

**REPORT TO THE CABINET**  
15 OCTOBER 2019

**Cabinet Member:** Councillor Ioan Thomas, Finance Cabinet Member

**Subject:** Capital Programme 2019/20 –  
End of August Review (31 August 2019 position)

**Contact Officer:** Ffion Madog Evans, Senior Finance Manager

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**The decision sought / Purpose of the report**

To accept the report on the end of August review (31 August 2019 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £8,304,000 various sources utilised to fund actual slippages from 2018/19
  - £5,936,000 increase in the use of borrowing
  - £3,411,000 increase in the use of grants and contributions
  - £82,000 increase in the use of capital receipts
  - £37,000 decrease in the use of revenue contributions
  - No change in the use of the capital reserve
  - £154,000 increase in the use of renewal and other reserves
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**1. Introduction / Summary**

This technical report is presented as part of the 2019/20 budget review procedure. The main purpose of the report is to present the revised capital programme and to approve the relevant financing sources. There is a summary in parts 3 and 4 of the report, with the recommendations in part 7:

Part 3: Analysis by Department of the £87.794m capital programme for the 3 years 2019/20 – 2021/22.

Part 4: The sources of finance for the net increase of approximately £17.850m since the opening budget with £8.304m of the increase due to slippages from 2018/19 (previously reported as part of the year-end review on 21 May 2019).

Part 6: Detail on additional grants since the establishment of the original budget.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed programme (part 3) and financing (part 4).

The remainder of the report is for information:

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2019/20 to 2020/21
- Appendix C: First 5 months' expenditure in 2019/20

## 2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £39.7m in 2019/20 on capital projects, with £17.2m (43%) of it being financed by attracting specific grants.
- An additional £7.9m of proposed expenditure has been re-profiled from 2019/20 to 2020/21, but no loss of funding was caused to the Council where schemes have slipped.

## 3. Capital Programme 2019/20 to 2021/22

See below the revised proposed capital programme as at the end of August 2019. It includes allocations of the Asset Scheme to the relevant Departments as presented to Cabinet on 2 April 2019.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2019/20	2020/21	2021/22	TOTAL			
	£'000	£'000	£'000	£'000			
Education	10,967	6,184	1,895	19,046	5,283	84	5,199
Environment	5,203	3,991	406	9,600	8,913	4,301	4,612
Corporate Support	106	13	-	119	106	106	-
Finance	713	481	1,237	2,431	2,356	211	2,145
Economy and Community	1,955	880	330	3,165	1,338	73	1,265
Adults, Health and Wellbeing - Housing Unit	4,611	6,250	4,300	15,161	5,277	701	4,576
Adults, Health and Wellbeing - Other	1,755	2,846	2,400	7,001	5,357	93	5,264
Children and Families	1,344	1,113	250	2,707	356	-	356
Highways and Municipal	11,287	4,548	2,257	18,092	5,047	591	4,456
Consultancy	685	3,539	3,410	7,634	6,684	-	6,684
Corporate	1,123	1,030	685	2,838	(22,867)	2,144	(25,011)
<b>TOTAL</b>	<b>39,749</b>	<b>30,875</b>	<b>17,170</b>	<b>87,794</b>	<b>17,850</b>	<b>8,304</b>	<b>9,546</b>

#### 4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £17.850m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	ADOLYGIAD DIWEDD AWST				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2019/20	2020/21	2021/22	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	7,995	7,535	6,610	22,140	-	-	-
Other Borrowing	2,234	3,668	2,567	8,469	6,289	353	5,936
Grants and Contributions	17,177	4,235	-	21,412	4,753	1,342	3,411
Capital Receipts	431	750	-	1,181	333	251	82
Departmental & Corporate Revenue	1,268	-	-	1,268	(20)	17	(37)
Capital Fund	1,442	842	3,801	6,085	918	918	-
Renewals & Other Funds	9,202	13,845	4,192	27,239	5,577	5,423	154
<b>TOTAL</b>	<b>39,749</b>	<b>30,875</b>	<b>17,170</b>	<b>87,794</b>	<b>17,850</b>	<b>8,304</b>	<b>9,546</b>

#### 5. Additional Other Borrowing

£5,353k of the additional amount opposite the heading Other Borrowing in the table above in part 4 arises from the Flood Alleviation Schemes. Through the Local Government Borrowing Initiative (LGBI) the Welsh Government funds 75% of the scheme costs by reimbursing the Council's borrowing costs over a period of 25 years in the annual Revenue Support Grant (RSG). The remaining 25% which is to be funded by the Council has already been earmarked as part of the Asset Plan.

