

REPORT TO THE CABINET
12 OCTOBER 2021

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2021/22 –
End of August Review (31 August 2021 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought

- To accept the report on the end of August review (31 August 2021 position) of the capital programme.

 - Approve the revised financing as shown in part 4 of the report, that is:
 - use of various sources, worth a total of £25,837,000, to fund actual slippages from 2020/21,
 - an increase of £61,000 in the use of borrowing,
 - an increase of £9,959,000 in the use of grants and contributions,
 - an increase of £69,000 in the use of capital receipts,
 - an increase of £1,482,000 in the use of revenue contributions,
 - an increase of £21,000 in the use of the capital reserve, and
 - an increase of £807,000 in the use of renewal and other reserves.
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1. Introduction / Summary

This technical report is presented as part of the 2021/22 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 6:

Part 3: Analysis by Department of the £124.015m capital programme for the 3 years 2021/22 – 2023/24.

Part 4: The sources of finance for the net increase of approximately £38.236m since the opening budget with £25.837m of the increase due to slippages from 2020/21 (previously reported as part of the slippages and transport grants in the year-end review on 18 May 2021).

Part 5: 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.

2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £71.6m in 2021/22 on capital projects, with £26.1m (37%) of it being financed by attracting specific grants.
- The effect of the Covid19 emergency on the capital programme can still be seen in the reported figures in Appendix C, with only 16% of the budget having been spent by the end of August this year, compared to 13% for the same period a year ago and 19% two years ago (2019/20, prior to the Covid19 disruption).
- An additional £9.1m of proposed expenditure has been re-profiled from 2021/22 to 2022/23 and 2023/24, but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2021/22 to 2023/24

See below the revised proposed capital programme as at the end of August 2021.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2021/22	2022/23	2023/24	TOTAL			
	£'000	£'000	£'000	£'000			
Education	8,374	12,871	4,309	25,554	1,628	1,470	158
Environment	14,771	971	121	15,863	14,433	9,250	5,183
Corporate Support	-	-	-	-	(106)	(106)	-
Finance	1,441	782	838	3,061	(145)	(145)	-
Economy and Community	3,221	1,025	144	4,390	2,160	436	1,724
Housing and Property	17,681	12,957	6,929	37,567	10,690	9	10,681
Adults, Health and Wellbeing	5,292	1,450	625	7,367	1,399	1,372	27
Children and Supporting Families	1,982	250	-	2,232	1,732	768	964
Highways and Municipal	10,374	4,728	3,133	18,235	4,687	3,435	1,252
Consultancy	7,088	287	43	7,418	430	453	(23)
Corporate	1,328	500	500	2,328	1,328	8,895	(7,567)
TOTAL	71,552	35,821	16,642	124,015	38,236	25,837	12,399

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £12.399m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2021/22	2022/23	2023/24	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	8,164	6,610	6,610	21,384	-	-	-
Other Borrowing	6,977	2,975	3,289	13,241	902	841	61
Grants and Contributions	26,140	9,973	266	36,379	22,439	12,480	9,959
Capital Receipts	869	13	0	882	641	572	69
Departmental & Corporate Revenue	2,288	356	0	2,644	1,034	(448)	1,482
Capital Fund	6,078	4,111	204	10,393	5,115	5,094	21
Renewals & Other Funds	21,036	11,783	6,273	39,092	8,105	7,298	807
TOTAL	71,552	35,821	16,642	124,015	38,236	25,837	12,399

5. Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting the following additional grants totalling £10,060k. A number of adjustments including a reduction of £54k for schemes lower than the original forecast brings the total movement to £9,959k (see Appendix A for more information) :

- £4,769k Local Transport Fund Grants from Welsh Government
- £1,088k Targeted Regeneration Investment (TRI) and Targeted Match Funding (TMF) Grants to fund the “Nyth” Scheme in Bangor.
- £964k Welsh Government Grant for Child Care – Flying Start and Child Care
- £902k Welsh Government Grant for electric vehicle charging and solar ports
- £579k Circular Economy and Economic Stimulus Grants from Welsh Government towards various schemes
- £575k Active Travel Fund Grants from Welsh Government
- £568k Innovative Housing Grants towards the Segontium site, Caernarfon
- £206k Housing Enable Grant from Welsh Government to facilitate independent living
- £155k Transforming Towns Programme Grant from Welsh Government towards Penygroes Community Hub Enterprise

- £146k Access Improvement Grant from Welsh Government
- £108k Welcoming the Customer Safely Grant

6. Recommendations

The Cabinet is asked to:

- **accept the 2021/22 to 2023/24 revised programme, and**
- **approve the relevant sources of finance (part 4 above).**

7. 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 2021/22 – 2023/24 capital schemes.

8. 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.

9. 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:**

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.

