

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Item Title:	Capital Programme 2025/26 – End of November Review (30 November 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:	20 January 2026

1. Decision Sought:

- To accept the report on the end of November review (30 November 2025 position) of the capital programme.
- Approve the revision to the Capital Budget, approved on 6 March 2025 and revised on 11 November 2025, from the programme's financing perspective (as shown in part 3.2.3 of the report), that is:
 - a decrease of £7,544,000 in the use of borrowing
 - an increase of £2,660,000 in the use of grants and contributions
 - an increase of £103,000 in the use of revenue contributions
 - a decrease of £2,387,000 in the use of the capital reserve
 - an increase of £6,364,000 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 £152.136m capital programme for the 3 years 2025/26 – 2027/28.
- Part 3.2.3: The sources of finance for the net decrease of approximately £0.804m 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 £93.7m in 2025/26 on capital projects, with £48.2m (51%) of it being financed by attracting specific grants.
- An additional £6m 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 November 2025, with the proposed revised position for the subsequent years:

DEPARTMENT	END OF NOVEMBER REVIEW				Increase/(Decrease) since the Last Review £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	
Education	16,391	8,218	3,450	28,059	89
Environment	8,301	4,315	479	13,095	593
Corporate Support	-	-	-	-	-
Finance	1,196	737	1,248	3,181	80
Economy and Community	26,608	8,796	2,396	37,800	1,627
Housing and Property	21,549	5,375	4,103	31,027	(9,441)
Adults, Health and Wellbeing	2,769	2,700	-	5,469	69
Children and Supporting Families	2,877	764	700	4,341	146
Highways, Engineering and Consultancy	14,041	8,413	5,710	28,164	6,328
Corporate	-	500	500	1,000	(295)
TOTAL	93,732	39,818	18,586	152,136	(804)

3.2.3 Changes to the Sources of Finance

The budget for the three-year programme shows a decrease of £0.804m since the last review. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF NOVEMBER REVIEW				Increase/(Decrease) since the Last Review £000
	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	
Supported Borrowing	4,070	4,070	4,070	12,210	-
Other Borrowing	9,930	4,760	-	14,690	(7,544)
Grants and Contributions	53,282	11,680	4,871	69,833	2,660
Capital Receipts	160	-	-	160	-
Departmental & Corporate Revenue	1,288	-	-	1,288	103
Capital Fund	3,872	11,800	4,350	20,022	(2,387)
Renewals & Other Funds	21,130	7,508	5,295	33,933	6,364
TOTAL	93,732	39,818	18,586	152,136	(804)

3.2.4 Additional Grants

Since the last review, the Council succeeded in attracting additional grants totalling £2.991m, the largest of which are listed below. Several additional adjustments bring the total movement to £2.660m (see Appendix 1 for more information):

- £1.000m Grant from the UK Department for Environment, Food and Rural Affairs (DEFRA) towards Extended Producer Responsibility (EPR) for packaging schemes
- £0.559m Transitional Accommodation Capital Programme (TACP) Grant from the Welsh Government
- £0.289m A grant from the Welsh Government's Brilliant Basics Fund towards the Enjoyment of Our Coast scheme

- £0.280m Grant from the Sports Council towards synthetic pitches
- £0.176m Grant towards the conservation of historic buildings from the Welsh Government
- £0.165m National Grid grant towards works at Parc Padarn

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 to add in relation to propriety.

Appendices List:

Appendix 1 – Details of Main Changes

Appendix 2 – Details of Budget Reprofileing

Appendix 3 – Capital Expenditure First 8 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 last review:

	2025/26 £'000	2026/27- 2027/28 £'000
Other Borrowing		
<ul style="list-style-type: none"> Further adjustment towards the Foster Care House (<i>Children and Supporting Families Department</i>) 	19	
<ul style="list-style-type: none"> Welsh Government Local Government Borrowing Initiative (LGBI) - Road Deterioration Prevention scheme (<i>Highways, Engineering and Consultancy Department</i>). 	4,702	3,135
<ul style="list-style-type: none"> Re-profiling the Buy to Let element of the Housing Strategy to a period beyond this three-year Capital Programme to a period of more favourable economic circumstances (<i>Housing and Property Department</i>). 	(12,520)	(2,880)
Grants and Contributions		
<ul style="list-style-type: none"> Food Partnership capital grant from the Welsh Government (<i>Economy and Community Department</i>). 	51	
<ul style="list-style-type: none"> Grant towards the conservation of historic buildings from the Welsh Government (<i>Economy and Community Department</i>). 		176
<ul style="list-style-type: none"> Adjustment to the grant from the UK Government's Levelling Up Fund (<i>Economy and Community Department</i>). 		21
<ul style="list-style-type: none"> Grant from the Sports Council towards synthetic pitches (<i>Economy and Community Department</i>). 		280
<ul style="list-style-type: none"> A grant from the Welsh Government's Brilliant Basics Fund towards the Enjoyment of Our Coast scheme (<i>Economy and Community Department</i>). 	289	
<ul style="list-style-type: none"> National Grid grant towards works at Parc Padarn (<i>Economy and Community Department</i>). 		165

