

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

27th February 2024

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

REPORT TITLE: Capital Forecast 2023-24, as at 31st December 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 31st December 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.

2.2 Table 1 - Breakdown by service

Service	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget		Commitments
	£,000	£,000	£,000	£,000	£,000	%	£,000
Adult Services	200	677	877	181	696	79%	570
Childrens Services	0	379	379	333	46	12%	350
Education	33,005	(5,169)	27,836	12,817	15,019	54%	20,227
Highways Transport & Recycling	12,681	7,190	19,871	10,619	9,252	47%	14,676
Property, Planning & Public Protection	100	1,004	1,104	456	648	59%	537
Community Development	922	608	1,530	430	1,100	72%	727
Housing General Fund	1,748	1,279	3,027	1,477	1,550	51%	2,229
Economy & Digital Services	16,196	(10,492)	5,704	2,183	3,521	62%	10,814
Unallocated	4,953	(4,953)	0	0	0		75
Total Capital	69,805	(9,477)	60,328	28,496	31,832	53%	50,205
Housing Revenue Account	23,482	(3,357)	20,125	9,969	10,156	50%	14,412
TOTAL	93,287	(12,834)	80,453	38,465	41,988	52%	64,617

- 2.3 The revised programme at the 31st December 2023 is budgeted at £80.45million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £38.47 million, representing 48% of the total budget. An increase of £15.62 million since that reported at Quarter 2.
- 2.4 Currently 36%, £29.34 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account.

2.5 Table 2 – Capital Programme funding

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contribution	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	4,562	16,265	34,547	1,240	3,715	60,329
HRA	0	8,514	6,710	3,900	1,000	20,124
Total	4,562	24,779	41,257	5,140	4,715	80,453

3. Grants Received

3.1 The following grants have been received in the last quarter. These are for additional schemes and have been included in the Capital Programme.

3.2 Education

3.3 £0.61 million has been awarded by the Welsh Government to support the delivery of the Childcare and Early Years Capital Programme at Ysgol Pennant.

3.4 Community Development

3.5 £0.08 million received from Sport Wales to install solar PV panels in the Flash Leisure Centre, Welshpool.

3.6 Highways, Transport and Recycling

3.7 £0.17 million received from Welsh Government for flood alleviation schemes at Plasnewydd, Pontfaen and Legar Brook.

3.8 £0.34 million awarded by the Welsh Local Government Association for a nature habitat management project at Welshpool Golf Club and working through the Powys Nature Partnership with Llais y Goedwig, RSPB Llyn Vyrnwy, and the Canal and River Trust to support tree, hedge, and wildflower planting and setting up new tree nurseries across Powys which will support future tree planting projects.

4. Reprofiling Budgets Across Financial Years

4.1 During the last quarter, all services have reviewed their allocations in the capital programme. Following this review and using the estimates provided by the services of the spend in this financial year, £15.32 million has been reprofiled into future years. These are included in the proposed Capital Programme which is due for consideration by members as part of the councils 2024/25 budget proposals. A breakdown is shown in the following table.

4.2 Table 3 – Capital Programme Reprofiting by Service

Service Area	£
Pipeline Schemes	4,216,397
County Farms	100,000
Sport & Leisure	714,634
Salt Barns	58,228
Countryside & Outdoor Rec	80,000
Waste Minimisation & Recycling	138,805
Fleet Management & Vehicle Replace	205,875
Libraries	93,520
Office Accommodation	175,000
Levelling Up Fund	4,691,688
Economic Development	3,553,178
Information Services	498,845
Customer Services	12,258
Social Services	245,000
Sustainable Communities for Learning Programme (Transforming Education)	535,034
Total	15,318,461

4.2 **Housing Revenue Account** - A review of the budgets held for WHQS and other capital works to the existing housing stock has been carried out. As a result, £2.65 million has been reprofiled into future years and the revised profile will be used as part of the HRA business plan, that will be finalised by year end.

5. Capital Receipts

5.1 A total of £1.86 million has been received to date. There are currently sales agreed to the value of £0.53 million, with a further £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 £2.57 million and £0.28 million for the HRA, could be achieved by the end of this financial year (31st March 2024).

