

**CYNGOR SIR POWYS COUNTY COUNCIL.  
CABINET EXECUTIVE  
4 March 2025**

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

**REPORT TITLE:** Capital Forecast 2024-25, as at 31st December 2024

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**REPORT FOR:** Decision / Information

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**1. Purpose**

1.1 This report provides an update on the financial position of the Council's capital programme for 2024/25 as at 31<sup>st</sup> December 2024.

**2. Background**

2.1 The 2024/25 Capital Programme was approved by Council on the 22<sup>nd</sup> 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 31<sup>st</sup> December 2024 is budgeted at £86.44 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £46.86 million, representing 54% 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	855	13,467	8,527	4,940	36.7%	3,307
Highways Transport & Recycling	16,984	(1,395)	15,589	12,551	3,038	19.5%	3,595
Economy and Climate	21,573	6,067	27,640	7,824	19,816	71.7%	13,695
Planning and Regulatory Services	355	1,027	1,382	426	956	69.2%	502
Housing General Fund	1,748	655	2,403	1,239	1,164	48.4%	440
Community Wellbeing	1,033	823	1,856	787	1,069	57.6%	409
Adult Services	245	1,066	1,311	397	914	69.7%	47
Unallocated	9,718	(9,441)	277	0	277	100.0%	0
Digital Services	666	109	775	211	564	72.8%	121
<b>Sub Total</b>	<b>64,934</b>	<b>(234)</b>	<b>64,700</b>	<b>31,970</b>	<b>32,730</b>	<b>50.6%</b>	<b>22,116</b>
Housing Revenue Account	37,566	(15,821)	21,745	14,887	6,858	31.5%	7,566
<b>TOTAL</b>	<b>102,500</b>	<b>(16,055)</b>	<b>86,445</b>	<b>46,857</b>	<b>39,588</b>	<b>45.8%</b>	<b>29,682</b>

2.4 Currently 29%, £24.12 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	10,090	43,907	2,833	3,186	<b>64,703</b>
HRA	0	9,346	7,498	3,900	1,000	<b>21,744</b>
<b>Total</b>	<b>4,687</b>	<b>19,436</b>	<b>51,405</b>	<b>6,733</b>	<b>4,186</b>	<b>86,447</b>

### 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 **Highways, Transport & Recycling**

3.3 As the co-ordinating Managing Authority across England and Wales, Powys County Council have been awarded £0.01 million by Natural England for improvements to the Offa's Dyke Trail to distribute to other managing authorities. The improvements will make the Offa's Dyke Trail more accessible to users, benefitting the counties cross border along its length by maximising its potential for economic growth due to tourism.

3.4 Welsh Government awarded £0.05 million to fund 85% of the construction of a flood alleviation scheme at Pontfaen. The remaining 15% will be funded from the existing capital programme allocation.

3.5 Welsh Government awarded three grants for electric vehicle charging infrastructure totalling £0.62 million. These will be used to upgrade grid connections, upgrade site electrical infrastructure and to purchase and install charging hardware.

3.6 Welsh Government have awarded an additional £0.07 million in funding for Natural Flood Management Schemes.

#### 3.7 **Regeneration**

3.8 The Welsh Local Government Association has awarded £0.03 million capital grant funding to be used to support local food partnerships and community organisations to support food related projects that help tackle the root causes of food poverty.

#### 3.9 **Community Wellbeing**

3.10 Sport Wales have awarded a total of £0.26 million for the installation of LED lighting, solar PV, destratification fans and pool filters at various leisure centres.

#### 3.11 **Education**

3.12 Welsh Government has awarded £0.01 million capital grant funding for the installation of low carbon technology at 6 school/community sites.

3.13 Welsh Government grant for £0.66 million has been awarded to support the delivery of the Childcare and Early years capital programme at Ysgol Y Cribarth.