#### 6. Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting the following additional grants totalling £3,792k. A number of adjustments including a reduction of £387k for a lower cost scheme brings the total movement to £3,411k (see Appendix A for more information) :

- £1,538k Local Transport Fund Grant towards several different schemes including sustainable bus partnerships and transport hubs
- £1,327k 21st Century Schools Grant – Condition and Adaptation schemes and Community Hub
- £527k(net) Intermediate Care Fund (ICF) grant for adapting adults' establishments
- £165k Housing Enable Grant from Welsh Government to facilitate independent living

- £95k Specific Grant from Welsh Government towards the Caernarfon Waste Transfer Site as part of the regional scheme
- £73k Sure Start Grant scheme at Plas Ffrancon Centre and Intermediate Care Fund contribution towards the Maesgeirchen Centre
- £67k Grant from Natural Resources Wales towards the second phase of the Coastal Path scheme

## **7. Recommendations**

**The Cabinet is asked to:**

- **accept the 2019/20 to 2021/22 revised programme, and**
- **approve the relevant sources of finance (part 4 above).**

## **8. Reasons for Recommending the Decision**

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the Cabinet must approve the capital programme and its sources of funding.

Incorporating funding via grant is a point of order, but it is also necessary to deal with situations where there has been a change in expenditure profiles between years and the value of capital receipts and contributions.

These are recommendations to ensure definite sources of funding for the 2019/20 – 2021/22 capital schemes.

## **9. Relevant Considerations**

These are technical issues regarding the financing of schemes and relevant implications and debates have already been addressed when the individual schemes were adopted.

## **10. Next Steps and Timetable**

To implement the recommendations to finance the programme.

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**View of the Local Member**

Not relevant.

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**Views of the Statutory Officers****Monitoring Officer:**

No observations to add from a propriety perspective.

**Head of Finance:**

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

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**Appendix**

Appendices A, B and C.

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## Main Changes Per Source of Financing

See below the relevant schemes that have caused the main changes to the sources of finance since the opening budget :

	2019/20	2020/21- 2021/22
	£'000	£'000
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>21<sup>st</sup> Century Schools Grant – Condition and Adaptation schemes and Community Hub (<i>Education Department</i>).</li> </ul>	1,327	
<ul style="list-style-type: none"> <li>Sure Start Grant scheme at Plas Ffrancon Centre and a contribution from the Intermediate Care Fund towards the Maesgeirchen Centre (<i>Children and Families Department</i>).</li> </ul>	73	
<ul style="list-style-type: none"> <li>Intermediate Care Fund (ICF) – additional Welsh Government grant for adapting establishments to admit dementia and specialised care beds as well as facilitating joint working arrangements with other agencies (<i>Adults, Health and Wellbeing Department</i>).</li> </ul>	952	(425)
<ul style="list-style-type: none"> <li>Specific Grant from Welsh Government to upgrade the Caernarfon Waste Transfer Site as part of the regional scheme (<i>Highways and Municipal Department</i>).</li> </ul>	95	
<ul style="list-style-type: none"> <li>Local Transport Fund Grant from Welsh Government towards several different schemes including sustainable bus partnerships and transport hubs (<i>Environment Department</i>).</li> </ul>	1,538	
<ul style="list-style-type: none"> <li>Grant from Natural Resources Wales towards the second phase of the Coastal Path scheme (<i>Environment Department</i>).</li> </ul>	67	
<ul style="list-style-type: none"> <li>Housing Enable Grant from Welsh Government to facilitate independent living (<i>Housing Unit, Adults, Health and Wellbeing Department</i>).</li> </ul>	165	
<ul style="list-style-type: none"> <li>Llanberis Flood Alleviation Scheme – lower than expected costs (<i>Consultancy Department</i>)</li> </ul>	(387)	
<b>Other Borrowing</b>		
<ul style="list-style-type: none"> <li>Local Government Borrowing Initiative contribution to the funding of a number of Flood Alleviation Schemes (<i>Consultancy Department</i>).</li> </ul>	173	5,180
<ul style="list-style-type: none"> <li>Recycling and Municipal Vehicles (<i>Highways and Municipal Department</i>).</li> </ul>	585	

