

REPORT TO THE CABINET

7 June 2016

Cabinet Member: Councillor Peredur Jenkins - Resource Cabinet Member

Subject: Capital Programme 2015/16 – End of Year Review
(31 March 2016)

Contact Officer: Dafydd L Edwards - Head of Finance

The decision sought / Purpose of the report

To accept the report on the end of year review (31 March 2016 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- a decrease of £3,068,000 in the use of unsupported borrowing
 - an increase of £2,023,000 in the use of grants and contributions
 - a decrease of £22,000 in the use of capital receipts
 - an increase of £80,000 in the use of revenue contributions
 - an increase of £546,000 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. There is a summary in parts 3 and 4 of the report, with the recommendation in part 5:

Part 3: Analysis by Department of the £82.215m capital programme for the 3 years 2015/16 – 2017/18.

Part 4: An explanation of the sources of finance for the net decrease of approximately £0.441m since the last review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the programme (part 3) and financing (part 4).

There is further information on some specific schemes in the appendices for information:

- Appendix A: Main changes per sources of finance
- Appendix B: Movements from 2015/16 to 2016/17

2. Main Findings:

The main conclusions that arise from the revised position are:

- The Council succeeded in spending over £38m in 2015/16 on capital projects, with £20m being financed by attracting specific grants.

- £9.5m of budgeted expenditure will slip from 2015/16, compared to a slippage of £15m at the end of 2014/15. No loss of funding was caused to the Council where schemes have slipped.

3. CAPITAL PROGRAMME 2015/16 to 2017/18

See below which shows the revised capital programme up to the end of March 2016:

DEPARTMENT	END OF MARCH REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW
	2015/16	2016/17	2017/18	TOTAL	
	£'000	£'000	£'000	£'000	
Education	12,354	17,735	7,959	38,048	(31)
Finance	494	872	-	1,366	10
Economy and Community	5,147	1,922	-	7,069	(33)
Adults, Health and Wellbeing - Housing Unit	3,399	2,423	-	5,822	(1,188)
Adults, Health and Wellbeing - Other	495	928	155	1,578	108
Children and Families	103	-	-	103	4
Highways and Municipal	4,508	3,799	2,413	10,720	540
Corporate Support	348	119	-	467	-
Regulatory	11,314	5,261	51	16,626	69
Consultancy	191	23	-	214	80
Corporate	-	202	-	202	-
TOTAL	38,353	33,284	10,578	82,215	(441)

4 CHANGES TO THE SOURCES OF FINANCE

The budget for the three year programme shows a decrease of £0.441m since the last review position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF MARCH REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW
	2015/16	2016/17	2017/18	TOTAL	
	£'000	£'000	£000	£000	
Supported Borrowing	4,126	6,637	2,817	13,580	-
Other Borrowing (including unsupported borrowing)	1,903	9,322	1,620	12,845	(3,068)
Grants and Contributions	20,454	8,535	3,222	32,211	2,023
Capital Receipts	1,622	894	-	2,516	(22)
Departmental & Corporate Revenue	4,796	1,281	300	6,377	80
Capital Fund	1,612	2,432	155	4,199	-
Renewals & Other Funds	3,840	4,183	2,464	10,487	546
TOTAL	38,353	33,284	10,578	82,215	(441)

5. RECOMMENDATION

The Cabinet is asked to:

- accept the 2015/16 to 2017/18 revised programme and
- approve the relevant sources of finance (para. 4 above).

6. 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.

7. 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.

8. Next steps and timetable

To implement the recommendations to finance the programme in order that the Finance Department can move forward to close the Council's financial accounts for 2015/16, and publish the statutory statement by the end of June.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

I am grateful that the report confirms yet again this year that the Council did not lose any resources as a result of slippages. However, as the report notes, the slippages seen during the year have resulted in a delay in realising outcomes to inhabitants and it is possibly necessary to look at what lessons can be learnt from this in order to avoid repeating the same weaknesses.

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

Appendices A and B.

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
Other Borrowing (including Unsupported Borrowing)	
<ul style="list-style-type: none"> 21st Century Schools Schemes – technical adjustment to switch borrowing received from the Government with grant (Education Department) – see also Grants below. 	(2,000)
<ul style="list-style-type: none"> Housing Loans Fund (Housing Unit) – technical adjustment, due to the requirement of accounting regulations not to include within the Council's accounts, since the Council is acting as an agent for the Government. 	(900)
<ul style="list-style-type: none"> Municipal Works Unit Vehicles (Highways and Municipal Department) – switching source of financing, through the use of a renewals fund rather than borrowing – see also Renewals Funds below 	(121)
Grants and Contributions	
<ul style="list-style-type: none"> 21st Century Schools Schemes – technical adjustment due to the receipt of a late grant from the Government to displace the need to borrow (Education Department) – see also Borrowing above 	2,000
<ul style="list-style-type: none"> Emergency Schemes (Highways and Municipal Department) – a grant received from the Government towards remedial works following the Winter 15/16 floods and severe weather 	400
<ul style="list-style-type: none"> ECO Arbed Project (Housing Unit) – a reduction in the need for the Government's Warm Homes grant 	(385)
Capital Receipts	
<ul style="list-style-type: none"> Various minor schemes 	(22)
Departmental Revenue	
<ul style="list-style-type: none"> Various minor schemes 	80
Renewals and Other Funds	
<ul style="list-style-type: none"> Sailing Academy (Economy and Community Department) – an increase in the use of departmental funds to update the expenditure profile 	217
<ul style="list-style-type: none"> Cartgylchu Bins (Highways and Municipal Department) – increased expenditure as a result of the change from recycling bins to this type of container 	126
<ul style="list-style-type: none"> Municipal Works Unit Vehicles (Highways and Municipal Department) – switching source of financing, through the use of a renewals fund rather than borrowing – see also Borrowing above 	121

BUDGET RE-PROFILING – MAIN SCHEMES:

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

	2015/16	2016/17
	£'000	£'000
• 21 st Century Schools (Education Department)	(3,562)	3,562
• Council's Fleet (Highways and Municipal Department)	(1,612)	1,612
• Carbon Management Schemes (Regulatory Department)	(1,548)	1,548
• Temporary Classrooms in Schools (Education Department)	(351)	351
• Information Technology Schemes (Finance Department)	(313)	313
• i-Gwynedd Scheme (EDRMS) (Adults, Health and Wellbeing Department)	(298)	298
• Caernarfon Town and Foreshores Regeneration (Economy and Community Department)	(203)	203

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.
