



# Capital Forecast as at 30th November 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 November 2019.**

**The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £86.349m (The original budget was £92.344m). The decrease is due to the reprofiling of budget, with some projects rolled forward into future years.**

## Summary

The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £86.349m (The original budget was £92.344m). The decrease is due to roll forwards to future years, in particular 2020/21.

Actual and committed expenditure amounts to £52.739m representing in total 61.1% of the total budget. The actual spend to date is £34.622m, with £18.117m the committed figure. The actual spend equates to only 40% of the annual budget, and although there are commitments in the system, it is likely that there will be further slippage on delivery of some schemes, with spend needing to be reprofiled into future years.

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 and can demonstrate tangible benefits linked to the council's priorities.

Table 1 below summarises the financial position for each portfolio and service. Table 2 sets out how the in year capital programme is funded, 54% is funded through borrowing, the interest cost for this is charged to the revenue account.

Table 1: Capital Table as at 30th November 2019

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 30th November 2019 (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
<b>Childrens &amp; Adults</b>								
Adult Services	290	1,140	0	0	1,430	766	664	46.4%
Childrens Services	0	919	0	0	919	36	883	96.1%
Education	44,818	-22,044	0	0	22,774	12,672	10,102	44.4%
<b>Economy &amp; Environment</b>								
Highways Transport & Recycling	15,151	4,609	0	1,100	20,860	14,476	6,384	30.6%
Property, Planning & Public Protection	2,046	4,561	0	0	6,607	3,901	2,706	41.0%
Housing & Community Development	8,753	-1,380	130	0	7,503	3,073	4,430	59.0%
<b>Organisational Transformation</b>								
Digital & Communication Services	973	258	0	0	1,231	408	823	66.9%
<b>Legal &amp; Democratic Services</b>								
Finance	0	22	0	0	22	22	0	0.0%
	3,650	477	0	0	4,127	2,296	1,831	44.4%
<b>Total Capital</b>	<b>75,601</b>	<b>-11,438</b>	<b>130</b>	<b>1,100</b>	<b>65,473</b>	<b>37,650</b>	<b>27,823</b>	<b>42.5%</b>
Housing Revenue Account	16,662	4,214	0	0	20,876	15,009	5,767	27.7%
<b>TOTAL</b>	<b>92,343</b>	<b>-7,224</b>	<b>130</b>	<b>1,100</b>	<b>86,349</b>	<b>52,739</b>	<b>33,610</b>	<b>38.9%</b>

Table 2: Funding of the Capital Budget as at 30th November, 2019

Funding						
Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Revised Working Budget 2018/19 as at 30th November 2019 (after virements approved and required)						
Capital	10,629	23,217	23,731	3,578	4,318	65,473
HRA	0	12,859	4,085	3,932	0	20,876
<b>Total</b>	<b>10,629</b>	<b>36,076</b>	<b>27,816</b>	<b>7,510</b>	<b>4,318</b>	<b>86,349</b>

## Service Updates

### Head of Service Comments

#### Adult Services

Working Budget £1,430k

Spend to Date £766k

Budget Remaining £664k 46.4%

Virements correspond to;

- Funding from Welsh Government that has enabled the building of a new facility to support residents experiencing challenges around substance misuse.
- ICF monies to further supported living opportunities for people with learning disabilities.

#### Children Services

Working Budget £919k

Spend to Date £36k

Budget Remaining £883k 96.1%

#### Education

Working Budget £22,774k

Spend to Date £12,672k

Budget Remaining £10,102k 44.4%

The Major Improvement Programme has 77 schemes in 2019/20, including schemes carried forward from 2018/19 and additional schemes approved by cabinet on the 30th July 2019. The update on progress is - no schemes out to commission, 4 schemes on hold, 12 schemes at the design stage, 8 are out to tender, 12 under construction and 41 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.

As part of the Schools Service Major Improvements Programme 2019/20 there is £400,000 capital funding allocated for Various Schools New ICT equipment to implement digital curriculum in schools. This budget has been reprofiled with £200k now to be spent in 2020/21.

