

# REPORT TO THE CABINET

16 October 2018

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

**Subject:** Capital Programme 2018/19 –  
End of August Review (31 August 2018 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 August review (31 August 2018 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £8,444,000 in various sources to fund actual slippages from 2017/18
  - £10,000 increase in the use of borrowing
  - £10,988,000 in the use of grants and contributions
  - £789,000 increase in the use of capital receipts
  - £187,000 increase in the use of revenue contributions
  - £4,859,000 increase in the use of renewal and other reserves
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## 1. Introduction / Summary

This technical report is presented as part of the 2018/19 budget monitoring procedure. 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 recommendation in part 5:

Part 3: Analysis by Department of the £47.022m capital programme for the 3 years 2018/19 – 2020/21.

Part 4: The sources of finance for the net increase of approximately £25.277m since the opening budget with £8.444m of the increase due to slippages from 2017/18 (previously reported on 22 May 2018).

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

The remainder of the report is for information:

- Appendix A: Main changes per source of finance
- Appendix B: Movement from 2018/19 to 2019/20
- Appendix C: First 5 months expenditure in 2018/19

## 2. Main Findings:

The main conclusions that arise from the revised position are:

- There are firm schemes in place to invest approximately £28.6m in 2018/19, with £6.9m (24%) of it being financed by attracting specific grants.

- There is an additional £1.0m of proposed expenditure having been re-profiled from 2018/19 to 2019/20 but no loss of funding was caused to the Council where schemes have slipped.

### 3. CAPITAL PROGRAMME 2018/19 to 2020/21

See below the revised proposed capital programme.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING BUDGET £'000	SLIPPAGES ADJUSTMENT £'000	OTHER CHANGES £'000
	2018/19	2019/20	2020/21	TOTAL			
	£'000	£'000	£'000	£'000			
Education	4,261	8,414	3,624	16,299	14,675	2,005	12,670
Environment	8,232	-	43	8,275	3,236	1,771	1,465
Corporate Support	124	-	-	124	15	15	-
Finance	952	74	-	1,026	317	174	143
Economy and Community	385	254	-	639	197	48	149
Adults, Health and Wellbeing - Housing Unit	4,097	554	-	4,651	1,043	878	165
Adults, Health and Wellbeing - Other	862	990	525	2,377	2,378	370	2,008
Children and Families	94	-	-	94	94	-	94
Highways and Municipal	8,870	1,995	1,913	12,778	3,063	2,933	130
Consultancy	163	-	44	207	37	28	9
Corporate	552	-	-	552	222	222	-
<b>TOTAL</b>	<b>28,592</b>	<b>12,281</b>	<b>6,149</b>	<b>47,022</b>	<b>25,277</b>	<b>8,444</b>	<b>16,833</b>

### 4. CHANGES TO THE SOURCES OF FINANCE

The budget for the three year programme shows an increase of £25.277m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF AUGUST REVIEW				INCREASE/ (DECREASE) SINCE THE OPENING RUDGET £'000	SLIPPAGES ADJUSTMENT £'000	OTHER CHANGES £'000
	2018/19	2019/20	2020/21	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	6,666	-	-	6,666	-	-	-
Other Borrowing	2,402	855	777	4,034	2,002	1,992	10
Grants and Contributions	6,923	7,554	525	15,002	11,817	829	10,988
Capital Receipts	375	35	750	1,160	867	78	789
Departmental & Corporate Revenue	1,441	36	-	1,477	469	282	187
Capital Fund	3,721	880	-	4,601	1,354	1,354	-
Renewals & Other Funds	7,064	2,921	4,097	14,082	8,768	3,909	4,859
<b>TOTAL</b>	<b>28,592</b>	<b>12,281</b>	<b>6,149</b>	<b>47,022</b>	<b>25,277</b>	<b>8,444</b>	<b>16,833</b>

**5. RECOMMENDATION**

The Cabinet is asked to:

- accept the 2018/19 to 2020/21 revised programme and
- approve the relevant sources of finance (para. 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 2018/19 – 2020/21 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.

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**View of the Local Member**

Not relevant.

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**Views of the Statutory Officers**

**Monitoring Officer:**

No observations 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**

Appendices A, B and C.

