

# REPORT TO THE CABINET

6 June 2017

**Cabinet Member:** Councillor Peredur Jenkins, Finance Cabinet Member

**Subject:** Capital Programme 2016/17 – End of Year Review  
(31 March 2017 position)

**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 end of year review (31 March 2017 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- an increase of £136,000 in the use of other borrowing
- an increase of £190,000 in the use of grants and contributions
- an increase of £319,000 in the use of capital receipts
- an increase of £136,000 in the use of revenue contributions
- a decrease of £297,000 in the use of renewal reserves

To approve the allocation of £100,000 for the preliminary and planning work to review the provision of education in the Bangor area. This is to be financed from a contribution which has already been received from a section 106 agreement with Redrow, in connection to a housing development site in Bangor. This will result in an increase of £100,000 in the 2017/18 capital programme.

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## 1. Introduction / Summary

This technical report is presented as part of the 2016/17 end of year process. 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 and 4 of the report, with the recommendations in part 6:

Part 3: Analysis by Department of the £62.131m capital programme for the 3 years 2016/17 – 2018/19.

Part 4: Sources of finance for the net increase of approximately £0.484m since the previous review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the revised programme (part 3) and financing (part 4).

The remainder of the report is for information:

- Appendix A: The main changes per source of finance
- Appendix B: Movements from 2016/17 to 2017/18

## 2. Main Findings:

The main conclusions that arise from the revised position are:

- The Council succeeded in spending over £29m in 2016/17 on capital projects, with £11m being financed by attracting specific grants.
- £9.4m of budgeted expenditure will slip from 2016/17, compared to a slippage of £9.5m at the end of 2015/16. No loss of grant funding was caused to the Council where schemes have slipped.

### 3. Capital Programme 2016/17 to 2018/19

See below the revised capital programme as at the end of March 2017.

DEPARTMENT	END OF MARCH REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Education	15,033	11,815	237	27,085	110
Environment	5,053	5,691	52	10,796	14
Corporate Support	70	510	0	580	(61)
Finance	609	981	0	1,590	70
Economy and Community	1,951	589	0	2,540	333
Adults, Health and Wellbeing - Housing	2,040	2,708	0	4,748	124
Adults, Health and Wellbeing - Other	762	498	0	1,260	226
Children and Families	58	0	0	58	10
Highways and Municipal	2,558	5,708	3,085	11,351	(342)
Consultancy	1,175	26	0	1,201	0
Corporate	0	922	0	922	0
<b>TOTAL</b>	<b>29,309</b>	<b>29,448</b>	<b>3,374</b>	<b>62,131</b>	<b>484</b>

### 4 Changes to the Sources of Finance

The budget for the three year programme shows an increase of £0.484m since the previous review. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF MARCH REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	4,136	6,352	321	10,809	0
Other Borrowing	6,970	7,957	119	15,046	136
Grants and Contributions	11,460	3,457	0	14,917	190
Capital Receipts	770	1,320	0	2,090	319
Departmental & Corporate Revenue	3,038	1,655	0	4,693	136
Capital Fund	0	2,587	0	2,587	0
Renewals & Other Funds	2,935	6,120	2,934	11,989	(297)
<b>TOTAL</b>	<b>29,309</b>	<b>29,448</b>	<b>3,374</b>	<b>62,131</b>	<b>484</b>

## **5. Provision of Primary Education in the Bangor Catchment Area (2017/18)**

In its meeting on the 17<sup>th</sup> January 2017 the Cabinet decided to proceed with the review of the provision of education in the Bangor area, and the relevant discussions are due to start locally. It is acknowledged that there is an extremely tight timetable set by the Government in order to spend any grant allocated to 21<sup>st</sup> Century School projects, and if we are to take full advantage of the grant, it is necessary to start the preliminary and planning work immediately. To this end it is recommended that £100,000 is included in the 2017/18 Capital Programme. This is to be financed from a contribution which has already been received from a section 106 agreement with Redrow, in connection to a housing development site in Bangor. These are specific payments that are required from a developer towards the costs to the Council of accommodating an increased number of children as a result of the development. Depending on the Cabinet's recommendation, this increase will be reflected in the next Quarterly Review.

## **6. RECOMMENDATIONS**

**The Cabinet is asked to:**

- **accept the 2016/17 to 2018/19 revised programme, and**
- **approve the relevant sources of finance (part 4 above), and**
- **to approve the allocation of £100,000 for the preliminary and planning work to review the provision of education in the Bangor area. This is to be financed from a contribution which has already been received from a section 106 agreement with Redrow, in connection to a housing development site in Bangor. This will result in an increase of £100,000 in the 2017/18 capital programme.**

## **7. Reasons for recommending the decision**

It is necessary to ensure appropriate financing arrangements for the Council's plans to spend on capital, and the 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 2016/17 – 2018/19 capital schemes.

