

CYNGOR GWYNEDD – Report to Governance and Audit Committee

Item Title:	Capital Programme 2025/26 – End of August Review (31 August 2025 position)
Cabinet Member:	Councillor Huw Wyn Jones, Finance Cabinet Member
Relevant Officer:	Ffion Madog Evans, Assistant Head of Finance – Accountancy and Pensions
Meeting Date:	9 October 2025

1. Decision Sought:

We will be recommending that the Cabinet makes the following decisions:

- To accept the report on the end of August review (31 August 2025 position) of the capital programme.
- Approve the revision to the Capital Budget approved on 6 March 2025 from the programme's financing perspective (as shown in part 3.2.3 of the report), that is:
 - an increase of £290,000 in the use of borrowing
 - an increase of £13,390,000 in the use of grants and contributions
 - an increase of £36,000 in the use of revenue contributions
 - a decrease of £2,743,000 in the use of the capital reserve
 - an increase of £29,000 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 recommended steps to ensure definite sources of funding for the 2025/26 – 2027/28 capital schemes.

3. Introduction and Rationale

3.1 Background/ Introduction

This technical report is presented as part of the 2025/26 budget review. 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 (the rationale and justification for recommending the decision) as follows:

- Part 3.2.1: Main Findings
- Part 3.2.2: Analysis by Department of the £152.94m capital programme for the 3 years 2025/26 – 2027/28.
- Part 3.2.3: The sources of finance for the net increase of approximately £11.002m since the last review.
- Part 3.2.4: Detail of additional grants since the last review.
- Part 3.2.5: Analysis of the capital prudential indicators.

Incorporating funding via grant is a point of order for the Cabinet, 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:

- Clear plans are in place to invest approximately £100.7m in 2025/26 on capital projects, with £47.4m (47%) of it being financed by attracting specific grants.
- An additional £12.4m of proposed expenditure has been re-profiled from 2025/26 to 2026/27 and 2027/28, but no loss of funding was caused to the Council where schemes have slipped.

3.2.2 Capital Programme 2025/26 to 2027/28

See below the revised capital programme as at the end of August 2025, with the proposed revised position for the subsequent years:

DEPARTMENT	END OF AUGUST REVIEW				Increase/(Decrease) since the Budget £000	Reprofiling adjustment £000	Increase/(Decrease) since the Budget less Slippages £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000			
Education	16,301	8,218	3,451	27,970	9,547	8,125	1,422
Environment	10,106	1,917	479	12,502	4,587	(73)	4,660
Corporate Support	-	-	-	-	-	-	-
Finance	1,130	722	1,249	3,101	925	915	10
Economy and Community	26,964	6,826	2,383	36,173	5,036	1,746	3,290
Housing and Property	28,314	8,052	4,102	40,468	18,335	17,249	1,086
Adults, Health and Wellbeing	2,701	2,700	-	5,401	648	2,098	(1,450)
Children and Supporting Families	2,731	764	700	4,195	2,475	163	2,312
Highways, Engineering and Consultancy	12,161	3,793	5,881	21,835	6,057	6,385	(328)
Corporate	295	500	500	1,295	295	295	-
TOTAL	100,703	33,492	18,745	152,940	47,905	36,903	11,002

3.2.3 Changes to the Sources of Finance

The budget for the three-year programme shows an increase of £47.905m since the opening budget position where £36.903m originates from the reprofiling at the end of the previous year and £11.002m from new financing. The proposed sources of financing for this are noted below:

DEPARTMENT	END OF AUGUST REVIEW				Increase/(Decrease) since the Budget £000	Reprofiling adjustment £000	Increase/(Decrease) since the Budget less Slippages £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000			
Supported Borrowing	4,070	4,070	4,070	12,210	-	-	-
Other Borrowing	18,115	4,119	-	22,234	13,737	13,447	290
Grants and Contributions	52,467	9,803	4,903	67,173	20,416	7,026	13,390
Capital Receipts	160	-	-	160	160	160	-
Departmental & Corporate Revenue	1,185	-	-	1,185	56	20	36
Capital Fund	6,821	11,111	4,477	22,409	5,623	8,366	(2,743)
Renewals & Other Funds	17,885	4,389	5,295	27,569	7,913	7,884	29
TOTAL	100,703	33,492	18,745	152,940	47,905	36,903	11,002

3.2.4 Additional Grants

Since setting the original budget, the Council succeeded in attracting additional grants totalling £13.390m, the largest of which are listed below (see Appendix 1 for more information):

- £2.940m Local Transport Fund (LTF) and Active Travel Fund (ATF) grants from Welsh Government towards several different schemes
- £1.972m Welsh Energy Grant from Welsh Government towards Electrical batteries and works at Plas Ogwen

- £1.839m 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
- £1.443m Childcare Capital Grant from the Welsh Government
- £0.823m Sustainable Communities for Learning Grant
- £0.509m Part of the Sustainable Schools' Challenge Grant towards Ysgol Bontnewydd
- £0.500m Eryri National Park contribution towards the house purchasing scheme

3.2.5 Capital Prudential Indicators

The CIPFA Prudential Code notes the need to report these Prudential Indicators (see Appendix 4 for more information).

