

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

7th May 2024

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Portfolio Holder for Finance and Corporate
Transformation

REPORT TITLE: Capital Forecast 2023-24, as at 29th February 2024

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 29th February 2024.

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	306	571	65.1%	350
Childrens Services	0	379	379	345	34	9.0%	17
Education	33,005	(6,303)	26,702	15,387	11,315	42.4%	6,094
Highways Transport & Recycling	12,681	7,211	19,892	14,385	5,507	27.7%	4,548
Property, Planning & Public Protection	100	932	1,032	616	416	40.3%	83
Community Development	922	652	1,574	579	995	63.2%	516
Housing General Fund	1,748	1,279	3,027	1,996	1,031	34.1%	820
Economy & Digital Services	16,196	(10,465)	5,731	3,041	2,690	46.9%	9,648
Unallocated	4,953	(4,953)	0	6	(6)		75
Total Capital	69,805	(10,591)	59,214	36,661	22,553	38.1%	22,151
Housing Revenue Account	23,482	(3,357)	20,125	13,217	6,908	34.3%	5,165
TOTAL	93,287	(13,948)	79,339	49,878	29,461	37.1%	27,316

2.3 The revised programme at the 29th February 2024 is budgeted at £79.34 million following the successful award of additional grants and the reprofiling of budgets

between financial years. Actual spend amounts to £49.88 million, representing 63% of the total budget, an increase of £11.41 million since that reported at Quarter 3. There is £29.46 budget remaining unspent in this year. Some of the commitments recorded in the above table relate to schemes that span financial years, not all of the £27.32 million will be incurred in this year.

2.4 Currently 35%, £28.06 million, of the capital expenditure is budgeted to be financed by borrowing, at the same point in 2022/23, the capital programme totalled £95.53 million, of which 38%, £36.47 million, was to be supported through 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	4,487	15,060	34,713	1,240	3,715	59,215
HRA	0	8,514	6,710	3,900	1,000	20,124
Total	4,487	23,574	41,423	5,140	4,715	79,339

3. Grants Received

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

3.2 Community Development

3.3 £0.03 million grant increase awarded from WG for the re-development of Ystradgynlais Library. This increases the total grant award to £0.30 million.

3.4 Adults

3.5 £0.09 million of capital funding from the Housing with Care Fund via the Regional Partnership Board Innovative Capital Group has been allocated purchase equipment for the Integrated Community Equipment Service.

3.6 Highways, Transport and Recycling

3.7 £0.02 million Un-adopted Roads Grant awarded by Welsh Government for design and community engagement work for unadopted roads in Powys.

3.8 Regeneration

3.9 £0.03 million received from Welsh Government in relation to the Direct Food Support Fund to tackle food poverty. The funding will support organisations to access, store and distribute additional supplies of food by purchasing equipment or supporting initiatives which help tackle the root causes of food poverty such as, but not limited to, the development of local food growing and distribution initiatives.

3.10 Education

3.11 Welsh Government have awarded £0.35 million of Sustainable Communities for Learning Programme Repairs and Maintenance Capital Grant. The aim of the grant is to support capital maintenance and energy efficiency works across the school estate. The council will apply this funding to eligible schemes that it has already carried out in this financial year which it was due to finance from borrowing.

4. Reprofiting Budgets Across Financial Years

- 4.1 Services continue to review their allocations in the capital programme. The following have been reprofiled since the last report.
- 4.2 **Community Development** - £0.01 million allocated to Self Service Library terminals in 2024/25 has been vired to the Ystradgynlais Library Redevelopment scheme in 2023/24. This funding was a match funding requirement for the grant award reported in paragraph 3.3.
- 4.3 **Highways, Transport and Recycling** - £0.07 million allocated against Replacement Weather Stations this financial year will be rolled forward in to 2024/2025 and added to the £0.03 million allocated in 2024/2025. The reason for the non-spend in this year is due to a delay in the process with procurement and the timescales required for the tendering process.
- 4.4 **Property, Planning and Public Protection** - £0.07 million allocated against energy performance certificate (EPC) works at PCC business units in this financial year will be rolled forward in to 2024/2025.
- 4.5 **Schools Major Improvements** – Following a review of the schemes in this programme and the additional funding mentioned in paragraph 3.11 above, £1.53 million will be rolled forward in to 2024/25. This will allow the service to carry out future works for a programme that is oversubscribed at this point.

5 Virements

- 5.1 Capital Oversight Board considered a business case which requested additional capital funding for works at the 12 Powys Owned Care homes in line with the new contract with the provider. £0.62 million is requested over two years (£0.31 million per year). This will be met by reallocating £0.39 million from the 'Robotics' budget already in the capital programme. Cabinet is asked to approve the allocation of the remaining £0.23 million which will be funded from Adult Social Care revenue and a virement approval is requested in the Revenue Cabinet report.

6. Capital Receipts

- 6.1 A total of £2.21 million has been received to date. It is not expected that any further capital receipts will be received this financial year. There are currently sales agreed to the value of £0.20 million, these are at the legal stage of the process and will generate capital receipts in 2024/25.

7. Resource Implications

- 7.1 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 creates slippage in the revenue budget as borrowing is delayed, and although the funding will be required at some point, the revenue budgets will be reviewed and reprofiled.

8. Legal implications

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

9. Climate Change & Nature Implications

9.1 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 £33.00 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.

