



Capital Forecast as at 30 September 2019

CYNGOR SIR POWYS COUNTY COUNCIL

County Councillor Aled Davies

Portfolio Holder for Finance

Overview

This report presents the forecast outturn on the 2019-20 capital budget as at 30 September 2019.

The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £102.036m (The Original budget was £92.344m). The increase in budget is largely due to virements from the previous years programme 2018/19 that have rolled forward into 2019/20 and additional grant funding.

Summary

Actual and committed expenditure to date amounts to £42.613m representing in total 41.8% of the total budget. The actual spend is £22.625m, with £19.988m the committed figure, the former figure equates to only 22% of actual spend taking place over the first six months of the year.

A Capital Review has been undertaken by Services to identify if any projects should be rolled forward. A report was presented to EMT on 25th September and the budget adjustments from this review are shown later in the report.

Currently it is estimated that 3.4% of our net revenue budget of £255m is supporting the past and present capital spend. It is essential that the investment in our capital programme is affordable over the short, medium and longer term.

Table 1 below summarises the position for each portfolio and service.

Table 1: Capital Table as at 30th September 2019

Service	Original Budget	Virements Approved	Revised Working Budget 2018/19 as at 30th September 2019 (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Childrens & Adults						
Adult Services	290	1,140	1,430	767	663	46.4%
Childrens Services	0	919	919	14	905	98.5%
Education	44,818	-14,015	30,803	11,750	19,053	61.9%
Economy & Environment						
Highways Transport & Recycling	15,151	3,719	18,870	9,563	9,307	49.3%
Property, Planning & Public Protection	2,046	4,141	6,187	3,530	2,657	42.9%
Housing & Community Development	8,753	5,042	13,795	2,246	11,549	83.7%
Organisational Transformation						
Digital & Communication Services	973	-9	964	237	727	75.4%
Workforce & OD	0	0	0	0	0	
Legal & Democratic Services	0	22	22	22	0	0.0%
Finance	3,650	-13	3,637	1,841	1,796	49.4%
Total Capital	75,681	946	76,627	29,970	46,657	60.9%
Housing Revenue Account	16,662	8,747	25,409	12,643	12,766	50.2%
TOTAL	92,343	9,693	102,036	42,613	59,423	58.2%

The funding of the capital programme is shown in Table 2 below. It has been revised from the original budget of £92.343m to £102.036m as at 30th September 2019 to reflect actual expenditure incurred and approved virement.

Table 2: Funding of the Capital Budget as at 31st August 2019

Funding						
Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
Revised Working Budget 2018/19 as at 30th September 2019 (after virements approved and required)						
Capital	13,720	33,764	22,749	2,626	3,828	76,687
HRA	0	17,433	4,085	3,831	0	25,349
Total	13,720	51,197	26,834	6,457	3,828	102,036

Service Updates

Housing and Community Development

Table 3 shows the work to date delivered on the main Welsh Housing Quality Standard (WHQS) elements completed by 30th September. It sets out the work undertaken on the HRA stock, in terms of replacement programmes, and improvements to properties.

Welsh Housing Quality Standard Element	No
Heating	146
Kitchens	96
Bathrooms	71
Rewires	16
Windows	241
Front and Rear Doors	241
Roofs	137
External Wall Insulation	93
Traditional Rendering	54
Smoke Alarms	471

Education

Work on the Band A and Band B phases of the 21st Century Schools programme is generally progressing well. Welshpool Church in Wales project, Ysgol Bro Hyddgen and Ysgol Gymraeg y Trallwng projects, are delayed due to the main contractor entering administration, an update for each is summarised below:

Welshpool Church in Wales Primary School – preparations are underway to go to tender for a contractor to complete the construction of this school. The authority will also enter into direct contract with the architectural designers and mechanical and electrical designers in order to provide continuity for the remainder of the scheme.

Ysgol Bro Hyddgen and Ysgol Gymraeg y Trallwng – the next stage is to proceed to tender stage for new contractors to take forward the construction of these two schools.

Much of the spend to date is attributable to Brecon High School. The school opening date has now changed and will open to pupils on 2nd December, four weeks later than planned. It is not anticipated that this will have financial implications for the authority, although the situation will be closely monitored.

The forecast figures also include further design production working towards planning application stages on Calon Cymru, Gwernyfed High School, Brynllwarch and Cedewain projects.