3.14 Welsh Government awarded £0.36 million through the EdTech Commercial Service for the purchase of digital classroom teaching and learning equipment. This will help ensure schools can maintain and transform the way digital technology is used for teaching and learning, further underpinning the delivery of the Curriculum for Wales

### 3.15 Digital Services

3.16 Shropshire County Council and the Department for Science, Innovation and Technology have made £0.01 million funding available for a proof-of-concept project to test if it is technically possible to automatically record temperature readings and relay to the relevant teams to schedule remedial works. If the proof-of-concept proves successful, this use case can be used to support commercial viability and wider adoption by the Council to install sensors across all corporate buildings.

## 4. Reprofiling Budgets Across Financial Years

4.1 Following the extensive review of budgets in quarter 3, services have continued to review their budgets during quarter 4 to ensure their allocations in the capital programme accurately reflect their plans for this year.

### 4.2 Highways, Transport and Recycling

4.3 Following a review of the vehicle replacement programme £4.00 million budget was rolled forward from 2024/25 into future years. £1.50 million will be utilised in 2025/26, £1.50 million in 2026/27 and £1.00 million in 2027/28.

### 4.4 Education

4.5 £0.78 million has been re-profiled into future years for the following schemes Sennybridge, Golwg Pen y Fan, Calon y Dderwen, Bro Hyddgen, Calon Cymru and Brynllwarch.

### 4.6 Unallocated

4.7 £2.00 million which was allocated as the council contribution to schemes as part of the Mid Wales Growth Deal has been re-profiled into future years.

### 4.8 Housing Revenue Account

4.9 In quarter 2, £24.49 million was reprofiled into future years for HRA schemes. However, when reviewing the budgets during quarter 3, it is apparent that this did not leave sufficient budget for schemes in 2024/25. Therefore, £4.59 million has been reprofiled back into 2024/25 to cover these commitments.

## 5. Virements

5.1 Capital Oversight Board considered business cases for following two schemes and recommend a virement to Cabinet to fund these works,

5.2 Ffrwdgrech Depot and Welshpool C in W, installation of Solar Photo Voltaic and Battery Storage at these sites, the Council has been successful as securing £0.10 million WG grant funding against a scheme cost of £0.17 million. The remaining £0.70 million will be covered by Salix Invest to Save funding (which is borrowing) so needs cabinet approval. These works would enable savings on energy use on these sites which will be used to cover the repayment of these costs.

5.3 Works are required at Rhayader Waste Transfer Station to ensure it can continue to be compliant with revised guidance issued by NRW (Natural Resources Wales). Therefore £0.15 million is requested to be allocated to this scheme to cover these works. A reserve is in place to fund these costs so there is no additional borrowing requirement.

## 6. Capital Receipts

6.1 £0.60 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 £0.80 million, these are at the legal stage of the process and will generate future capital receipts. There are £5.66 million of assets that are in the process of being sold, however it is highly unlikely that these will all be sold before the end of the financial year. It will not be possible to achieve to annual target of £10 million Capital Receipts this financial year due to sales falling through and delays with other sales.

## **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. Borrowing costs for the next few years are expected to remain higher than originally estimated. This will have a significant impact on the council's revenue budget. 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.

13.2 That the virement in section 5 of this report is 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	%
<b>Adult Services</b>	<b>1,311</b>	<b>397</b>	<b>914</b>	<b>70</b>
<p>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.</p> <p>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 but on schedule.</p> <p>Powys owned care homes, there is total spend/commitments of £81,171 to date but assurance this will be utilised by year end.</p> <p>Community Equipment Store roof improvements, initial works commenced in 2023/24, spend of £67,673 has been incurred so far in 2024/25 and commitments of £10,344.</p> <p>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.</p>				