3.3 Next Steps

To implement the recommendations to finance the programme.

4. Comments by Statutory Officers

4.1 Principal Finance Officer

I have collaborated with the Cabinet Member in the preparation of this report and I confirm the content.

4.2 Monitoring Officer

No observations in relation to propriety.

Appendices List:

Appendix 1 – Details of Main Changes

Appendix 2 – Details of Budget Reprofileing

Appendix 3 – Capital Expenditure First 5 months 2025/26

Appendix 4 – Capital Prudential Indicators 2025/26

Background Documents List:

2025/2026 Budgets: [Annual budgets](#)

Capital Strategy 2025/26 : Full Council 06/03/25 : [Item 10 - Capital Strategy 2025-26 including Investment and Borrowing Strategies.pdf](#)

Details of Main Changes

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

	2025/26 £'000	2026/27- 2027/28 £'000
Other Borrowing		
Foster Care House and adjustment to the financing of an item from the previous year (<i>Children and Supporting Families Department</i>)	250	
Vehicles for use in the areas of waste and recycling (Environment Department).	40	
Grants and Contributions		
Sustainable Communities for Learning Grant – adjustments and additions of various schemes (<i>Education Department</i>).	823	
Part of the Sustainable Schools' Challenge Grant towards Ysgol Bontnewydd (Education Department).	509	
Circular Economy Grant from Welsh Government (<i>Economy and Community Department</i>).	102	
Adjustment to the 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>).	1,839	
Grant from the Brilliant Basics Fund from Welsh Government towards Padarn Country Park (<i>Economy and Community Department</i>).	250	50
Grant from Welsh Government to Reduce the Carbon Footprint (<i>Economy and Community Department</i>).	200	
Grant from Welsh Government to Improve Archive Accessibility (<i>Economy and Community Department</i>).	142	
Grant from Welsh Government to develop a system for managing libraries (<i>Economy and Community Department</i>).	29	

• Sport Wales Grant towards the Arfon Tennis Centre (<i>Economy and Community Department</i>).	15
• Circular Economy Grant via Menter Môn towards the Arfon Swimming Pool (<i>Economy and Community Department</i>).	26
• Childcare Capital Grant from the Welsh Government (<i>Children and Supporting Families Department</i>).	1,443
• Housing with Care Fund Grant towards homes for children from Welsh Government (<i>Children and Supporting Families Department</i>).	413
• Health and Social Care Integration and Rebalancing Capital Fund Grant (IRCF) from Welsh Government (<i>Children and Supporting Families Department</i>).	205
• 20 miles per hour Capital Grant and Road Safety grant from Welsh Government towards several different schemes (<i>Environment Department</i>).	80
• Local Transport Fund (LTF) and Active Travel Fund (ATF) grants from Welsh Government towards several different schemes (<i>Environment Department</i>).	2,940
• Resilient Road Fund Grant (RRF) from Welsh Government towards several different schemes (<i>Environment Department</i>).	275
• Safe Routes in Communities Grant (SRiC) from Welsh Government towards several different schemes (<i>Environment Department</i>).	160
• Grants and contributions from Natural Resources Wales, Wales Council for Voluntary Action (CGGC/WCVA) and Local Nature Partnerships towards countryside schemes (<i>Environment Department</i>).	395
• Access Improvement Grant from Welsh Government towards countryside schemes (<i>Environment Department</i>).	146
• Sustainable Landscapes Grant from Welsh Government towards schemes in the Llŷn Area of Outstanding Natural Beauty (<i>Environment Department</i>).	195

Welsh Government Grant from the Ultra Low Emission Vehicle Transformation Fund (ULEVTF) towards electric Vehicle charging points and solar points (<i>Environment Department</i>).	105
Transitional Accommodation Capital Programme Grant (TACP) from Welsh Government (<i>Housing and Property Department</i>).	225
Eryri National Park contribution towards the house purchasing scheme (<i>Housing and Property Department</i>).	500
“Enable” scheme grant from Welsh Government (<i>Housing and Property Department</i>).	350
Welsh Energy Grant from Welsh Government towards Electrical batteries and works at Plas Ogwen (<i>Housing and Property Department</i>).	1,972
Departmental and Corporate Revenue	
Revenue contributions towards various schemes (<i>Education; Economy and Community; Environment Departments</i>).	36
Capital Fund	
Adjustments to several schemes to ensure the Asset Management Plan matches regarding schemes and revised profiling following the slippages from 24/25. Several of the schemes’ profiles have been adjusted past the Capital Programme’s three years (<i>Education; Adults, Health and Wellbeing; Housing and Property Departments</i>).	(2,743)
Renewals and Other Funds	
Adjustments to several schemes to ensure the Asset Management Plan matches regarding schemes and revised profiling following the slippages from 24/25. Several of the schemes’ profiles have been adjusted past the Capital Programme’s three years (<i>Adults, Health and Wellbeing; Housing and Property Departments</i>).	(1,555)
Match funding contributions/additional contributions towards various schemes (<i>Economy and Community Department</i>).	542

