



# Capital Forecast as at 31st December 2019

**CYNGOR SIR POWYS COUNTY COUNCIL**

**County Councillor Aled Davies**

**Portfolio Holder for Finance**

## Purpose

This report provides an update on the Capital budget based on the position reported as at 31st December 2019.

The revised working budget for the 2019/20 Capital Programme, after accounting for approved virements, is £76.80 million (The original budget was £92.34 million). The decrease is due to roll forwards to future years, in particular 2020/21.

Actual and committed expenditure amounts to £55.22 million representing 71.9% of the total budget. The actual spend to date is £39.29 million, 51% of the budget, with £15.93 million the committed figure. There is potential for further slippage on schemes, particularly during the winter months, and this could result in further reprofiling into future years. The continued reduction in the capital programme forecast has a consequence on the cost of borrowing, further reducing the requirement on the £14.84 million revenue cost of borrowing budget which this year is projecting a significant underspend.

Currently it is estimated that 3.4% of our net revenue budget of £255.00 million 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 31st December 2019

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Working Budget 2018/19 as at 31st December 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	826	602	42.1%
Childrens Services	0	919	0	0	919	35	883	96.1%
Education	44,818	-27,825	0	0	16,993	13,301	3,692	21.7%
<b>Economy &amp; Environment</b>								
Highways Transport & Recycling	15,151	3,489	0	1,100	19,740	14,889	4,851	24.6%
Property, Planning & Public Protection	2,046	4,561	0	0	6,607	3,927	2,680	40.6%
Housing & Community Development	8,753	-3,771	-123	0	4,859	3,442	1,417	29.2%
<b>Organisational Transformation</b>								
Digital & Communication Services	973	258	0	0	1,231	443	788	64.0%
Legal & Democratic Services	0	22	0	0	22	22	0	0.0%
Finance	3,650	477	0	0	4,127	2,388	1,739	42.1%
<b>Total Capital</b>	<b>76,681</b>	<b>-20,730</b>	<b>-123</b>	<b>1,100</b>	<b>56,928</b>	<b>39,276</b>	<b>16,652</b>	<b>29.8%</b>
Housing Revenue Account	16,662	4,214	0	0	20,876	15,948	4,928	23.6%
<b>TOTAL</b>	<b>92,343</b>	<b>-16,516</b>	<b>-123</b>	<b>1,100</b>	<b>76,804</b>	<b>55,224</b>	<b>21,580</b>	<b>28.1%</b>

Table 2: Funding of the Capital Budget as at 31st December, 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 31st December 2019 (after virements approved and required)						
Capital	8,897	19,536	19,422	3,639	4,395	55,989
HRA	0	12,633	4,311	3,871	0	20,815
<b>Total</b>	<b>8,897</b>	<b>32,169</b>	<b>23,733</b>	<b>7,510</b>	<b>4,395</b>	<b>76,804</b>

## Service Updates

### Head of Service Comments

#### Adult Services

Working Budget £1.43 million

Spend to Date £0.83 million

Budget Remaining £0.60 million 42.1%

Castell y Dail Day & Employment base actuals and commitments total £0.32 million, but there is a risk regarding utilisation of the capital grant allocation if the lease is not secured from Neath Port Talbot College (NPTC). The cross cutting resources and overview group will be reviewing the situation and ensuring it can mitigate the risk.

Arlais/Lant Avenue Older Day Centre relocation actual expenditure totals £0.01 million, HoWPs to date been unable to deliver on schedule, and a commitment is being sought on start date.

Grant monies have been allocated for the Rhyd, Brecon Day & Employment. Actuals and commitments total £0.065 million.

Community Equipment actuals and commitments total of £0.09 million against an grant allocation of £0.12 million.

£0.11 million allocation for Mobile Working budget is being reviewed and may be reprofiled to next year.

