

REPORT TO THE CABINET
24 JANUARY 2023

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2022/23 –
End of November Review (30 November 2022 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought

- To accept the report on the end of November review (30 November 2022 position) of the capital programme.

 - Approve the revised financing as shown in part 4 of the report, that is:
 - an increase of £30,000 in the use of borrowing,
 - an increase of £2,947,000 in the use of grants and contributions,
 - an increase of £101,000 in the use of capital receipts,
 - an increase of £20,000 in the use of revenue contributions,
 - no change in the use of the capital reserve, and
 - an increase of £1,167,000 in the use of renewal and other reserves.
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1. Introduction / Summary

This technical report is presented as part of the 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 £140.603m capital programme for the 3 years 2022/23 – 2024/25.

Part 4: The sources of finance for the net increase of approximately £4.265m since the previous review.

Part 5: Detail on additional grants since the previous review.

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 £53m in 2022/23 on capital projects, with £20.1m (38%) 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 40% of the budget having been spent by the end of November this year, compared to 37% for the same period a year ago; 31% two years ago; 51% in 2019/20, prior to the Covid19 disruption.
- An additional £28.7m 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 November 2022.

DEPARTMENT	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2022/23	2023/24	2024/25	TOTAL	
	£'000	£'000	£'000	£'000	
Education	12,711	16,829	3,085	32,625	3,679
Environment	8,128	592	245	8,965	749
Corporate Support	-	-	-	-	-
Finance	923	1,742	619	3,284	-
Economy and Community	2,878	1,137	150	4,165	117
Housing and Property	10,182	28,285	7,008	45,475	1,690
Adults, Health and Wellbeing	2,761	4,287	-	7,048	22
Children and Supporting Families	1,421	250	-	1,671	-
Highways and Municipal	8,452	6,535	5,686	20,673	1,500
Consultancy	5,499	3,116	-	8,615	27
Corporate	-	5,019	3,063	8,082	(3,519)
TOTAL	52,955	67,792	19,856	140,603	4,265

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £4.265m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2022/23	2023/24	2024/25	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	8,238	9,173	9,173	26,584	0
Other Borrowing	3,013	9,804	3,137	15,954	30
Grants and Contributions	20,064	12,008	330	32,402	2,947
Capital Receipts	725	189	0	914	101
Departmental & Corporate Revenue	3,281	30	0	3,311	20
Capital Fund	5,019	13,434	0	18,453	0
Renewals & Other Funds	12,615	23,154	7,216	42,985	1,167
TOTAL	52,955	67,792	19,856	140,603	4,265

5. Additional Grants

Since the previous review at the end of August, the Council succeeded in attracting the following additional grants totalling £3,484k. A number of adjustments , for schemes lower than the original forecast for example, brings the total movement to £2,947k (see Appendix A for more information) :

- £2,044k Sustainable Communities for Learning Grant – Ysgol Trefferthyr
- £898k Additional Learning Needs (ALN) Capital Grant
- £396k Welsh Government Grant towards countryside schemes – access improvement
- £146k Brilliant Basics Grant from Welsh Government towards resurfacing of Y Glyn Car Park, Llanberis and other Country Park schemes

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.

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 2022/23 to 2023/24
 - Appendix C: First 8 months' expenditure in 2022/23
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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
Other Borrowing		
<ul style="list-style-type: none"> Correction of financing of carbon management schemes between borrowing and reserves (<i>Housing and Property Department</i>). 	30	
Grants and Contributions		
<ul style="list-style-type: none"> Additional Learning Needs (ALN) Capital Grant (<i>Education Department</i>) 	898	
<ul style="list-style-type: none"> Sustainable Communities for Learning Grant – Ysgol Trefferthyr (<i>Education Department</i>). 		2,044
<ul style="list-style-type: none"> Various regeneration schemes complete or grants coming to an end (<i>Economy and Community Department</i>). 	(206)	(140)
<ul style="list-style-type: none"> 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>). 	146	
<ul style="list-style-type: none"> Local Transport Fund (LTF) and the Active Travel Fund Grant (ATF) Grants from Welsh Government towards several different schemes (<i>Environment Department</i>). 	(32)	
<ul style="list-style-type: none"> Welsh Government Grant towards countryside schemes – access improvement (<i>Environment Department</i>). 	104	292
<ul style="list-style-type: none"> Correction of Land Release Fund Grant (LRF) from Welsh Government towards the Segontium Site (<i>Housing and Property Department</i>). 	(157)	
<ul style="list-style-type: none"> Earmark and transfer additional General Capital Grant received in 21-22 to finance the additional costs of the Pont Bodfel Scheme (<i>Highways and Municipal Department</i>). 	1,344	
<ul style="list-style-type: none"> Earmark and transfer additional General Capital Grant received in 21-22 to finance the additional costs of the Pont Bodfel Scheme (<i>Corporate</i>). 	(1,344)	

