

CYNGOR GWYNEDD – Report to Cyngor Gwynedd Cabinet

Item title:	Capital Programme 2026/27 – End of August Review (31 August 2026 position)
Aelod Cabinet:	Councillor Huw Wyn Jones, Finance Cabinet Member
Relevant Officer:	Ffion Madog Evans, Assistant Head of Finance – Accountancy and Pensions
Meeting date:	13 October 2026

1. Resolution Sought:

- To accept the report on the end-of-August review (31 August 2026 position) of the capital programme.
- Approve the revision to the Capital Budget approved on 5 March 2026 from the programme's financing perspective (as shown in part 3.2.3 of the report), that is:
 - an increase of £846,000 in the use of borrowing
 - an increase of £64,980,000 in the use of grants and contributions
 - an increase of £5,000 in the use of capital receipts
 - an increase of £673,000 in the use of revenue contributions
 - a decrease of £350,000 in the use of the capital reserve
 - an increase of £13,329,000 in the use of renewal and other reserves.

2. The reason why 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 2026/27 – 2028/29 capital schemes.

3. Introduction and Rationale

3.1 Background/ Introduction

This technical report is presented as part of the 2026/27 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 (rationale and justification for recommending the decision) as follows:

- Part 3.2.1: Main Findings
- Part 3.2.2: Analysis by Department of the £175.715m capital programme for the 3 years 2026/27 – 2028/29.
- Part 3.2.3: The sources of finance for the net increase of approximately £79.483m since the opening budget.
- Part 3.2.4: Detail of additional grants since the opening budget.
- 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 £123.5m in 2026/27 on capital projects, with £72.1m (58%) of it being financed by attracting specific grants.
- An additional £12.0m of proposed expenditure has been re-profiled from 2026/27 to 2027/28 and 2028/29, but no loss of funding was caused to the Council where schemes have slipped.

3.2.2 Capital Programme 2026/27 to 2028/29

See below the revised capital programme at the end of August 2026, with the revised proposed revised position for the subsequent years:

DEPARTMENT	END OF AUGUST REVIEW				Increase/(Decrease) since the Budget £000	Re-profiling Adjustment £000	Increase/(Decrease) since the Budget less Slippages £000
	2026/27 £000	2027/28 £000	2028/29 £000	Total £000			
Education	21,291	16,674	3,223	41,188	27,338	6,421	20,917
Environment	11,249	827	1,759	13,835	6,924	906	6,018
Corporate Services	912	1,249	976	3,137	(41)	(41)	-
Finance	14	-	-	14	-	-	-
Economy and Community	52,531	5,053	2,226	59,810	45,099	5,563	39,536
Housing and Property	20,454	4,972	4,154	29,580	15,959	3,639	12,320
Adults, Health and Wellbeing	4,798	-	-	4,798	2,098	2,026	72
Children and Supporting Families	1,078	700	-	1,778	314	250	64
Highways, Engineering and Consultancy	11,129	6,904	2,542	20,575	3,763	3,207	556
Corfforaethol	-	500	500	1,000	-	-	-
TOTAL	123,456	36,879	15,380	175,715	101,454	21,971	79,483

3.2.3 Changes to the Sources of Finance

The budget for the three-year programme shows an increase of £101.454m since the opening budget position where £21.971m originates from the re-profiling at the end of the previous year and £79.483m from new financing. The proposed sources of financing for this are noted below:

DEPARTMENT	END OF AUGUST REVIEW				Increase/(Decrease) since Budget £000	Re-profiling Adjustment £000	Increase/(Decrease) since the Budget less Slippages £000
	2026/27 £000	2027/28 £000	2028/29 £000	Total £000			
Supported Borrowing	4,063	4,063	4,063	12,189	-	-	-
Other Borrowing	6,923	-	792	7,715	2,306	1,460	846
Grants and Contributions	77,372	17,527	4,808	99,707	74,926	9,946	64,980
Capital Receipts	164	-	-	164	164	159	5
Departmental and Corporate Revenue	1,856	-	-	1,856	693	20	673
Capital Fund	11,553	10,792	969	23,314	10,218	10,568	(350)
Renewal and Other Funds	21,525	4,497	4,748	30,770	13,147	(182)	13,329
TOTAL	123,456	36,879	15,380	175,715	101,454	21,971	79,483

3.2.4 Additional Grants

Since setting the original budget, the Council succeeded in attracting additional grants totalling £66.509m, the largest of which are listed below. Several additional adjustments, including reductions on schemes that were below the original objective or withdrawals of grants, bring the total movement to £64.980m (see Appendix 1 for more details):

- £24.325m New Local Growth Fund Grant from the UK Government - amount paid to Cyngor Gwynedd to be distributed across north Wales counties
- £16.365m Part of the Sustainable Schools Challenge Grant and the Childcare Grant towards Ysgol Bontnewydd