6. Resource Implications

6.1 The Head of Finance (Section 151 Officer) notes the content of the report. The re-profiling of schemes that has taken place is welcomed and is essential to enable us to 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. The delay in utilising the Capital allocated has created slippage in the revenue budget as borrowing is delayed, the revenue budgets have been reviewed and reduced accordingly for the 2024/25 budget. Additional funding will need to be sourced or the revenue budget reinstated in future years to support the borrowing required.

7. Legal implications

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

6. Climate Change & Nature Implications

6.1 The capital programme remains a key enabler in how we contribute to addressing both the Climate Emergency (where we need to reach the goals of Net Zero by 2030), and Nature Emergency. Approximately £34.00 million of the 2023/24 Capital Schemes and at least £10.00 million of the HRA schemes directly contribute to climate change and nature initiatives.

6.2 Grant funding noted in 3.7 and 3.8 of this report will fund additional schemes that will help to support and recover existing habitats as part of the Powys Nature Recovery Plan, which in turn will positively impact upon a range of species in Powys and beyond.

7. Data Protection

7.1 Not applicable

8. Comment from local member(s)

8.1 Not applicable

9. Impact Assessment

9.1 Not applicable

10. Recommendation

10.1 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	877	181	696	79

HOS Comment

Expenditure will occur by the end of the financial year as expected.

- Regional Integration Fund allocation of £100,000 for community equipment has been fully utilised.
- Community Equipment Store contract roof improvements £265,000, initial works have commenced, and this will be completed and allocation fully utilised.
- Powys owned care homes £335,000, utilised £77,000 to date, remainder to be utilised by year end - lift improvements at one of the 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 and as part of the contract the landlord is responsible for completing the list of improvements. There is a high confidence that the allocation will be fully utilised.
- Balance is an allocation for 'robotics', which means using technology to support care, this is not on course to spend.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	379	333	46	12

HOS Comment

The Flying Start childcare provision in Brecon has been completed.

Safe Accommodation is nearing completion and will be completed before the end of March 2024.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Education	27,836	12,817	15,019	54

HOS Comment

Sustainable Communities for Learning Programme (Transforming Education)

Ysgol Bro Hyddgen, Machynlleth

RIBA stage 3 is completed. Pre-planning Application Consultation (PAC) completed December 17th 2023. Preparing for planning application in February 2024. Need clarity about BREAM exemption.

Ysgol Cedewain, Newtown

In construction. Programme has encountered delays due to various issues with continued uncertainty about handover date. Legal advice has been sought to protect the Council's interests. Team are continuing to monitor progress.

Brynllwarch Hall School

Planning application has been submitted and subsequently approved by the Council's Planning Committee. Currently awaiting Welsh Government's response to a request to call in the decision that was submitted after PAC. Re-tendering cannot take place until Welsh Government's decision is known but work is progressing on pulling the tender documentation together.

Sennybridge C.P. School

Following detailed examination of the tender returns, concerns were raised about the commercial return and legal advice was sought. The view is that the information contained within the commercial returns do not provide a robust basis to enter into contract. Programme Board have given approval to re-tender the project, which will take place in early 2024.

Ysgol Gymraeg y Trallwng, Welshpool

Anticipated projected out-turn cost is £131k below budget - project still in post-occupancy phase.

Brecon Primary School

Programme Board approved the initial feasibility and selected a site option. Work continues with the temporary governing body to establish the school by September 2024 across 3 sites initially.

Ysgol Calon Cymru

Implementation plan currently being worked up for Cabinet's consideration in March.

Major Improvement Programme

The Programme supports the improvement of education and early years setting facilities and infrastructure for pupils and staff. In financial year 2023-24, there are 145 projects with:

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

The overall programme budget is £6,226,508 for 2023/24 with expenditure of £2,353,601 to end of December 2023. There are contract commitments of £1.473 million for projects in progress. The combined expenditure and commitments represent 62% of the overall budget is committed. There are some projects which are part funded by the Welsh Governments Asset Collaboration and Community Focused Schools Capital grants as agreed with Schools Service. There has been an allocation of £870,208 WG (Welsh Government) ALN Capital Grant and priorities for projects are agreed with Schools Service. These grants sit within this programme and priorities have been agreed.