10. Data Protection

10.1 Not applicable

11. Comment from local member(s)

11.1 Not applicable

12. Impact Assessment

12.1 Not applicable

13. Recommendation

13.1 That the contents of this report are noted.

13.2 That the virement set out in section 5 are approved by Cabinet.

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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	877	306	571	65

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 £20,000, initial works have commenced, and this will be completed and allocation fully utilised.
- Powys owned care homes £335,000, utilised £133,000 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 and virement to reallocate this to the future requirement to carry out works at Powys owned care homes is outlined in 5.1 above.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Childrens Services	379	345	34	9

HOS Comment

The Flying Start childcare provision in Brecon has been completed and capital funding spent in full.

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	26,702	15,387	11,315	42

HOS Comment

Sustainable Communities for Learning Programme (Transforming Education)

Ysgol Cedewain – construction of the new school building is now entering its final phase and the exact handover, transition and opening dates will be confirmed after the Easter holidays.

The project has faced delays and the Council has sought external legal advice in order to protect its interests. Project is currently reporting within budget.

Brynlywarch Hall School – planning permission obtained and Welsh Government has confirmed that the decision won't be called in. The project will now be re-tendered for RIBA 5 (construction) following concern over costs. It is expected that the tender process will be completed by July and then the Full Business Case will be submitted to Cabinet and WG for approval.

Sennybridge CP School – work is on-going on re-tendering the project following issues with the last tender exercise.

Ysgol Bro Hyddgen – Pre-planning Application Consultation (PAC) was undertaken before Christmas and the team have been working through issues raised with a full planning application to be made after Easter. A key issue is that Cadw are considering a potential listing of the secondary school building. The Council has employed heritage consultants to review Bro Hyddgen and other schools that were built by the same architect – this information has been shared with Cadw. Cadw are a statutory consultee within the planning process and will engage with the Council through this process.

Ysgol Calon y Dderwen – the design of the new build is currently on hold pending the outcome of recent consultation to potentially include Treowen CP School in the scheme as well.

Welshpool C.i.W School received Passivhaus accreditation.

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 147 projects with:

- 5 projects on hold
- 5 schemes to commission
- 3 schemes commissioned.
- 25 at the design stage
- 23 at the tender stage
- 9 at the construction stage
- 77 schemes are practically completed on site.

PM to check proposals at the design stage with consultants before tendering over concerns around the specification output, scope, and overall estimated/tendered cost.

The overall programme budget is £6,226,508 for 2023/24 with £1.53million rolled forward into 2024/25. This will allow the service to carry out future works. The expenditure to date is £3,182,760 to end of February 2024. There are contract commitments of £1,560,573 for projects in progress. There is some project's part funded by the Welsh Governments Asset Collaboration and Community Focus WG Capital grants as agreed with Schools Service. There has been an allocation of £870,208 WG ALN Capital Grant and agreement is agreed on the priorities for this work 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 external works to complete.

Early Years Capital Grant – Ysgol Pennant new early years accommodation – The new early years mobile has been handed over to the school in December 2023. Minor external works to complete. The project is within budget.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	19,892	14,385	5,507	28

HOS Comment

- The Highways Capital programme is mainly on track, a minor roll forward is forecast.
- The Street Lighting programme is mainly on track, a minor roll forward is forecast.
- Refurbishment of Brecon HWRC is substantially completed.

As noted previously, 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	1,032	616	416	40

HOS Comment

The Glanyrafon project is delayed due to structural issues resulting in planning permission now being required. The development will not be completed within 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	1,574	579	995	63

Some projects / works were unavoidable 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' that commenced in the spring of 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.

Therefore, capital funding for leisure projects and works have had to be reprofiled for 2024/25 or taken to the Capital Oversight Board / CLT if immediate action is required.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Housing General Fund	3,027	1,996	1,031	34
Housing Revenue Account	20,125	13,217	6,908	34

HOS Comment

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

Improvement Loans for Private Property Owners: Demand continues to be strong for Home Improvement Loans and the Zero Interest Loan Fund scheme, important schemes aimed at private property owners. The schemes are administered on behalf of Housing Services by the Robert Owen Community Banking Fund (ROCBF), based in Newtown. The ROCBF may be able to consider supporting clients with loan support for the remainder of the year using its own funds should Council funding be used prior to financial year end. 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. Housing Services has now started design and preparatory work on two new Council-housing schemes in Llandrindod Wells, with the site adjacent to the Autopalace now transferred to Housing Services. The Housing Development Team have continued to work on other areas, with the acquisitions programme in particular now proceeding well. Pre-tender work is underway for the demolition of redundant apartments and the development of new homes in the Ael-y-bryn and Pen-y-bryn area of Ystradgynlais.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Digital Services	5,731	3,041	2,690	47

HOS Comment

Digital Services Capital

The desktop refresh programme is a continual programme; a recent tender exercise has concluded resulting in a reduction in per unit cost. This along with a reprofiling of devices needing refresh has meant a reduction in spending. However, as it is a continual

programme, this will mean a longer period of time will occur before requiring a further capital injection.

In order to extend the reach of the available capital fund for the Cloud Migration, much of the recent work that has been undertaken has been done so using existing staff who have been upskilled rather than requiring external investment. This has meant that less capital has been spent than original planned as this stage, but it is anticipated that the funds allocated will be required next year.

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

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. Underspend of capital receipts from UK Government in quarters 1 to 3 has continued. A PAR review is to take place for the Montgomery project in Q1 2024/25. This review is being left late in programme 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 Ty Brycheiniog (Brecon & Radnor) have been awarded and Y Lanfa (Montgomery) is in the final stages of progressing the award.

The 2 Brecon projects (Ty Brycheiniog & Theatr Brycheiniog) will commence construction/renovation during Q4 2023/24, but the Montgomery project (Y Lanfa) will commence at the start of Q1 2024/25. 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.