

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

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|--------------------------|-------------------------------------------------------------------------------|
| Item Title: | Capital Programme 2023/24 – End of August Review (31 August 2023 position) |
| Cabinet Member: | Councillor Ioan Thomas, Finance Cabinet Member |
| Relevant Officer: | Ffion Madog Evans, Assistant Head of Finance |
| Meeting Date: | 7 November 2023 |

1. Decision Sought:

- To accept the report on the end of August review (31 August 2023 position) of the capital programme.
- Note the £11,457,000 spent on the capital programme up to month 5 2023/24
- Approve the revised financing as shown in part 3.2.3 of the report, that is:
 - use of various sources, worth a total of £17,421,000 to fund actual slippages from 2022/23
 - a decrease of £1,836,000 in the use of borrowing
 - an increase of £61,991,000 in the use of grants and contributions
 - a decrease of £9,000 in the use of capital receipts
 - an increase of £991,000 in the use of revenue contributions
 - an increase of £194,000 in the use of renewal and other reserves.

2. The reason why the Cabinet needs to make the decision:

It is the Cabinet's responsibility to act, as necessary, to secure appropriate control over the Council's budgets. It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital. The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed programme (part 3.2.2) and financing (part 3.2.3).

These are recommendations to ensure definite sources of funding for the 2023/24 – 2025/26 capital schemes.

3. Introduction and Rationale

3.1 Background/ Introduction

This technical report is presented as part of the 2023/24 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 3.2.2 and 3.2.3 of the report, with the recommendations in part 1:

- Part 3.2.2: Analysis by Department of the £178.572m capital programme for the 3 years 2023/24 – 2025/26.
- Part 3.2.3: The sources of finance for the net increase of approximately £78.752m since the opening budget with £17.421m of the increase due to slippages from 2022/23 (previously reported as part of the slippages in the year-end review on 13 June 2023).
- Part 3.2.4: Detail of additional grants since the establishment of the original budget.

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 technical issues regarding the financing of schemes and relevant implications and debates have already been addressed when the individual schemes were adopted.

3.2 Rationale of, and introduction to, the recommended decision

3.2.1 Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £107.3m in 2023/24 on capital projects, with £42.8m (40%) of it being financed by attracting specific grants.
- The impact of the recent financial challenges on the capital programme can still be seen in the reported figures in Appendix C, with £11.5m which is 11% of the budget having been spent by the end of August this year, compared to 11% for the same period a year ago and 16% two years ago.
- An additional £12.5m of proposed expenditure has been re-profiled from 2023/24 to 2024/25 and 2025/26, but no loss of funding was caused to the Council where schemes have slipped.

3.2.2 Capital Programme 2023/24 to 2025/26

See below the revised proposed capital programme as at the end of August 2023.

| DEPARTMENT | END OF AUGUST REVIEW | | | | INCREASE / (DECREASE) SINCE THE BUDGET £'000 | SLIPPAGES ADJUSTMENT £'000 | OTHER CHANGES £'000 |
|------------------------------------------|----------------------|---------------|---------------|----------------|----------------------------------------------------------|----------------------------------|------------------------|
| | 2023/24 | 2024/25 | 2025/26 | TOTAL | | | |
| | £'000 | £'000 | £'000 | £'000 | | | |
| Education | 21,167 | 9,593 | 40 | 30,800 | 9,706 | 7,249 | 2,457 |
| Environment | 7,473 | 3,181 | 775 | 11,429 | 4,200 | 1,235 | 2,965 |
| Corporate Support | - | - | - | - | - | - | - |
| Finance | 2,189 | 618 | 498 | 3,305 | 447 | 197 | 250 |
| Economy and Community | 30,965 | 28,025 | - | 58,990 | 57,606 | 711 | 56,895 |
| Housing and Property | 25,791 | 10,181 | 7,130 | 43,102 | 979 | 2,961 | (1,982) |
| Adults, Health and Wellbeing | 4,087 | 2,838 | - | 6,925 | 2,601 | 2,578 | 23 |
| Children and Supporting Families | 355 | 200 | - | 555 | 305 | 466 | (161) |
| Highways, Engineering and Consultancy | 11,659 | 3,587 | 2,011 | 17,257 | 4,850 | 1,901 | 2,949 |
| Corporate | 3,586 | 2,123 | 500 | 6,209 | (1,942) | 123 | (2,065) |
| TOTAL | 107,272 | 60,346 | 10,954 | 178,572 | 78,752 | 17,421 | 61,331 |