## **8. 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.

## **9. Next steps and timetable**

To implement the recommendations to finance the programme in order that the Finance Department can move forward to close the Council's financial accounts for 2016/17, and publish the statutory statement by the end of June.

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**View of the Local Member**

Not relevant.

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**Views of the Statutory Officers****Monitoring Officer:**

Nothing to add from a propriety perspective.

**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**

Appendix A: Main changes per source of financing (2016/17)

Appendix B: Budget re-profiling – main schemes

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**MAIN CHANGES PER SOURCE OF FINANCING (2016/17):**

See below the relevant schemes that have caused the main changes to the sources of finance during the last quarter:

	Increase / (Decrease) £'000
<b>Other Borrowing</b>	
<ul style="list-style-type: none"> <li>Pulse Equipment (Economy and Community Department) – the purchase of fitness equipment for the leisure centres via the use of internal borrowing, which is a more cost efficient option than leasing the equipment through an external company. The relevant cost of borrowing will be financed through future income streams.</li> </ul>	299
<ul style="list-style-type: none"> <li>Carbon Management Schemes (Environment Department) – a reduction in expenditure on planned Salix schemes resulting in a reduction in the need to borrow.</li> </ul>	(141)
<b>Grants and Contributions</b>	
<ul style="list-style-type: none"> <li>Relocation of the Bro Tegid Library, Bala (Education Department) – a Government grant towards the cost of relocating the library to the school.</li> </ul>	120
<ul style="list-style-type: none"> <li>ECO Arbed Project (Housing Unit) – a grant through the Government's Warm Homes programme and specifically through the ECO Arbed project, which supports energy efficiency schemes on the basis of underprivileged communities. The relevant area on this occasion is the Peblig area in Caernarfon, which is in addition to the grant received last year.</li> </ul>	128
<b>Capital Receipts</b>	
<ul style="list-style-type: none"> <li>Pant yr Eithin Supported Housing scheme (Adults, Health and Wellbeing Department) – a technical adjustment to reflect the agreement between Grwp Cynefin and the Council to sell this site to Grwp Cynefin at market value, and to earmark this sum as a contribution towards the development of the site to those with learning difficulties.</li> </ul>	225
<ul style="list-style-type: none"> <li>Technical adjustment – Strategic Plan (the use of capital receipts from the Mynwy scheme rather than financing the schemes via revenue) – see also Corporate Revenue below.</li> </ul>	52
<b>Departmental and Corporate Revenue</b>	
<ul style="list-style-type: none"> <li>Roads Safety (Environment Department) – contributions from specific revenue budgets to finance necessary expenditure on the Blaenau to Rhyd y Sarn (A496) scheme</li> </ul>	144
<ul style="list-style-type: none"> <li>IT Equipment - Laptops (Finance Department) – relevant contributions from the revenue budgets of many departments towards the cost of purchasing laptops.</li> </ul>	44
<ul style="list-style-type: none"> <li>Technical adjustment – Strategic Plan (the use of capital receipts from the Mynwy scheme rather than financing the schemes via revenue) – see also Capital Receipts above.</li> </ul>	(52)
<b>Renewals and Other Funds</b>	
<ul style="list-style-type: none"> <li>Skips, Recycling and Food Bins (Highways and Municipal Department) - a decrease in expenditure following a review of the useful lives of skips, together with the decision to delay the purchase of other bins.</li> </ul>	(210)
<ul style="list-style-type: none"> <li>Recycling Vehicles (Highways and Municipal Department) – it was decided to purchase 3 alternative recycling vehicles to those in the original programme which has reduced expenditure.</li> </ul>	(142)

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**BUDGET RE-PROFILING – MAIN SCHEMES:**

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

	2016/17 £'000	2017/18 £'000
Renewal of the Council's Vehicles (Highways and Municipal Department)	(2,423)	2,423
21 <sup>st</sup> Century Schools Schemes (Education Department)	(1,747)	1,747
Carbon Management Schemes (Environment Department)	(1,640)	1,640
Housing Grants Schemes (Adults, Health and Wellbeing Department – Housing Unit)	(708)	708
Information Technology Schemes for the Council (Finance Department)	(445)	445
Relocation of Segontium Day Care Service (Adults, Health and Wellbeing Department)	(301)	301
Car Parks Resurfacing Schemes (Environment Department)	(288)	288
i-Gwynedd (EDRMS) Scheme (Corporate Support Department)	(241)	241

**Note:**

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

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. I am sure that the responsible Cabinet Members and the relevant Scrutiny Committees will wish to satisfy themselves regarding this re-profiling.

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