<ul style="list-style-type: none"> Earmark and transfer additional General Capital Grant received in 21-22 to finance an element of the Phase 4 Solar Panel Schemes (<i>Housing and Property Department</i>). 	1,838	
<ul style="list-style-type: none"> Earmark and transfer additional General Capital Grant received in 21-22 to finance an element of the Phase 4 Solar Panel Schemes (<i>Corporate</i>). 	(1,838)	
Capital Receipts		
<ul style="list-style-type: none"> Contributions towards several Economy Department schemes including resurfacing of Y Glyn Car Park, Llanberis and Neuadd Dwyfor (<i>Economy and Community Department</i>). 	102	
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Departmental an Corporate Revenue		
<ul style="list-style-type: none"> Contributions from schools towards various schemes including vehicles (<i>Education Department</i>). 	26	
<ul style="list-style-type: none"> Contribution towards the Maritime and Country Parks Unit vehicle (<i>Education Department</i>). 	27	
<ul style="list-style-type: none"> Contributions towards residential homes schemes (<i>Adults, Health and Wellbeing Department</i>). 	22	
<ul style="list-style-type: none"> Exchanging the financing method for match/additional funding for various schemes using reserves rather than revenue (<i>Environment Department</i>). 	(61)	
Renewals and Other Funds		
<ul style="list-style-type: none"> Transferring an element of the Repairs and Maintenance Reserve to fund School Repairs and Maintenance schemes which are now capital by nature (<i>Education Department</i>). 	756	
<ul style="list-style-type: none"> Match funding contributions/additional funding towards several schemes (<i>Economy and Community Department</i>). 	22	185
<ul style="list-style-type: none"> Exchanging the financing method for match/additional funding for various schemes using reserves rather than revenue (<i>Environment Department</i>). 	64	
<ul style="list-style-type: none"> Correction of financing of carbon management schemes between borrowing and reserves (<i>Housing and Property Department</i>). 	(30)	
<ul style="list-style-type: none"> Vehicles and equipment renewals (<i>Highways and Municipal Department; Consultancy Department; Housing and Property Department</i>). 	174	

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>)	(5,451)	5,451
Caernarfon Town and Coastlines Regeneration (<i>Economy and Community Department</i>)	(140)	140
Maritime, Country Parks', Culture and Leisure Schemes (<i>Economy and Community Department</i>)	(307)	307
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>)	(2,500)	2,500
Residential Homes and Adults Day Care Establishments' Schemes (<i>Adults, Health and Wellbeing Department</i>)	(1,162)	1,162
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
Vehicle Renewals (<i>Highways and Municipal; Consultancy; Environment; Housing and Property Departments</i>)	(4,105)	4,105
Burial Land Purchase (<i>Highways and Municipal Department</i>)	(428)	428
Car Park Resurfacing (<i>Environment Department</i>)	(69)	69
Housing Grants and Other Schemes (<i>Housing and Property Department</i>)	(3,395)	3,395
Housing Strategy Schemes (<i>Housing and Property Department</i>)	(11,449)	11,449
Office Adaptation Schemes (<i>Housing and Property Department</i>)	(123)	123
Council's Carbon Management and Solar Panel Schemes (<i>Housing and Property Department</i>)	(3,352)	3,352
Economic Stimulus Schemes and Industrial Units (<i>Housing and Property Department</i>)	(2,925)	2,925

Information Technology Equipment Renewal (<i>Finance Department</i>)	(904)	904
Asset Scheme Resources not allocated until 23/24 (<i>Corporate</i>)	(1,748)	1,748

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 8 Months 2022/23

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed November) 2022/23 £'000	ACTUAL EXPENDITURE FOR THE 8 MONTHS TO 30/11/2022 £'000
Education	12,711	2,982
Environment	8,128	4,181
Corporate Support	-	-
Finance (and Information Technology)	923	621
Economy and Community	2,878	1,252
Housing and Property	10,182	6,245
Adults, Health and Wellbeing	2,761	92
Children and Supporting Families	1,421	524
Highways and Municipal	8,452	5,007
Consultancy	5,499	144
Corporate	-	-
TOTAL	52,955	21,048

Note:

The percentage that has been spent this year (40%) is higher than the position this time last year (amount spent in 8 months in 2021/22 was 37%), and higher than two years ago (31% in 2020/21), but lower than three years ago (51% in 2019/20, prior to the Covid 19 disruption).