

REPORT TO THE CABINET
19 FEBRUARY 2013

Cabinet Member: COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

Topic: CAPITAL PROGRAMME 2012/13 - 2014/15

Contact Officer: DAFYDD L EDWARDS - HEAD OF FINANCE

The necessary decision / Purpose of the report

A report on the third quarter review (31 December 2012 position) of the capital programme, and the Cabinet of 19th February 2013 is asked to approve the revised funding.

Introduction / Summary

The main purpose of this report is to present the revised capital programme and recommend the relevant sources of finance. This report is in 4 parts:

Part 1: Analysis by Department of the £115m capital programme for the 3 years 2012/13 – 2014/15.

Part 2: An explanation of the sources of finance for the net increase of approximately £2.057m since the last review.

The Cabinet has the authorisation to adapt the capital programme. Approval is sought for the programme (part 1) and financing (part 2).

The remainder of the report is for information:

Part 3: Movements from 2012/13 to 2013/14.

Part 4: Expenditure for the first 9 months 2012/13.

Main Findings:

Approval is sought for the increase of £2.1m in the three year capital programme, the expenditure re-profiling of £7.9m from 2012/13 to 2013/14.

The total value of this year's capital programme is nearly £41million, and the total three year programme has increased to nearly £115million, which is a significant achievement by the Council in the current financial climate.

There has been an increase of 5% in the level of expenditure at the end of December this year (2012/13) compared to the same period (9 months) last year.

Reasons for recommending the decision

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the formal 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 2012/13 – 2014/15 capital schemes.

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.

Delays on some schemes are reported on (part 3), and the relevant Scrutiny Committee could choose to assess the effect of the re-profiling on services which have to cope for longer with 'old' assets.

Next steps and timetable

To implement the recommendations to finance the program in order to complete the capital projects, and report on the year end position to the relevant Cabinet meeting in June 2013.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

The report again shows good management on our capital resources. Of course, the variety of schemes in each year is different, but it is encouraging to see that the percentage of expenditure so far this year (59%) is higher than at this time last year.

Monitoring Officer:

Nothing to add regarding propriety.

Chief Finance Officer: I have collaborated with the Cabinet Member to prepare this report and endorse its contents.

Appendix

Detailed report, parts 1-4, on pages 3-7.

1. CAPITAL PROGRAMME 2012/13 TO 2014/15

1.1 The table below shows a comparison of the capital programme up to the end December against the situation at the end of September:

COMPARISON BETWEEN THE THIRD QUARTER AND THE SECOND QUARTER

	END OF SEPTEMBER REVIEW				END OF DECEMBER REVIEW				INCREASE / (DECREASE) SINCE THE LAST QUARTER
	2012/13	2013/14	2014/15	TOTAL	2012/13	2013/14	2014/15	TOTAL	
DEPARTMENT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	66	441	0	507	66	441	0	507	0
Education	6,207	11,960	1,780	19,947	5,677	11,108	3,191	19,976	29
Finance	0	59	0	59	10	59	0	69	10
Provider and Leisure	341	491	0	832	341	491	0	832	0
Democracy and Legal	0	0	0	0	0	0	0	0	0
Economy and Community	6,662	8,163	342	15,167	5,848	9,481	333	15,662	495
Customer Care – Property Unit	8,917	6,560	4,995	20,472	8,203	7,751	4,995	20,949	477
Customer Care – Other	223	1,635	816	2,674	190	1,469	1,016	2,675	1
Housing and Social Services	3,137	2,440	2,000	7,577	3,512	2,365	2,000	7,877	300
Highways and Municipal	9,488	6,921	4,916	21,325	9,499	6,910	4,916	21,325	0
Regulatory	7,026	7,738	8,913	23,677	7,458	8,051	8,913	24,422	745
Strategic and Improvement	4	0	0	4	4	0	0	4	0
Housing – Revenue Account (Residual)	57	0	0	57	57	0	0	57	0
Gwynedd Consultancy	68	0	0	68	68	0	0	68	0
Corporate	0	78	276	354	0	78	276	354	0
TOTAL	42,196	46,486	24,038	112,720	40,933	48,204	25,640	114,777	2,057

