grant allocation this financial year, however WG remain committed to funding the scheme in future years.

3.4 Regeneration

3.5 A grant of £1.26 million has been secured from the Welsh Government Transforming Towns Programme for a new Place Making grant scheme in 2021-22 which will operate across Mid Wales and will to be launched in May 21. A grant of £380,000 has been secured towards the development of a first phase of business units at Abermule Business Park.

3.6 Education

3.7 Ministerial approval for the Ysgol Gymraeg y Trallwng has been granted and WG have confirmed that they will fund 50% (£4.56 million) of the total scheme cost (£9.11 million) with £0.65 million received in 2020/21 which was a year earlier than anticipated.

3.8 Legal & Democratic Services

3.9 £0.02 million has been awarded for Welsh Government Digital Democracy Fund to facilitate communication and participation between councils and the public.

4. Reprofiling Budgets Across Financial Years

4.1 Work is ongoing with project managers to review the capital schemes and the expenditure to date against the budget allocated. Where appropriate budgets will be reprofiled to align them with revised spending profiles. Projects that are reporting underspends will be reviewed and budgets released if they are no longer required.

5. Capital Receipts

5.1 Capital receipts totaling £2.10 million have been received during the financial year. There are currently sales agreed to the value of £1.15 million which are at the legal stage of the process.

5.2 Future sales are very much reliant on being able to market property in a timely way to allow acceptable offers to be received and sales completed. The ongoing impact of Covid will increase the risk that the completion of some agreed sales will be delayed or indeed lost. There is increased market uncertainty which may lead to a reduction in demand and offers.

5.3 The Council's Transformation Programme was budgeted to be funded by Capital receipts through the capitalisation directive. Due to the improved financial position for this year these costs have been funded from the revenue budget, retaining the capital receipts to support the Capital Strategy in future years.

6. Resource Implications

6.1 The Head of Finance (Section 151 Officer) provides the following comment:

The capital programme this year has been disrupted by the pandemic with expenditure for some projects having to be reprofiled. The slippage on schemes together with the receipt of new funding streams has seen a reduction in the need to borrow this year to cover capital expenditure. The council remains committed to investing in its assets

and the part this plays in the delivery of the Council's priorities and Vision 2025. The provision of the right assets in the right place at the right time will ensure the effective and efficient delivery of a comprehensive range of quality services. Maintaining the capital programme also has a significant regeneration impact for the economy of Powys. The council must continue to identify and consider the options available to fund capital expenditure that minimises the ongoing revenue implications of historic capital expenditure and of any new investments, this will ensure that the capital investment plans of the local authority are affordable, prudent and sustainable.

7. Legal implications

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

8. Comment from local member(s)

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

9. Integrated Impact Assessment

9.1 No impact assessment is required.

10. Recommendation

- That the contents of this report are noted.

10.1 Reason for Recommendation

- To report on the Capital Outturn position for the 2020/21 financial year.

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Appendix A:

Table 2 - Capital Table as at 31st March 2021

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget £	Remaining Budget %
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	689	56	745	513	232	31.1%
Childrens Services	1,092	(885)	207	148	59	28.5%
Education	44,865	(31,380)	13,485	10,623	2,862	21.2%
Highways Transport & Recycling	16,257	3,143	19,400	18,124	1,276	6.6%
Property, Planning & Public Protection	967	2,346	3,313	2,155	1,158	35.0%
Housing & Community Development	13,072	(7,604)	5,468	4,666	802	14.7%
Regeneration	3,179	2,124	5,303	2,318	2,985	56.3%
Digital Services	1,000	1,066	2,066	2,326	(260)	(12.6%)
Legal & Democratic Services	0	22	22	22	0	0.0%
Finance	16,521	(13,499)	3,022	0	3,022	100.0%
Total Capital	97,642	(44,611)	53,031	40,895	12,136	22.9%
Housing Revenue Account	35,230	(15,352)	19,878	20,932	(1,054)	(5.3%)
TOTAL	132,872	(59,963)	72,909	61,827	11,082	15.2%

A further £1.37 million above the figures shown in Table 2 has been recognised in the Statement of Accounts. This relates to school IT equipment which was purchased on our behalf by another authority using Welsh Government HWB Grant funding. These have been treated as donated assets.

