

REPORT TO THE CABINET

21 November 2017

Cabinet Member: Councillor Peredur Jenkins - Finance Cabinet Member

Subject: Capital Programme 2017/18 –
Second Quarter Review (30 September 2017 position)

Contact Officer: Dafydd L Edwards - Head of Finance

The decision sought / Purpose of the report

To accept the report on the second quarter review (30 September 2017 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £1,121,000 increase in the use of borrowing
 - (£389,000) decrease in the use of grants and contributions
 - £78,000 increase in the use of capital receipts
 - £118,000 increase in the use of revenue contributions
 - (£663,000) decrease in the use of renewal and other reserves
 - (£48,000) decrease in the use of the capital reserve
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1. Introduction / Summary

This technical report is presented as part of the 2017/18 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 £46.942m capital programme for the 3 years 2017/18 – 2019/20.

Part 4: The sources of finance for the net increase of approximately £0.217m since the previous 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: Main changes per source of finance
- Appendix B: Movement from 2017/18 to 2018/19
- Appendix C: First 6 months expenditure in 2017/18

2. Main Findings:

The main conclusions that arise from the revised position are:

- There are firm schemes in place to invest approximately £33.4m in 2017/18, with £5.4m of it being financed by attracting specific grants.

3. CAPITAL PROGRAMME 2017/18 to 2019/20

See below the revised proposed capital programme.

DEPARTMENT	END OF SEPTEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING BUDGET £'000
	2017/18	2018/19	2019/20	TOTAL	
	£'000	£'000	£'000	£'000	
Education	13,029	399	-	13,428	(84)
Environment	7,215	3,187	-	10,402	103
Corporate Support	143	9	-	152	21
Finance (and Information Technology)	547	709	-	1,256	-
Economy and Community	1,061	10	200	1,271	379
Adults, Health and Wellbeing - Housing Unit	3,063	3,607	-	6,670	9
Adults, Health and Wellbeing - Other	947	-	-	947	449
Children and Families	157	-	-	157	88
Highways and Municipal	6,957	2,460	2,406	11,823	(748)
Consultancy	27	17	-	44	-
Corporate	222	570	-	792	-
TOTAL	33,368	10,968	2,606	46,942	217

4. CHANGES TO THE SOURCES OF FINANCE

The budget for the three year programme shows an increase of £0.217m since the first quarter review position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF SEPTEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING BUDGET £'000
	2017/18	2018/19	2019/20	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	6,675	6,399	-	13,074	-
Other Borrowing	8,526	415	992	9,933	1,121
Grants and Contributions	5,441	750	200	6,391	(389)
Capital Receipts	1,206	196	-	1,402	78
Departmental & Corporate Revenue	2,285	-	-	2,285	118
Capital Fund	1,116	1,290	-	2,406	(48)
Renewals & Other Funds	8,119	1,918	1,414	11,451	(663)
TOTAL	33,368	10,968	2,606	46,942	217

Please note: the increase in 'other borrowing' does not create an additional commitment against the Council's revenue budgets. The support for this borrowing has already been provided for by the Welsh Government (see Appendix A for further details).

5. RECOMMENDATION

The Cabinet is asked to:

- accept the 2017/18 to 2019/20 revised programme and
- approve the relevant sources of finance (para. 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 2017/18 – 2019/20 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

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

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 during the last quarter:

	2017/18 £'000	2018/19 £,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 annually from the Welsh 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. 	1,241	
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. 	(1,241)	
<ul style="list-style-type: none"> Development of Llys Cadfan (Adults, Health and Wellbeing department) - a grant received from the Welsh Government for adaptations to Llys Cadfan care home to admit dementia and specialised care beds. 	400	
<ul style="list-style-type: none"> Caernarfon Town and Waterfront Regeneration Scheme (Economy and Community Department) – additional grant from the Welsh Government towards the Vibrant and Viable Places framework 	336	
Capital Receipts		
<ul style="list-style-type: none"> Various minor schemes 	78	
Departmental Revenue		
<ul style="list-style-type: none"> Various minor schemes 	118	
Capital Reserve		
<ul style="list-style-type: none"> Various minor schemes 	(48)	
Renewals and Other Funds		
<ul style="list-style-type: none"> Recycling Vehicles' Renewal Scheme (Highways and Municipal Department) – the price for purchasing 5 vehicles in 17/18 was better than expected, and 3 vehicles were renewed last year instead of in 18/19 as scheduled. 	(229)	(565)

Budget Re-profiling – Main Schemes:

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

	2017/18 £'000	2018/19 £'000
Housing Grant Schemes (Adults, Health and Wellbeing Department – Housing Unit)	(758)	758
Computer Renewal Schemes (Finance and Information Technology Department)	(360)	360
Resurfacing of car parks (Environment Department)	(219)	219
Bro Llifon School (Education Department)	(122)	122

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.

APPENDIX C

Capital Expenditure First 6 Months 2017/18

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed September)	ACTUAL EXPENDITURE FOR THE 6 MONTHS TO
	2017/18 £'000	30/09/2017 £'000
Education	13,029	4,335
Environment	7,215	2,059
Corporate Support	143	6
Finance (and Information Technology)	547	326
Economy and Community	1,061	317
Adults, Health and Wellbeing - Housing Unit	3,063	616
Adults, Health and Wellbeing - Other	947	388
Children and Families	157	33
Highways and Municipal	6,957	1,592
Consultancy	27	-
Corporate	222	-
TOTAL	33,368	9,672

Note: The percentage that has been spent this year (29%) is comparably lower than the position this time last year (36%).