Substance Misuse Capital Welsh Government (WG) grant funding allocation of £0.35 million to purchase Old Bank, Welshpool has resulted in £0.31 million actual expenditure plus commitments to date. This project has been delayed because of issues with planning and listed building consent. The work should have been completed by July 2019 as WG have approved the use of the grant in 2019/20, and cannot be rolled forward to next year.

#### Children Services

Working Budget £0.91 million

Spend to Date £0.03 million

Budget Remaining £0.88 million 96.1%

Awaiting decision from Welsh Government to roll capital monies forward to 2020/21 expected response by Mid Jan 2020 as the projects summarised below will not need funding until next financial year.

Welshpool Flying Start Capital – New construction company appointed to complete the build of Welshpool Church in Wales School. Meetings have been planned to begin the transition from current office to our new Integrated Family Centre on Oldford estate from January 2020 onwards.

Brecon – Options paper has been shared and is due at Cabinet on the 31st January. We plan to site new building at Cradoc Road Youth centre housing Flying Start, County Council and office/ training/ contact space.

Start Well Board to consider and agree ongoing revenue costs for both projects before any construction works take place.

### **Education**

Working Budget £16.99 million

Spend to Date £13.30 million

Budget Remaining £3.69 million 21.7%

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. There are no schemes to commission, 3 schemes are on hold, 10 schemes at the design stage, 5 are out to tender, 16 under construction and 43 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**

Working Budget £19.74 million

Spend to Date £14.89 million

Budget Remaining £4.85 million 24.6%

Programme is scheduled for completion as planned by year end, there is a virescence and reprofiling request set out in the relevant sections.

### **Property, Planning and Public Protection**

Working Budget £6.60 million

Spend to Date £3.92 million

Budget Remaining £2.68 million 40.6%

No issues to report. There will be slippage into the next financial year, just finalising the reprofiling plan for February report.

### **Housing and Community Development**

Working Budget £4.85 million

Spend to Date £3.44 million

Budget Remaining £1.41 million 29.2%

### **Digital and Communication Services**

Working Budget £1.23 million

Spend to Date £0.44 million

Budget Remaining £0.79 million 64.0%

Projects are currently planned to deliver to programme and complete to allocated funds.

### **Legal Services**

Working Budget £0.02 million

Spend to Date £0.02 million

Budget Remaining £0k

The project is due to be completed by 31st March, 2020.

### **Finance**

Working Budget £4.12 million

Spend to Date £2.38 million

Budget Remaining £1.73 million 42.1% £3.64 million of this budget relates to the transformation of council services, funding severance costs and transformational 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 £20.88 million

Spend to Date £15.95 million

Budget Remaining £4.938m 23.6% The service are working with finance to finalise the likely reprofiling of budget into 2020/21, this will be reported in detail in February. In addition much of the funding will be used to purchase land from the General Fund, resulting in capital receipts for the council, these are expected to conclude in February.

## **Virements for Approval**

A number of changes are required to the current year's Capital Programme, these are requested as part of the virement process, with a summary of each set out below, and are recommended for approval.

### **Highways, Transport and Recycling £0.10 million**

£0.68 million of the £3.95 million HAMP allocation for highways assets remains unallocated and £0.10 is requested for use for highways strengthening, the balance will be rolled forward into 20/21 and explained further in the relevant section below.

### **Highways, Transport and Recycling -£0.07 million**

It is recommended that budgets for projects to create a fleet facility (£0.02 million) and a household waste recycling facility (£0.05 million) are removed from the capital programme as these budgets are

not now needed. This funding will be placed into a pipeline budget for future projects that will be identified through the new governance framework and evaluated and approved as per the new approval process before proceeding further.

#### **Housing and Community Development £0.29 million**

The Machynlleth Gypsy and Traveller site has a revised estimated cost of £1.29 million, mainly due to a revised building construction approach and the project costs, prepared two years ago have been updated for inflation etc. The approved budget is £0.99 million. This virement seeks to approve an additional £0.29 million for the project, which would be funded from the Home Finder capital receipts.

