

**REPORT TO THE CABINET**  
19 FEBRUARY 2015

**Cabinet Member:** COUNCILLOR PEREDUR JENKINS - RESOURCE CABINET MEMBER

**Subject:** CAPITAL PROGRAMME 2014/15 – 2016/17  
THIRD QUARTER REVIEW 2014/15

**Contact Officer:** DAFYDD L EDWARDS – HEAD OF FINANCE

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**The decision sought / Purpose of the report**

To accept the report on the third quarter review (31 December 2014 position) of the capital programme, and approve the revised financing as shown in part 2.2 – 2.5 of the report, that is:

- a decrease of £95,000 in the use of grants and contributions
  - an increase of £34,000 in the use of capital receipts
  - an increase of £246,000 in the use of revenue contributions
  - an increase of £163,000 in the use of other 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. The report is in 4 parts:

**Part 1:** Analysis by Department of the £92m capital programme for the 3 years 2014/15 – 2016/17.

**Part 2:** An explanation of the sources of financing the net increase of approximately £0.348m since the last review.

The Cabinet has the authority to adapt the capital programme, therefore in paragraph 2.6 approval is sought for the proposed programme (part 1) and its financing (part 2).

The remainder of the report is for information.

**Part 3:** Movements from 2014/15 to 2015/16

**Part 4:** First 9 months spending profile 2014/15.

**Main Findings:**

This year's capital programme is over £41m, and the current total for the three year programme is over £92m, which is still a significant achievement by the Council in the current financial climate.

The end of December expenditure level is 58% of the budget, which is comparable to the same period (9 months) last year.

## **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 financing.

Incorporating grant funding is a routine matter, but it is also necessary to deal with situations where there has been a change in spending profiles between years and the value of capital receipts and contributions.

These recommendations aim to ensure definite sources of funding for the 2014/15 - 2016/17 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.

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 in order to complete the capital schemes, and report on the financial year end position to the relevant Cabinet meeting next June.

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## **View of the Local Member**

Not relevant.

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## **Views of the Statutory Officers**

### **Chief Executive:**

It is good that the Head of Finance can report that the re-profiling will not result in any loss of grant. However, I am sure that the Cabinet will wish to emphasise the importance of spending in line with the profiles, especially in the case of those schemes noted in paragraph 4.1 of 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.

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## **Appendix**

None

## 1 CAPITAL PROGRAMME 2014/15 to 2016/17

1.1 The table below shows a comparison of the capital programme up to the end December 2014 against the position up to the end of September:

### MOVEMENT FROM THE SECOND QUARTER TO THE THIRD QUARTER

DEPARTMENT	END OF SEPTEMBER REVIEW				END OF DECEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW
	2014/15	2015/16	2016/17	TOTAL	2014/15	2015/16	2016/17	TOTAL	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Human Resources	39	130	0	169	9	160	0	169	0
Education	6,259	17,005	12,915	36,179	5,217	17,649	13,333	36,199	20
Finance	986	866	0	1,852	898	954	0	1,852	0
Economy and Community	5,738	3,868	610	10,216	5,698	4,037	610	10,345	129
Housing	2,986	2,000	0	4,986	2,808	2,211	0	5,019	33
Adults, Health and Wellbeing	2,251	397	0	2,648	1,030	1,641	0	2,671	23
Children and Families	511	0	0	511	550	0	0	550	39
Highways and Municipal	7,545	2,844	989	11,378	6,677	3,609	989	11,275	(103)
Regulatory	18,100	5,340	58	23,498	17,881	5,778	58	23,717	219
Consultancy	581	18	0	599	569	18	0	587	(12)
<b>TOTAL</b>	<b>44,996</b>	<b>32,468</b>	<b>14,572</b>	<b>92,036</b>	<b>41,337</b>	<b>36,057</b>	<b>14,990</b>	<b>92,384</b>	<b>348</b>

## 2 CHANGES TO THE SOURCES OF FINANCE

2.1 There is an increase of £0.348m in the budget in respect of the three year capital programme since the second quarter position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF SEPTEMBER REVIEW			END OF DECEMBER REVIEW			INCREASE / (REDUCTION) SINCE THE LAST REVIEW £000
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	
	£000	£000	£000	£'000	£'000	£000	
Supported Borrowing	6,630	6,630	6,543	6,630	6,630	6,543	0
Unsupported Borrowing	7,539	6,980	911	6,539	7,562	1,329	0
Grants and Contributions	18,910	10,217	5,861	18,816	10,216	5,861	(95)
Capital Receipts	2,090	1,203	0	1,866	1,461	0	34
Departmental & Corporate Revenue	3,288	2,526	0	2,508	3,552	0	246
Capital Fund	2,141	2,754	200	866	4,029	200	0
Renewals & Other Funds	4,398	2,158	1,057	4,112	2,607	1,057	163
<b>TOTAL</b>	<b>44,996</b>	<b>32,468</b>	<b>14,572</b>	<b>41,337</b>	<b>36,057</b>	<b>14,990</b>	<b>348</b>
<b>3 YEAR TOTAL</b>			<b>92,036</b>			<b>92,384</b>	

### 2.2 Grants and Contributions

There is a relatively small underspend on a few regeneration schemes by the Economy and Community Department which release £95,000 of grants, including:

- Centre of Blaenau Ffestiniog Regeneration Scheme – the grant to third parties element
- Town and Shop Front Improvements Scheme.

