

## REPORT TO THE CABINET

14 JULY 2015

**Cabinet Member:** COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

**Subject:** CAPITAL PROGRAMME 2015/16 – FIRST QUARTER REVIEW  
(30 JUNE 2015)

**Contact Officer:** DAFYDD L EDWARDS - HEAD OF FINANCE

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

A report on the first quarter review (30 June 2015 position) of the capital programme, and the Cabinet of 14 July 2015 is asked to approve the revised funding.

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### **Introduction / Summary**

This technical report is presented as part of the 2015/16 budget monitoring process. The main purpose of the report is to present the revised programme and to approve the relevant financing sources. The report is in 2 parts:

Part 1: Analysis by Department of the £76.1m capital programme for the 3 years 2015/16 – 2017/18.

Part 2: An explanation of the sources of finance for the net increase of approximately £9.7m since the opening budget, with £4.3m of the increase due to slippages from 2014/15 (already reported on 2 June 2015).

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

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### **Main Findings:**

The main conclusions that arise from the final position are:

- There are definite projects in place to invest approximately £41m in 2015/16, with £13m being financed by attracting specific grants.
- The Council succeeded in spending just over £8.9m, which is almost 22% of the budget on capital projects during the first quarter of 2015/16, compared to 10% in the same period last year.
- No loss of funding was caused to the Council where schemes have slipped.

## **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 2015/16 – 2017/18 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.

## **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**

### **Chief Executive:**

I approve the report and the recommendations therein.

### **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.

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## **Appendix**

Detailed report, parts 1-2, on pages 3-5.

## 1 CAPITAL PROGRAMME 2015/16 to 2017/18

1.1 The table below shows a comparison of the capital programme up to the end of June 2015 against the opening budget situation.

### COMPARISON OF THE MOVEMENT FROM THE OPENING BUDGET TO THE END OF THE FIRST QUARTER

	OPENING BUDGET				END OF JUNE REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING BUDGET	ADJUSTMENTS FOR SLIPPAGES	OTHER CHANGES
	2015/16	2016/17	2017/18	TOTAL	2015/16	2016/17	2017/18	TOTAL			
DEPARTMENT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Education	16,374	14,659	5,703	36,736	14,869	16,449	5,703	37,021	285	244	41
Finance	894	448	-	1,342	804	560	-	1,364	22	250	(228)
Economy and Community	4,217	610	-	4,827	5,147	656	-	5,803	976	854	122
Housing	2,283	2,237	-	4,520	3,153	2,238	-	5,391	871	(31)	902
Adults, Health and Wellbeing	1,545	96	155	1,796	775	397	155	1,327	(469)	103	(572)
Children and Families	-	-	-	-	10	-	-	10	10	-	10
Highways and Municipal	3,430	1,519	1,992	6,941	4,378	1,979	2,702	9,059	2,118	727	1,391
Corporate Support	160	-	-	160	61	105	-	166	6	29	(23)
Regulatory	6,228	3,620	18	9,866	12,013	3,619	18	15,650	5,784	2,141	3,643
Consultancy	58	-	-	58	128	-	-	128	70	-	70
Corporate	-	202	-	202	-	202	-	202	-	-	-
<b>TOTAL</b>	<b>35,189</b>	<b>23,391</b>	<b>7,868</b>	<b>66,448</b>	<b>41,338</b>	<b>26,205</b>	<b>8,578</b>	<b>76,121</b>	<b>9,673</b>	<b>4,317</b>	<b>5,356</b>

**1.2** As at the end of June 2015, the actual expenditure position was £8.9million (which is nearly 22% of the total budget for 2015/16), as compared to 10% for the same period in 2014/15.