#### Highways, Transport and Recycling

Working Budget £20,860k

Spend to Date £14,476k

Budget Remaining £6,384k 30.6%

We are currently on target and confident that the capital allocation for HTR will be expended as planned

### **Property, Planning and Recycling**

Working Budget £6,607k

Spend to Date £3,901k

Budget Remaining £2,706k 41.0%

### **Housing and Community Development**

Working Budget £7,503k

Spend to Date £3,073k

Budget Remaining £4,430k 59.0%

### **Digital and Communication Services**

Working Budget £1,231k

Spend to Date £408k

Budget Remaining £823k 66.9%

A large proportion of capital spend has taken place in the past quarter and this level of implementation is planned for the last quarter of 2019/20 and it is anticipated 100% spend by year end.

### **Legal Services**

Working Budget £22k

Spend to Date £22k

Budget Remaining £0k

### **Finance**

Working Budget £4,127k

Spend to Date £2,296k

Budget Remaining £1,831k 44.4% £3.6m of this budget relates to the transformation of council services, funding severance costs and transformation projects which are critical to reducing the on-going cost of delivering essential services to our residents. We are using the Welsh Government Directive to support the cost of this transformation programme and it is a key element of our financial strategy. This years budget will be fully utilised.

### **Housing Revenue Account**

Working Budget £20,876k

Spend to Date £15,089k

Budget Remaining £5,787k 27.7%

## Virements for Approval

### **Housing and Community Development £664,872**

£1,029,872 Economic Stimulus Grant funding as reported in the August Capital Report will be allocated to the Ladywell House Project. This will allow us to fund £365,000 of additional works providing additional occupancy, building in some flexibility and car park surfacing and lighting. The use of the grant for Ladywell House will allow the realignment of capital funded from borrowing totalling £664,872 to be used as a separate fund for economic development activities to be utilised in 2020/21. This is requested as a virement transfer.

### **Housing and Community Development £130,000**

A £2m refurbishment programme for leisure centres was added to the Capital Programme from 2019/20 to 2023/24. The funding was largely to replace roofs and pool filters which will reach end of life. Due to the recent issues and closure of the pitch at the Flash Leisure Centre, the pitch needs to be replaced urgently. Approval is sought to bring forward £130k funding from 2020/21 to add to the £70k already allocated to pitches in the programme in 2019/20, to allow the work at the Flash to commence. The refurbishment programme will be reviewed and a business case for new funding will be brought forward if required.

## Reprofiling Budgets across Financial Years

The following services have requested the reprofiling of their capital programme budgets into 2020/21, as the expected spend on projects will be significantly less than planned. We encourage services to reprofile budgets as soon as they become aware of forecast changes.

### Reprofiling Details

Housing Revenue Account £4,508,871

The WHQS and other HRA projects have been reprofiled to match the anticipated spend in year.

Housing Revenue Account				
	November Working Budget	Roll Forward	Revised Working Budget	2020/21
Management Fees	710,000	293,000	417,000	293,000
Kitchens North – 1	735,000	35,000	700,000	35,000
Kitchens South – 3	735,000	395,000	340,000	395,000
Bathrooms North – 2	250,000	50,000	200,000	50,000
Rewiring North – 5	138,735	62,735	76,000	62,735
Rewiring South 7	38,735	18,735	20,000	18,735
Windows/Doors North – 6	750,000	150,000	600,000	150,000
Roofing North – 9	961,680	431,680	530,000	431,680
Roofing South – 12	1,411,680	381,680	1,030,000	381,680
Wallwork North – 10	600,000	180,000	420,000	180,000
Estate Works North – 11	900,000	250,000	650,000	250,000
Estate Works South - 14	900,000	475,000	425,000	475,000
Gwaelod Y Bryn	240,000	215,000	25,000	215,000
Heating North	1,000,000	20,000	980,000	20,000
Heating South	1,000,000	120,000	880,000	120,000
2018 Energy Efficiency (Insulation)	250,000	180,000	70,000	180,000
Fir for Purpose South	1,487,651	687,651	900,000	687,651
2018 Photo-Voltaic (Solar panels)	200,000	200,000	0	200,000
2019 Replacement Sewage Plant	140,350	60,350	80,000	60,350
Fit for Purpose North	1,100,000	303,040	796,960	303,040
	13,548,831	4,508,871	9,139,960	4,508,871

Housing and Community Development £6,080,291.50

There are three projects being reprofiled. The first is the Loans to Registered Social Landlords. The procedures and process are now in place for the loans to be made in 2020/21.

