

REPORT TO THE CABINET
21 JANUARY 2020

Cabinet Member: Councillor Ioan Thomas, Finance Cabinet Member

Subject: Capital Programme 2019/20 –
End of November Review (30 November 2019 position)

Contact Officer: Ffion Madog Evans, Senior Finance Manager

The decision sought / Purpose of the report

To accept the report on the end of November review (30 November 2019 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- £50,000 decrease in the use of borrowing
 - £1,072,000 increase in the use of grants and contributions
 - £114,000 increase in the use of capital receipts
 - £23,000 decrease in the use of revenue contributions
 - No change in the use of the capital reserve
 - £228,000 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 2019/20 budget review 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 recommendations in part 6:

Part 3: Analysis by Department of the £89.135m capital programme for the 3 years 2019/20 – 2021/22.

Part 4: The sources of finance for the net increase of approximately £1.341m since the previous review.

Part 5: Detail on additional grants since the previous review.

The Cabinet has the authority to adapt the capital programme. Approval is sought for the proposed 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 2019/20 to 2020/21
- Appendix C: First 8 months' expenditure in 2019/20

2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £31.8m in 2019/20 on capital projects, with £13.0m (41%) of it being financed by attracting specific grants.
- An additional £9.2m of proposed expenditure has been re-profiled from 2019/20 to 2020/21, but no loss of funding was caused to the Council where schemes have slipped.

3. Capital Programme 2019/20 to 2021/22

See below the revised proposed capital programme as at the end of November 2019. The figures are shown based on the Council's revised departmental structure.

DEPARTMENT	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2019/20	2020/21	2021/22	TOTAL	
	£'000	£'000	£'000	£'000	
Education	7,570	10,123	1,895	19,588	542
Environment	1,642	2,637	178	4,457	425
Corporate Support	-	119	-	119	-
Finance	713	481	1,237	2,431	-
Economy and Community	1,215	1,876	330	3,421	256
Housing and Property	6,534	9,484	4,528	20,546	(183)
Adults, Health and Wellbeing	1,756	3,123	2,400	7,279	278
Children and Supporting Families	1,344	1,113	250	2,707	-
Highways and Municipal	10,293	5,564	2,257	18,114	22
Consultancy	686	3,539	3,410	7,635	1
Corporate	-	2,153	685	2,838	-
TOTAL	31,753	40,212	17,170	89,135	1,341

4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £1.341m since the previous review. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF NOVEMBER REVIEW				INCREASE / (DECREASE) SINCE THE PREVIOUS REVIEW £'000
	2019/20	2020/21	2021/22	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	7,995	7,535	6,610	22,140	-
Other Borrowing	2,289	3,563	2,567	8,419	(50)
Grants and Contributions	13,037	9,447	-	22,484	1,072
Capital Receipts	467	828	-	1,295	114
Departmental & Corporate Revenue	1,244	-	-	1,244	(23)
Capital Fund	1,448	837	3,801	6,086	-
Renewals & Other Funds	5,273	18,002	4,192	27,467	228
TOTAL	31,753	40,212	17,170	89,135	1,341

5. Additional Grants

Since the previous review the Council has succeeded in attracting the following additional net grants totalling £1,072k (see Appendix A for more information) :

- £541k Expansion of 21st Century Schools Grant to include Childcare and Reducing Infant Classes Grant Schemes
- £286k Welsh Government grant towards the Llŷn Land and Sea Project
- £128k European Rural Development Fund (ERDF) Grant to develop Plas Heli
- £120k Local Transport Fund Grant from Welsh Government towards several different schemes
- £58k Welsh Government grant towards the Llŷn Area of Outstanding Natural Beauty
- £29k Welsh Government Grant towards Free Swimming Schemes

6. Recommendations

The Cabinet is asked to:

- accept the 2019/20 to 2021/22 revised programme, and
- approve the relevant sources of finance (part 4 above).

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 2019/20 – 2021/22 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.

View of the Local Member

Not relevant.

Views of the Statutory Officers

Monitoring Officer:

No observations 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.

Appendix

Appendices A, B and C.

