

**CYNGOR SIR POWYS COUNTY COUNCIL.
CABINET EXECUTIVE
19th November 2024**

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Portfolio Holder for Finance and Corporate Transformation

REPORT TITLE: Capital Forecast 2024-25, as at 30th September 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 2024/25 as at 30th September 2024.

2. Background

2.1 The 2024/25 Capital Programme was approved by Council on the 22nd February 2024. It included capital schemes totalling £102.50 million, of which £37.57 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 The revised programme at the 30th September 2024 is budgeted at £86.36 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £28.27 million, representing 33% of the total budget.

2.3 Table 1 - Breakdown by service

£'000	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget £	Remaining Budget %	Commitments
Education	12,612	(229)	12,383	5,271	7,112	57.4%	3,401
Highways Transport & Recycling	16,984	1,455	18,439	7,072	11,367	61.6%	5,347
Economy and Climate	21,573	6,826	28,399	4,854	23,545	82.9%	13,287
Planning and Regulatory Services	355	1,175	1,530	255	1,275	83.3%	499
Housing General Fund	1,748	655	2,403	895	1,508	62.8%	585
Community Wellbeing	1,033	611	1,644	381	1,263	76.8%	480
Adult Services	245	1,066	1,311	173	1,138	86.8%	285
Unallocated	9,718	(6,641)	3,077	0	3,077	100.0%	0
Digital Services	666	(248)	418	46	372	89.0%	163
Sub Total	64,934	4,670	69,604	18,947	50,657	72.8%	24,047
Housing Revenue Account	37,566	(20,812)	16,754	9,321	7,433	44.4%	10,712
TOTAL	102,500	(16,142)	86,358	28,268	58,090	67.3%	34,759

2.4 Currently 25%, £21.44 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account. This has

reduced significantly since the start of the year as grant funding is received and schemes are reprofiled.

2.5 Table 2 – Capital Programme funding

£'000	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contribution	Capital Receipts	Total
Capital	4,687	13,901	41,002	6,828	3,186	69,604
HRA	0	2,849	7,105	5,800	1,000	16,754
Total	4,687	16,750	48,107	12,628	4,186	86,358

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 incorporated in the Capital Programme

3.2 **Adults**

3.3 £0.29 million of Welsh Government Housing with Care Fund grant has been awarded to provide equipment and adaptations to existing homes.

3.4 **Regeneration**

3.5 £0.04 million received from the Welsh Local Government Association (WLGA) for food support schemes to support food related projects linked to the work of local food partnerships, including those that help tackle the root causes of food poverty.

3.6 £0.63 million received from Welsh Government for the provision of fast and reliable broadband services to parts of the county which are not currently connected.

3.7 An additional £0.43 million has been awarded from Welsh Government for the Transforming Towns Placemaking Grant scheme. The Purpose of the Funding is to support regeneration projects delivered in towns and city centres within the Mid Wales region.

3.8 **Housing**

3.9 £3.72 million has been awarded from the Welsh Government for this year's Major Repairs Allowance grant to provide a financial contribution to the capital costs to maintain WHQS.

3.10 £0.41 million has been awarded from the Welsh Housing Quality Standard (WHQS) programme to support the implementation of the WHQS.

3.12 £1.21 million funding has been awarded by the Welsh Government for the Optimised Retrofit Programme (ORP) Phase 3 to aid the retrofit of council properties with energy efficiency and decarbonisation measures.

3.13 £0.03 million grant has been awarded by the Welsh Government for the installation of a new play area at the Machynlleth Gypsy site.

3.14 **Schools**

3.15 £1.06 million has been awarded by Welsh Government to support capital maintenance and energy efficiency works across the school estate.

3.16 £0.67 million has been awarded from the Welsh Government Childcare and Early Years grant for childcare capital works at Ysgol Rhiw Bechan.

3.17 £0.88 million Welsh Government grant has been awarded to support learners with Additional Learning Needs (ALN).

3.18 Highways, Transport & Recycling

3.19 An additional £0.02 million has been allocated to this year's award of the Access Improvement grant 2022-2025 bringing the award for 2024 to £0.23 million.

4. Reprofiling Budgets Across Financial Years

4.1 Services have been asked to review their budgets during quarter 2 to ensure their allocations in the capital programme accurately reflect their plans for this year. The table below shows the amounts that have been reprofiled into future years.

