

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

19th September 2023

REPORT AUTHOR: County Councillor Cllr David Thomas
Portfolio Holder for Finance and Corporate Transformation

REPORT TITLE: Capital Forecast 2023-24, as at 30th June 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 2023/24 as at 30th June 2023.

2. Background

2.1 The 2023/24 Capital Programme was approved by Council on the 23rd February 2023. It included capital schemes totalling £93.29 million, of which £23.48 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. Appendix A provides a detailed narrative from each service lead about their capital schemes and delivery plans.

2.2 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	%
Adult Services	200	922	1,122	6	240	1,116	99.5%
Childrens Services	0	379	379	23	43	356	93.9%
Education	33,005	(4,862)	28,143	3,047	11,193	25,096	89.2%
Highways Transport & Recycling	12,681	6,135	18,816	2,513	4,557	16,303	86.6%
Property, Planning & Public Protection	100	998	1,098	50	237	1,048	95.4%
Community Development	922	1,337	2,259	(42)	739	2,301	101.9%
Housing General Fund	1,748	1,279	3,027	533	461	2,494	82.4%
Economy & Digital Services	16,196	(1,690)	14,506	(344)	7,908	14,850	102.4%
Unallocated	4,953	(454)	4,499	0	75	4,499	100.0%
Total Capital	69,805	4,044	73,849	5,786	25,453	68,063	92.2%
Housing Revenue Account	23,482	5,165	28,647	1,826	4,822	26,821	93.6%
TOTAL	93,287	9,209	102,496	7,612	30,275	94,884	92.6%

- 2.3 The revised programme at the 30th June 2023 is budgeted at £102.50 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £7.61 million, representing 7.4% of the total budget.
- 2.4 Currently 48%, £48.82 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account. Finance will be working with the services to ensure the profiling of budgets is accurate to effectively manage the borrowing.
- 2.5 Table 2 – Capital Programme funding

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont.,	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
All General Fund	4,587	26,313	36,654	2,580	3,715	73,849
HRA	0	17,915	5,832	3,900	1,000	28,647
Total	4,587	44,228	42,486	6,480	4,715	102,496

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 **Schools**

3.3 £0.47 million has been received from Welsh Government for Childcare and Early Years Small Grants Funding.

3.4 **Housing & Community Development**

3.5 Welsh Government have awarded £0.26 million from their ENABLE Grant to provide works to support for independent living.

3.6 Welsh Government have awarded £0.27 million to support the remodelling of Ystradgynlais Library.

3.7 **Highways, Transport and Recycling**

3.8 Welsh Government have awarded £1.60 million to support the implementation of the 20mph default speed limit on restricted roads across Wales coming into force on 17th September 2023.

3.9 As part of the Local Places for Nature grant programme, Wales Council for Voluntary Action awarded £0.38 million for financial year 2023/24 and £0.45 million for financial year 2024/25. The funding will support the creation, restoration or enhancement of natural assets and increase biodiversity and nature recovery.

3.10 Welsh Government have awarded Allotment Support Grant funding of £0.03 million in 2023/24 and £0.03 million in 2024/25 to increase the availability of good quality allotment plots in the county.

3.11 Welsh Government have awarded £1.91 million funding from the Active Travel Fund. The purpose of the funding is to increase levels of active travel and will fund the Newtown 3rd crossing and central Welshpool active travel schemes.

4. Reprofiled Budgets Across Financial Years

- 4.1 A review of the capital budgets held for the **Sustainable Communities for Learning** (formally 21st Century Schools) has been carried out and based on the latest estimated spend profiles, £17.55 million and £23.81 million has been reprofiled from 2023/24 and 2024/25 respectively into 2025/26, 2026/27 and 2027/28 as shown in the table below. The table also shows the funding that has been reprofiled.

Funding	2023/24	2024/25	2025/26	2026/27	2027/28
Total Budget	(17.55m)	(23.81m)	18.53m	19.73m	3.10m
Capital receipts	(0.89m)	(1.06m)	1.95m		
Borrowing	(3.29m)	0.86m	(7.47m)	6.80m	3.10m
Welsh Government Grant	(13.37m)	(23.61m)	24.05m	12.93m	

- 4.2 The latest spend profile for the Levelling Up Projects has necessitated £10.96 million to be reprofiled from 2023/24 into 2024/25 (£8.45m on the Montgomery scheme and £2.51 for the Brecon and Radnor scheme). The schemes are still on track to complete by the end of the 2024/25 financial year in line with the grant terms.