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
<b>Education</b>	<b>13,467</b>	<b>8,527</b>	<b>4,940</b>	<b>37</b>
<p><b>Sustainable Communities for Learning Programme (Transforming Education)</b></p> <ul style="list-style-type: none"> <li>• Ysgol Robert Owen, Newtown, opened to pupils 9<sup>th</sup> September. 2<sup>nd</sup> phase of the project is continuing, which includes demolition of the old school to create a multi-use games area and car park. Within budget.</li> <li>• Sennybridge CP School – Outline Business Case has been approved by Welsh Government. However, Cabinet have asked for other options to be costed, including refurbishment, remodelling, off-site modular build and scaling down the size of the school, to compare against costs of the new build option – this will be completed in the spring term, following receipt of an updated condition survey of the school.</li> <li>• Ysgol Bro Hyddgen – planning permission has been granted. An external cost review is to be completed to agree of next steps re procurement route.</li> </ul>				

- Brynllwarch Hall School – Full Business Case has been completed and submitted to WG for consideration in January/February. It was considered by Scrutiny in January and will be considered by Cabinet in February. If approved, construction will start on site in March.
- Ysgol Calon y Dderwen – Expressions of Interests have been sought for architect support to take forward the design to RIBA 3 stage, however, off-site modular build will now be progressed, based on the initial design, in order to keep costs down and increase pace of delivery.
- Ysgol Golwg Pen-y-Fan, Brecon – external architects have carried out initial feasibility and design work. This will now be progressed as an off-site modular build scheme in order to keep costs down and increase pace of delivery. An initial SOC has been developed for Cabinet and WG consideration in February / March.

### **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 134 projects with:

- 2 projects on hold
- 1 Feasibility projects
- 6 schemes to commission
- 14 schemes commissioned.
- 18 at the design stage
- 7 at the tender stage
- 12 at the construction stage
- 74 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 £6,579,079 for 2024/25 includes carry forwards and allow the service to carry out future works. The total forecast expenditure to date £4,901,128 and this comprises of:

- The expenditure to date is £4,623,449 to end of December 2024.
- There are contract commitments of £1,172,812 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 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.

<b>Service Area</b>	<b>Budget</b>	<b>Actuals</b>	<b>Budget Remaining</b>	<b>Budget Remaining as a % of Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
<b>Highways, Transport and Recycling</b>	<b>15,589</b>	<b>12,551</b>	<b>3,038</b>	<b>20</b>

The Highways Capital Programme is on track; however, it should be noted that there is a forecast £2m overspend. The service is liaising with the capital finance team over the potential to utilise future grant or future capital allocations to manage this overspend.

Capital grant work is being programmed and is on track.

The Street Lighting renewal programme is on track. The Service is liaising with the capital finance team regarding potential grant funding.

The Service is liaising with the Department of Transport over its Levelling Up Funding award.

The service notes that the reduction in the highway's capital allocation in 24/25 has been extremely challenging to manage.

<b>Service Area</b>	<b>Budget</b>	<b>Actuals</b>	<b>Budget Remaining</b>	<b>Budget Remaining as a % of Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>
<b>Planning and Regulatory Services</b>	<b>1,382</b>	<b>426</b>	<b>956</b>	<b>69</b>

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 have clarification on the Glanyrafon spend. Reprofiling will be required into 2025/26.

Works to existing offices to enable the closure of the Gwalia and Neuadd Brycheiniog, are on track to be spent this financial year but some expenditure may fall into 2025/26.

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 to be pushed into the 2025/26 financial year. Reprofiting of this spend will therefore be required.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
<b>Community Wellbeing</b>	<b>1,856</b>	<b>787</b>	<b>1,069</b>	<b>58</b>

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
	£'000	£'000	£'000	%
<b>Housing General Fund</b>	<b>2,403</b>	<b>1,239</b>	<b>1,164</b>	<b>48</b>
<b>Housing Revenue Account</b>	<b>21,745</b>	<b>14,887</b>	<b>6,858</b>	<b>32</b>

#### **Housing General Fund**

Demand for the primary services supported by the Housing General Fund (Capital) - disabled facilities grants and home improvement and empty property loans – continues to be strong. Such works are, while funded and supported by the Council, subject to the operational relationships between the owners of properties and those they have chosen to undertake works. The demand for building contractors remains high, and in some areas, exceeds the capacity of the local industry. This can and does on occasion lead to delays in delivering works that have been agreed with the property owner and the Council. However, such is the high demand, year-end predictions are for the 2024-2025 budget to be used in full.