Area	£'000
Sustainable Communities for Learning	10,690
Schools Other	159
Schools Major Improvements	1,500
Libraries	31
Leisure Centres	175
Outdoor Recreation	456
Pipeline Schemes	4,599
Digital Services	298
Sub Total	17,908
Housing Revenue Account	24,408
TOTAL	42,316

The majority of the Sustainable Communities for Learning relates to the replacement school at Brynllwarch. This was included in the original capital programme but will not be required in this financial year so has been. The amount for the Housing Revenue Account relates to the new development programme for council housing which has been impacted by phosphates so it has been decided to reprofile this in to future years when hopefully these issues are resolved.

4.2 Highways, Transport and Recycling

4.3 £1.01 million funding secured for Cwrt y Plyffin waste transfer station has been rolled forward in to 2025/26 to allow time to assess what is required at the site and produce a business case for further funding. £0.31 million Alternative Hygiene Products grant funding has also been rolled forward to 2025/26 as it will likely be utilised at the site.

4.4 £0.81 million funding for the construction of a salt storage barn at Kirkhamsfield Depot in Newtown has been rolled forward to 2026/27 to allow for the 3rd crossing scheme to finish before planning and design.

4.5 Finance

4.6 £0.97 million of funding for pipeline projects has been rolled forward into 2025/26 as it is unlikely that the funding will be utilised in the current financial year.

6. Capital Receipts

- 6.1 £0.42 million has been received to date (including £0.28 million received for the Housing Revenue Account (HRA)). There are currently sales agreed to the value of £5.38 million, these are at the legal stage of the process and will generate future capital receipts. At this stage it is expected that sales totalling £10 million could be achieved this financial year. There remains a significant risk to achieve annual target of £10 million Capital Receipts.

7. Resource Implications

- 7.1 The Head of Finance 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. A significant proportion of the 2024/25 Capital 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.

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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	1,311	173	1,138	87

- Welsh Government (WG) Housing with Care (HCF) funding for specialist equipment for Childrens, Adults, building winter resilience and rapid provision of community equipment is spent or fully committed.
- Powys owned care homes, there is total spend/commitments of £81,171 to date for these works.
- Welsh Government Substance Misuse Action Fund Capital has been awarded to provide a grant to Kaleidoscope for interior building works at the Llandrindod Wells site, this is still to be drawn down by the provider.
- Community Equipment Store roof improvements, initial works commenced in 2023/24, spend of £39,233 has been incurred so far in 2024/25 and commitments of £51,367.
- Day Opportunity bases have an allocation for renovations of £90,000, these are currently uncommitted but planned to be spent following the Day Opportunities review.
- Virement occurred from the reallocation of the Community Equipment budget to fund the new electronic call monitoring system (ECMS) for the implementation of the replacement system. Staff plan is the social services care rostering system that should enable social care to strategically plan and manage allocations of work to care assistants by managing rosters rotas and visits and publishing these via a mobile application to the care worker via their mobile phone. The mobile element of the Staff Plan system (iconnect) was taken offline in August 2022 due to a cyber-attack. A full system replacement tender exercise has been completed to replace the current Staff Plan database and associated applications such as mobile functionality. This has involved a full specification of requirements and tender exercise culminating in a contract award followed by system implementation.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%

Education	12,383	5,271	7,112	57
<p>Sustainable Communities for Learning Programme (Transforming Education)</p>				
<ul style="list-style-type: none"> • Strategic Outline Programme – nine year rolling programme – has been approved by the Welsh Government. • Ysgol Robert Owen, Newtown, opened to pupils 9th September. 2nd phase of the project has now commenced which includes demolition of the old school to create a multi-use games area and car park. • Sennybridge CP School – tender exercise completed for a contractor on a Design & Build 2 Stage contract and successful contractor has been appointed. Outline Business Case has been submitted to Welsh Government and Cabinet for approval. • Ysgol Bro Hyddgen – planning application has been published. Designers have been appointed to finalise RIBA 3 design stage. • Brynllwarch Hall School – tender exercise underway to appoint a contractor for the construction phase of the new build. • Ysgol Calon y Dderwen – following Cabinet decision to increase the capacity of Ysgol Calon y Dderwen to include Treowen CP School in the new build, the design work has now re-commenced. • Ysgol Golwg Pen-y-Fan, Brecon – tender exercise has been carried out to engage designers for feasibility and initial designs. 				
<p>Major Improvement Programme</p>				
<p>The Programme supports the improvement of education and early years setting facilities and infrastructure for pupils and staff. In this financial year, there are 130 projects with:</p>				
<ul style="list-style-type: none"> • 2 projects on hold • 2 Feasibility projects • 10 schemes to commission • 11 schemes commissioned. • 18 at the design stage • 9 at the tender stage • 11 at the construction stage • 67 schemes are practically completed on site. 				
<p>PM to check proposals at the design stage with consultants before tendering over concerns around the specification output, scope, and overall estimated/tendered cost.</p>				
<p>The overall programme budget is £5,996,213 for 2024/25 includes carry forwards and allow the service to carry out future works. The expenditure to date is £2,937,065 to beginning of October 2024. There are contract commitments of £1,441,697 for projects in progress. There is some project's part funded by the Welsh Governments Asset Collaboration £125,000 and Community Focus WG Capital grants as agreed with Schools Service. There has been an allocation of £881,586 WG ALN Capital</p>				