## 2. CHANGES TO THE SOURCES OF FINANCE

**2.1** The budget for the three year programme shows an increase of £9.673m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	OPENING BUDGET			END OF JUNE REVIEW			INCREASE/ (DECREASE) SINCE THE OPENING BUDGET	ADJUSTMENTS FOR SLIPPAGES	OTHER CHANGES
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18			
	£000	£000	£000	£'000	£'000	£000			
Supported Borrowing	6,637	6,637	2,817	6,637	6,637	2,817	-	-	-
Unsupported Borrowing	5,858	5,775	0	7,392	7,424	0	3,183	269	2,914
Grants and Contributions	10,205	8,017	2,886	13,210	8,027	2,886	3,015	2,878	137
Capital Receipts	1,519	468	0	1520	514	0	47	9	38
Departmental & Corporate Revenue	4,440	1245	0	4,484	1,245	0	44	10	34
Capital Fund	3,874	200	155	3,353	859	155	138	711	(573)
Renewals & Other Funds	2,656	1,049	2,010	4,742	1,499	2,720	3,246	440	2,806
<b>TOTAL</b>	<b>35,189</b>	<b>23,391</b>	<b>7,868</b>	<b>41,338</b>	<b>26,205</b>	<b>8,578</b>	<b>9,673</b>	<b>4,317</b>	<b>5,356</b>
<b>3 YEAR TOTAL</b>			<b>66,448</b>			<b>76,121</b>			

### 2.2 Actual Slippages from 2014/15

This year's opening budget included estimated slippage figures to 2015/16 which were based on 2014/15's third quarter projection position. As was reported to the Cabinet meeting on 2 June the final position for 2014/15 included an increased actual level of slippage, as detailed in the 'Adjustments for Slippages' column above. Again, as reported on 2 June, the slippage has not resulted in a loss of funding to the Council. The rest of the changes are explained below.

### 2.3 Unsupported Borrowing

An increase of £2,914,000 in 2015/16 in this source of funding mainly due to:

- **Loan Fund for Home Improvements Schemes (Housing Service) £900,474 2015/16**

A loan from the Welsh Government for a period of 15 years to be used to improve housing standards in Gwynedd (Cabinet report 17 March 2015).

- **21<sup>st</sup> Century Schools Schemes (Education Department) £2,000,000 2015/16 –**

A technical adjustment to the source of finance to exchange Government grant with a loan (see also 2.4 below). This will not have an effect on the schemes at all.

## 2.4 Grants and Contributions

A net increase of £137,000 in this source of funding is mainly due to the following:

- **21<sup>st</sup> Century Schools Schemes (Education Department) Reduction of £2,000,000 in 2015/16**  
A technical adjustment to exchange grant with a loan (see also 2.3 above).
- **Pont Briwet (Regulatory Department) £900,881 2015/16**  
Network Rail's contribution towards additional costs on this scheme in accordance with the original contract.
- **Local Transport Fund Schemes (Regulatory Department) - £735,760 in 2015/16**  
Additional financing was received from the Welsh Government towards expenditure on the main schemes below:
  - Britannia Bridge Railway Crossing, Porthmadog £332,960
  - Access road to Llanbedr Airport £206,000
  - Safe Routes to Schools – Friars School and Cae Top School £189,800
- **Bangor Pool Diving Facilities Scheme (Economy and Community Department) £184,940 in 2015/16**  
A grant was received from Sports Council for Wales to upgrade the diving facilities in Bangor Pool.
- **Coastal Paths Scheme (Phase 2) (Regulatory Department) £138,000 in 2015/16**  
A grant was received from Natural Resources Wales for schemes to extend access to the coastline.

## 2.5 Capital Receipts

A net increase of £38,000 in this source of funding mainly due to the purchase of a piece of land near the school in Cefn Coch, Penrhyndeudraeth (Education Department) for £40,000 in 2015/16.

## 2.6 Departmental and Corporate Revenue

A net increase of £34,000 in this source of funding on a variety of small schemes.

## 2.7 Capital Fund

A decrease of £572,500 in this source of funding following a decision by the Government to fund the Community Care Management Systems (Adults, Health and Wellbeing Department) themselves.

## 2.8 Renewals and Other Funds

The net increase of £2,806,000 in this source of funding is mainly on Carbon Management schemes (Highways and Municipal Department, and Regulatory Department). Approval has been given to:

- upgrade all street lighting to LED (£1,410,000 over 3 years) which is funded from the Invest to Save fund (Cabinet report 5/5/15), and
- Carbon Plan Two (Cabinet report 23/6/15), and this is part of the relevant funding package from the Carbon Management Fund.

## 2.9 Recommendation

**The Cabinet is asked to accept the 2015/16 to 2017/18 revised programme and approve the relevant sources of finance (para. 2.2 to 2.8 above).**