

REPORT TO THE CABINET
25 OCTOBER 2022

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2022/23 –
End of August Review (31 August 2022 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought

- To accept the report on the end of August review (31 August 2022 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 £26,751,000, to fund actual slippages from 2021/22,
 - no change in the use of borrowing,
 - an increase of £7,396,000 in the use of grants and contributions,
 - no change in the use of capital receipts,
 - an increase of £2,156,000 in the use of revenue contributions,
 - an increase of £13,000 in the use of the capital reserve, and
 - an increase of £538,000 in the use of renewal and other reserves.
-

1. Introduction / Summary

This technical report is presented as part of the 2022/23 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 £136.338m capital programme for the 3 years 2022/23 – 2024/25.

Part 4: The sources of finance for the net increase of approximately £36.854m since the opening budget with £26.751m of the increase due to slippages from 2021/22 (previously reported as part of the slippages in the year-end review on 14 June 2022).

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 £79.8m in 2022/23 on capital projects, with £21.1m (27%) of it being financed by attracting specific grants.
- The effect of the recent financial challenges on the capital programme can still be seen in the reported figures in Appendix C, with only 11% of the budget having been spent by the end of August this year, compared to 16% for the same period a year ago and 13% two years ago.
- An additional £12.1m of proposed expenditure has been re-profiled from 2022/23 to 2023/24 and 2024/25, but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2022/23 to 2024/25

See below the revised proposed capital programme as at the end of August 2022.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2022/23	2023/24	2024/25	TOTAL			
	£'000	£'000	£'000	£'000			
Education	11,412	14,579	2,955	28,946	6,030	2,901	3,129
Environment	7,926	190	100	8,216	6,927	3,924	3,003
Corporate Support	-	-	-	-	-	-	-
Finance	1,828	837	619	3,284	546	546	-
Economy and Community	2,971	927	150	4,048	1,803	832	971
Housing and Property	28,201	8,577	7,007	43,785	8,565	5,772	2,793
Adults, Health and Wellbeing	4,151	2,875	-	7,026	3,041	3,011	30
Children and Supporting Families	1,421	250	-	1,671	1,189	1,004	185
Highways and Municipal	11,088	2,399	5,686	19,173	3,734	3,205	529
Consultancy	5,506	3,082	-	8,588	1,469	1,457	12
Corporate	5,267	3,271	3,063	11,601	3,550	4,099	(549)
TOTAL	79,771	36,987	19,580	136,338	36,854	26,751	10,103

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £36.854m 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
	2022/23	2023/24	2024/25	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	8,238	9,173	9,173	26,584	1,358	1,358	-
Other Borrowing	7,592	5,195	3,137	15,924	1,635	1,635	-
Grants and Contributions	21,143	8,258	54	29,455	16,440	9,044	7,396
Capital Receipts	774	39	0	813	63	63	-
Departmental & Corporate Revenue	3,261	30	0	3,291	2,253	97	2,156
Capital Fund	13,061	5,392	0	18,453	8,916	8,903	13
Renewals & Other Funds	25,702	8,900	7,216	41,818	6,189	5,651	538
TOTAL	79,771	36,987	19,580	136,338	36,854	26,751	10,103

5. Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting the following additional grants totalling £7,422k. A number of adjustments including a reduction of £26k for schemes lower than the original forecast brings the total movement to £7,396k (see Appendix A for more information) :

- £1,570k Free School Meals Capital Grant
- £897k Sustainable Communities for Learning Grant – Community Use of Schools
- £850k Road Safety Capital Grant from Welsh Government
- £692k Grant from Wales Council for Voluntary Action (WCVA) towards countryside schemes
- £587k Local Transport Fund (LTF) and the Active Travel Fund Grant (ATF) Grants from Welsh Government
- £558k Brilliant Basics Grant from Welsh Government towards resurfacing of Y Glyn Car Park, Llanberis and other Country Park schemes
- £346k Placemaking fund Grant from Welsh Government – to improve properties
- £336k Natural Resources Wales (NRW) Grants towards a number of different countryside schemes including the Coastal Path
- £303k Welsh Government Grant towards countryside schemes

including sustainable landscapes

- £291k Housing Grants from Welsh Government including Phase 2 Homelessness Grant and Transforming Towns
- £247k Housing Enable Grant from Welsh Government to facilitate independent living
- £235k Gypsy and Travellers Grant from Welsh Government
- £184k Grant from Welsh Government towards a scheme to deal with Ash Dieback
- £169k Welsh Government Flying Start Grant - Maenofferen Nursery Scheme
- £157k Land Release Fund Grant from Welsh Government

6. Recommendations

The Cabinet is asked to:

- **accept the 2022/23 to 2024/25 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 2022/23 – 2024/25 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.

