

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**CABINET EXECUTIVE**  
**3<sup>rd</sup> March 2020**

**REPORT AUTHOR:** County Councillor Aled Davies, Portfolio Holder for Finance

**REPORT TITLE:** Capital Forecast as at 31<sup>st</sup> January 2020

---

**REPORT FOR:** Decision

---



*The Atrium at y Gaer*

**1. Purpose**

- 1.1 To provide Cabinet with an updated forecast outturn position for the 2019-20 capital programme budget as at 31st January 2020.

**2. Background**

- 2.1 The revised working budget for the 2019-20 Capital Programme after accounting for approved virements is £73.37 million. The original budget was £92.34 million. The reduction is due to reprofiling planned expenditure from 2019-20 into future years, in particular 2020-21.

### 3. Advice

- 3.1 The forecast outturn on the revised 2019-20 capital budget as at 31<sup>st</sup> January is an underspend of £11.6 million on service budgets and £4.6 million on the Housing Revenue Account which is detailed by service area in Table 1 below. Actual spend and committed expenditure as at 31 January 2020 amounts to £57.26 million representing 72% of the total revised budget comprising actual spend of £43.35 million and £13.92 million committed. Appendix A provides commentary from Heads of Service on individual projects.

**Table 1: Capital Programme 2019-20 Budget as at 31<sup>st</sup> January 2020**

Service	Original Budget	Virements Approved	Virements Required by Cabinet	Virements Required by Council	Revised Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	%
Adult Services	290	562	0	0	852	663	189	22.2%
Children's Services	0	119	0	0	119	38	81	68.1%
Education	44,818	(28,175)	0	0	16,643	13,540	3,103	18.6%
Highways Transport & Recycling	15,151	3,001	0	0	18,152	15,534	2,618	14.4%
Property, Planning & Public Protection	2,046	4,385	0	0	6,431	4,140	2,291	35.6%
Housing & Community Dev.	8,753	(3,776)	0	0	4,977	3,852	1,125	22.6%
Digital & Comms. Services	973	258	0	0	1,231	542	689	56.0%
Legal & Democratic Services	0	22	0	0	22	22	0	0.0%
Finance	3,650	418	0	0	4,068	2,564	1,504	37.0%
<b>Total Capital</b>	<b>75,681</b>	<b>(23,186)</b>	<b>0</b>	<b>0</b>	<b>52,495</b>	<b>40,895</b>	<b>11,600</b>	<b>22.1%</b>
Housing Revenue Account	16,662	4,214	0	0	20,876	16,367	4,509	21.6%
<b>TOTAL</b>	<b>92,343</b>	<b>(18,972)</b>	<b>0</b>	<b>0</b>	<b>73,371</b>	<b>57,262</b>	<b>16,109</b>	<b>22.0%</b>

- 3.2 With only two months left of the financial year it is likely that there will be further slippage on delivery of some schemes, with additional spend needing to be reprofiled into future years. This will in turn reduce our borrowing requirement, maintaining the significant revenue budget underspend on borrowing costs.
- 3.3 With only two months left of the financial year it is likely that there will be further slippage on delivery of some schemes, with additional spend needing to be reprofiled into future years. This will in turn reduce our borrowing requirement, maintaining the significant revenue budget underspend on borrowing costs.
- 3.4 Table 2 below sets out how the 2019-20 capital programme is funded. 54% is funded through borrowing, the interest cost for which is charged to the revenue budget. Around 3.4% of the Council's 2019-20 net revenue budget is supporting the borrowing costs of past and present capital expenditure and 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 delivery of Vision 2025 outcomes and our statutory obligation.

**Table 2 Funding of the Capital Budget as at 31st January 2020**

Service	Supported Borrowing	Prudential Borrowing	Grants	Revenue Cont's To Capital	Capital Receipts	Total
	£,000	£,000	£,000	£,000	£,000	£,000
Capital	8,959	18,496	18,242	2,539	4,318	52,554
HRA	0	12,633	4,387	3,795	0	20,815
<b>Total</b>	<b>8,959</b>	<b>31,129</b>	<b>22,629</b>	<b>6,334</b>	<b>4,318</b>	<b>73,369</b>

3.5 The following requests have been made by services to reprofile some of their 2019-20 capital budget 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, rather than waiting until the end of the year.

- £120,000: Education Service: Schools have now received their ICT grant with new equipment installed at 13 schools. The projected cost for the year is £85,000 which will require a roll forward of £120,000 of the current £200,000 working budget. This is in addition to £200,000 that was rolled forward in November 2019 bringing the budget for 2020-21 up to £320,000.
- £490,000 Highways, Transport and Recycling: Due to various delays, summarised below, the following scheme budgets need to be reprofiled into 2020-21:
  - £240,000 Gas Street Car Park Improvements, Newtown due to environmental issues additional requirements need to be met before works can commence.
  - £150,000 B4518 Gabion Wall Collapse due to protracted land negotiations which have delayed the scheme commencing on site. Alternative solutions are now being evaluated to avoid the need for land purchase.
  - £100,000 B4398 New Bridge Vyrnwy Strengthening due to delays in getting a contractor on site the scheme will not commence until 2020-21
- £8,000 Housing and Community Development due to delays agreeing the lighting proposal at Presteigne Library Assembly Rooms and gaining CADW approval, £8,000 needs to be rolled forward into 2020-21 for the outstanding works.
- £170,000 Property, Planning and Public Protection: Works at Presteigne Cemetery will not commence this year due to planning permission delays.
- £380,000 Adult Services: Due to various delays the following scheme budgets need to be reprofiled into 2020-21:
  - £100,000 Mobile Transformation due to delays in the electronic rostering system project
  - £90,000 Care Homes works required by Care Inspectorate Wales as part of the new registration by Shaw which will take place in 2020-21..
  - £190,000 Castell y Dail due to failure to secure a lease for the building. Instead the service will spend a reduced programme on this building as

well as other buildings in and around Newtown. £190,000 will be swapped with other eligible costs in Housing to ensure the grant is spent in 2019-20.