Table 3 - Funding of the Capital Budget as at 31st March 2021

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contribution	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	4,951	11,192	23,040	1,254	459	40,895
HRA	0	7,064	7,037	6,831	0	20,932
Total	4,951	18,255	30,078	8,085	459	61,828

Head of Service Commentary

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	745	513	232	31

HOS Comment

The underspend on the capital budget in Adults services was for the following reasons:

- TEC - Underspend due to other Welsh Government revenue funding being made available and utilised.
- Arlais/Lant Avenue Older Peoples' Day Centre - Delays in project due to contractors, but budget will be required to be rolled forward to enable completion of project.
- Castell Y Dail - Project delayed due to pandemic and delays in signing off lease agreement.
- Care Homes - Delays in updates to Care Home buildings have been experienced due to the pandemic. Budget will be required in 21/22 to meet CIW regulations.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	207	148	59	29

HOS Comment

Capital works at Bannau/Camlas were unable to be completed by end of financial year due to delays in relation to Covid-19 restrictions. Work has continued where possible (carpentry, painting etc) and only the new flooring remains outstanding. All works are due to be completed within quarter 1 of 2021/22.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	13,485	10,623	2,862	21

HOS Comment

Major Improvements

The Schools Major Improvements Programme supports the improvement of education facilities and infrastructure for pupils. In this financial year, 67 projects were completed.

The improvements include the installation of new windows, replacement of fire doors, installation of new boilers and controls, disability alterations, resurfacing of road, playground and pathways, upgrading of accommodation for early years, flood prevention schemes, upgrading and installing new electrical, gas, water and foul/waste infrastructure and safeguarding (fencing/gates/school reception) works to meet legislative and Estyn requirements.

The impact of COVID-19 at the end of the financial year has seen some work stop and sites closedown. These projects will resume when possible and have been re-programmed for delivery in 2021/22 financial year.

21st Century Schools programme

Through the 21st Century Schools Programme, major investment was made during the 2020/21 financial year.

Welshpool CiW Primary School was completed and opened to staff and children of key workers and vulnerable children on 6th of January 2021, after a successful building and transitioning process. Due to gradual lifting of Covid-19 restrictions, the school became fully operational and opened to all pupils on 15th March 2021.

Ysgol Gymraeg y Trallwng was re-tendered and Wynne Construction, a Denbighshire based contractor, was appointed to lead on the construction of the UK's first hybrid passivhaus and Grade II listed building project. Powys County Council will be working with the contractor to ensure that community benefits targets are met and to ensure that a high proportion of project spend is spent in Powys.

Ysgol Cedewain project progressed at pace during the 2020/21 financial year, with the completion of the RIBA 2 concept designs. The procurement process to appoint a Design and Build contractor to complete the designs, and to construct the school has concluded and the successful contractor is due to be announced imminently.

Brynllwarch Outline Business Case was approved by Powys CC Cabinet and Welsh Government in September 2020, and RIBA stage 2 designs are now complete.

The SOC to replace Ladywell Green and Hafren buildings in Newtown with one school building, in line with the recent school re-organisation process, was also approved by Powys CC and Welsh Government in late 2020. This project forms a key part of the North Powys Wellbeing Programme, which is now progressing at pace with a commission agreed to undertake further site investigation works.

Bro Hyddgen Community Campus project progressed at pace in 2020/21, with the feasibility and early design work concluding that the scheme is viable. Powys CC Cabinet and Welsh Government approved the campus funding envelope in September 2020 and the project planning application and procurement process is due commence during 2021/22 financial year.

Work also commenced in developing project briefs and feasibilities for pipeline schemes.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	19,400	18,124	1,276	7
<u>HOS Comment</u>				
<p>Investment through the Highways major strategic schemes facilitates economic growth, improves transport links, provides network resilience and improves safety. £6.9m has been invested in resurfacing, surface dressing and structural maintenance, £0.4m on bridge strengthening and major repairs and a further £0.8m on other assets (car parks, signals, drainage, footways etc).</p> <p>Investment in Street Lighting of £1m has facilitated installation of 500no. new lanterns and/or columns and 7km of new cable has provided network resilience and saved 15 Tonnes per year in CO2 and 68,000kwh per year of energy usage.</p> <p>Other major projects this year included the substantial completion of the recycling bulking facility for the north of the county, and further household waste recycling centre enhancements.</p>				

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	3,313	2,155	1,158	35
<u>HOS Comment</u>				
<p>Investment continued in the County Farms estate with a programme of improvements including the removal of asbestos.</p> <p>The industrial units in Ffrwdgrech, was also refurbished during the year. The units are now fully occupied and secure annual rental and service charge income.</p> <p>The service area is looking to roll forward capital allocated to business parks due to delays caused by the service area prioritising covid-19 workload and delays caused by the need to secure a new planning consent.</p> <p>A small number of minor projects that have not be able to be completed in the current financial year due to covid-19 are also proposed to be rolled forward.</p>				