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**MAIN CHANGES PER SOURCE OF FINANCING:**

See below the relevant schemes that have caused the main changes to the sources of finance since the opening budget:

	2018/19	2019/20-
	£'000	2020/21 £'000
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century Schools (Education Department) – Bangor Area Schools Scheme – Welsh Government grant.</li> </ul>	769	5,513
<ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century Schools (Education Department) – contribution from a section 106 agreement with Redrow as part of the match funding for the Bangor Area Schools Scheme.</li> </ul>		1,097
<ul style="list-style-type: none"> <li>• Development of Llys Cadfan (Adults, Health and Wellbeing Department) - a grant received from the Welsh Government for adaptations to Llys Cadfan care home to admit dementia and specialised care beds.</li> </ul>	561	1,125
<ul style="list-style-type: none"> <li>• Segontium Day Service Relocation (Adults, Health and Wellbeing Department).</li> </ul>	112	144
<ul style="list-style-type: none"> <li>• Enable Grant Schemes (Housing Unit, Adults, Health and Wellbeing Department) – grant from the Welsh Government to improve support to residents to live independently in their own homes.</li> </ul>	154	
<ul style="list-style-type: none"> <li>• Local Transport Fund Grant from Welsh Government (Environment Department) towards several different schemes including A4086 Llanrug to Pontrug; B4366 Bethel to Caernarfon; A499 Y Ffôr to Pwllheli.</li> </ul>	1,310	
<ul style="list-style-type: none"> <li>• Coastal Path Scheme Phase 2 (Environment Department) - grant from Natural Resources Wales towards the second phase of this scheme.</li> </ul>	91	
<ul style="list-style-type: none"> <li>• New TAIS Grant from Welsh Government – Blue Flag Beaches improvements (Economy and Community Department).</li> </ul>	68	
<b>Capital Receipts</b>		
<ul style="list-style-type: none"> <li>• 21<sup>st</sup> Century Schools (Education Department) – part of the match funding for the Bangor Area Schools Scheme.</li> </ul>		750
<ul style="list-style-type: none"> <li>• Depots (Highways and Municipal Department) – work on several areas within the Council depots to bring them up to standard.</li> </ul>	29	
<b>Departmental Revenue</b>		
<ul style="list-style-type: none"> <li>• Information Technology Unit Server Room Air-Conditioning Replacement (Finance Department).</li> </ul>	41	
<ul style="list-style-type: none"> <li>• Various minor schemes</li> </ul>	110	36

**Renewals and Other Funds**

- |  |       |
|--|-------|
| • 21 <sup>st</sup> Century Schools (Education Department) – part of the match funding for the Bangor Area Schools Scheme.    | 4,500 |
| • Information Technology Unit Server Room Air-Conditioning Replacement (Finance Department).                                 | 92    |
| • Depots (Highways and Municipal Department) – work on several areas within the Council depots to bring them up to standard. | 132   |
| • Cartgylchu Scheme – increase in the call for the Cartgylchu recycling bins (Highways and Municipal Department).            | 90    |

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**Budget Re-profiling – Main Schemes:**

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

	2018/19 £'000	2019/20 £'000
Segontium Day Service Relocation (Adults, Health and Wellbeing Department)	(210)	210
Housing Grant Schemes (Housing Unit, Adults, Health and Wellbeing Department)	(553)	553
Y Berwyn Lifelong Learning School (Education Department)	(140)	140

**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.

## APPENDIX C

**Capital Expenditure First 5 Months 2018/19**

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August) 2018/19 £'000	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO 31/08/2018 £'000
	Education	4,261
Environment	8,232	702
Corporate Support	124	-
Finance (and Information Technology)	952	179
Economy and Community	385	113
Adults, Health and Wellbeing - Housing Unit	4,097	1,294
Adults, Health and Wellbeing - Other	862	165
Children and Families	94	62
Highways and Municipal	8,870	1,692
Consultancy	163	143
Corporate	552	-
<b>TOTAL</b>	<b>28,592</b>	<b>5,894</b>

**Note:**

The percentage that has been spent this year (21%) is comparably lower than the position this time last year (amount spent in 5 months was 22% of the September review budget).