

REPORT TO THE CABINET

16 JULY 2013

Cabinet Member: COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

Subject: CAPITAL PROGRAMME 2013/14 – FIRST QUARTER REVIEW
(30 JUNE 2013)

Contact Officer: DAFYDD L EDWARDS - HEAD OF FINANCE

The decision sought / Purpose of the report

A report on the first quarter review (30 June 2013 position) of the capital programme, and the Cabinet of 16th July 2013 is asked to approve the revised funding.

Introduction / Summary

This technical report is presented as part of the 2013/14 budget monitoring process. The main purpose of the report is to present the revised programme and to approve the relevant financing sources. The report is in 2 parts:

Part 1: Analysis by Department of the £108.4m capital programme for the 3 years 2013/14 – 2015/16.

Part 2: An explanation of the sources of finance for the net increase of approximately £4.7m since the opening budget, with £1.3m of the increase due to slippages from 2012/13 (already reported on 11 June 2013), and £2.5m of the increase due to the receipts of additional grants.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the programme (part 1) and financing (part 2).

Main Findings:

The main conclusions that arise from the final position are:

- There are definite projects in place to invest approximately £50m in 2013/14, with £23m being financed by attracting specific grants.
- The Council succeeded in spending just over £4.6m, which is almost 10% of the budget on capital projects during the first quarter of 2013/14, compared to 11% in the same period last year.

Reasons for recommending the decision

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, 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.

These are recommendations to ensure definite sources of funding for the 2013/14 – 2015/16 capital schemes.

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.

Next steps and timetable

To implement the recommendations to finance the programme.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Chief Executive:

Nothing to add to the report.

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 content.

Appendix

Detailed report, parts 1-2, on pages 3-5.

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 June 2013 against the opening budget situation:

COMPARISON OF THE MOVEMENT FROM THE OPENING BUDGET TO THE END OF THE FIRST QUARTER

	OPENING BUDGET				END OF JUNE REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING BUDGET	ADJUSTMENTS FOR SLIPPAGES	OTHER CHANGES
	2013/14	2014/15	2015/16	CYFANSWM	2013/14	2014/15	2015/16	CYFANSWM			
DEPARTMENT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	511	0	0	511	55	449	0	504	(7)	(7)	0
Education	10,390	4,504	16,163	31,057	8,169	6,805	16,163	31,137	80	84	(4)
Finance	59	0	0	59	0	59	0	59	0	0	0
Provider and Leisure	491	0	0	491	307	301	0	608	117	117	0
Democracy and Legal	0	0	0	0	0	0	0	0	0	0	0
Economy and Community	8,471	1,231	186	9,888	7,725	2,733	100	10,558	670	412	258
Customer Care – Property Unit	8,338	4,127	3,097	15,562	9,657	4,802	3,097	17,556	1,994	1,349	645
Customer Care – Other	1,087	920	945	2,952	735	1,618	945	3,298	346	56	290
Housing and Social Services	3,265	2,000	2,000	7,265	3,015	2,000	2,000	7,015	(250)	(265)	15
Highways and Municipal	8,763	6,443	2,603	17,809	7,920	6,982	2,603	17,505	(304)	(130)	(174)
Regulatory	8,329	8,929	162	17,420	10,835	8,434	161	19,430	2,010	(318)	2,328
Strategic and Improvement	0	0	0	0	0	0	0	0	0	0	0
Housing – Revenue Account (Residual)	0	0	0	0	32	0	0	32	32	32	0
Gwynedd Consultancy	51	16	18	85	51	16	18	85	0	0	0
Corporate	0	276	382	658	0	276	382	658	0	0	0
TOTAL	49,755	28,446	25,556	103,757	48,501	34,475	25,469	108,445	4,688	1,330	3,358

1.2 As at the end of June 2013, the actual expenditure position was £4.6million (which is nearly 10% of the total budget for 2013/14), as compared to 11% for the same period in 2012/13.