• Vehicle and Equipment renewals from departmental funds (<i>Highways, Engineering and Consultancy; Environment Departments</i>).	283
• Contribution from the Climate Fund towards the Charging Gwynedd Scheme and upgrading lighting within establishments (<i>Highways, Engineering and Consultancy; Housing and Property Departments</i>).	496
• Contribution towards countryside and waste projects (<i>Environment Department</i>).	124
• Contribution towards the Offices' Project (<i>Housing and Property Department</i>).	126

Details of Budget Reprofileing

See below the main schemes that have been reprofiled since the original budget:

	2025/26	2026/27 - 2027/28
	£'000	£'000
Schools' Schemes (Sustainable Communities for Learning and Others) (<i>Education Department</i>)	(4,507)	4,507
Economic Stimulus Schemes and Industrial Units (<i>Economy and Community Department</i>)	(1,048)	1,048
Levelling Up Fund (<i>Economy and Community Department</i>)	(3,450)	3,450
Maritime, Country Parks and Leisure schemes (<i>Economy and Community Department</i>)	(136)	136
Children's Establishments (<i>Children and Supporting Families Department</i>)	(764)	764
Provision to Joint-fund Care Projects (<i>Adults, Health and Wellbeing Department</i>)	(1,200)	1,200
Transport schemes and Urban Improvements (<i>Environment Department</i>)	(188)	188
Specialist Environment Department IT Systems (<i>Environment Department</i>)	(48)	48
Housing Grants and Other Schemes (<i>Housing and Property Department</i>)	(1,048)	1,048
Smallholdings' Schemes (<i>Housing and Property Department</i>)	(50)	50

Note:

The above reprofiling will not result in any loss in grant.

There are a variety of valid reasons behind the reprofiling 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 2025/26

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August) 2025/26 £'000	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO 31/08/2025 £'000
Education	16,301	3,224
Environment	10,106	805
Corporate Support	-	-
Finance (and Information Technology)	1,130	230
Economy and Community	26,964	2,592
Housing and Property	28,314	3,986
Adults, Health and Wellbeing	2,701	645
Children and Supporting Families	2,731	1,202
Highways, Engineering and Consultancy	12,161	2,834
Corporate	295	-
TOTAL	100,703	15,518

Note:

The percentage spent this year (15%) is similar to the position this time last year (amount spent in 5 months in 2024/25 was 15%), and higher than two years ago (11% in 2023/24).

APPENDIX 4

Capital Prudential Indicators 2025/26

The Council measures and manages its capital expenditure and borrowing with references to the following indicators.

It is now a requirement of the CIPFA Prudential Code that these are reported on a regular basis.

The latest position and information are reflected here.

Capital Expenditure

The Council has undertaken and is planning capital expenditure as summarised below.

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m
General Fund Services	85.0	101.1	33.9	19.1
Leasing General Fund	5.3	0.0	0.0	0.0
TOTAL	90.3	101.1	33.9	19.1

The main General Fund capital projects in 2025/26 y include (see the review reports for reprofiling details as applicable) :

- Sustainable Communities for Learning Schemes - £12.4m
- Levelling Up Fund Schemes - £11.0m
- Housing Schemes/Strategy - £7.5m
- Departmental Vehicles - £6.9m
- Adults' Homes/ Centres - £4.5m
- Property Schemes - £3.9m

Capital Financing Requirement

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with Minimum Revenue Provision (MRP) and capital receipts used to replace debt.

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m
General Fund Services	179.9	196.2	198.0	195.5

Gross Debt and the Capital Financing Requirement

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

	31.3.2025 Actual £m	31.3.2026 Forecast £m	31.3.2027 Budget £m	31.3.2028 Budget £m	Debt at 31.08.2025 £m
Debt (including Private Finance Initiative (PFI) and leases)	98.2	78.1	72.7	70.7	98.2
Capital Financing Requirement	179.9	196.2	198.0	195.5	

Debt and the Authorised Limit and Operational Boundary

The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	Maximum Debt 2025/26 £m	Debt at 31.08.2025 £m	2025/26 Authorised Limit £m	2025/26 Operational Boundary £m	Complied?
Borrowing	93.0	93.0			
Private Finance Initiative (PFI) and Finance Leases	5.2	5.2			
Total Debt	98.2	98.2	200	190	Yes

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision (MRP) are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, National Non-Domestic Rates and general government grants.

	2024/25 Actual	2025/26 Forecast	2026/27 Budget	2027/28 Budget
Financing Costs (£m)	8.5	10.2	10.6	10.7
Proportion of Net Revenue Stream (%)	2.5%	2.9%	2.9%	2.9%

Treasury Management Indicators

These indicators (Liability Benchmark, Maturity Structure of Borrowing, Long-Term Treasury Management Investments) are reported separately as part of the Treasury Management Report for the period under review.