5. Capital Receipts

- 5.1 A total of £0.77 million has been received to date. There are currently sales agreed to the value of £0.95 million (including £0.28 million for the HRA), these are at the legal stage of the process and will generate future capital receipts. At this stage it is expected that sales totalling £7.80 million could be achieved this financial year.

6. Virements

- 6.1 Approval is requested for a virement of £0.02 million from the Lesure capital budget to the Schools Major Improvements budget as a contribution towards the works to Llanidloes HS/Sports Centre Gymnasium ceiling and lighting works.
- 6.2 Welsh Government funding has been awarded to continue to expand the community Electric Vehicle (EV) hubs. As part of this, the Council is required to meet a percentage of the total cost. Approval is requested for a virement to allocate £0.02 million to the Highways budget from the unallocated capital budget which sits under Finance. This will allow the council to accept the grant funding of £0.13 million for this scheme.

7. Resource Implications

- 7.1 The Head of Finance (Section 151 Officer) notes the content of the report. Expenditure for the first quarter at 7.4% is extremely low, 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, although inflation has stabilised, costs are high, alongside supply chain issues and additional borrowing costs which 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 virements in section 6 are approved.

9.1 That the contents of this report are noted.

Contact Officer: Jane Thomas Email: jane.thomas@powys.gov.uk Head of Service: Jane Thomas

Appendix A: Head of Service Commentary

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Adult Services	1,122	6	1,116	99

HOS Comment

- Expenditure will occur in the second half of the financial year as expected.
- Regional Integration Fund (£100k) for community equipment has not yet accrued expenditure but consistent with previous years, will be utilised later in the year to respond to winter pressures, for example, to support hospital discharge pressures
- Community Equipment Store contract roof (£265k) improvements. Initial works have commenced, and this will be completed further in the year and allocation fully utilised.
- Powys owned care homes (£335k) - lift improvements at one of these care homes will absorb a large element of the available allocation. The last property condition survey on all of the 13 homes identified a list of improvements required. The capital allocation as part of the contract is responsible for completing the list of improvements. There is a high confidence that the allocation will be fully utilised.
- There is an element for 'robotics' (£420k) which means using technology to support care. Adult Services and Commissioning plan to review this and will report in quarter two.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	379	23	356	94

HOS Comment

The Flying Start Childcare provision is nearing completion at Priory in Brecon with full spend forecast for 23/24.

Works to renovate Childrens Safe accommodation in order to meet CIW registration is continuing and is due to be completed by Sept 2023.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	28,143	3,049	25,096	89

The Council's Transforming Education Programme includes 6 approved school building projects and 2 pipeline projects. The latest status of each project is outlined below:

- Ysgol Gymraeg y Trallwng – school opened in April, and currently in defects period. Final accounting taking place, estimated to be within approved budget. Work has taken place to close down the old school and this is being transferred to Strategic Property.

- Ysgol Cedewain - in construction. There is a slight delay to the original programme, but discussions are on-going with the contractor to understand the impact of this and agree the transition period to the opening of the school.
- Brynllwarch Hall School – RIBA 4 (technical design) stage has been completed, planning application submitted and progressing, on-going discussions with the main contractor over costs.
- Ysgol Bro Hyddgen – Following the re-start of the project earlier this year, the RIBA 2 (Concept Design) stage has now concluded, and RIBA 3 (spatial) is underway.
- Sennybridge CP School – Activity has focused on the tender exercise for a Design and Build contractor to complete the design of the school. Tender period closed 21/07/23.
- Ysgol Calon y Dderwen, Newtown – following completion of RIBA 2 (concept design) stage, further exploratory work has been taking place to review the size of the school, with a potential to increase from 300 places to a maximum of 420 places. Discussions have been taking place with Ysgol Calon y Dderwen, Treowen CP School and Maesyrrhandir CP School. A report will be brought to Cabinet in the autumn term with a preferred way forward.

Pipeline projects

- New Brecon Primary School – tendering for architectural services to undertake a feasibility. Headteacher appointed.
- Ysgol Calon Cymru – Implementation plan currently being developed for consideration by Cabinet in the autumn term.

Major Improvement Programme

The Programme supports the improvement of education and early years setting facilities and infrastructure for pupils and staff. In this financial year, there are 122 projects with:

- 2 projects on hold
- 8 schemes to commission
- 7 schemes commissioned
- 26 at the design stage
- 24 at the tender stage
- 26 at the construction stage
- 27 schemes are practically completed on site.