- £11.648m Shared Prosperity Fund Grant from the UK Government – Cyngor Gwynedd is paid an amount to be distributed across the counties of north Wales
- £4.260m Active Travel Fund (ATF) and Safe Routes in Communities (SRiC) grants from Welsh Government - a number of different schemes
- £2,840m Additional Schools' Repairs and Maintenance Grant 2026/27
- £2,091m Transforming Towns Grant from Welsh Government - regeneration plans
- £1,656m Sustainable Communities for Learning Grant – various schemes

3.2.5 Capital Prudential Indicators

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

3.3 Next steps

To implement the recommendations to finance the programme.

4. Statutory Officers' Comments

4.1 Chief 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.

Attachment List:

Appendix 1 - Details of Main Changes

Appendix 2 - Details of Budget Re-Profiling

Appendix 3 - Capital Expenditure First 5 months 2026/27

Appendix 4 – Capital Prudential Indicators 2026/27

Background Documents List:

Budget 2026/2027 : [Annual budgets - Cyngor Gwynedd](#)

Capital Strategy 2026/27 : Full Council 05/03/26: [Agenda for The Council on Thursday, 5th March, 2026, 1.30 pm](#)

[Item 8 - Capital Strategy 2026-27.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:

	2026/27 £'000	2027/28- 2028/29 £'000
Other Borrowing		
Renewal of Vehicles and Equipment by borrowing (<i>Highways, Engineering and Consultancy; Environment Departments</i>).	846	
Grants and Contributions		
Additional Schools' Repairs and Maintenance Grant 2026/27 (<i>Education Department</i>).	2,840	
Part of the Sustainable Schools Challenge Grant and the Childcare Grant towards Ysgol Bontnewydd (<i>Education Department</i>).	5,822	10,543
Sustainable Communities for Learning Grant – adaptation and addition of various schemes (<i>Education Department</i>).	1,656	
Local Growth Fund grant from the Welsh Government towards Industrial Units (<i>Economy and Community Department</i>).	815	
Transforming Towns Grant from Welsh Government towards regeneration schemes (<i>Economy and Community Department</i>).	2,091	
Placemaking Grant from the Welsh Government towards regeneration schemes (<i>Economy and Community Department</i>).	510	
Shared Prosperity Fund Grant from the UK Government - an amount is paid to Cyngor Gwynedd to be distributed across north Wales counties (<i>Economy and Community Department</i>).	11,648	
Adjustment to the grant from the Sports Council towards synthetic pitches (<i>Economy and Community Department</i>).	(223)	

• New Local Growth Fund Grant from the UK Government - an amount is paid to Cyngor Gwynedd to be distributed across north Wales counties (<i>Economy and Community Department</i>).	24,325
• Sport Wales Grant towards Penllyn Leisure Centre (<i>Economy and Community Department</i>).	96
• Section 106, Planning Act contribution towards a care plan at Ysgol Bro Lleu (<i>Children and Family Support Department</i>).	65
• Road Safety Grant from the Welsh Government (<i>Environment Department</i>).	300
• Grants from the Active Travel Fund (ATF) and Safe Routes in Communities (SRiC) from Welsh Government towards a number of different schemes (<i>Environment Department</i>).	4,260
• Grant from Natural Resources Wales towards the Coastal Path (<i>Environment Department</i>).	156
• Welsh Government Access Improvement Grant towards rural schemes (<i>Environment Department</i>).	146
• A grant from the Welsh Government towards public electric vehicle charging points (<i>Environment Department</i>).	100
• Enable Grant from the Welsh Government to provide support for independent living (<i>Housing and Property Department</i>).	360
• Contribution towards housing repair and renovation loans (<i>Housing and Property Department</i>).	100
• Adjustment to the Welsh Energy Grant - Welsh Government has withdrawn from the scheme at Plas Ogwen (<i>Housing and Property Department</i>).	(1,328)
• Low Carbon Grant from the Welsh Government towards schemes at Plas Silyn and Plas Ffrancon (<i>Housing and Property Department</i>).	676

