

**REPORT TO THE CABINET**  
15 OCTOBER 2020

**Cabinet Member:** Councillor Ioan Thomas, Finance Cabinet Member

**Subject:** Capital Programme 2020/21 –  
End of August Review (31 August 2020 position)

**Contact Officer:** Ffion Madog Evans, Senior Finance Manager

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**The decision sought**

- To accept the report on the end of August review (31 August 2020 position) of the capital programme.
  - Approve the revised financing as shown in part 4 of the report, that is:
    - use of various sources, worth a total of £3,646,000, to fund actual slippages from 2019/20,
    - a decrease of £558,000 in the use of borrowing,
    - an increase of £7,105,000 in the use of grants and contributions,
    - no change in the use of capital receipts,
    - an increase of £53,000 in the use of revenue contributions,
    - no change in the use of the capital reserve, and
    - an increase of £283,000 in the use of renewal and other reserves.
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**1. Introduction / Summary**

This technical report is presented as part of the 2020/21 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 £87.794m capital programme for the 3 years 2020/21 – 2022/23.

Part 4: The sources of finance for the net increase of approximately £10.529m since the opening budget with £3.646m of the increase due to slippages from 2019/20 (previously reported as part of the year-end review on 16 June 2020).

Part 5: Detail on additional grants since the establishment of the original budget.

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.

## 2. Main Findings

The main findings that arise from the revised position are:

- There are firm schemes in place to invest approximately £44.0m in 2020/21 on capital projects, with £17.1m (39%) of it being financed by attracting specific grants.
- The effect of the Covid19 emergency and the lockdown period on the capital programme can be seen in the reported figures in Appendix C, with only 13% of the budget having been spent by the end of August this year compared to 19% for the same period last year.
- An additional £9.4m of proposed expenditure has been re-profiled from 2020/21 to 2021/22 and 2022/23, but no loss of funding was caused to the Council where schemes have slipped.

## 3. Capital Programme 2020/21 to 2022/23

See below the revised proposed capital programme as at the end of August 2020.

DEPARTMENT	END OF AUGUST REVIEW				INCREASE / (DECREASE) SINCE THE OPENING BUDGET £'000	SLIPPAGES ADJUSTMENT £'000	OTHER CHANGES £'000
	2020/21	2021/22	2022/23	TOTAL			
	£'000	£'000	£'000	£'000			
Education	10,248	13,631	4,632	28,511	2,107	(13)	2,120
Environment	3,668	1,009	199	4,876	1,448	(82)	1,530
Corporate Support	119	-	-	119	-	-	-
Finance	458	1,237	768	2,463	(23)	(23)	-
Economy and Community	2,178	609	245	3,032	531	279	252
Housing and Property	11,147	9,016	5,052	25,215	3,441	1,447	1,994
Adults, Health and Wellbeing	2,648	3,263	1,450	7,361	234	(130)	364
Children and Supporting Families	1,367	250	250	1,867	579	539	40
Highways and Municipal	9,477	2,313	4,765	16,555	2,730	2,619	111
Consultancy	1,186	6,336	287	7,809	573	101	472
Corporate	1,518	500	500	2,518	(1,091)	(1,091)	-
<b>TOTAL</b>	<b>44,014</b>	<b>38,164</b>	<b>18,148</b>	<b>100,326</b>	<b>10,529</b>	<b>3,646</b>	<b>6,883</b>

#### 4. Changes to the Sources of Finance

The budget for the three year programme shows an increase of £10.529m 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 BUDGET	SLIPPAGES ADJUSTMENT	OTHER CHANGES
	2020/21	2021/22	2022/23	TOTAL			
	£'000	£'000	£'000	£'000			
Supported Borrowing	8,116	6,610	6,610	21,336	-	-	-
Other Borrowing	1,123	4,948	11	6,082	105	663	(558)
Grants and Contributions	17,128	8,765	3,277	29,170	7,634	529	7,105
Capital Receipts	677	165	13	855	27	27	-
Departmental & Corporate Revenue	1,760	278	-	2,038	56	3	53
Capital Fund	562	4,935	-	5,497	1,439	1,439	-
Renewals & Other Funds	14,648	12,463	8,237	35,348	1,268	985	283
<b>TOTAL</b>	<b>44,014</b>	<b>38,164</b>	<b>18,148</b>	<b>100,326</b>	<b>10,529</b>	<b>3,646</b>	<b>6,883</b>