3.2.3 Changes to the Sources of Finance

The budget for the three year programme shows an increase of £78.752m 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 BUDGET £'000 | SLIPPAGES ADJUSTMENT £'000 | OTHER CHANGES £'000 |
|----------------------------------|----------------------|---------------|---------------|----------------|----------------------------------------------------------|----------------------------------|------------------------|
| | 2023/24 | 2024/25 | 2025/26 | TOTAL | | | |
| | £'000 | £'000 | £'000 | £'000 | | | |
| Supported Borrowing | 8,233 | 8,233 | 6,610 | 23,076 | (1,834) | - | (1,834) |
| Other Borrowing | 10,340 | 3,137 | 2,880 | 16,357 | 198 | 200 | (2) |
| Grants and Contributions | 42,752 | 34,975 | - | 77,727 | 65,274 | 3,283 | 61,991 |
| Capital Receipts | 246 | - | - | 246 | 52 | 61 | (9) |
| Departmental & Corporate Revenue | 2,376 | 79 | - | 2,455 | 1,304 | 313 | 991 |
| Capital Fund | 19,116 | 3,793 | 40 | 22,949 | 9,515 | 9,515 | - |
| Renewals & Other Funds | 24,209 | 10,129 | 1,424 | 35,762 | 4,243 | 4,049 | 194 |
| TOTAL | 107,272 | 60,346 | 10,954 | 178,572 | 78,752 | 17,421 | 61,331 |

3.2.4 Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting additional grants totalling £62,080k, the largest of which are listed below. Several adjustments including a reduction on schemes lower than the original forecast brings the total movement to £61,981k (see Appendix A for more information):

- £36,888k Grant from the UK Government's Shared Prosperity Fund to be distributed across the counties of north Wales
- £16,725k Grant from the UK Government's Levelling Up Fund to be distributed across the counties of north Wales
- £3,004k Grants from the Welsh Government's Local Transport Fund (LTF) and Active Travel Fund (ATF)
- £1,260k Sustainable Communities for Learning Grant – Community Use of Schools 2023-2025
- £1,136k Welsh Government grant towards countryside schemes
- £894k Additional Learning Needs (ALN) Capital Grant 2023-24
- £805k Welsh Government grant towards flood prevention and coastal defence schemes
- £470k Road Safety Capital Grant – 20 miles per hour schemes

- £348k Various grants towards schemes in the Regeneration area and the Maritime and Country Parks area
- £203k Sustainable Communities for Learning Grant – adapt and add various schemes
- £100k Sustainable Schools’ Challenge Grant – Ysgol Bontnewydd

3.3 Next Steps

To implement the recommendations to finance the programme.

Appendices List:

Appendix A – Details on Main Changes

Appendix B – Re-profiling Details

Appendix C – First 5 months’ 2023/24 expenditure

Background Documents List:

2023-2024 Budget : [Annual budgets \(llyw.cymru\)](#)

Details of Main Changes

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

| | 2023/24 | 2024/25- 2025/26 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|
| | £'000 | £'000 |
| Borrowing | | |
| <ul style="list-style-type: none"> Correct the assumption that funds towards Decarbonisation are part of the settlement (<i>Corporate</i>). | (917) | (917) |
| Grants and Contributions | | |
| <ul style="list-style-type: none"> Sustainable Communities for Learning Grant – adapt and add various schemes e.g. Ysgol Chwilog (<i>Education Department</i>). | 203 | |
| <ul style="list-style-type: none"> Additional Learning Needs (ALN) Capital Grant 2023-2024 (<i>Education Department</i>). | 894 | |
| <ul style="list-style-type: none"> Sustainable Communities for Learning Grant – Community Use of Schools 2023-2025 (<i>Education Department</i>). | 455 | 805 |
| <ul style="list-style-type: none"> Initial part of the Sustainable Schools’ Challenge Grant towards Ysgol Bontnewydd (<i>Education Department</i>). | 100 | |
| <ul style="list-style-type: none"> Various grants towards schemes in the Regeneration area and the Maritime and Country Parks area (<i>Economy and Community Department</i>). | 348 | |
| <ul style="list-style-type: none"> Grant from the UK Government’s Levelling Up Fund – a sum is paid to Gwynedd Council to be distributed across the counties of north Wales (<i>Economy and Community Department</i>). | 5,106 | 11,619 |
| <ul style="list-style-type: none"> Grant from the UK Government’s Shared Prosperity Fund – a sum is paid to Gwynedd Council to be distributed across the counties of north Wales (<i>Economy and Community Department</i>). | 20,482 | 16,406 |
| <ul style="list-style-type: none"> Flying Start and Childcare Capital Grant from the Welsh Government (<i>Children and Supporting Families Department</i>). | 54 | |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|
| <ul style="list-style-type: none"> Regional Integration Fund (RIF) – an additional grant from the Welsh Government to fund establishments' adaptations and to facilitate collaboration between agencies (<i>Adults, Health and Wellbeing Department</i>). | 19 | |
| <ul style="list-style-type: none"> Welsh Government grant towards flood prevention and coastal defence schemes (<i>Highways, Engineering and Consultancy Department</i>). | 805 | |
| <ul style="list-style-type: none"> Road Safety Capital Grant from the Welsh Government for several different 20 miles per hour schemes (<i>Environment Department</i>). | 470 | |
| <ul style="list-style-type: none"> Grants from the Welsh Government's Local Transport Fund (LTF) and Active Travel Fund (ATF) for several different schemes (<i>Environment Department</i>). | 3,004 | |
| <ul style="list-style-type: none"> Welsh Government grant towards countryside schemes (<i>Environment Department</i>). | 737 | 399 |
| <ul style="list-style-type: none"> Welsh Government grant towards electric vehicle charging schemes (<i>Environment Department</i>). | 51 | |
| <ul style="list-style-type: none"> Welsh Government grant towards waste infrastructure (<i>Environment Department</i>). | 79 | |
| <ul style="list-style-type: none"> Revision of the Gypsy and Travellers Grant from the Welsh Government towards the Llandygai Gypsy site – the scheme has come to an end (<i>Housing and Property Department</i>). | (99) | |
| <ul style="list-style-type: none"> Leasing Scheme Wales Grant from the Welsh Government for the Housing area (<i>Housing and Property Department</i>). | 44 | |
| Capital Receipts | | |
| <ul style="list-style-type: none"> Revise contributions towards the Economy Department's various schemes including resurfacing of car parks at Y Glyn, Llanberis and Neuadd Dwyfor (<i>Economy and Community Department</i>). | (8) | |
| Departmental and Corporate Revenue | | |
| <ul style="list-style-type: none"> Increase the need for the Housing and Property Department's revenue contribution towards Repairs and Maintenance schemes which are now capital by nature (<i>Housing and Property Department</i>). | 1,000 | |