<ul style="list-style-type: none"> Grant from the Welsh Government's Marine and Fisheries Division towards fishing groins (<i>Economy and Community Department</i>). 	67
<ul style="list-style-type: none"> Sport Wales and Sports Association Wales grant towards swimming pools in the county (<i>Economy and Community Department</i>). 	125
<ul style="list-style-type: none"> A Housing with Care Fund (HCF) grant for children's homes from the Welsh Government (<i>Children and Supporting Families Department</i>). 	102
<ul style="list-style-type: none"> Health and Social Care Integration and Rebalancing Capital Fund Grant (IRCF) from Welsh Government (<i>Children and Supporting Families Department</i>). 	16
<ul style="list-style-type: none"> All Wales Play Opportunities Grant (<i>Children and Supporting Families Department</i>). 	10
<ul style="list-style-type: none"> Regional Integrated Fund (RIF) – additional grant from Welsh Government towards adapting establishments as well as facilitating joint working arrangements with other agencies (<i>Adults, Health and Wellbeing Department</i>). 	36
<ul style="list-style-type: none"> Adjustment of Welsh Government grant treatment towards the Barmouth Viaduct Gardens scheme (<i>Highways, Engineering and Consultancy Department</i>). 	(339)
<ul style="list-style-type: none"> Planning legislation contribution towards the car park at Y Gelli and Pendalar schools (<i>Environment Department</i>). 	20
<ul style="list-style-type: none"> Grant from the UK Department for Environment, Food and Rural Affairs (DEFRA) towards Extended Producer Responsibility (EPR) for packaging schemes (<i>Environment Department</i>). 	1,000
<ul style="list-style-type: none"> Transitional Accommodation Capital Programme (TACP) Grant from the Welsh Government (<i>Housing and Property Department</i>). 	559
<ul style="list-style-type: none"> Planning legislation contribution towards a specific house (<i>Housing and Property Department</i>). 	74

Departmental and Corporate Revenue		
• Adjustment to the revenue contributions towards several schemes (<i>Education; Economy and Community; Highways, Engineering and Consultancy; Environment Departments</i>).	52	
• Departmental contributions towards computer equipment (<i>Finance Department</i>).	51	
Capital Fund		
• Modifications to various Asset Management Scheme schemes where profiles have been adjusted past the three years of the Capital Programme or grants and loan claims have been received and resources have been released for future apportionment (<i>Education; Highways, Engineering and Consultancy; Environment; Corporate Departments</i>).	(1,626)	(761)
Renewals and Other Funds		
• Vehicle and Equipment Renewals from departmental reserves (<i>Highways, Engineering and Consultancy; Environment; Finance Departments</i>).	541	
• Adjustment to match/additional funding contributions towards various schemes (<i>Economy and Community Department</i>).	361	
• Contribution towards countryside and car park schemes (<i>Environment Department</i>).	142	
• Adjustment to the contribution from the Council Tax Premium Fund towards the Housing Strategy schemes (<i>Housing and Property Department</i>).	5,319	

Details of Budget Reprofileing

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

	2025/26 £'000	2026/27 - 2027/28 £'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>)	(1,529)	1,529
Levelling Up Fund (<i>Economy and Community Department</i>)	(3,174)	3,174
Maritime, Country Parks and Leisure schemes (<i>Economy and Community Department</i>)	(1,272)	1,272
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
Road and Municipal schemes (<i>Highways, Engineering and Consultancy Department</i>)	(191)	191
Vehicle and Equipment Renewals (<i>Highways, Engineering and Consultancy; Environment; Housing and Property Departments</i>)	(2,782)	2,782
Transport schemes and Urban Improvements (<i>Environment Department</i>)	(309)	309
Car Parks (<i>Environment Department</i>)	(44)	44
Specialist Environment Department IT Systems (<i>Environment Department</i>)	(48)	48
Waste and Recycling Schemes (<i>Environment Department</i>)	(1,478)	1,478
Housing Strategy schemes (<i>Housing and Property Department</i>)	(160)	160
Housing Grants and Other Schemes (<i>Housing and Property Department</i>)	(947)	947

Smallholdings' Schemes (<i>Housing and Property Department</i>)	(50)	50
IT equipment renewals (<i>Finance Department</i>)	(14)	14

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 8 Months 2025/26

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed November) 2025/26 £'000	ACTUAL EXPENDITURE FOR THE 8 MONTHS TO 30/11/2025 £'000
Education	16,391	7,266
Environment	8,301	1,224
Corporate Support	-	-
Finance (and Information Technology)	1,196	625
Economy and Community	26,608	6,424
Housing and Property	21,549	12,869
Adults, Health and Wellbeing	2,769	1,337
Children and Supporting Families	2,877	1,646
Highways, Engineering and Consultancy	14,041	4,031
Corporate	-	-
TOTAL	93,732	35,422

Note:

The percentage spent this year (37.79%) is higher than the position this time last year (amount spent in 5 months in 2024/25 was 33%), and higher than two years ago (27% 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	94.1	40.2	18.9
Leasing General Fund	5.3	0.0	0.0	0.0
TOTAL	90.3	94.1	40.2	18.9

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	187.4	189.8	187.2

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 30.11.2025 £m
Debt (including Private Finance Initiative (PFI) and leases)	100.1	79.2	73.8	71.8	82.7
Capital Financing Requirement	179.9	187.4	189.8	187.2	

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 30.11.2025 £m	2025/26 Authorised Limit £m	2025/26 Operational Boundary £m	Complied?
Borrowing	94.1	76.7			
Private Finance Initiative (PFI) and Finance Leases	6.0	6.0			
Total Debt	100.1	82.7	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	10.7	10.7	10.8
Proportion of Net Revenue Stream (%)	2.5%	3.0%	3.0%	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.