### 2.3 Capital Receipts

An increase in the expenditure on the Glynllifon Workshops scheme by the Economy and Community Department (see also a contribution from departmental revenue in 2.4 below) which has led to a net increase of £34,000 in this method of funding.

### 2.4 Departmental and Corporate Revenue

A net increase of £246,000 in this method of funding, mainly due to:-

- **Llanberis Tunnel Bends Scheme (Regulatory Department) - £138,820 in 2014/15**, by re-prioritising the revenue works budgets.
- **Local Transport Fund Schemes (Regulatory Department) - £56,980 in 2014/15**, by re-prioritising the revenue works budgets.
- **Glynllifon Workshops scheme (Economy and Community Department) - £49,700 in 2014/15**, (see also the use of departmental capital receipts in 2.3 above).

### 2.5 Renewals and Other Funds

An increase of £163,000 in the use of this method of funding, mainly due to an increase in expenditure on two schemes by the Economy and Community Department:-

- **Our Heritage Scheme – £103,860 in 2014/15**
- **Pwllheli Sailing Academy - £75,800 in 2014/15**

## 2.6 Recommendation

**The Cabinet is asked to accept the revised capital programme for 2014/15 to 2016/17, and approve the relevant sources of financing (para. 2.2 to 2.5 above), that is:**

- **a decrease of £95,000 in the use of grants and contributions**
- **an increase of £34,000 in the use of capital receipts**
- **an increase of £246,000 in the use of revenue contributions**
- **an increase of £163,000 in the use of other reserves**

## 3. SCHEME EXPENDITURE PROFILES

**3.1** The total level of re-profiling in the capital programme from 2014/15 to 2015/16 so far is £10,785,470. The figures in part 1 of the report reflects this, with the main items as follows-

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

- Oriel Gwynedd and Museum (Economy and Community Department) £896,720
- Schools' Temporary Buildings removal (Education Department / Property Unit) £686,550
- Community Care Management Scheme (Adults, Health and Wellbeing Department) £572,500
- Council's Fleet Fund (Highways and Municipal Department) £444,910
- EDRMS (Electronic Document and Records Management System) £395,600
- Carbon Management Schemes for Council Buildings (Regulatory Department/Property Unit) £390,000
- Re-location of Segontiw Day Service (Adults, Health and Wellbeing) - £301,260
- Information Technology Equipment Renewal (Finance) – £200,000.
- Meirionnydd Centre for Reclamation of Materials (Highways and Municipal Department) £184,000

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

- Briwet Bridge, Penrhyndeudraeth (Regulatory Department) £1,882,130  
*(In addition, there is an element of financial risk to the Council following receipt of additional relevant claims, which are subject to further discussions between the parties).*
- Pwllheli Sailing Academy (Economy and Community Department) £1,544,720
- Groeslon School (Education Department) £1,099,000
- Meirion Dwyfor Special School (Education Department) £450,970

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

**3.3** 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.

#### 4. CAPITAL EXPENDITURE FIRST 9 MONTHS 2014/15

4.1 The table below analyses the actual departmental capital expenditure for the Council by the end of the third quarter (9 months), against the revised capital programme for 2014/15 (full year) -

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed December) 2014/15 £'000	ACTUAL EXPENDITURE FOR THE 9 MONTHS TO 31/12/2014 £'000
Human Resources	9	0
Education	5,217	2,858
Finance	898	432
Economy and Community	5,698	2,785
Housing	2,808	2,183
Adults, Health and Wellbeing	1,030	367
Children and Families	550	84
Highways and Municipal	6,677	3,970
Regulatory	17,881	10,954
Consultancy	569	156
<b>TOTAL</b>	<b>41,337</b>	<b>23,789</b>

Some departments appear to be spending significantly less than three quarters of their annual budget up to now, i.e. the Education Department (mainly due to the profiled spend on 21<sup>st</sup> Century Schools' schemes), the Economy and Community Department (mainly due to the delay with the Pwllheli Sailing Academy Scheme in Pwllheli), the Highways and Municipal Department (mainly due to the nature of the profiled spend on vehicles' renewals) and the Regulatory Department (mainly due to the profiled spend on Briwet Bridge). However the departments are confident that they will spend in line with the programme by the end of the year.

4.2 Nearly £23.8m has been spent in the first nine months, which is 58% of the budget.

SUMMARY	END OF DECEMBER REVIEW 2014/15	END OF DECEMBER REVIEW 2013/14	DECREASE
Full year's budget	£41.3million	£46.7million	£5.4million
Expenditure for the first 9 months	£23.8million	£27.2million	£3.4million
Expenditure as a percentage of the budget	58%	58%	0%

4.3 Despite the re-profiling, the percentage that has been spent this year equates to the position this time last year.