

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE 20th June 2023

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Portfolio Holder for Finance and Corporate
Transformation

REPORT TITLE: Capital Outturn 2022-23, as at 31st March 2023

REPORT FOR: Decision / Information

1. Purpose

1.1 This report provides an update on the financial position of the Council's capital programme for 2022/23 as at 31st March 2023.

2. Background

2.1 The 2022/23 Capital Programme was approved by Council on the 3rd March 2022. It included capital schemes totalling £133.88 million, of which £25.55 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government.

2.2 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	712	482	1,194	301	893	75%
Childrens Services	0	1,491	1,491	1,184	307	21%
Education	27,868	399	28,267	19,135	9,132	32%
Highways Transport & Recycling	14,163	6,165	20,328	20,137	191	1%
Property, Planning & Public Protection	100	2,284	2,384	2,123	261	11%
Community Development	714	1,812	2,526	1,644	882	35%
Housing General Fund	1,748	1,159	2,907	1,010	1,897	65%
Economy & Digital Services	9,974	5,019	14,993	4,689	10,304	69%
Finance	53,047	(53,001)	46	0	46	100%
Total Capital	108,326	(34,190)	74,136	50,223	23,913	32%
Housing Revenue Account	25,550	(4,682)	20,868	15,320	5,548	27%
TOTAL	133,876	(38,872)	95,004	65,543	29,461	31%

2.3 The revised programme at the 31st March 2023 is budgeted at £95.00 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £65.54 million, representing 69% of the total budget.

2.4 33%, £21.48 million, of the capital expenditure has been financed by borrowing, the interest cost for this is charged to the revenue account.

2.5 Table 2 – Capital Programme funding

Funding	2022/23	
	£'000	%
Grants	35,154	54%
Revenue	8,797	13%
Borrowing	21,484	33%
Capital Receipts	109	0%
Total	65,543	

3. Grants Received

3.1 The following grants have been received since the start of the financial year. These are for additional schemes and have been included in the Capital Programme.

3.2 **Housing** - £0.11 million has been awarded from Welsh Government's (WG) Transitional Accommodation Capital grant towards the purchase of a council housing.

3.3 **Leisure** - £0.15 million has been awarded from Athletics Wales for the resurfacing of the athletics track at Brecon Leisure Centre.

4. Reprofiling Budgets Across Financial Years

4.1 There were several schemes in the 2022/23 capital programme which are continuing into 2023/24. The budget carried forward to reprofile these schemes is shown in the Table 3.

4.2 Table 3 - Funding carried forward from 2022/23

Service Area	2022/23
	£'000
Schools	9,518
Adults Services	877
Childrens Services	379
Highways, Transport & Recycling	474
Housing & Community Development (excl HRA)	1,826
Property, Planning and Public Protection	710
Finance	46
Economy & Digital	10,228
Housing Revenue Account (HRA)	5,165
Total	29,223

5. Virements

5.1 **Small Capital Bids 2023/24** - The Capital Strategy approved for 2023/24 contains £0.50m funding for small projects from £0.01m to £0.10m. Bids were prioritised using preset criteria and funding was distributed to the following schemes.

- £85k – New lift and medical room at Ladywell House, Newtown.

- £100k – Four new highway weather stations in relation to gritting.
- £50k – Upgrade pay and display machines to 4G.
- £70k – New wall at Knighton Cemetery.
- £60k – Replacement filters in leisure centre pools.
- £25k – Structural improvements at Lakeside Restaurant and Boathouse, Llandrindod Wells.
- £45k – Replace asbestos roofs on county farm buildings.
- £35k – New noise meters for Environmental Protection.
- £30k – Sewerage works at Brecon Boathouse.

5.2 **Community Equipment Store** - A business case was presented to the Capital Oversight Board (COB) setting out the case for funding to carry out urgent capital works on the Community Equipment Store in Newtown. This was supported by the COB and cabinet are requested to approve an allocation £0.22 million for these works, it will be funded by from existing capital budgets that are not required at this stage.

6. Capital Receipts

6.1 A total of £2.93 million was received in 2022/23 (including £0.39 million for the HRA). There are a further £1.14 million of sales agreed, these are at the legal stage of the process and will generate future capital receipts.

7. Resource Implications

7.1 The Head of Finance (Section 151 Officer) notes the content of the report. The 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. Expenditure on the Capital Programme continues to be monitored carefully through the year, the impact of rising costs, supply chain issues and additional borrowing costs will have to be carefully considered. Prioritisation of resources at a corporate level ensures that the council can effectively meet its objectives whilst maintaining an affordable level of investment.

8. Legal implications

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

9. Recommendation

9.1 That the contents of this report are noted.

9.2 That the virements in section 5 are approved.

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Appendix A:

Head of Service Commentary

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	1,194	301	893	75
<u>HOS Comment</u>				
<p>£100k Welsh Government Funding for 'Specialist Equipment' and £43k for Substance Misuse Building Works were fully utilised. The remaining expenditure was for improvements in the Powys Leased Care Homes.</p>				

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	1,491	1,184	307	21
<u>HOS Comment</u>				
<p>Residential development – works to refurbish and improve a range of properties for childrens residential care have been completed in order to meet Care Inspectorate Wales (CIW) requirements.</p> <p>Work to meet CIW requirements at the Safe Accommodation residential property have commenced and a small proportion of works will now be completed 23/24. Funding has been secured in 23/24 to complete the work.</p> <p>The Oldford Family Centre in Welshpool has been completed and was opened by Deputy Minister in March 2023. This is a multi-agency hub providing support to children, young people and their families in the Welshpool area. Scoping for possible funding underway to replicate in the South of the County.</p> <p>Works on the Flying Start Childcare hub in Brecon is nearing completion and WG agreed for capital funds to be moved to 23/24 to support this.</p>				