The Major improvement programme has 76 schemes in 2019/20, including schemes carried forward from 2018/19 and additional schemes approved by cabinet on the 30th July 2019. There are 3 schemes to commission, 10 schemes commissioned, 2 schemes on hold, 12 schemes at the design stage, 6 are out to tender, 11 under construction and 32 schemes have been handed over to the end user. Any uncommitted funding within projects will be reallocated back to the programme contingency to cover for emergencies, unforeseeable and legislative requirements and budget fluctuations over the course of the year and to ensure school service continuity.

Highways, Transport and Recycling

Highways (incl. Salt Barn) – £10M budget, spend/committed to date £6M - The highways capital spend is progressing well, with a green RAG status, and Llangammarch Salt Barn is nearing substantial completion. It is expected that remaining allocations will be spent by the end of year.

Structural Maintenance – £1.5M budget, spend/committed to date £1M. It is forecast that the remaining budget will be spent by the end of the year.

Highways Lighting - £100K budget, spend/committed to date £80K. It is forecast the remaining budget will be spent by the end of the year.

Recycling – £2.6M budget, spend/committed to date £200K. Projects have been delayed that have seen reduced spend in 19/20, but works have/will start before the end of the financial year. Any further underspend in capital funding this year will need to be re-profiled accordingly in due course.

Transport (Local Transport Fund (LTF) & Fleet Replacement including Vehicle Technology) – LTF grant £1.4M, spend/committed to date £250K. There have been some delays in Newtown Bridge project from grant approval, land negotiations and design progression; discussions with WG in relation to funding options and progress are on-going. Vehicle Technology project (£295K) is a month behind as a result of late award and data quality / correction.

Flood Alleviation Schemes – Grant £900K, spend/committed to date £560K. Welshpool phase 3 (£130K) will not be progressed this financial year, discussions with WG are on-going to re-profile grant/spend. It is forecast that the remaining budget will be spent.

Active Travel Schemes – Grant £158K. It is forecast that the works will be completed.

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Head of Service Comments

Adult Services

Working Budget £1,430k

Spend to Date £767k

Budget Remaining £663k - 46%

Childrens Services

Working Budget £919k

Spend to Date £14k

Budget Remaining £905k - 99%

Redevelopment of Bannau and Camlas project totals £99K and all works have been identified and partially commissioned. Negotiations are being undertaken in relation to remaining works.

Plans are in place to ensure all monies will be spent by the end of the financial year. The remaining capital monies are WG Flying Start monies and need to be spent by March 2021. Work is currently being undertaken to identify an appropriate location in Brecon Area. 2 potential sites have been identified and work is progressing to assess available options. WG are updated regularly of progress and are aware of the project milestones.

Education

Working Budget £30,803k

Spend to Date £11,750k

Budget Remaining £19,503k - 62%

(See above section)

Highways, Transport and Recycling

Working Budget £18,870k

Spend to Date £9,568k

Budget Remaining £9,307k- 49%

Work in progressing well and any further reprofiling of budgets will be undertaken as the schemes are reviewed.

Property, Planning and Recycling

Working Budget £6,187k

Spend to Date £3,530k

Budget Remaining £2,657k- 43%

Planning, Property and Public Protection are in the process of undertaking a capital spend review. The findings of this review will be reported in quarter 3.

Housing and Community Development

Working Budget £13,795k

Spend to Date £2,246k

Budget Remaining £11,549k- 84%

All projects within the Leisure Capital Programme are planned, progressing or completed. It is expected at this stage in the year that all capital funding allocated to leisure for this year will be spent.

A review of Countryside Services will be carried out in October and the findings will be reported next month.

Digital and Communication Services

Working Budget £964k

Spend to Date £237k

Budget Remaining £727k- 75%

Infrastructure projects are scheduled, and remaining budget has delivery plans in place to deliver on in 2019/20.

Legal Services

Working Budget £22k

Spend to Date £20k

Budget Remaining £0k- 0%

The capital is to be used to update the congress system

Finance

Working Budget £3,637k

Spend to Date £1,841k

Budget Remaining £1,796k- 49%

The capital budget comprises the Transformation Projects funded from the Capitalisation Direction and the Unallocated Capital budgets. The Transformation costs to date of £1.833m, of this £1.324m relates to redundancy costs. The revised forecast for this budget is £3.293m which is more than the approved budget. Further work will review the spend and forecast to ensure only appropriate spend is included, an update next month will consider other funding options to bridge the funding gap.

Reprofiling Budgets across Financial Years

Following approval the proposed amendments to the Financial Regulation on 10th October, all budget journals that do not change the overall funding of the capital programme, and in the main, relate to reprofiling the budget due to new spending plans, will be completed as needed and put into place in readiness for each month end.

