

REPORT TO THE CABINET

10 JUNE 2014

Cabinet Member: COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

Subject: CAPITAL PROGRAMME 2013/14 – 2015/16

Contact Officer: DAFYDD L EDWARDS – HEAD OF FINANCE

The decision sought / Purpose of the report

To accept the report on the year end review (31 March 2014 position) of the capital programme, and approve the revised funding as shown in part 2.2 – 2.6 of the report, that is:

- an increase of £736,000 in unsupported borrowing;
 - an increase of £578,000 in the use of grants and contributions;
 - an increase of £138,000 in the use of capital receipts;
 - an increase of £341,000 in the use of revenue contributions;
 - a reduction of £377,000 in the use of reserves.
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Introduction / Summary

The main purpose of the report is to present the revised programme and to approve the relevant financing sources as part of the 2013/14 accounts closure process. The report is in 3 parts:

Part 1: Analysis by Department of the £115m capital programme for the 3 years 2013/14 – 2015/16.

Part 2: An explanation of the sources of financing for the net increase of approximately £1.416m since the last review.

It is the Cabinet that has the authority to adapt the capital programme, and therefore in paragraph 2.7 approval is sought for the programme (part 1) and its financing (part 2).

The remainder of the report is for information:

Part 3: Movements from 2013/14 to 2014/15, and spending profile.

Main Findings:

The main conclusions arising from the final position are:

- The Council managed to spend nearly £45m on capital projects in 2013/14, and it has attracted over £22m of specific grants to finance this.
- Some £9.07m will slip from 2013/14 to 2014/15 compared with slippage of £7.6m at the end of 2012/13. However, no loss of grant is foreseen, nor any other financing source.

Reasons for recommending the decision

It is necessary to ensure appropriate financing arrangements for the Council's capital spending plans, and the formal 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.

Recommendations are made here to ensure definite sources of funding for the 2013/14 – 2015/16 capital schemes, in particular movements from 2013/14 to 2014/15.

Relevant considerations

It is technical issues regarding the financing of schemes that are presented, relevant implications and debates have already been addressed when the individual schemes were adopted.

Delays on some specific schemes are reported on (part 3), and the relevant scrutiny committee could choose to assess the effect of the re-profiling on services which have to cope for longer with "old" assets.

Next steps and timetable

To implement the recommendations to finance the programme so that the Finance Department can move forward to close the Council's financial accounts for 2013/14, and publish the statutory statements by the end of June 2014.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

Effective management of the Capital Programme is exceptionally important in terms of the best use of public money and the realisation of benefits for residents and this paper reports on this. Clearly, an element of slippage is unavoidable in some cases but it is good to note that this has not lead to any loss of resources. Having said that, any slippage does mean re-profiling benefits to residents and there may be some matters here that merit the attention of scrutiny during the year.

Monitoring Officer:

Nothing to add regarding propriety

Head of Finance:

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

Appendix

None

1 CAPITAL PROGRAMME 2013/14 TO 2015/16

1.1 The table below shows a comparison of the capital programme up to the end of March 2014 against the situation at the end of December 2013:

COMPARISON BETWEEN THE THIRD QUARTER AND THE END OF THE FINANCIAL YEAR

	END OF DECEMBER REVIEW				END OF YEAR REVIEW				INCREASE/ (DECREASE) SINCE THE LAST QUARTER
	2013/14	2014/15	2015/16	TOTAL	2013/14	2014/15	2015/16	TOTAL	
DEPARTMENT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	45	459	0	504	35	469	0	504	0
Education	9,048	6,596	17,044	32,688	8,630	7,042	16,844	32,516	(172)
Finance	38	59	0	97	38	59	0	97	0
Democracy and Legal	0	0	0	0	0	0	0	0	0
Economy and Community	5,216	7,253	100	12,569	5,199	7,603	100	12,902	333
Customer Care – Property Unit	7,686	6,346	3,098	17,130	8,248	5,903	3,097	17,248	118
Customer Care – Other	380	1,747	797	2,924	288	1,857	797	2,942	18
Social Services, Housing and Leisure	3,513	2,679	2,000	8,192	3,373	2,847	2,000	8,220	28
Highways and Municipal	8,017	7,477	2,053	17,547	8,690	7,994	2,054	18,738	1,191
Regulatory	12,165	8,406	161	20,732	9,858	10,623	161	20,642	(90)
Strategic and Improvement	14	0	0	14	14	0	0	14	0
Council Housing (Residual)	24	8	0	32	4	28	0	32	0
Gwynedd Consultancy	592	16	18	626	582	16	18	616	(10)
Corporate	0	276	382	658	0	276	382	658	0
TOTAL	46,738	41,322	25,653	113,713	44,959	44,717	25,453	115,129	1,416

2. CHANGES TO THE SOURCES OF FINANCE

2.1 There is a net increase of £1.416m in the budget for the three year programme since the third quarter position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF DECEMBER REVIEW			END OF YEAR REVIEW			INCREASE/ (DECREASE) £000
	2013/14 £000	2014/15 £000	2015/16 £000	2013/14 £'000	2014/15 £'000	2015/16 £000	
Supported Borrowing	4,166	4,166	4,166	4,166	4,166	4,166	0
Unsupported Borrowing	5,989	6,759	5,561	6,498	7,186	5,361	736
Grants and Contributions	23,840	19,139	10,197	22,402	21,155	10,197	578
Capital Receipts	1,337	1,759	1,680	1,377	1,857	1,680	138
Departmental & Corporate Revenue	4,588	863	2,610	4,929	863	2,610	341
Capital Fund	2,884	5,388	52	2,879	5,393	52	0
Renewals & Other Funds	3,934	3,248	1,387	2,708	4,097	1,387	(377)
TOTAL	46,738	41,322	25,653	44,959	44,717	25,453	1,416
3 YEAR TOTAL			113,713			115,129	