Work continues to try and identify suitable development or repurposing opportunities, which would be able to meet all regulatory and planning requirements, for the Enhanced Homeless Services initiative. Regrettably, in spite of considering a high number of sites, it has not yet been possible to move towards site acquisition. This work will continue.

#### **Housing Revenue Account**

Improvement works to and investments in the Council's housing portfolio is on target for completion by year end. The cost of works continues to increase, as does the need for major works arising from the aging profile of the stock. Investment has therefore been focused on works essential for health, safety and compliance and



maintaining habitability and longevity (for example upgrading heating systems, retaining walls, enhancing thermal comfort and preventing damp ingress and addressing structural matters such as retaining walls). The Council is able to maintain compliance with the original Welsh Housing Quality Standard requirements, which was achieved in December 2018.

The Council's housing development programme continues to grow, with each scheme only progressed if it makes a positive and net contribution towards the overall viability and sustainability of the HRA. This means that new homes generate over their financial payback period a surplus of income. New development, and the complementary programme of acquisitions, are therefore essential to not only increase the availability of secure, affordable homes for the people of Powys but to making sure that the HRA and the landlord role is viable and sustainable for both current and future generations.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
<b>Economy &amp; Climate</b>	<b>27,940</b>	<b>7,824</b>	<b>19,816</b>	<b>72</b>

#### **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 11 months (extending to 28/02/26). 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 remained until after the Autumn budget (30/10/24). The PAR has received delegated approval by Cllr Selby, as our portfolio holder.

The PAR process has not reopened yet; however, projects were requested to reflect realistic delivery timescales and financial profiles in the Q2 2024-25 monitoring report, that was submitted on 22/11/24. UK Government opened periods beyond the current approved deadline of 31/3/25 to do this. The narrative within the report outlined clearly which aspects of the project would be completed without a project extension and which aspects wouldn't be completed. Additional supporting information was also submitted with the report.

UK Government will review all Q2 monitoring reports across the UK and possibly approve extensions on the information provided. If not, some form of PAR process will be reinstated, however, we have been advised that if this were the case, the

outcome might not be announced until after the Spring budget. We have contacted the UK Government commercial team to ask that this request is treated as a priority, with a decision being made by mid-December when contracts are due to be awarded. The request has been supported by our UK Government representatives and ARUP (UK Government's Delivery Associates Network).

An email was received from UK Government on 18/12/24 informing us that Round 1 projects are allowed to seek an extension into 25/26 with a fully costed delivery plan that provides confidence of delivery. All projects were asked to provide realistic funding profiles and delivery plans in the Q2 24/25 monitoring return with a supporting narrative where extensions were sought. The LUF Delivery Team are reviewing returns and will assess the case for extension. They will be in touch if there are queries on the information and will keep us updated on the process. They expect to seek approval for reasonable extensions early in the New Year.

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 by 31/03/2025 programme deadline and within budget. 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 extremely difficult in the final 2 quarters as fixed term staff move on and all claims are being finalised.

Service Area	Budget	Actuals	Budget Remaining	Budget Remaining as a % of Budget
	£'000	£'000	£'000	%
<b>Digital Services</b>	<b>775</b>	<b>211</b>	<b>564</b>	<b>73</b>

#### **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. Due to a recent retender process and extending the life of devices through upgrades where possible, it is anticipated that the current forecast spend is sustainable for another 4 to 5 years. This is a marked improvement, as initially it was feared that further injection of capital would be required much sooner.

#### **Cloud & Infrastructure Modernisation**

This remains an active programme. The funding is required to replace essential on-premises infrastructure. ICT have procured a new backup and disaster recovery system which will be implemented over the coming 6 months.

#### **Edtech**

An underspend of £374K is showing for the Edtech grant however, this has been fully committed.