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	28,267	19,135	9,132	32

HOS Comment

Transforming Education Programme

The Council's Transforming Education Programme has continued to make steady progress this year. The latest status of each project is outlined below:

- **Ysgol Gymraeg y Trallwng**, a 150 place Welsh-medium school in Welshpool opened to pupils in May 2023.
- **Cedewain Special School, Newtown** – construction is underway, with the new building expected to open to pupils in the autumn term 2023.
- **Brynlllywarch Hall School, Kerry** – a contractor was previously appointed for this scheme, which is to construct a new behavioural, emotional and social difficulties (BESD) school for pupils with complex behavioural needs. However, the Council is still awaiting final cost information. This is due to be received from the contractor by the end of June 2023. Once this is received, consideration will need to be given to how to proceed.
- **Sennybridge C.P. School** – the tender package for constructing a new build 150 place school to replace the current poor condition buildings has been published. Tenders are to be submitted by the 7th July.
- **Ysgol Bro Hyddgen, Machynlleth** – a decision has been made to reduce the scope of the planned new building. This will no longer include leisure and library facilities. Royal Institute of British Architects (RIBA) stage 2 has now been completed based on the revised scope.
- **Ysgol Calon y Dderwen, Newtown** – work on plans to provide a replacement primary school for Ysgol Calon y Dderwen continued, with the designs progressed to RIBA 2 stage. However, further discussions have taken place regarding the size of the new building, which may result in revising the current designs. This project forms part of the North Powys Well-being Campus development, which is planned for Newtown. Linkages with the North Powys Well-being Programme are a key feature of this project. The Council will continue to work closely with colleagues within Powys teaching Health Board (PtHB) as discussions around changing the scope of the project develop.

Cost uncertainty, market fluctuations and material availability have continued to be issues for the Programme in the last financial year and will continue to need robust management and scrutiny of costs as projects develop this year.

Major Improvement Programme

The Council's annual capital programme has made very good progress, in this financial year, there are 150 projects with:

- 2 projects on hold
- 10 schemes to commission
- 6 schemes commissioned.

- 17 at the design stage
- 13 at the tender stage
- 14 at the construction stage
- 88 schemes are practically completed on site.

The overall programme budget is £5,269,753 for 2022/23 with expenditure of £4,712,191 to end of March 2023. There were several project's in this programme part funded by Welsh Government Community Focus & Additional Learning Needs Grants.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	20,328	20,137	191	1

HOS Comment

The service has performed well and all major capital schemes on target with spend coming in just under 1% of allocation.

As previously reported, Brecon Household Waste Recycling Centre (HWRC) and Cwrt y Plyffin capital funding has been rolled forward aiding the capital finance borrowing position.

It is noted that to mitigate high inflation we have reduced the scope of works within delivery programmes. This adjustment has been based upon scheme ranking and prioritisation.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	2,384	2,123	261	11

HOS Comment

The Environmental Protection team has been unable to complete the new Machynlleth cemetery within the financial year. Capital funding for the project will need to be taken forward into the next financial year.

A number of small property related schemes have failed to spend their allocations within the financial year. Budgets have been taken forward into the new financial year.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Community Development	2,526	1,644	882	35

HOS Comment

Leisure Centres in Powys have a five-year capital programme that is monitored and reviewed on a regular basis with the authority's delivery partner, Freedom Leisure. Due to the current review of the leisure service, works will be prioritised in order of risk, considering health & safety, compliance and potential future use. Further exploratory works and feasibilities will be carried out ensuring appropriate market value is achieved. It is intended that several projects will be undertaken in this financial year but will be dependent on interest from contractors and the ability to progress following ecological surveys and approval.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing General Fund	2,907	1,010	1,897	65
Housing Revenue Account	20,868	15,320	5,548	27

HOS Comment

Housing Revenue Account

The costs of materials have continued to remain comparatively high and contractor quotes remain higher than anticipated. In addition, not all contractors are able to deliver within the required timelines. Recruitment of additional tradespeople continues to reduce the Council's reliance on external contractors.

The 18-home Red Dragon housing project remains in the control of the administrator for the principal contractor. Handover of the properties is provisionally expected in summer 2023.

The Energy Company Obligation (ECO) 4 / Optimised Retrofit Programme (ORP) 3 Retrofit programme continues, with the completion of works to properties with low E, F, G Energy Performance Certificates (EPC). This programme will continue through 2023-2024 and 2024-2025.

Housing General Fund

Demand for disabled facilities grants (DFGs) remains high with delivery adversely affected by the challenges experienced in securing contractors to undertake work.

Demand for, and cost of, homelessness related services remains high.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	14,993	4,689	10,304	69

HOS Comment

Economy

Overall capital budgets are managed from grant funds and profiled until March 2025. This process is managed through quarterly reporting fund management and slippage is being managed in monthly review meetings with partners and contractors. This includes:

Transforming Towns Programme £5,080,000 for Placemaking Grant is managed through an application process. The capital fund is managed through a local and regional panel and the spend profile for 2022/23 is slightly under target spend but with approval for roll forward to 2023/24 being confirmed.

Levelling-up Capital Projects. Project expenditure is currently behind schedule, but this is regularly reviewed with partners to ensure delivery against grant terms and conditions. Council project aspects are being managed carefully and costs are within contingency limits with work slightly behind schedule but within grant agreements. Any required changes will be considered as a one-off Performance Assessment Review (PAR) review during the lifetime of the project.

Digital Services Capital

Again, there has been no significant change since the previous quarters update. The majority of the reprofiled allocation has been spent as planned. Major projects have already been aligned for the following year.