Grant and an allocation of £1,057,904 for school improvements and energy decarbonisation projects. There are agreed priorities for this work with Schools Service. These grants sit within this programme and priorities have been agreed.

PM is reviewing all project order commitments and is issuing instructions for housekeeping to Schools Finance Team.

Welsh Medium Capital Grant

- **Ysgol Pennant.** The classroom extension work has been handed over to the school with minor external works to complete during the spring 2024. There is energy improvement work planned to be completed. The project is within budget.

Childcare Capital Grant

- **Ysgol y Cribarth** – installation of demountable has been completed for Flying Start provision. This allows the school to utilise an additional classroom within the school for a KS2 Welsh-medium classroom as the school transitions from an English-medium school to a dual-stream school.
- **Ysgol Rhiwbechan** – installation of a new Early Years demountable is underway, with an expected opening date after half term.
- **Cylch Meithrin Glantwymyn** – discussions have taken place with the Cylch about planning for a feasibility to create a Childcare Centre at the current facility in Glantwymyn.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Highways, Transport and Recycling	18,439	7,072	11,367	62

HOS Comment

- The Highways Capital Programme is on track.
- Capital grant works are being programmed.
- The Street Lighting renewal programme is on track.

The service notes that the Q2 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.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Planning and Regulatory Services	1,530	255	1,275	83

The major capital projects this financial year relate to the replacement Planning, Building Control and Public Protection ICT System, office reorganisation to enable the closure of the Gwalia and Neuadd Brycheiniog and the rebuild of the fire damaged Glanyrafon Farm.

Strategic Property are currently seeking clarification on the Glanyrafon spend. Reprofiling may be required. This should be confirmed early in quarter 3.

Works to existing offices to enable the closure of the Gwalia and Neuadd Brycheiniog, are on track to be spend within the financial year.

The Planning, Building Control and Public Protection ICT project is due to be completed in late June/July 2025 and is currently on track. The profiling of expenditure is linked with milestones being achieved. Reprofiling may there be required as the project progresses.

The remaining funding relates to smaller schemes which will be used to improve the condition of various types of properties across this area including cemeteries, council farms, depots, workshops and council offices.

The installation of a lift in Ladywell is likely to be pushed into the 2025 financial year. Reprofiling of this spend will therefore be required. Discussions are ongoing with finance regarding this matter.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Community Wellbeing	1,644	381	1,263	77

Capital works have been carried out on leisure centres with the agreement of the Capital Oversight Board / CLT. Works carried out in year included replacement roofs, boilers, solar panels and due to the 'leisure review' process, only critical/essential works are being undertaken in the Councils Leisure and Sports Centres at this time.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
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	£'000	£'000	£'000	%
Housing General Fund	2,403	895	1,508	63
Housing Revenue Account	16,754	9,321	7,433	44

Housing General Fund

Progress on delivery of disabled facilities grants and financial support programmes for private property owners is dependent upon the property owners being able to progress those elements of the processes that rest with them – for example selecting a contractor for an adaptation. There are however a number of commitments made for works that will subject to works progressing increase the rate of investment made from this budget.

Housing Revenue Account

The local authority new housing programme now has one scheme on site (32 homes) and two schemes out to tender (32 homes). Expenditure will be incurred as works progress in accord with the contracted payment arrangements. Major improvement works have windows, wall works and communal doors out to tender.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Economy & Climate	28,399	4,854	23,545	83

UK Levelling-up Capital Projects - LUF0268 Montgomery Canal Restoration Project and LUF0269 Brecon & Radnor Strategic Town Investment project.