2 CHANGES TO THE SOURCES OF FINANCE

2.1 The budget for the three year programme shows an increase of £2.057m since the second quarter position. The sources of financing for this are noted below:

SOURCE OF FINANCE	END OF SEPTEMBER REVIEW			END OF DECEMBER REVIEW			INCREASE/ (DECREASE) £000
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	
	£000	£000	£000	£'000	£'000	£000	
Supported Borrowing	4,860	4,039	4,039	4,860	4,039	4,039	0
Unsupported Borrowing	5,794	11,279	4,450	5,238	6,203	7,179	(2,903)
Grants and Contributions	20,024	19,440	11,608	19,576	23,831	11,572	3,907
Capital Receipts	2,109	2,340	2,096	2,279	2,470	2,096	300
Departmental & Corporate Revenue	1,847	1,965	527	2,269	1,971	527	428
Capital Fund	3,424	6,901	1,318	2,490	8,653	200	(300)
Renewals & Other Funds	4,138	522	0	4,221	1,037	27	625
TOTAL	42,196	46,486	24,038	40,933	48,204	25,640	2,057
3 YEAR TOTAL			112,720			114,777	

2.2 Unsupported Borrowing

A decrease of £2,903,000 in this source of funding is mainly due to the following:

- **Bro Dysynni Area Schools (Education Department) – (£1,619,170) in 2013/14 and (£244,010) in 2014/15, and O.M.Edwards' School (Education Department) – (£500,000) in 2012/13 and (£500,000) in 2013/14**

The Council was able to re profile the use of the grant over the period of the 21st century schools projects package, which also enables us to re profile the use of the Council's financial support via borrowing which is shown here (see also 2.3 and 2.6 below).

- **Carbon Management Schemes (Customer Care Department - Property Unit) – (£40,000) in 2012/13**

A decrease in the requirement to borrow from Salix as a result of receiving an additional grant from the Government's Môn Menai Programme.

2.3 Grants and Contributions

A net increase of £3,907,000 in this source of funding is mainly due to the following:

- **Bro Dysynni Area Schools (Education Department) – (£317,520) in 2012/13 and £2,491,350 in 2013/14, and O.M.Edwards' School (Education Department) – £263,720 in 2012/13 and £736,280 in 2013/14**

As reported above, the Council was able to re profile the use of the grant over the period of the 21st century schools projects package (see also 2.2 above and 2.6 below).

- **TAITH Grant (Regulatory Department) £264,060 in 2012/13**

An additional allocation of grant from the Regional Transport Consortium for schemes such as Arfon Cycling and Llyn Southerly Route.

- **Town Improvement project (Economy and Community Department) £100,000 in 2012/13 and £500,000 in 2013/14**

An additional grant from the Welsh Government was received through the Môn Menai Programme for Town Improvement project which is for 3 packages of support – targeted property scheme, town improvement scheme and shop front improvement scheme.

2.4 Capital Receipts

An increase of £300,000 in this source of funding:

- **Mortgage Deposit Scheme (Housing Department) £300,000 in 2012/13.**

A new scheme for loans to support local people who are first time buyers to get mortgage deposits.

2.5 Departmental and Corporate Revenue

A net increase of £428,000 in this source of funding is mainly due to the following:

- **Transport Grant Schemes (Regulatory Department) £355,470 in 2012/13**

Following an increase in expenditure an additional grant application was submitted to the Welsh Government which is awaiting formal confirmation. For now, the increase is funded from a contribution from the Department's revenue budget.

- **Waste Schemes – Food Skips (Highways and Municipal Department) £26,080 in 2012/13**

An increased contribution towards the food skips element of the Recycling Centres.

2.6 Capital Fund

A net decrease of £300,000 in this source of funding is mainly due to the following:

- **Bro Dysynni Area Schools (Education Department) – (£306,270) in 2013/14**

The Council was able to re profile the use of the grant over the period of the 21st century schools projects package, which also enables us to re profile the use of the Council's financial support via the capital fund which is shown here (see also 2.2 and 2.3 above).