Once the land for the project has been secured, it will be possible to apply to Welsh Government for a grant. It is hoped that this funding will cover the increase in the estimated costs.

The spend profile for the project needs to be amended as follows £0.08 million in 2019/20, £1.15 million in 2020/21 and £0.06 million in 2021/22 making a total of £1.29 million.

#### **Housing and Community Development £0.20 million**

The Disabled Facility Grants project has been reviewed and an underspend of £0.20 million has been identified for 2019/20. This is similar to the underspend for the previous year, and is due to the ability to access external funding to support the programme, releasing council funding. It is recommended that the budget is removed from the project and returned to the unallocated budget held under Corporate Services.

### **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 this year. We encourage services to reprofile budgets as soon as they become aware of forecast changes.

#### **Highways, Transport and Recycling £0.58 million**

The service received a £3.95 million HAMP allocation for highways assets in 2019/20. The allocation will not be utilised in full this year as Welsh Government have funded £1.58 million of works through the Public Highways Refurbishment Grant. The unallocated budget of £0.58 million will be rolled forward into the HAMP budget next financial year.

#### **Education £5.78 million**

Ysgol Calon Cymru is a project which is split between Band A and B Welsh Government criteria. The project has been delayed due to the estimated costs received being significantly higher than anticipated and outside our funding envelope for this project. Further work is required to be undertaken to understand the basis of these costs and it will be necessary to submit the documents as part of our governance process i.e. a Strategic Outline Case, Outline Business Case and Full Business Case (FBC) for the project instead of the FBC as previously agreed with Welsh Government. The 2019/20 budget has been reprofiled over the next two financial years to reflect the likely spend profile for the project. In

addition, we are awaiting the recommendations of the strategic review of schools in Powys which will be considered by Cabinet in January 2020.

#### **Housing and Community Development £0.06 million**

The Library Service currently has a project to install self service terminals in all locations. Currently libraries in Llanidloes, Newtown, Machynlleth and y Gaer in Brecon have fully operational terminals installed. It is anticipated that terminals will be installed in slightly over half of libraries at year end. The remainder will be completed in 2020/21 and the necessary budget of £0.06 million will be reprofiled to reflect the works planned during that period.

#### **Housing and Community Development £0.400 million**

TRIP is a Welsh Government funding programme. Welsh Government invited applications for regionally-endorsed local authority project proposals for a three-year period which began in April 2018. The programme also directly contributes to the delivery of the Economy Programme under the Council's Vision 2025 and the Powys Well Being Plan. The programme has now been extended into years 4 and 5 with an indicative budget for the region of £3 million per annum.

The aim of this programme is to facilitate the development of, and support for, regionally significant regeneration investment proposals in defined Regeneration Areas. In Powys, these are Newtown, Brecon and Llandrindod Wells.

Due to the Welsh Government timescales and delays in the approval of projects by their National panel the programme timeline has slipped back. The spend profile has been reviewed and expenditure will now be incurred within the 2020/21 financial year.

### Grants Received

There are no grants that have been received since the last report.

### Capital Receipts

Capital receipts received during December are £0.26 million. The total receipts for the year is now £1.39 million. This comprises £0.01 million vehicle receipts, £1.13 million property receipts, £0.09 million Housing Revenue Account and £0.16 million county farms. The year end forecast is £5.93 million.

The year end forecast includes land transfers to Housing from the General Fund totalling £3.75 million which is likely to be concluded before year end. There are further sales currently under negotiation and if the completion date is beyond March 2020, the necessary forecast changes will be made.

### Resource Implications

**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.**

## Legal Implications

**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.

## Comment from Local Member(s)

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

## Integrated Impact Assessment

**No impact Assessment required**

## Recommendation

### **Recommendation**

That the contents of this report are noted.

That Cabinet approves the virements proposed in this report

That all virements over £0.50 million 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.

## Contact Officer

### **Contact Officer**

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