

REPORT TO THE CABINET

14 February 2017

Cabinet Member: Councillor Peredur Jenkins - Resource Cabinet Member

Subject: Capital Programme 2016/17 – Third Quarter Review
(31 December 2016 position)

Contact Officer: Dafydd L Edwards - Head of Finance

The decision sought / Purpose of the report

To accept the report on the third quarter review (31 December 2016 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- an increase of £2.059m in the use of other borrowing
 - a decrease of £1.871m in the use of grants and contributions
 - a decrease of £0.077m in the use of capital receipts
 - an increase of £0.470m in the use of revenue contributions
 - an increase of £0.177m in the use of renewal and other reserves
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1. Introduction

This technical report is presented as part of the 2016/17 budget monitoring 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 recommendation in part 5:

Part 3: Analysis by Department of the £61.647m capital programme for the 3 years 2016/17 – 2018/19.

Part 4: An explanation of the sources of finance for the net increase of approximately £0.698m since the second quarter review.

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

The remainder of the report is for information:

- Appendix A: The main changes per source of finance
- Appendix B: Movements from 2016/17 to 2017/18
- Appendix C: The first 9 months expenditure in 2016/17.

2. Main Findings:

The main conclusions that arise from the revised position are:

- There are firm schemes in place to invest approximately £31.592m in 2016/17, with £8.024m of it being financed by attracting specific grants.
- There is £6.040m of proposed expenditure having been re-profiled from 2016/17 to 2017/18 but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2016/17 to 2018/19

See below which shows the revised proposed capital programme.

DEPARTMENT	END OF DECEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Education	16,779	9,959	237	26,975	10
Finance	525	995	0	1,520	76
Economy and Community	1,010	1,197	0	2,207	(74)
Adults, Health and Wellbeing - Housing	1,935	2,689	0	4,624	0
Adults, Health and Wellbeing - Other	733	301	0	1,034	0
Children and Families	48	0	0	48	0
Highways and Municipal	2,747	5,296	3,650	11,693	182
Corporate Support	114	527	0	641	(40)
Regulatory	6,284	4,446	52	10,782	444
Consultancy	1,195	6	0	1,201	100
Corporate	222	700	0	922	0
TOTAL	31,592	26,116	3,939	61,647	698

4 Changes to the Sources of Finance

The budget for the three year programme shows an increase of £0.698m since the second quarter review. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF DECEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	6,652	6,352	321	13,325	0
Other Borrowing	10,250	4,541	119	12,851	2,059
Grants and Contributions	8,024	4,187	0	14,270	(1,871)
Capital Receipts	515	1,256	0	1,771	(77)
Departmental & Corporate Revenue	2,906	1,651	0	4,557	470
Capital Fund	168	2,419	0	2,587	0
Renewals & Other Funds	3,077	5,710	3,499	12,286	117
TOTAL	31,592	26,116	3,939	61,647	698

5. RECOMMENDATION

The Cabinet is asked to:

- accept the 2016/17 to 2018/19 revised programme (part 3) and
- approve the relevant sources of finance (part 4 above).

6. 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 2016/17 – 2018/19 capital schemes.

7. 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.

8. Next steps and timetable

To implement the recommendations to finance the programme.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

I do not have much to add to the report. I note that the expenditure percentage in the programme is lower this year, but that the Cabinet Member does not see this as a cause for concern, although, clearly we must keep an eye on this matter, with it being so close to the end of the financial year.

Monitoring Officer:

Nothing 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.

Appendix

Appendix A, B and C.

Main Changes Per Source of Financing:

See below the relevant schemes that have caused the main changes to the sources of finance during the last quarter:

	Increase / (Decrease) 2016/17 £'000
Other Borrowing	
<ul style="list-style-type: none"> 21st Century Schools (Education Department) – an increase in borrowing due to a technical adjustment to the source of financing to reduce the level of grant and increase the level of supported borrowing following an instruction received from the Government (see also Grants and Contributions below). This technical adjustment to the financing will not impact on the schemes at all, and the Welsh Government will still finance 50% of the cost. 	2,059
Grants and Contributions	
<ul style="list-style-type: none"> 21st Century Schools (Education Department) – a reduction in the level of grant, see Other Borrowing above for details. 	(2,059)
<ul style="list-style-type: none"> Gwynedd Museum and Gallery Scheme (Economy and Community Department) – an increase in the use of the lottery grant following a re-profiling of the expenditure (and therefore the financing) between the capital and revenue elements of the scheme (see also capital receipts below). 	95
<ul style="list-style-type: none"> Flood Alleviation from the A55 Scheme (Consultancy Department) – additional grant from the Government to divert water from the A55 to the Ogwen River in order to alleviate flooding in the Talybont Area 	84
Capital Receipts	
<ul style="list-style-type: none"> Gwynedd Museum and Gallery Scheme (Economy and Community Department) – a decrease in the use of capital receipts (see also Grants above). 	(108)
Departmental Revenue	
<ul style="list-style-type: none"> Re-surfacing of Carparks (Regulatory Department) – specific schemes to improve the condition of carparks (the Second Quarter Revenue review report to the Cabinet 22/11/16 approved £200,000 with a further £100,000 during the third quarter) 	300
<ul style="list-style-type: none"> Ledger Renewal (Finance Department) – a scheme to upgrade the ledger system 	75
<ul style="list-style-type: none"> Renewal of the Property computerised system (Regulatory Department) – in order to purchase a new system to manage the Property portfolio 	50
<ul style="list-style-type: none"> Renewal of the Public Protection computerised system (Regulatory Department) – in order to develop self-servicing and to maximise the use of computerised equipment within the service. 	50
Renewals and Other Funds	
<ul style="list-style-type: none"> Cartgylchu (Highways and Municipal Department) - increased expenditure as a result of the change from recycling bins to this type of container. 	130

Budget Re-profiling – Main Schemes:

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

	2016/17 £'000	2017/18 £'000
Renewal of the Council's Vehicles (Highways and Municipal Department)	(2,384)	2,384
Carbon Management Schemes (Regulatory Department)	(1,350)	1,350
Information Technology Schemes for the Council (Finance Department)	(427)	427
Housing Grants Schemes (Housing Department)	(366)	366
Housing Schemes – Three Year Plan (Housing Department)	(323)	323
Relocation of Segontium Day Care Service (Adults, Health and Wellbeing Department)	(301)	301
EDRMS Scheme (Corporate Support Department)	(264)	264

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.

Capital Expenditure First 9 Months 2016/17

DEPARTMENT	CAPITAL PROGRAMME FULL YEAR (reviewed December)	ACTUAL EXPENDITURE FOR THE 9 MONTHS TO
	2016/17 £'000	31/12/2016 £'000
Education	16,779	10,765
Finance	525	270
Economy and Community	1,010	288
Adults, Health and Wellbeing – Housing	1,935	991
Adults, Health and Wellbeing – Other	733	165
Children and Families	48	5
Highways and Municipal	2,747	1,636
Corporate Support	114	70
Regulatory	6,284	3,364
Consultancy	1,195	1,009
Corporate	222	0
TOTAL	31,592	18,563

Note: The percentage that has been spent this year (59%) is comparably lower than the position this time last year (64%). Despite this, it is not a cause for concern, as 2015/16 was an extraordinary year.