The second is the ICF project in Welshpool. This project has been delayed and the ICF funding has been swapped with the Disabled Facility Grant funding and reprofiled to 2021/22. There is a risk that the spend in 2020/21 will not meet the grant requirements.

The final project is the Alpine Bridge which because of restrictions on when the work can take place will now be carried out in 2020/21.



Housing and Community Development					
	October Working Budget	Roll Forward	Revised Working Budget	2020/21	2021/22
ICF Extra Care – Welshpool	1,190,091.50	1,067,091.50	123,000	0	1,067,091.50
Loans to RSL's	5,000,000.00	5,000,000.00	0	5,000,000.00	0
Alpine Bridge Works	13,200.00	13,200.00	0	13,200.00	0
	6,203,291.50	6,080,291.50	123,000.00	5,013,200.00	1,067,091.50

Education £6,620,378

The ICT Equipment budget has now been reprofiled with £200,000 occurring in 2020/21.

The Welshpool Church in Wales School tender to complete the build is due to be awarded shortly but the profile has been amended to reflect the new timescales. Once the tender has been received an update on the budget will be presented to Cabinet.

The New Secondary School in Newtown has been delayed and therefore the spend profile has been revised.

The two Crickhowell projects have amended spend profiles to reflect the latest estimates and timescales.

	November Working Budget	Roll Forward	Revised Working Budget	2020/21
2019 ICT Equipment - School	400,000	200,000	200,000	200,000
Welshpool CinW	5,289,832	4,534,832	755,000	4,534,832
New Secondary High School	1,400,000	1,400,000	0.00	1,400,000
Crickhowell HS Extension Works	881,305	434,305	447,000	434,305
Crickhowell HS Pitch and Lighting Works	75,241	51,241	24,000	51,241
	8,046,378	6,620,378	1,426,000	6,620,378

## Grants Received

The following grants have been received since the last report and are included for information.

### **£360,096 – Customers and Communication**

Award of Welsh Government funding in relation to the Hwb In-Schools Infrastructure Grant Scheme (HISIG). The purpose of the funding is to ensure school ICT networks are adequate and performant to maximise the opportunities digital can offer to teaching and learning, alongside underpinning the delivery of the new curriculum in Wales.

### **£680,000 - Highways, Transport and Recycling**

Welsh Government have revised the Local Transport Fund (LTF) and Active Travel (AT) elements awarded earlier this year to include additional funding. £100,000 additional LTF will fund the development of a bus data service and £580,000 AT grant is allocated to improve canal paths, shared walking/cycle paths and bicycle/scooter storage.

### **£13,477 - Housing and Community Development**

The Welsh Local Government Association have awarded Powys County Council a capital allocation of £13,477 in relation to the Food Poverty WLGA Grant from Welsh Government. The purpose of the capital funding is as set out in the Tackling Food Poverty and Addressing Food Insecurity EU Transition Funding Bid but in brief is to enable local authorities to "support organisations to access, store and distribute additional supplies of good quality food".

## Capital Receipts

Capital receipts received during November are £116,700. The total receipts for the year is now £1,124,700. This comprises £10,000 vehicle receipts, £982,400 property receipts, £79,800 HRA and £52,500 county farms. The year end forecast is £7.097m.

The year end forecast is dependent on the transfers to Housing from the General Fund within the current financial year and the completion of other agreed sales currently 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

### **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**

Jane Thomas

01597 8227789

[jane.thomas@powys.gov.uk](mailto:jane.thomas@powys.gov.uk)