Information Technology £1,694,752

	August Working Budget	Roll Forward	Revised Working Budget	2020/21	2021/22	2022/23	2023/24
INFORMATION SERVICES							
2007 DESKTOP ICT REFRESH STRATEGY	797	-557	240	150	434	250	370
2016 IT INFRASTRUCTURE	433	-310	123	145			
2017 SWITCHES / WI-FI	0		0				
ENTERPRISE MONITORING	100	0	100				
CAP - ICT- UNALLOCATED	486	-465	21	250	215		
2016 FINANCE SYSTEM	83	0	83				
2016 SHARE POINT	100		100				
2017 IT SYSTEM RATIONALISATION	521	-361	160	361			
2018 ICT CYBER SECURITY IMPROVEMENT	116	0	116				
Total	2,637	-1,694	944	906	649	250	370

1 - The Information Technology budget in 2019/20 has been reduced by £1,694,752, in September 2019. The profile for the future years will be included in the Capital Programme.

Highways, Transport and Recycling £2,127,000

	August Working Budget	Roll Forward	Revised Working Budget	2020/21	2021/22
EV Charge Points	200	-60	140	60	
Welshpool HWRC	0	50	50	900	50
North Powys Recycling Bulking Facility	3,005	-1,503	1,503	1,400	103
Relocation to Cwrt y Plyffin	1,229	-615	615	565	50
Total	4,435	-2,127	2,307	2,925	203

2 - The Highways, Transport and Recycling budget in 2019/20 has been reduced by £2,127,000 in September 2019. The profile for the future years will be included in the Capital Programme.

Grants Received

The following grant has been received since the last report and is included for information.

£100,000 – Highways, Transport and Recycling

The Office for Low Emission Vehicles grant offer is to fund the installation of plug-in vehicle charge points for the use of local residents in areas without off-street parking facilities. This grant is a supplement to the council's budget for EV Charge points of £100,000.

Capital Receipts

There were no capital receipts received in September. The total receipts for the year are now £648,000. This comprises £10,000 vehicle receipts, £585,500 property receipts and £52,500 county farms. The yearend forecast is £6.782m. A property auction is due to take place in the autumn and preparatory work has started.

The yearend forecast is dependent on a number of factors including the properties selling at auction, the transfers of general fund land to the Housing Revenue Account completing within the current financial year, and the completion of other agreed sales under negotiation.

Corporate

Options Considered/Available

No alternative options are considered appropriate as a result of this report.

Preferred Choice and Reasons

None to consider.

Impact Assessment

No impact assessment required

Corporate Improvement Plan

To achieve the Corporate Improvement Plan (CIP) objectives the Council undertakes forward planning with its medium-term financial strategy (MTFS) - this sets out the financial requirements to deliver the short and longer term council vision. Capital and revenue budget monitoring reports are used to ensure the funding identified to deliver the council priorities is spent appropriately and remains within a cash limited budget.

Local Member(s)

This report relates to all service areas across the whole County.

Other Front Line Services

This report relates to all service areas across the whole County.

Communications

Budget information is of interest to internal and external audiences and regular updates are provided by the Portfolio Holder for Finance. Detailed finance reports are presented to Heads of Service, Cabinet and the Audit Committee. These reports are public and are part of a range of statutory and non-statutory financial information documents including the Statement of Accounts.

Support Services (Legal, Finance, HR, ICT, BPU)

This report has no specific impact on support services other than reporting on those service areas financial outturns. Financial Services work closely with all service areas in monitoring financial performance against budgets.

Scrutiny

Has this report been scrutinised? No

The report will be considered by Finance panel when it meets on the 7th August, feedback will be provided to the Portfolio Holder for Finance.

Data Protection

If the proposal involves the processing of personal data then the Data Protection Officer must be consulted and their comments set out below.

Statutory Officers and Members Interest

Statutory Officers

The Head of Finance (Section 151 Officer) has provided the following comments:

Expenditure on the Capital Programme has slipped considerably in previous financial years, the effective monitoring and 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. Project Managers and Service leads will be supported to improve financial monitoring and forecasting of expenditure.

The Monitoring Officer has no specific concerns with this report.

Members' Interests

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

Recommendation

Recommendation

That the contents of this report are noted.

That Cabinet approves the virements proposed in this report

That all virements over £500k are recommended to Council for approval.

Reason for Recommendation

To report on the Capital Outturn position for the 2019/20 financial year.

To ensure appropriate virements, are carried out to align budgets and financing requirements.

Relevant Policy(ies)

Within Policy - Yes

Financial Regulations

Within Budget - N/A

Relevant Local Member(s)

N/A

Person(s) to Implement Decision

Jane Thomas

Decision Implementation Date

Ongoing

Contact Officer

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