

REPORT TO THE CABINET

22 May 2018

Cabinet Member: Councillor Peredur Jenkins - Finance Cabinet Member

Subject: Capital Programme 2017/18 – End of Year Review
(31 March 2018 position)

Contact Officer: Dafydd L Edwards - Head of Finance

The decision sought / Purpose of the report

To accept the report on the end of year review (31 March 2018 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- an increase of £4,514,000 in the use of grants and contributions
 - an increase of £326,000 in the use of capital receipts
 - a decrease of £371,000 in the use of other borrowing
 - a decrease of £335,000 in the use of revenue contributions
 - a decrease of £53,000 in the use of the capital reserve
 - a decrease of £65,000 in the use of renewal reserves and others
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1. Introduction / Summary

This technical report is presented as part of the 2017/18 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 5:

Part 3: Analysis by Department of the £51.734m capital programme for the 3 years 2017/18 – 2019/20.

Part 4: Sources of finance for the net increase of approximately £4.016m 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 2017/18 to 2018/19

2. Main Findings:

The main conclusions that arise from the revised position are:

- The Council succeeded in spending over £23m in 2017/18 on capital projects, with £11m of it being financed by attracting specific grants.

- £15.6m of budgeted expenditure will slip from 2017/18, compared to a slippage of £9.9m at the end of 2016/17. No loss of grant funding was caused to the Council where schemes have slipped.

3. Capital Programme 2017/18 to 2019/20

See below the revised capital programme as at the end of March 2018.

DEPARTMENT	END OF MARCH REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2017/18	2018/19	2019/20	TOTAL	
	£'000	£'000	£'000	£'000	
Education	10,575	2,620	0	13,195	(257)
Environment	4,888	7,561	0	12,449	1,992
Corporate Support	28	124	0	152	0
Finance	389	883	0	1,272	16
Economy and Community	1,249	293	200	1,742	480
Adults, Health and Wellbeing - Housing	2,150	4,486	0	6,636	(35)
Adults, Health and Wellbeing - Other	631	370	0	1,001	54
Children and Family Support	214	0	0	214	7
Highways and Municipal	3,095	8,607	2,247	13,949	1,714
Consultancy	179	153	0	332	45
Corporate	0	792	0	792	0
TOTAL	23,398	25,889	2,447	51,734	4,016

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £4.016m 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
	2017/18	2018/19	2019/20	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	4,150	6,399	0	10,549	0
Other Borrowing	3,635	5,045	861	9,541	(371)
Grants and Contributions	11,109	2,688	200	13,997	4,514
Capital Receipts	1,384	371	0	1,755	326
Departmental & Corporate Revenue	1,739	282	0	2,021	(335)
Capital Fund	0	2,353	0	2,353	(53)
Renewals & Other Funds	1,381	8,751	1,386	11,518	(65)
TOTAL	23,398	25,889	2,447	51,734	4,016

5. RECOMMENDATIONS

The Cabinet is asked to:

- **accept the 2017/18 to 2019/20 revised capital programme, and**
- **approve the relevant sources of finance (part 4 above).**

6. 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 2017/18 – 2019/20 capital schemes.

7. 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.

8. 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 2017/18, and publish the statutory statement before the end of June.

View of the Local Member

Not relevant.

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

Nothing to add from a propriety perspective.

Head of Finance:

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

Appendices

Appendix A: Main changes per source of financing (2017/18)

Appendix B: Budget re-profiling – main schemes

MAIN CHANGES PER SOURCE OF FINANCING (2017/18):

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

	Increase / (Decrease) £'000
Other Borrowing	
• 21 st Century Schools – subsequent re-profiling indicates more grant therefore less borrowing required.	(240)
• Technical adjustments – switching funding of Highways and Municipal vehicles with Reserves.	(130)
Grants and Contributions	
• 21 st Century Schools – subsequent re-profiling indicates more grant therefore less borrowing required and more grant approved for the Bangor scheme.	272
• New grant for Feminine Hygiene in school toilets.	30
• New TAIS grant – Blue Flag Beaches improvements.	114
• Overestimated expenditure in Sure Start Capital Schemes.	(17)
• New grant for Roads Refurbishment.	1,989
• Additional waste grant (Cartgylchu).	173
• Additional Local Transport Fund grants.	1,915
Capital Receipts	
• 21 st Century Schools – Technical adjustment to switch funding between departmental revenue and capital receipts to reflect the situation better since the previous review.	300
• Reassessment of the funding source for the Ffridd Arw/Caerylchu Scheme.	15
Departmental and Corporate Revenue	
• 21 st Century Schools – See above.	(300)
• Capitalised Schools Repairs and Maintenance.	(280)
• A number of additional schemes or some schemes costing more than originally envisaged within the services of the Economy Department – Tegid Path, Trefor Pier Safety and Demolition, Self Service Machines in Libraries.	193
• A number of additional schemes or some schemes costing more than originally envisaged within the services of the Environment Department – Transportation, Rural schemes, Vehicles and Equipment.	55
Capital Fund	
• Underspending on schemes - Upgrading Schools Service Electronic systems and Rationalisation of the provision of the Schools' System.	(20)
• Reassessment of the estimates for the Waste Sites' Flares scheme.	(32)
Renewals and Other Funds	
• Requirement to use less of the Renewals Funds because of an increase in the waste grant for the Cartgylchu scheme.	(163)
• A number of adjustments for the use of Funds within various services.	95

BUDGET RE-PROFILING – MAIN SCHEMES:

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

	2017/18 £'000	2018/19 £'000
Repairs and Maintenance of the Council's Buildings and Carbon Management Schemes (Environment Department)	(3,091)	3,091
Renewal of the Council's Vehicles (Highways and Municipal Department)	(3,944)	3,944
Housing Grants Schemes (Adults, Health and Wellbeing Department – Housing Unit)	(1,024)	1,024
Computer Replacement Schemes for the Council (Finance and Information Technology Department)	(534)	534
21 st Century Schools Schemes (Education Department)	(2,077)	2,077
Car Parks Resurfacing Schemes (Environment Department)	(260)	260
Llandygai Gypsy Site Scheme	(612)	612
Education – various schemes such as toilet Hygiene grant, Schools' Systems, Safety etc	(287)	287
Environment - various other schemes such as traffic improvements, Briwet Bridge, information technology, vehicles, administrative buildings' adaptations	(436)	436
Adults – Residential Homes' improvements and Relocation of Segontium Day Service	(370)	370
Highways and Municipal – various schemes such as Renewal of Safety Fences, Surface Water on Roads, Water Pipes, Toilets	(335)	335
Schemes funded from the new 2017/18 year end grant for road refurbishment	(1,988)	1,988

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.