Appendices

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2022/23 to 2023/24
- Appendix C: First 5 months' expenditure in 2022/23

Details of Main Changes

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

	2022/23	2023/24- 2024/25
	£'000	£'000
Grants and Contributions		
• Free School Meals Capital Grant (<i>Education Department</i>)	1,570	
• Sustainable Communities for Learning Grant – Community Use of Schools (<i>Education Department</i>).	897	
• Placemaking fund Grant from Welsh Government – to improve properties (<i>Economy and Community Department</i>).	346	
• Brilliant Basics Grant from Welsh Government towards resurfacing of Y Glyn Car Park, Llanberis and other Country Park schemes (<i>Economy and Community Department</i>).	558	
• Welsh Government Flying Start Grant - Maenofferen Nursery Scheme (<i>Children and Families Department</i>).	169	
• Grant from Welsh Government towards a scheme to deal with Ash Dieback (<i>Highways and Municipal Department</i>).	184	
• Road Safety Capital Grant from Welsh Government towards several different 20 mph schemes (<i>Environment Department</i>).	850	
• Local Transport Fund (LTF) and the Active Travel Fund Grant (ATF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>).	587	
• Natural Resources Wales (NRW) Grants towards a number of different countryside schemes including the Coastal Path (<i>Environment Department</i>).	336	
• Welsh Government Grant towards countryside schemes including sustainable landscapes (<i>Environment Department</i>).	303	
• Grant from Wales Council for Voluntary Action (WCVA) towards countryside schemes including Local Places for Nature (<i>Environment Department</i>).	692	

<ul style="list-style-type: none"> • Housing Enable Grant from Welsh Government to facilitate independent living (<i>Housing and Property Department</i>). 	247
<ul style="list-style-type: none"> • Gypsy and Travellers Grant from Welsh Government towards the Llandygai Gypsy Site (<i>Housing and Property Department</i>). 	235
<ul style="list-style-type: none"> • Land Release Fund Grant from Welsh Government (<i>Housing and Property Department</i>). 	157
<ul style="list-style-type: none"> • Housing Grants from Welsh Government including Phase 2 Homelessness Grant and Transforming Towns (<i>Housing and Property Department</i>). 	291
Departmental and Corporate Revenue	
<ul style="list-style-type: none"> • Contributions from schools towards various schemes including vehicles (<i>Education Department</i>). 	112
<ul style="list-style-type: none"> • Match funding contributions/additional funding towards several schemes (<i>Environment Department</i>). 	135
<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>). 	1,879
Renewals and Other Funds	
<ul style="list-style-type: none"> • Match funding contributions/additional funding towards several schemes (<i>Economy and Community Department; Environment Department; Housing and Property Department</i>). 	177
<ul style="list-style-type: none"> • Vehicles and equipment renewals (<i>Children and Families Department; Highways and Municipal Department</i>). 	362

Details of Budget Re-profiling

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

	2022/23 £'000	2023/24 £'000
Schools' Schemes (Sustainable Communities for Learning and Others) (<i>Education Department</i>)	(5,114)	5,114
Caernarfon Town and Coastlines Regeneration (<i>Economy and Community Department</i>)	(140)	140
Maritime, Country Parks' and Leisure Schemes (<i>Economy and Community Department</i>)	(142)	142
Neuadd Dwyfor Investment Scheme (<i>Economy and Community Department</i>)	(465)	465
Maesgeirchen Integrated Centre Scheme (<i>Children and Families Department</i>)	(250)	250
Penygroes Health and Care Hub (<i>Adults, Health and Wellbeing Department</i>)	(1,625)	1,625
Residential Homes and Adults Day Care Establishments' Schemes (<i>Adults, Health and Wellbeing Department</i>)	(625)	625
Programme to Reduce Highways Deterioration (<i>Highways and Municipal Department</i>)	1,000	(1,000)
Flood Alleviation Schemes (<i>Consultancy Department</i>)	(3,039)	3,039
Car Park Resurfacing (<i>Environment Department</i>)	(69)	69
Disabled and Office Adaptation Schemes (<i>Housing and Property Department</i>)	(123)	123
Council's Carbon Management Schemes (<i>Housing and Property Department</i>)	(1,514)	1,514

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 2022/23

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August)	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO
	2022/23 £'000	31/08/2022 £'000
Education	11,412	1,759
Environment	7,926	323
Corporate Support	-	-
Finance (and Information Technology)	1,828	381
Economy and Community	2,971	742
Housing and Property	28,201	2,724
Adults, Health and Wellbeing	4,151	75
Children and Supporting Families	1,421	257
Highways and Municipal	11,088	2,791
Consultancy	5,506	68
Corporate	5,267	-
TOTAL	79,771	9,120

Note:

The percentage that has been spent this year (11%) is lower than the position this time last year (amount spent in 5 months in 2021/22 was 16%), and lower than two years ago (13% in 2020/21).