<b>Capital Receipts</b>		
• Adults Services Vehicles ( <i>Adults, Health and Wellbeing Department</i> ).	22	
• Glan y Don Depot Upgrade ( <i>Highways and Municipal Department</i> ).	54	
<b>Departmental Revenue</b>		
• Contribution towards information technology system for Planning services ( <i>Environment Department</i> ).	62	
• Llanberis Flood Alleviation Scheme – lower than expected costs ( <i>Consultancy Department</i> )	(105)	
<b>Renewals and Other Funds</b>		
• Upgrading Highways and Municipal Depots ( <i>Highways and Municipal Department</i> ).	175	
• Adjustment to Vehicle Renewals projection for several Highways and Municipal Department units as well as other departments ( <i>Highways and Municipal Department</i> ).	(241)	
• Waste Management Schemes e.g. skips, recycling carts ( <i>Highways and Municipal Department</i> ).	114	10
• Car Parks' Pay and Display machines ( <i>Environment Department</i> ).	44	
• Contribution towards information technology system for Planning services ( <i>Environment Department</i> ).	50	

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## Budget Re-profiling – Main Schemes

See below the main schemes that have been re-profiled since the original budget:

	2019/20 £'000	2020/21 £'000
Schools' Schemes (21 <sup>st</sup> Century and Other) ( <i>Education Department</i> )	(1,318)	1,318
Adults establishments' schemes ( <i>Adults, Health and Wellbeing Department</i> )	(975)	975
Penygroes Health and Care Hub ( <i>Adults, Health and Wellbeing Department</i> )	(250)	250
Segontium Day Service Relocation Scheme ( <i>Adults, Health and Wellbeing Department</i> )	(171)	171
Flood Alleviation Schemes ( <i>Consultancy Department</i> )	(181)	181
Vehicles Renewals ( <i>Highways and Municipal Department</i> )	142	(142)
Transport Schemes ( <i>Environment Department</i> )	(379)	379
Adaptation Schemes, Repairs and Maintenance etc on Council Buildings ( <i>Property Unit, Environment Department</i> )	(2,176)	2,176
Council's Carbon Management Schemes ( <i>Property Unit, Environment Department</i> )	(1,099)	1,099
Housing Strategy Schemes ( <i>Housing Unit, Adults, Health and Wellbeing Department</i> )	(1,450)	1,450

### Note:

The above re-profiling will not result in any loss in grant.

There is a variety of valid reasons behind the re-profiling in many cases, but the delay prior to implementing these schemes can mean that the services have to cope for longer with current assets which have not been improved.

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## Capital Expenditure First 5 Months 2019/20

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August) 2019/20	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO 31/08/2019
	£'000	£'000
Education	10,967	2,270
Environment	5,203	384
Corporate Support	106	-
Finance (and Information Technology)	713	9
Economy and Community	1,955	81
Adults, Health and Wellbeing – Housing Unit	4,611	1,786
Adults, Health and Wellbeing - Other	1,755	106
Children and Families	1,344	161
Highways and Municipal	11,287	2,563
Consultancy	685	250
Corporate	1,123	-
<b>TOTAL</b>	<b>39,749</b>	<b>7,610</b>

**Note:**

The percentage that has been spent this year (19%) is lower than the position this time last year (amount spent in 5 months in 2018/19 was 21%).