Main Changes Per Source of Financing

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

	2019/20	2020/21- 2021/22
	£'000	£'000
Grants and Contributions		
<ul style="list-style-type: none"> Expansion of 21st Century Schools Grant to include Childcare and Reducing Infant Classes Grant Schemes (<i>Education Department</i>). 	541	
<ul style="list-style-type: none"> Local Transport Fund Grant from Welsh Government towards several different schemes (<i>Environment Department</i>). 	120	
<ul style="list-style-type: none"> Welsh Government grant towards the Llŷn Area of Outstanding Natural Beauty (<i>Environment Department</i>). 	58	
<ul style="list-style-type: none"> Welsh Government grant towards the Llŷn Land and Sea Project (<i>Environment Department</i>). 	196	90
<ul style="list-style-type: none"> Correction of Targeted Regeneration Investment Grant (TRIP) as this amount was utilised in 18/19 (<i>Housing and Property Department</i>). 	(98)	
<ul style="list-style-type: none"> European Rural Development Fund (ERDF) Grant to develop Plas Heli (<i>Economy and Community Department</i>). 	128	
<ul style="list-style-type: none"> Welsh Government Grant towards Free Swimming Schemes (<i>Economy and Community Department</i>). 	29	
Other Borrowing		
<ul style="list-style-type: none"> Recycling and Municipal Vehicles (<i>Highways and Municipal Department</i>). 	(49)	
Capital Receipts		
<ul style="list-style-type: none"> Additional housing work in Blaenau Ffestiniog (<i>Housing and Property Department</i>). 	100	
Departmental Revenue		
<ul style="list-style-type: none"> Correction of Discretionary Loans – to be financed from reserves rather than revenue as previously noted (<i>Housing and Property Department</i>). 	(50)	
<ul style="list-style-type: none"> Scheme to improve staff welfare facilities in the reception area, Headquarters (<i>Housing and Property Department</i>). 	20	

Renewals and Other Funds

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|---------------------------------------------------------------------------------------------------------------------------------------------------|----|----|
| • Correction of Discretionary Loans – to be financed from reserves rather than revenue as previously noted (Housing and Property Department). | 50 | |
| • Correction to the funding for Fuel Tanks Renewal Scheme (<i>Highways and Municipal Department</i>). | 27 | |
| • Waste Management Schemes e.g. skips, recycling carts (<i>Highways and Municipal Department</i>). | 35 | |
| • Scheme to improve staff welfare facilities in the reception area, Headquarters (<i>Housing and Property Department</i>). | | 60 |
| • Match funding towards the European Rural Development Fund (ERDF) Grant scheme to develop Plas Heli (<i>Economy and Community Department</i>). | 32 | |
| • Utilising the Departmental Reserve for the Renewal of Leisure Equipment (<i>Economy and Community Department</i>). | 61 | |

Budget Re-profiling – Main Schemes

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

	2019/20 £'000	2020/21 £'000
Asset Plan Resources not allocated until 2020/21 (<i>Corporate</i>)	(1,123)	1,123
Schools' Schemes (21 st Century and Other) (<i>Education Department</i>)	(5,257)	5,257
Health and Safety Schemes (<i>Corporate Support Department</i>)	(106)	106
Adults establishments' schemes (<i>Adults, Health and Wellbeing Department</i>)	(1,253)	1,253
Penygroes Health and Care Hub (<i>Adults, Health and Wellbeing Department</i>)	(250)	250
Segontium Day Service Relocation Scheme (<i>Adults, Health and Wellbeing Department</i>)	(171)	171
Flood Alleviation Schemes (<i>Consultancy Department</i>)	(181)	181
Vehicles Renewals (<i>Highways and Municipal Department and Environment Department</i>)	(857)	857
Transport Schemes (<i>Environment Department</i>)	(2,190)	2,190
Car Park Resurfacing (<i>Environment Department</i>)	(219)	219
Adaptation Schemes, Repairs and Maintenance etc on Council Buildings (<i>Housing and Property Department</i>)	(2,176)	2,176
Council's Carbon Management Schemes (<i>Housing and Property Department</i>)	(1,099)	1,099
Housing Strategy Schemes (<i>Housing and Property Department</i>)	(1,450)	1,450
TRIP Grant Schemes (<i>Housing and Property Department</i>)	300	(300)
Caernarfon and Bangor Regeneration and Renewal Schemes (<i>Economy and Community Department</i>)	(766)	766
Maritime and Leisure Schemes (<i>Economy and Community Department</i>)	(230)	230

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.

Capital Expenditure First 8 Months 2019/20

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed November) 2019/20 £'000	ACTUAL EXPENDITURE FOR THE 8 MONTHS TO 30/11/2019 £'000
Education	7,570	5,152
Environment	1,642	284
Corporate Support	-	-
Finance (and Information Technology)	713	286
Economy and Community	1,215	323
Housing and Property	6,534	3,434
Adults, Health and Wellbeing	1,756	478
Children and Supporting Families	1,344	230
Highways and Municipal	10,293	5,744
Consultancy	686	405
Corporate	-	-
TOTAL	31,753	16,336

Note:

The percentage that has been spent this year (51%) is higher than the position this time last year (amount spent in 8 months in 2018/19 was 47%).