2. CHANGES TO THE SOURCES OF FINANCE

2.1 The budget for the three year programme shows an increase of £4.688m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	OPENING BUDGET			END OF JUNE REVIEW			INCREASE/ (DECREASE) SINCE THE OPENING BUDGET	ADJUSTMENTS FOR SLIPPAGES	OTHER CHANGES
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16			
	£000	£000	£000	£'000	£'000	£000			
Supported Borrowing	4,166	4,166	4,166	4,166	4,166	4,166	0	0	0
Unsupported Borrowing	4,518	6,396	7,453	4,209	6,690	7,452	(16)	(472)	456
Grants and Contributions	23,329	14,311	7,510	25,681	15,295	7,424	3,250	772	2,478
Capital Receipts	1,470	1,096	1,680	1,573	1,096	1,680	103	16	87
Departmental & Corporate Revenue	4,235	703	3,160	4,531	721	3,160	314	12	302
Capital Fund	8,719	233	200	4,921	4,588	200	557	561	(4)
Renewals & Other Funds	3,318	1,541	1,387	3,420	1,919	1,387	480	441	39
TOTAL	49,755	28,446	25,556	48,501	34,475	25,469	4,688	1,330	3,358
3 YEAR TOTAL			103,757			108,445			

2.2 Actual Slippages from 2012/13

This year's opening budget included estimated slippage figures to 2013/14 which were based on 2012/13's third quarter projection position. As was reported to the Board meeting on 11th June the final position for 2012/13 included an increased actual level of slippage, as detailed in the 'Adjustments for Slippages' column above. Again, as reported on the 11th June, the slippage has not resulted in a loss of funding to the Council. The rest of the changes are explained below.

2.3 Unsupported Borrowing

An increase of £456,000 in 2013/14 in this source of funding on Carbon Management Schemes (Customer Care Department - Property Unit) that have been financed by Salix borrowing.

2.4 Grants and Contributions

A net increase of £2,478,000 in this source of funding is mainly due to the following:

- **GwyrAD Scheme (Highways and Municipal Department) - £1,031,160 in 2013/14**
A one off payment from the Welsh Government to the Council to pass on to the contractor as a pre-payment for services contribution, once the facility is operational.

- **Taith Schemes (Regulatory Department) - £725,000 in 2013/14**

Additional financing was received from the Welsh Government through the Regional Transport Consortium towards expenditure on the main schemes below –

- Ponllyfni to Aberdesach cycle route
- Preparatory works on Holyhead Road, Bangor to Llanfairpwll
- A4086 tunnel bends, Llanberis

- **Transport Grant Schemes (Regulatory Department) - £629,000 in 2013/14**

Confirmation was received that the Welsh Government will finance a higher level of expenditure of £629,000 through grant in 2013/14.

2.5 Capital Receipts

An increase of £87,000 in this source of funding on Council Buildings' Repairs and Maintenance Schemes (Customer Care Department) - £87,550 in 2013/14, as an adjustment to correct the historic financing of this scheme – use of departmental capital receipts to part-finance a repayment to reserves (see also 2.7 below).

2.6 Departmental and Corporate Revenue

A net increase of £302,000 in this source of funding is mainly due to the following schemes:

- **Waste Schemes (Highways and Municipal Department) – £173,150 in 2013/14.**

A revenue contribution towards the estimated overspend on some of the waste cells. Work is progressing to review the future of the waste sites, and depending on the result of this review, there may be an opportunity to make a request for a virement from another source of financing.

- **Bridges and Retaining Walls (Regulatory Department) – £125,000 in 2013/14.**

To finance necessary work following flood damage in November 2012.

2.7 Renewals and Other Funds

The net increase of £39,000 in this source of funding is mainly due to the following:

- **Carbon Management Schemes – Solar Projects (Customer Care Department – Property) - £453,870 in 2013/14** from a specific reserve (subject to approval of a relevant report which is also being considered by the Cabinet today).

- **VOIP (Voice over Internet Protocol) Phone System (Customer Care Department – Information Technology Department) - £290,620 in 2013/14** from a specific reserve.

- **Vehicles for Highways and Municipal Department – decrease of (£468,320) in the use of Renewals Funds.**

- **Council Buildings' Repairs and Maintenance Schemes (Customer Care Department) – decrease of (£200,000) in the use of a specific reserve in 2013/14 (see also 2.5 above).**

- **Vehicles for Regulatory Department - decrease of (£57,120) in the use of Renewals Funds.**

2.8 Recommendation

The Cabinet is asked to accept the 2013/14 to 2015/16 revised programme and approve the relevant sources of finance (para. 2.2 to 2.7 above).