Capital Fund

- Transfer back the capital resources that were earmarked for Maesgeirchen Integrated Centre and were not used - for subsequent redistribution (*Children and Supporting Families Department; Corporate*). (216)
216

Renewals and other funds

- Match funding / additional contributions towards various schemes (*Economy and Community Department*). 31
- Revise the financing of the Street Lighting scheme – scheme has been completed (*Highways, Engineering and Consultancy*). (189)
- Vehicle and Equipment Renewals (*Highways, Engineering and Consultancy*). 102
- IT Equipment Renewals (*Finance Department*). 250

Details of Budget Re-profiling

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

| | 2023/24 | 2024/25 - 2025/26 |
|------------------------------------------------------------------------------------------------------------------------------|---------|----------------------|
| | £'000 | £'000 |
| Schools' schemes (Sustainable Communities for Learning and Others) (<i>Education Department</i>) | (5,743) | 5,743 |
| Leisure schemes (<i>Economy and Community Department</i>) | 150 | (150) |
| Maesgeirchen Integrated Centre scheme (<i>Children and Supporting Families Department</i>) | (200) | 200 |
| Penygroes Health and Care Hub (<i>Adults, Health and Wellbeing Department</i>) | (1,500) | 1,500 |
| Residential Establishments, Day Care and other schemes in the Adults area (<i>Adults, Health and Wellbeing Department</i>) | (1,338) | 1,338 |
| Highways Deterioration Prevention programme (<i>Highways, Engineering and Consultancy</i>) | 1,000 | (1,000) |
| Flood Prevention schemes (<i>Highways, Engineering and Consultancy</i>) | (933) | 933 |
| Transport schemes, Urban Improvements and Countryside schemes (<i>Environment Department</i>) | (309) | 309 |
| Car Parks – Resurfacing, Charging Points etc (<i>Environment Department</i>) | (148) | 148 |
| Specialist IT systems (<i>Environment Department</i>) | (48) | 48 |
| Disabled Adaptations and Office schemes (<i>Housing and Property Department</i>) | (143) | 143 |
| The Council's Carbon Management and Solar Panels schemes (<i>Housing and Property Department</i>) | (2,750) | 2,750 |
| Asbestos Disposal schemes (<i>Housing and Property Department</i>) | (580) | 580 |

Note:

The above re-profiling will not result in any loss in grant.

There are 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 must cope for longer with current assets which have not been improved.

Capital Expenditure First 5 Months 2023/24

| SUMMARY | CAPITAL PROGRAMME FULL YEAR (reviewed August) 2023/24 £'000 | ACTUAL EXPENDITURE FOR THE 5 MONTHS TO 31/08/2023 £'000 |
|---------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------|
| Education | 21,167 | 3,694 |
| Environment | 7,473 | 636 |
| Corporate Support | - | - |
| Finance (and Information Technology) | 2,189 | 74 |
| Economy and Community | 30,965 | 2,117 |
| Housing and Property | 25,791 | 2,987 |
| Adults, Health and Wellbeing | 4,087 | 92 |
| Children and Supporting Families | 355 | 63 |
| Highways, Engineering and Consultancy | 11,659 | 1,794 |
| Corporate | 3,586 | - |
| TOTAL | 107,272 | 11,457 |

Note:

The percentage spent this year (11%) is similar to the position this time last year (amount spent in 5 months in 2022/23 was 11%) and is lower than two years ago (16% in 2021/22).