2.7 Renewals and Other Funds

The net increase of £625,000 in this source of funding is mainly due to the following:

- **Dafydd Orwig Chamber and Hywel Dda Chamber, and Training Rooms in the Crown Court Schemes (Customer Care Department – Property Unit) £200,000 in 2012/13 and £200,000 in 2013/14**

By providing purpose built training rooms there will be a significant saving in room hire costs and also related travelling expenses. Following a decision not to spend on repair and maintenance work on the Crown Court building until the long term use of the asset had been assured, the savings were put in a fund. This fund is now used to finance the above.

Also, the developments in both the above chambers will enable internet broadcasting as part of the Welsh Government's scheme to promote local democracy and public engagement with the Council's proceedings. The scheme will also attract a grant from the Government.

- **Staff co-location and One Shop Stop Scheme (Customer Care Department - Property Unit) £120,410 in 2013/14**

Use of the Offices Fund for property work related to the co-location of staff.

- **Waste Schemes – Waste Bins (Highways and Municipal Department) £84,060 in 2012/13**

An increased use of the renewal funds in order to meet demand.

2.8 A request for a virement between schemes

- **Housing Department** – because the Welsh Government’s Renewal Area scheme is coming to an end in 2014, and in order to maximise the benefit to the County, the Housing and Social Services Department is eager to increase expenditure on the current renewal area schemes. In the circumstances therefore, **a virement of £302,650 is recommended from the General Housing Grants budget to the Renewal Area Grants budget.**

2.9 Recommendation

The Cabinet is asked to accept the 2012/13 to 2014/15 revised programme and approve the relevant sources of finance and the relevant virement (para. 2.2 to 2.8 above).

3 ANNUAL EXPENDITURE PROFILES

3.1 The total level of re-profiling in the capital programme from 2012/13 to 2013/14 so far is £7,928,370. The figures in part 1 of the report reflect this, with the main items as follows-

Schemes that are financed from the Council’s resources:-

- Asset Management Plan – repair and renewal on Council property avoidance scheme (Customer Care Department – Property Unit) £1,175,000
- Dolgellau Area Schools (Education Department) £896,320
- Council Vehicles Fleet Fund (Highways and Municipal Department) £265,870
- IT Network (Customer Care Department) £164,000
- Shortage of space at Llanrug Primary School (Education Department) £135,860
- Vehicles Washing Machine (Highways and Municipal Department) £130,000

Schemes that are (partly) financed through specific grants:-

- Pwllheli Sailing Academy (Economy and Community Department) £3,012,100
- Bro Dysynni Area Schools (Education Department) £1,190,210
- Ogwen Cycle Route, Community and Nature scheme (Regulatory Department) £309,050
- O. M. Edwards School, Llanuwchllyn (Education Department) £236,280

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

3.3 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 services have to cope longer with the current assets not improved.

4 CAPITAL EXPENDITURE FIRST 9 MONTHS 2012/13

4.1 The table below shows the actual departmental capital expenditure by the end of the third quarter (9 months), against the revised capital programme for 2012/13 (whole year) –

SUMMARY	FULL YEAR CAPITAL PROGRAMME (reviewed December) 2012/13 £'000	ACTUAL EXPENDITURE IN THE 9 MONTHS UP TO 31/12/2012 £'000
Human Resources	66	31
Education	5,677	2,534
Finance	10	0
Provider and Leisure	341	195
Democracy and Legal	0	0
Economy and Community	5,848	3,409
Customer Care – Property	8,203	6,140
Customer Care – Other	190	118
Social Services and Housing	3,512	2,526
Highways and Municipal	9,499	5,557
Regulatory	7,458	3,668
Strategic and Improvement	4	4
Council Housing	57	24
Gwynedd Consultancy	68	10
Corporate	0	0
TOTAL	40,933	24,216

4.2 Over £24.2m has been spent in the first nine months, which is 59% of the budget.

SUMMARY	END OF DECEMBER REVIEW 2012/13	END OF DECEMBER REVIEW 2011/12	INCREASE
Full Year Budget	£40.9million	£38.7million	£2.2million
Expenditure for the first 9 months	£24.2million	£21.0million	£3.2million
Expenditure as a % of the budget	59%	54%	5%

4.3 Despite the substantial re-profiling the proportion that has been spent this year is 5% higher than last year's equivalent proportion.