Appendices

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2021/22 to 2022/23
- Appendix C: First 5 months' expenditure in 2021/22

Details of Main Changes

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

	2021/22	2022/23- 2023/24
	£'000	£'000
Grants and Contributions		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling and adjusting Ysgol Treforthyr and Our Lady’s School Scheme (<i>Education Department</i>). 	(4,767)	(4,713)
<ul style="list-style-type: none"> Welcoming the Customer Safely Grant (<i>Economy and Community Department</i>). 	108	
<ul style="list-style-type: none"> Targeted Regeneration Investment (TRI) and Targeted Match Funding (TMF) Grants to fund the “Nyth” Scheme in Bangor (<i>Economy and Community Department</i>). 	388	700
<ul style="list-style-type: none"> Circular Economy and Economic Stimulus Grants from Welsh Government towards various schemes (<i>Economy and Community Department and Highways and Municipal Department</i>). 	579	
<ul style="list-style-type: none"> Welsh Government Grant for Child Care – Flying Start and Child Care for a number of different schemes (<i>Children and Families Department</i>). 	964	
<ul style="list-style-type: none"> Local Transport Fund (LTF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). 	4,769	
<ul style="list-style-type: none"> Active Travel Fund (ATF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). 	575	
<ul style="list-style-type: none"> Access Improvement Grant from Welsh Government (<i>Environment Department</i>). 	146	
<ul style="list-style-type: none"> Welsh Government Grant for electric vehicle charging and solar ports ((<i>Environment Department</i>). 	902	
<ul style="list-style-type: none"> Housing Enable Grant from Welsh Government to facilitate independent living (<i>Housing and Property Department</i>). 	206	
<ul style="list-style-type: none"> Transforming Towns Programme Grant from Welsh Government towards Penygroes Community Hub Enterprise (<i>Housing and Property Department</i>). 	155	

<ul style="list-style-type: none"> Innovative Housing Grants towards the Segontium site, Caernarfon (<i>Housing and Property Department</i>). 	568	
Other Borrowing		
<ul style="list-style-type: none"> Highways and Municipal Vehicles (<i>Highways and Municipal Department</i>). 	61	
Capital Receipts		
<ul style="list-style-type: none"> Several Schemes including match funding for the Llandygai Recycling Centre (<i>Highways and Municipal Department</i>). 	70	
Departmental Revenue		
<ul style="list-style-type: none"> Contributions from schools towards various schemes including vehicles (<i>Education Department</i>). 	193	
<ul style="list-style-type: none"> Community Food Sharing Hub (<i>Highways and Municipal Department</i>). 	100	
<ul style="list-style-type: none"> Match funding contributions/additional funding towards several schemes (<i>Environment Department</i>). 	63	
<ul style="list-style-type: none"> Transferring an element of the revenue budget to fund Repairs and Maintenance schemes which are now capital by nature (<i>Housing and Property Department</i>). 	1,067	
Capital Fund		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling Ysgol Trefferthyr Scheme (<i>Education Department</i>). 	(1,146)	1,146
Renewals and Other Funds		
<ul style="list-style-type: none"> 21st Century Schools Grant – reprofiling Ysgol Trefferthyr Scheme (<i>Education Department</i>). 	(218)	218
<ul style="list-style-type: none"> Vehicles and equipment renewals - Highways and Municipal Units (<i>Highways and Municipal Department</i>). 	828	

Details of Budget Re-profiling

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

	2021/22 £'000	2022/23 £'000
Schools' Schemes (21 st Century and Other) (<i>Education Department</i>)	(3,331)	3,331
Transport Schemes (<i>Environment Department</i>)	(176)	176
Town Improvements (<i>Environment Department</i>)	(20)	20
Car Park Resurfacing (<i>Environment Department</i>)	(219)	219
Vehicle Charging Points (<i>Environment Department</i>)	(356)	356
Office Adaptation Schemes (<i>Housing and Property Department</i>)	(123)	123
Capitalised Repairs and Maintenance schemes (<i>Housing and Property Department</i>)	(226)	226
Council's Carbon Management Schemes (<i>Housing and Property Department</i>)	(1,351)	1,351
Asbestos Removal Schemes (<i>Housing and Property Department</i>)	(400)	400
Economic Stimulus Schemes and Industrial Units (<i>Housing and Property Department</i>)	(2,925)	2,925
Finance System Upgrade (<i>Finance Department</i>)	(14)	14

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 5 Months 2021/22

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August)	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO
	2021/22 £'000	31/08/2021 £'000
Education	8,374	1,360
Environment	14,771	2,918
Corporate Support	-	-
Finance (and Information Technology)	1,441	249
Economy and Community	3,221	1,017
Housing and Property	17,681	2,695
Adults, Health and Wellbeing	5,292	420
Children and Supporting Families	1,982	182
Highways and Municipal	10,374	2,411
Consultancy	7,088	-
Corporate	1,328	-
TOTAL	71,552	11,252

Note:

The percentage that has been spent this year (16%) is higher than the position this time last year (amount spent in 5 months in 2020/21 was 13%), but lower than two years ago (19% in 2019/20, prior to the Covid19 disruption).