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing and Community Development	5,468	4,666	802	15
Housing Revenue Account	19,878	20,932	(1,054)	(5.3)

HOS Comment

Housing & Community Development

The Council has approved a five-year programme which has enabled replacement of plant, fixtures, end-of-life equipment, structural materials, playing surfaces and decoration throughout the leisure facilities in the county. The capital commitment supports the Council's 'landlord' responsibilities as part of the leisure contract but also ensures that the buildings are fit for purpose, compliant, attractive and provide a positive customer experience. Leisure Services in Powys not only support the overall well-being of our residents and communities but contribute to the health & care agendas, learning & skills – as a collaborative partner to the School's Transformation Programme, and the economy by hosting and delivering local, regional and national events and competitions._

A sample of the projects completed or in progress include -

- Complete resurfacing of two large car parks in Newtown & Welshpool
- Replacement pool surround & changing rooms in Knighton
- Replacement of Pool Dosing systems and Circulation Pumps in various pools
- Complete replacement of boilers in Welshpool and Brecon
- Replacement of redundant and end of life flooring, doors, air handling units and lighting systems
- Improvement and development of the fitness suite at Builth Wells Sports Centre. (There was also external 'recovery' funding from Sport Wales to support this project)
- Replacement outdoor (artificial) playing surface / carpet in Welshpool
- Replacement outdoor (artificial) playing surface in Llanidloes
- Replacement of outdoor floodlights in Welshpool & Newtown
- Replacement / improvement of squash courts in Llanfyllin

HRA

The affordable housing new build programme is progressing well. As of the 31st March there were 4 new homes completed, a further 114 homes in construction, with several more sites being progressed for development. Seven Passivhaus properties in Sarn are nearing hand over, with work on the 32 properties at the site in Brecon also approaching completion. The team have successfully applied for WG grant funding, the confirmation of which assists in ensuring that these new build schemes remain affordable within the HRA Business Plan. The affordability of future schemes will depend on the availability of grant funding, more information from WG is expected in 2021.

Some capital spend within the service has been delayed due to the ongoing Covid 19 pandemic, the service has worked with Finance colleagues to reprofile expenditure accordingly.

Approximately £12m has been spent on major refurbishment of council dwellings. Renewal of kitchens, bathrooms, heating systems, and replacement of roofs is continuing across the county and more investment has been committed in the next few years to improve properties for our residents.

In total 78 homes were fitted with new kitchens, 105 homes were fitted with new bathrooms, 128 homes had upgraded heating systems, 28 homes were rewired, 406 homes were fitted with new double-glazed windows, 230 homes had their roofs replaced, 83 homes benefitted from improved insulation levels, and 204 older persons accommodation received access improvements to RNIB standards.

10 dwellings have been purchased to increase the number of properties available using the Welsh Government's Homelessness Scheme.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Regeneration	5,303	2,318	2,918	56

HOS Comment

Expenditure has focused on town centre regeneration projects which include the Automobile Palace, Newtown Riverside Venue, Newtown Town Centre Green Infrastructure project and Town Centre Property Investment Fund.

Progress with the delivery of regeneration projects has been adversely affected by Covid delays during 2020-21. All grant funding has however been drawn down and committed with the agreement of Welsh Government and remaining spend is scheduled to take place during 2021-22.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Digital Services	2,066	2,326	(260)	(13)

HOS Comment

An extra £170k has been spent from the Device Refresh budget due to early refresh of laptops due to Covid. Also a number of devices for Test Trace and Protect were initially ordered from the refresh budget however the corresponding amount has been credited to the Refresh reserve. Although there is an overspend against budget this year, the overall net effect on the reserve is nil.

The remaining £90k relates the Schools HWB schemes and has been financed from the grant income carried forward from previous years.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Legal	22	22	0	0

HOS Comment

The congress system used for council meetings has been upgraded in year which allows for bilingual webcasting.

Service Area	Net Budget	Actual Spend	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Finance	3,022	0	0	100

HOS Comment

£2.9 million of the budget relates to Transformation schemes which under the Welsh Government Capitalisation Directive are funded from Capital Receipts. This year the transformation activities have been funded from the revenue surplus, retaining the capital receipts to support the Capital Strategy in future years.

The balance (£0.1m) is held as a contingency and has not been utilised during the year.