Montgomery Canal - Project expenditure is currently behind schedule; this is regularly reviewed with partners to ensure delivery against grant terms and conditions. A Project Adjustment Request (PAR) is required to request an extension to the delivery period of the package of projects by a minimum of 9 months (extending to 31/12/25). The request can only be undertaken once in the lifetime of the project and so timing of the request is critical, as predicted costings and timescales need to be as accurate as possible. The Economy Project team has liaised with Project Managers in order to gain the required information to complete a PAR, however, UK Government put this process on hold in July due to the general election and with a new government in situ, the hold remains until at least after the Autumn budget (30/10/24). The PAR needs to be approved by the project board and CLT/Cabinet prior to being submitted to UK Government, with the aim of a paper being put before cabinet in November, by which time we will expect to receive an update from UK Government on the process being reopened.

The PAR will include a request to extend the project package to 31/12/25, although project partners were preferring an 11-month extension to include further contingency. The request will also include a reduction to the number of offline nature reserves developed from 3 to 2, although the potential of this was suggested in the original project application to UK Government. The Economy Projects Team are working closely with UK Government in preparing for the submission of a PAR and also their Delivery Associates Network (ARUP), giving access to a collection of technical experts with a breadth of experience across a range of project and programme challenges e.g. risk management, procurement, transport and highways, SUDs, public realm design and delivery, subsidy control and land assembly etc.

Council project aspects are being managed carefully and forecasted costs have increased beyond the contingencies that were built in and by approximately £100k. This issue has arisen due to insufficient levels of contingency being built into the council element of the project from the outset but predominately due to unexpected issues identified with the foundations (Library/Museum extension), leading to the requirement for further detailed engineers design, specialist underwater canal surveys and associated project delivery costs. The unforeseen issues will also lead to a delay in the completion of this element of the project, with a revised completion date expected for May/June 2025. There was previously a shortfall in Powys County Council match funding against the UK Government funded capital project (Montgomery Canal and Brecon & Radnor Strategic Town Investment project) of £300k, which was to be funded from reserves. The Economy Project team has been successful in applying for additional match funding that covers this shortfall. Therefore, £100k has been allocated within the reserves to fund this overspend.

Brecon & Radnor - The 2 Brecon projects (Ty Brycheiniog & Theatr Brycheiniog) commenced construction/renovation during Q4 2023/24; construction at Ty Brycheiniog was completed in September with final items including window blinds and furniture being procured in preparation for the building to be in use in February/March 2025; the completion of the theatre works has been delayed, with the studio window installation and the repair/replacement of the lift being rescheduled to January in order to avoid the limit the impact to business as usual for the theatre as they enter in to their busy period. The brownfield site in Llandrindod (Brecon & Radnor) was completed at the end of Q4 2023/24 and the site has been transferred to the Housing Service for development. This package of projects is still on track to complete ahead of the 31/03/2025 programme deadline. All projects managed by PCC.

Project boards are monitoring progress on a monthly basis to ensure the programme remains on track against the current profiled spend on an ongoing basis.

Transforming Towns Placemaking Fund

Demand has been strong for the grant to support vacant and underutilised properties to be brought back into use, as well as support for towns to become more vibrant through public realm, toilet facilities and shop frontage envelope schemes. A request for further funding in 24-25 has just been approved for the region bringing the Original Budget of £2.3million to £4million for the Region, grant commitment year to date suggests that resources will be sufficient for 2024-2025 – Staff resourcing is going to be extremely difficult in the final 2 quarters as fixed term staff move on.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
Digital Services	418	46	372	89

Desktop Refresh

This is a continual programme to keep the council's laptops and PCs up to date and refreshed on 6-year (average) basis. It is anticipated that all of this year's allocation will be spent by the end of 24/25

Cloud

This remains an active programme. The funding is required to replace essential on-premises infrastructure. Digital is planning to limit the amount of professional services required in order to limit spend but capital purchases will still be required in 24/25; full cost hasn't yet been received but estimates suggest that the majority will be spent this FY.

Other Projects

The other allocations will be required and drawn down and reviewed in light of the individual business cases linked to Digital Transformation and other smaller capital purchases.