Departmental and Corporate Revenue		
• Adjustments to revenue contributions towards various schemes (<i>Education; Environment; Housing and Property Departments</i>).	129	
• Revenue contributions towards the Caernarfon Library scheme (<i>Economy and Community; Housing and Property Departments</i>).	250	
• Revenue contributions towards various schemes (<i>Economy and Community Department</i>).	293	
Capital Fund		
• Adjustment to the Bangor Health and Wellbeing Centre scheme (part of the Asset Management Plan) where the adjusted profile goes beyond the three years shown in the current Capital Programme (<i>Economy and Community Department</i>).		(350)
Renewal and Other Funds		
• Renewal of Vehicles and Equipment from departmental funds (<i>Highways, Engineering and Consultancy; Environment Departments</i>).	794	
• Match funding/additional contributions towards various schemes (<i>Economy and Community Department</i>).	117	
• Contribution towards countryside projects and car parks (<i>Environment Department</i>).	14	
• Adjustment to the contribution from the Council Tax Premium Fund towards the Housing Strategy schemes (<i>Housing and Property Department</i>).	12,400	
• Adjustment to the contribution from the Offices' Fund and Corporate Fund towards Council offices (<i>Housing and Property Department</i>).	150	
• Adjustment to the contribution from the Climate Fund towards various schemes (<i>Housing and Property Department</i>).	(147)	

Details of Budget Re-profiling

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

	2026/27	2027/28 - 2028/29
	£'000	£'000
Schools' Schemes (Sustainable Communities for Learning and Others) (<i>Education Department</i>)	(5,904)	5,904
Industrial Units and Regeneration Schemes (<i>Economy and Community Department</i>)	(669)	669
Levelling Up Fund (<i>Economy and Community Department</i>)	(2,854)	2,854
Leisure Schemes (<i>Economy and Community Department</i>)	(61)	61
Highways and Municipal schemes (<i>Highways, Engineering and Consultancy Department</i>)	(96)	96
Vehicle and Equipment Renewals (<i>Environment Department</i>)	30	(30)
Coastal Risk and Flood Prevention Plans (<i>Highways, Engineering and Consultancy Department</i>)	(1,058)	1,058
Transport and Urban Improvements schemes (<i>Environment Department</i>)	(289)	289
Car Parks (<i>Environment Department</i>)	(89)	89
Housing Grants and Other Schemes (<i>Housing and Property Department</i>)	(970)	970

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 the existing unimproved assets.

Capital Expenditure First 5 Months 2026/27

SUMMARY	FULL YEAR CAPITAL PROGRAMME (reviewed August)	ACTUAL EXPENDITURE 5 MONTHS UP TO
	2026/27 £'000	31/08/2026 £'000
Education	21,291	3,006
Environment	11,249	3,281
Corporate Services (including Information Technology)	912	421
Finance	14	-
Economy and Community	52,531	3,977
Housing and Property	20,454	3,798
Adults, Health and Wellbeing	4,798	1,020
Children and Supporting Families	1,078	303
Highways, Engineering and Consultancy	11,129	3,266
Corporate	-	-
TOTAL	123,456	19,072

Note:

The percentage spent this year (15%) is similar to the position this time last year (amount spent in 5 months in 2025/26 was 15%) and two years ago (amount spent in 5 months in 2024/25 was 15%).

APPENDIX 4

Capital Prudential Indicators 2026/27

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

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

The latest situation and information are reflected here.

Capital Expenditure

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

	2025/26 Actual £m	2026/27 Forecast £m	2027/28 Budget £m	2028/29 Budget £m
General Fund Services	84.6	123.8	37.2	15.7
Leasing General Fund	2.3	0.0	0.0	0.0
TOTAL	86.9	123.8	37.2	15.7

The main General Fund capital projects in 2026/27 include (see review reports for re-profiling details as applicable):

- Sustainable Communities for Learning Schemes - £8.2m
- Departmental Vehicles - £6.5m
- Housing Schemes/Strategy - £5.0m
- Levelling Up/Shared Prosperity Fund Schemes - £4.9m
- Highways, Bridges & Municipal - £3.6m
- Adults' and Children's Homes/Centres - £3.5m

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.

	31.3.2026 Actual £m	31.3.2027 Forecast £m	31.3.2028 Budget £m	31.3.2029 Budget £m
General Fund Services	188.5	192.9	190.2	188.4

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.

	31.3.2026 Actual £m	31.3.2027 Forecast £m	31.3.2028 Budget £m	31.3.2029 Budget £m	Debt at 31.08.2026 £m
Debt (including Private Finance Initiative (PFI) and leases)	81.0	75.5	73.1	72.2	81.0
Capital Funding Required	188.5	192.9	190.2	188.4	

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 2026/27 £m	Debt at 31.08.2026 £m	2026/27 Authorised Limit £m	2026/27 Operational Boundary £m	Complied ?
Borrowing	73.9	73.9			
Private Finance Initiative (PFI) and Leases	7.1	7.1			
Total Debt	81.0	81.0	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.

	2025/26 Actual	2026/27 Forecast	2027/28 Budget	2028/29 Budget
Financing Costs (£m)	8.9	9.9	9.9	9.8
Proportion of Net Revenue Stream (%)	2.4%	2.7%	2.5%	2.4%

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.