The overall programme budget is £6,181,065 for 2023/24 with expenditure of £784,487 to end of July 2023. There are contract commitments of £1.146million for projects in progress. The combined expenditure and commitments represent 31% of the overall budget is committed. There is some project's part funded by Community Focus WG Capital grant as agreed with Schools Service. There has been an allocation of £870,208 WG ALN Grant and agreement is agreed on the priorities for this work with Schools Service. This grant sits outside of this programme until the priorities are agreed.

Welsh Medium Grant – Ysgol Pennant classroom extension - The classroom extension work is progressing on site with completion anticipated by the end October 2023.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	18,816	2,513	16,303	87

HOS Comment

- The Highways Capital Programme is on track. To note, the surface dressing programme has been completed.
- Preparation works for the implementation of the 20mph default speed limit for restricted roads on the 17th September is on track (grant funded).
- The Street Lighting programme is on track.
- Brecon HWRC is programmed for construction Q3 and is on-track.

The service notes that the Q1 financial profile in terms of expenditure is often lighter than other quarters, as it is predominantly a period for design/planning with larger expenditure programmed later in the year.

As noted last year, inflationary costs have significantly reduced the scope of works achievable within the highway's capital programme.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Property, Planning and Public Protection	1,098	50	1,048	95

HOS Comment

Capital programme is on track. Service area expected spend to be low in Q1 and to mainly be spent in Q3 and Q4. No reprofiling of capital expenditure currently required.

Inflationary costs are being monitored and appropriate action will be taken to ensure works fall within funding envelopes.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Community Development	2,259	(42)	2,301	102

HOS Comment

A couple of projects / works were delayed in 2022/23 which resulted in capital budget being carried forward, with the intention of spending the full amount in 2023/24 which was planned for within the programme.


However, since the beginning of 2023 calendar year, the leisure review process has commenced which has resulted in only essential and immediate works in leisure centres being agreed, prioritised and undertaken.


Just under £1m of the capital budget is committed to works in quarter one. Expected amounts were not fully invoiced by contractors by the end of the quarter but will be spent. In addition, for some roofing works in particular, a couple of projects had to be re-tendered due to disappointing interest in the first round.

The leisure centres / portfolio is able to maximise the capital budget available when the outcome of the leisure review is concluded.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing General Fund	3,027	533	2,494	82
Housing Revenue Account	28,647	1,826	26,821	94

HOS Comment

 Housing General Fund: For some General Fund works, property owners are able to select their own contractors. However, the availability of contractors to undertake works remains challenging, with as a result delivery times for aids and adaptations taking longer than predicted.

 Housing Revenue Account: Tender submissions are awaited for two new housing development projects, which if the tenders are acceptable, will allow progress on these sites to begin later this year with associated spending taking place as works begin. There may be a need to carry forward expenditure into future years depending on mobilisation times for these projects. If the tenders are not acceptable, a revised specification and approach to the schemes will be undertaken and resubmitted to market. It should be noted that the HRA is ring fenced, so investment not possible in 2023-2024 will not be lost as the funding can and will be carried forward into future years.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	14,506	(344)	14,850	102

HOS Comment

Digital Services Capital

The desktop refresh programme is a continual programme and is on track to spend this years' calculated figure although our replacement strategy is being reviewed to realise carbon reduction savings and to meet anticipated service staffing changes. The Infrastructure and Unallocated programmes are on track to spend following a number of planned purchases

relating to onsite infrastructure. Regarding the cloud capital, much of this is planned to be spent this financial year but further business cases will be required to highlight changes in capital funding. For the individual projects, these are being reviewed in light of the new Digital Programme and will be drawn down as part of individual Project Business cases.

Economy

An underspend from 2022-2023 capital programme from UK Government has resulted in monies being utilised through freedoms and flexibilities which is shown in the difference between allocated budget and remaining budget. 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. Projects are developed with partners and approved as bids are received. The team work hard to create opportunity for partners to draw down the capital investment and this is regularly monitored with Welsh Government.

Levelling-up Capital Projects. Project expenditure is currently behind schedule, 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) during the lifetime of the project. We are assuming continued underspend of capital receipts from UK Government in quarters 1 to 3 at which point it is estimated a PAR review will take place to align predicted spend and schedule of works to the capital programme. This review is being left late in year as we need to be confident of anticipated delivery timescale from partners as changes can only be made once in the lifetime of the programme between 2022 and 2025. Current boards are monitoring progress on a monthly basis to ensure the programme remains on track against the current profiled spend for quarter 4.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Unallocated	4,499	0	4,499	100

HOS Comment

The budget held here is the currently unallocated funds set aside for pipeline projects.