2.2 Unsupported Borrowing

There is an increase of £736,000 in this method of financing, mainly due to:

- **Vehicles for the Municipal Works Unit, Municipal Commissioning Unit and Recycling Unit (Highways & Municipal Department) - £968,830 in 2013/14**
Purchase of vehicles using borrowing as a financing source rather than leasing. It is an annual practice to assess the cost/benefit and decide on the financing method at the end of the year.

2.3 Grants and Contributions

There is a net increase of £578,000 in this method of financing, mainly due to:

- **'Cartgylchu' Scheme (Highways and Municipal) - £239,100 in 2013/14**
An additional grant through the Government's 'WRAP' (Waste and Resources Action Programme) to purchase a new type of bin for recyclable materials.
- **Towns Improvement Scheme (Economy and Community Department) - £220,000 in 2013/14**
An additional Môn Menai grant contribution from the Government to support related projects as the Towns Improvement scheme has been so popular.

2.4 Capital Receipts

A net increase of £138,000 in this method of financing, mainly due to:

- **Schools Repair and Maintenance Schemes (Customer Care Department – Property Unit) – a contribution of £70,000 in 2013/14** from the Education Department's capital receipts to finance an overspend on schools repair and maintenance.

2.5 Departmental and Corporate Revenue

A net increase of £341,000 in this method of financing, mainly due to -

- **Water works scheme in Sandilands, Tywyn (Highways and Municipal Department) - £475,000 in 2013/14**

A technical adjustment to reflect the Council's contribution to Welsh Water on an unavoidable sewer scheme. This scheme is financed by a corporate provision transferred via revenue (see also 2.6 below).

2.6 Renewals and Other Funds

A net reduction of £377,000 in this method of financing, mainly due to the following schemes:

- **Water works scheme in Sandilands, Tywyn (Highways and Municipal Department) – (£506,310) in 2013/14**

Equivalent technical adjustment (see 2.5 above).

- **Works Unit Vehicles (Highways & Municipal Department) - £54,000 in 2013/14**

Increased use of Renewals Fund due to changes in spending profiles.

- **Waste Bins (Highways and Municipal Department) - £52,870 in 2013/14**

Increased use of Renewals Fund to finance the purchase of residual waste bins as a number of the original bins have reached the end of their useful life.

2.7 Recommendation

The Cabinet is asked to accept the revised capital programme for 2013/14 to 2015/16 and approve the relevant sources of finance (para. 2.2 to 2.6 above), that is:

- **an increase of £736,000 in unsupported borrowing;**
- **an increase of £578,000 in the use of grants and contributions;**
- **an increase of £138,000 in the use of capital receipts;**
- **an increase of £341,000 in the use of revenue contributions;**
- **a reduction of £377,000 in the use of reserves.**

3 ANNUAL EXPENDITURE PROFILES

- 3.1** The total level of re-profiling in the capital programme from 2013/14 to 2014/15 is £9,073,800 compared to £6.375m that was identified by the third quarter review. The figures in part 1 of the report reflect this, with the main slippages as follows-

Schemes that are financed from the Council's resources:-

- Carbon Management Schemes (Property Unit) £904,610
- Brynrefail School – removal of 6 temporary classrooms (Education Department) £535,300
- Temporary units in schools (Education Department/Property Unit) £304,180
- Mortgage Deposit Scheme (Social Services, Housing and Leisure Department) £300,000
- VOIP Project (voice over internet protocol) (IT Unit) £284,580
- Oriel Gwynedd / office adaptations (Economy and Community Department) £235,380
- Residential Homes Improvements (Social Services Department) £214,380
- Council's Fleet Fund (Highways and Municipal) £173,800

- Asbestos and Fire Schemes (Property Unit) £171,820
- CIST Gwynedd (Economy and Community Department) £169,760
- Scheme to secure and demolish Trefor Pier (Economy and Community Department) £160,000
- Centre for Reclamation of Materials in Meirionnydd (Highways and Municipal Department) £154,000
- Local Investment Fund (Economy and Community Department) £151,150
- Blaenau Ffestiniog Centre Regeneration (Economy and Community Department) £130,110
- Improving traffic outside schools (Regulatory Department) £90,220

Schemes that are financed (partly) through specific grants:-

- Pwllheli Sailing Academy (Economy and Community Department) £1,691,900
- Pont Briwet Scheme (Regulatory Department) £1,676,000
- 'Our Heritage' schemes (Economy and Community Department) £288,920.

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

3.3 In many cases, there is a variety of valid reasons behind the re-profiling, but the delay prior to implementing these schemes can mean that the services have to cope for longer with the current assets not improved.

3.4 Despite the level of slippage noted above, the actual spend in all departments on their capital schemes at the end of the year was nearly £45 million, being only £1.8 million less than the third quarter review projection.