#### 5. Additional Grants

Since setting the original budget at the end of March, the Council succeeded in attracting the following additional grants totalling £7,503k. A number of adjustments including a reduction of £398k for schemes lower than the original forecast brings the total movement to £7,105k (see Appendix A for more information) :

- £2,251k Homelessness Grant Phase II from Welsh Government
- £2,118k 21<sup>st</sup> Century Schools Grant – Condition and Adaptation Schemes
- £1,310k Local Transport Fund and Active Travel Fund Grant from Welsh Government
- £1,032k Welsh Government Grants towards Flood Alleviation Schemes
- £230k Intermediate Care Fund (ICF) – additional grant from the Welsh Government for adapting adult establishments
- £165k Housing Enable Grant from Welsh Government to facilitate independent living
- £106k Access Improvement Grant from Welsh Government
- £70k Welsh Government's Museums, Archives and Libraries Division (MALD) Grant to develop Neuadd Dwyfor
- £68k Wales Council for Voluntary Action grant towards environmental developments
- £53k Surge Capacity (Covid) Grant to support developments in adult

care establishments

- £40k Welsh Government Grant for Child Care – Sure Start, Flying Start and Child Care
- £39k Natural Resources Wales Grant grant towards the Coastal Path scheme
- £21k Contribution from the Rural Communities Development Fund (RCDF) towards the Segontium Relocation Scheme

## **6. Recommendations**

**The Cabinet is asked to:**

- **accept the 2020/21 to 2022/23 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 2020/21 – 2022/23 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.

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**View of the Local Member**

Not relevant.

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**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.

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**Appendices**

- Appendix A: Main changes per source of finance
  - Appendix B: Movement from 2020/21 to 2021/22
  - Appendix C: First 5 months' expenditure in 2020/21
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## Details of Main Changes

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

	2020/21	2021/22- 2022/23
	£'000	£'000
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>21<sup>st</sup> Century Schools Grant – Condition and Adaptation Schemes (<i>Education Department</i>).</li> </ul>	579	1,539
<ul style="list-style-type: none"> <li>Reduction in the use of the Targeted Regeneration Investment Grant (TRI) to fund the Bangor Regeneration Scheme (<i>Economy and Community Department</i>).</li> </ul>	(388)	
<ul style="list-style-type: none"> <li>Welsh Government's Museums, Archives and Libraries Division (MALD) Grant to develop Neuadd Dwyfor (<i>Economy and Community Department</i>).</li> </ul>	70	
<ul style="list-style-type: none"> <li>Welsh Government Grant for Child Care – Sure Start, Flying Start and Child Care – a for a number of different schemes (<i>Children and Families Department</i>).</li> </ul>	40	
<ul style="list-style-type: none"> <li>Intermediate Care Fund (ICF) – additional grant from the Welsh Government for adapting establishments as well as facilitating joint working arrangements with other agencies (<i>Adults, Health and Wellbeing Department</i>).</li> </ul>	230	
<ul style="list-style-type: none"> <li>Contribution from the Rural Communities Development Fund (RCDF) towards the Segontium Relocation Scheme (<i>Adults, Health and Wellbeing Department</i>).</li> </ul>	21	
<ul style="list-style-type: none"> <li>Surge Capacity (Covid) Grant to support developments in residential homes and day care facilities (<i>Adults, Health and Wellbeing Department</i>).</li> </ul>	53	
<ul style="list-style-type: none"> <li>Welsh Government Grants towards Flood Alleviation Schemes – grants replacing an element of the Local Government Borrowing Initiative (LGBI) funding (<i>Consultancy Department</i>).</li> </ul>	1,032	
<ul style="list-style-type: none"> <li>Local Transport Fund and Active Travel Fund Grant from Welsh Government towards several different schemes (<i>Environment Department</i>).</li> </ul>	1,310	