- 3.6 Since the December report the Council has received a £1.94 million grant from the Welsh Government to help fund backlog schools' capital maintenance costs incurred in financial year 2019/20. It will not be possible to spend this grant on new projects during 2019-20 but the grant terms and conditions allow it to be used on existing projects, in 2020-21 which will allow the Council's funding to be rolled forward.
- 3.7 Capital receipts received during January 2020 amount to £230,000 bringing the total for the year so far to £1.6 million, comprising £30,000 vehicle receipts, £1.34 million property receipts, £90,000 Housing Revenue Account and £140,000 county farms. The year-end forecast is £5.9 million which is dependent on the transfers of land to Housing from the General Fund within the current financial year, which will take place in February and the completion of other agreed sales currently under negotiation.

#### **4 Resource Implications**

- 4.1 The resource implications are set out in the body of the report. Expenditure on the Capital Programme has slipped considerably in 2019-20 and 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 in 2020-21

#### **5. Legal implications**

- 5.1 The Monitoring Officer has no specific concerns with this report.

#### **6. Comment from local member(s)**

- 6.1 This report relates to service areas across the whole county.

#### **7. Integrated Impact Assessment**

- 7.1 No impact assessment is required

#### **8. Recommendation**

- 8.1 Cabinet is invited to note the content of this report.

Contact Officer:	Jane Thomas, Head of Financial Services
Tel:	01597 8227789
Email:	jane.thomas@powys.gov.uk
Corporate Director:	Ness Young

## Appendix A – Updates on Capital projects by Service

Service	Original Budget	Virements Approved	Revised Working Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Adult Services	290	562	852	663	189	22.2%

### HOS Comment

The purchase of an electronic rostering system has been delayed but remains an ongoing requirement for domiciliary care. The budget has been reprofiled to be spent in 2020-21.

The work on developing Lant Avenue for day care provision has been further delayed by HOWPS and the budget will be amended and reported in the February report.

	£,000	£,000	£,000	£,000	£,000	%
Children's Services	0	119	119	38	81	68.1%

### HOS Comment

The capital project for Bannau Camlas is well underway and going well. All works will be completed within this financial year. Preliminary works have commenced in Brecon to scope out project and location.

	£,000	£,000	£,000	£,000	£,000	%
Highways Transport & Recycling	15,151	3,001	18,152	15,534	2,618	14.4%

### HOS Comment

Programme is scheduled for completion as planned by year end.

	Original Budget	Virements Approved	Revised Working Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Education	44,818	-28,175	16,643	13,540	3,103	18.6%

### HOS Comment

The Major improvement programme has 81 schemes in 2019/20, including schemes carried forward from 2018/19 and additional schemes approved by cabinet on the 30<sup>th</sup> July 2019. There are no schemes to commission, 2 schemes on hold, 1 scheme commissioned, 3 schemes at the design stage, 6 are out to tender, 20 under construction and 49 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 has been re-profiled.

The other capital budgets will be reviewed to establish a realistic forecast and the changes made and reported in the February report.

	£,000	£,000	£,000	£,000	£,000	%
Housing & Community Development	8,753	-3,776	4,977	2,382	3,852	22.6%

#### **HOS Comment**

Senior Managers across the Service have confirmed that they are working with Finance Business Partners to roll forward budgets which are not spent or committed for the 19/20 financial year. Confirmation has been received that budgets committed to date are on track to be spent by end of the financial year.

	£,000	£,000	£,000	£,000	£,000	%
Housing Revenue Account	16,662	4,214	20,876	16,367	4,509	21.6%

#### **HOS Comment**

Contractor capacity in certain trades during 2019-2020 has resulted in delays to WHQS and Non WHQS programmes. Uncommitted funds will be rolled over into 2020/21 programmes.

The land transfer between the service and corporate capital receipts will be completed in February in the accounts.

	Original Budget	Virements Approved	Revised Working Budget (after virements approved and required)	Actuals & Commitments	Remaining Budget	
	£,000	£,000	£,000	£,000	£,000	%
Property, Planning & Public Protection	2,046	4,385	6,431	4,140	2,291	35.6%

#### **HOS Comment**

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

	£,000	£,000	£,000	£,000	£,000	%
Digital & Communication Services	973	258	1,231	542	689	56.0%

#### **HOS Comment**

Capital investment across the ICT estate is ongoing and can fluctuate depending on emerging changes to priorities. Our investment in cyber security is still planned to be implemented before year end along with other infrastructure projects with a predicted spend of the majority of our capital investment.

	£,000	£,000	£,000	£,000	£,000	%
Finance	3,650	418	4,068	2,564	1,504	37.0%

#### **HOS Comment**

The latest forecast has identified a slight slippage in the programme which will be updated in the February Report.