Welsh Medium Grant – Ysgol Pennant classroom extension - The classroom extension work has been handed over to the school with minor works to complete.

Early Years Capital Grant – Ysgol Pennant new early years accommodation – The new early years mobile is anticipated to be complete before end March 2024. The work is progressing on site to program and the project is within budget.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	19,871	10,619	9,252	47

HOS Comment

- The Highways Capital programme is on track.
- The Street Lighting programme is on track.
- Refurbishment of Brecon HWRC has started on-site and is on-track.

The Service notes that the Q3 financial profile in terms of expenditure is 53% of the total budget at three quarters of the way through the financial year, however, works associated with grants are often programmed for Q4.

As noted last year, inflationary costs continue to significantly reduce 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	1,104	456	648	59

HOS Comment

The Glanyrafon project is unlikely to be completed in the 2023/24 financial year. Reprofiling is therefore required for this project.

The remainder of the capital projects are progressing well and should be delivered within Q4.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Community Development	1,530	430	1,100	72

HOS Comment

Some projects / works were unavoidably 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). The 'review of leisure services' commenced in the spring 2023 (as a result of the energy crisis/increased costs of utilities) has meant that much of the capital programme is paused, apart from essential works, where agreed. This has led to just under £715,000 of capital funding being reprofiled into 2024/25.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing General Fund	3,027	1,477	1,550	51
Housing Revenue Account	20,125	9,969	10,156	50

HOS Comment

Housing General Fund

Disabled Facilities Grants: Taking into account both works completed (as reported above) and those committed and good to go, Housing Services anticipates being able to end the year on target for both works and use of financial resources. Any works that cannot be funded in 2023-2024 will be rolled forward to 2024-2025.

Improvement Loans for Private Property Owners: Demand remains robust for Home Improvement Loans and the Zero Interest Loan Fund scheme, important schemes aimed at private property owners. Taking into account both loans completed and those committed and good to go, it remains possible that in-year resources from the Council may not meet demand. The schemes are administered on behalf of Housing Services by the Robert Owen Community Banking Fund (ROCBF), based in Newtown. The ROCBF has advised that it may be able to consider supporting clients with loan support for the remainder of the year using its own funds. Core funding from

the Council will then, subject to funds being made available, return for 2024/25. Landlord Loans and Town Centre Loans continue to run well.

Housing Revenue Account

New build - our development programme remains limited to the areas of the county not affected by the moratorium on new house building until the management of phosphate matters is resolved in the Wye and Usk river catchments. Six proposed Powys County Council social rented housing schemes fall within the affected area. However, in anticipation of works to the water treatment plant serving Llandrindod Wells, provisionally scheduled for 2025 by Welsh Water, Housing Services has now started design and preparatory work on two new Council-housing schemes in the town. The Housing Development Team have continued to work on other areas, with the acquisitions programme in particular now proceeding well. No compliant tenders were received for the demolition of redundant apartments and the development of new homes in the Ael-y-bryn and Pen-y-bryn area of Ystradgynlais. Housing Services is now exploring the option of clearing the site (demolition of existing buildings) in preparation for retendering the construction work for new build only.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	5,704	2,183	3,521	62

HOS Comment

Digital Services Capital

The desktop refresh programme is a continual programme and is on track to spend this year.

The Cloud transformation capital - due to budget pressures and conflicting priorities the majority of this work will now take place next year, however further business cases will be required to highlight changes in capital funding.

For the individual projects, these have been reviewed in light of the Digital Programme and will be drawn down as part of individual Project Business cases.

Economy Capital

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 and have accurate costings from contractors, 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. Contracts for Theatr Brycheiniog (Brecon & Radnor) and Y Lanfa (Montgomery) have been awarded and Ty Brycheiniog (Brecon & Radnor) is in the final stages of progressing the award. All 3 projects will commence construction/renovation during Q4 2023/24. The brownfield site in Llandrindod (Brecon & Radnor) will be completed by the end of Q4 2023/24. The Montgomery Canal project managed by Canal & River Trust is split into separate contracts which are being awarded throughout the programme.