

REPORT TO THE CABINET

16 February 2016

Cabinet Member: Councillor Peredur Jenkins - Resource Cabinet Member

Subject: Capital Programme 2015/16 – Third Quarter Review
(31 December 2015)

Contact Officer: Dafydd L Edwards - Head of Finance

The decision sought / Purpose of the report

To accept the report on the third quarter review (31 December 2015 position) of the capital programme, and approve the revised financing as shown in part 2 of the report, that is:

- an increase of £132,000 in the use of unsupported borrowing
 - an increase of £276,000 in the use of grants and contributions
 - an increase of £350,000 in the use of capital receipts
 - an increase of £268,000 in the use of revenue contributions
 - a decrease of £151,000 in the use of the capital reserve
 - an increase of £133,000 in the use of renewal reserves
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1. 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 main parts, with the recommendation in part 3:

Part 1: Analysis by Department of the £82.66m 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 £1.0m since the last review.

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

The remainder of the report is for information:

- Appendix A: Main changes per sources of finance
- Appendix B: Movements from 2015/16 to 2016/17
- Appendix C: First 9 months spending profile for 2015/16

2. Main Findings:

The main conclusions that arise from the revised position are:

- There are definite projects in place to invest over £42m in 2015/16, with £16m being financed by attracting specific grants.

- The Council succeeded in spending nearly £27m, which is over 64% of the budget on capital projects during the first 9 months of 2015/16, compared to 58% in the same period last year.
- No loss of funding was caused to the Council where schemes have slipped.

3. 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.

4. 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.

5. Next steps and timetable

To implement the recommendations to finance the programme.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

It is good to see that the expenditure percentage this year to date is better than at this time last year. However, we need to continue to be watchful to ensure that there are no avoidable slippages between now and the end of the financial year.

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

Detailed report in parts 1-3, Appendices A, B and C.

1 CAPITAL PROGRAMME 2015/16 to 2017/18

1.1 See below shows the revised capital programme up to the end of December 2015:

DEPARTMENT	END OF DECEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2015/16	2016/17	2017/18	TOTAL	
	£'000	£'000	£'000	£'000	
Education	13,512	16,608	7,959	38,079	-
Finance	706	650	-	1,356	12
Economy and Community	4,954	2,148	-	7,102	39
Housing	4,643	2,367	-	7,010	5
Adults, Health and Wellbeing	677	638	155	1,470	50
Children and Families	99	-	-	99	89
Highways and Municipal	4,133	3,634	2,413	10,180	51
Corporate Support	366	101	-	467	-
Regulatory	12,827	3,679	51	16,557	753
Consultancy	111	23	-	134	9
Corporate	-	202	-	202	-
TOTAL	42,028	30,050	10,578	82,656	1,008

2. CHANGES TO THE SOURCES OF FINANCE

2.1 The budget for the three year programme shows an increase of £1.008m since the last review position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF DECEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £000
	2015/16	2016/17	2017/18	TOTAL	
	£'000	£'000	£000	£000	
Supported Borrowing	6,637	6,637	2,817	16,091	-
Unsupported Borrowing	6,268	8,025	1,620	15,913	132
Grants and Contributions	15,816	8,639	3,222	27,677	276
Capital Receipts	1,617	921	-	2,538	350
Departmental & Corporate Revenue	4,716	1,281	300	6,297	268
Capital Fund	2,384	1,660	155	4,199	(151)
Renewals & Other Funds	4,590	2,887	2,464	9,941	133
TOTAL	42,028	30,050	10,578	82,656	1,008

3. RECOMMENDATION

The Cabinet is asked to:

- accept the 2015/16 to 2017/18 revised programme and
- approve the relevant sources of finance (para. 2.1 above).

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:

	2015/16 £'000	2016/17 £'000	2017/18 £'000
Unsupported Borrowing			
Carbon Management Schemes – loans from SALIX (which is an independent company that uses public funds to provides loans to the public sector) towards energy efficiency projects (Regulatory Department/Property Section)	132	-	-
Grants and Contributions			
Local Transport Fund – a grant from the Government to provide sustainable transport systems (Regulatory Department)	144	-	-
Coastal Path Scheme – grant from Natural Resources Wales towards the next phase of this scheme (Regulatory Department)	122	-	-
Capital Receipts			
A499 Aberdesach to Llanaelhaearn scheme (full use of the capital receipt from the sale of Plas Cae Pwsan on behalf of the Government towards the costs of the above scheme) (Regulatory Department)	200	-	-
Technical Adjustment – Strategic Scheme (use of capital receipts from the Mynwy scheme rather than funding the schemes through revenue) – see also Capital Fund below	151	-	-
Departmental Revenue			
'Llyn Celyn' – a scheme to provide safety fencing around the lake (Regulatory Department)	100	-	-
Resurfacing of the car park in Bala (Regulatory Department)	140	-	-
Capital Fund			
Technical Adjustment – Strategic Scheme (use of capital receipts from the Mynwy scheme rather than funding the schemes through revenue) – see also Capital Receipts above	(151)	-	-
Renewals and Other Funds			
Carbon Management – Solar Projects (Regulatory Department /Property Unit)	76	-	-
Depots – Portacabins (Highways and Municipal Department)	31	-	-

BUDGET RE-PROFILING – MAIN SCHEMES:

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

	2015/16 £'000	2016/17 £'000	2017/18 £'000
21 st Century Schools (Education Department)	(2,631)	2,631	-
Council's Fleet (Highways and Municipal Department)	(1,501)	1,501	-
Caernarfon Town and Foreshores Regeneration (Economy and Community Department)	(422)	422	-
Temporary Classrooms in Schools (Education Department)	(307)	307	-
EDRMS Scheme (electronic document and records management system) (Adults, Health and Wellbeing Department)	(233)	233	-

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 9 MONTHS 2015/16

CRYNODEB	CAPITAL PROGRAMME FULL YEAR (reviewed December)	ACTUAL EXPENDITURE FOR THE 9 MONTHS TO
	2015/16 £'000	31/12/2015 £'000
Education	13,512	8,493
Finance	706	443
Economy and Community	4,954	4,279
Housing	4,643	1,498
Adults, Health and Wellbeing	677	331
Children and Families	99	8
Highways and Municipal	4,133	2,974
Corporate Support	366	196
Regulatory	12,827	8,743
Consultancy	111	31
	-	
CYFANSWM	42,028	26,996

Note: Despite the re-profiling, the percentage that has been spent this year is comparably higher than the position this time last year.