<ul style="list-style-type: none"> <li>Natural Resources Wales Grant grant towards the Coastal Path scheme (<i>Environment Department</i>).</li> </ul>	39	
<ul style="list-style-type: none"> <li>Wales Council for Voluntary Action grant towards environmental developments (<i>Environment Department</i>).</li> </ul>	68	
<ul style="list-style-type: none"> <li>Access Improvement Grant from Welsh Government towards improvement and promotion of access rights to land and green spaces (<i>Environment Department</i>).</li> </ul>	106	
<ul style="list-style-type: none"> <li>Housing Enable Grant from Welsh Government to facilitate independent living (<i>Housing and Property Department</i>).</li> </ul>	165	
<ul style="list-style-type: none"> <li>Homelessness Grant Phase II from Welsh Government – number of schemes across the County (<i>Housing and Property Department</i>).</li> </ul>	2,251	
<b>Other Borrowing</b>		
<ul style="list-style-type: none"> <li>Less support required from the Local Government Borrowing Initiative for the Flood Alleviation Schemes as elements now financed from grants (<i>Consultancy Department</i>).</li> </ul>	(558)	
<b>Departmental Revenue</b>		
<ul style="list-style-type: none"> <li>Additional revenue financing for several small schemes (<i>Various Departments</i>).</li> </ul>	53	
<b>Renewals and Other Funds</b>		
<ul style="list-style-type: none"> <li>Transformation Fund Scheme to develop Neuadd Dwyfor (<i>Economy and Community Department</i>).</li> </ul>	570	
<ul style="list-style-type: none"> <li><i>Upgrading Depots and Fuel Tanks (Highways and Municipal Department)</i>.</li> </ul>	60	
<ul style="list-style-type: none"> <li>Vehicles Renewals - Highways and Municipal Units (<i>Highways and Municipal Department</i>).</li> </ul>	24	
<ul style="list-style-type: none"> <li>Waste Management Schemes including skips and recycling carts (<i>Highways and Municipal Department</i>).</li> </ul>	55	
<ul style="list-style-type: none"> <li>The revenue element identified as part of the Housing Strategy to be removed from the Capital Programme and included as part of the revenue budget (<i>Housing and Property Department</i>).</li> </ul>	(126)	(302)

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## Details of Budget Re-profiling

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

	2020/21 £'000	2021/22 £'000
Schools' Schemes (21 <sup>st</sup> Century and Other) ( <i>Education Department</i> )	(1,579)	1,579
Caernarfon Town and Coast Regeneration ( <i>Economy and Community Department</i> )	(174)	174
Maritime and Country Parks' Schemes ( <i>Economy and Community Department</i> )	(135)	135
Adults Residential Establishments' Schemes ( <i>Adults, Health and Wellbeing Department</i> ).	(294)	294
Adults Day Care Establishments' Schemes ( <i>Adults, Health and Wellbeing Department</i> ).	(569)	569
Cadfan Bridge, Tywyn ( <i>Highways and Municipal Department</i> )	(102)	102
Vehicles Renewals ( <i>Highways and Municipal Department</i> )	140	(140)
Flood Alleviation Schemes ( <i>Consultancy Department</i> )	(1,178)	1,178
Aberdyfi Quay ( <i>Consultancy Department</i> )	(1,748)	1,748
Transport Schemes ( <i>Environment Department</i> )	(353)	353
Car Park Resurfacing ( <i>Environment Department</i> )	(219)	219
Vehicle Charging Points ( <i>Environment Department</i> )	(198)	198
Environment Department Specialist IT Systems ( <i>Environment Department</i> )	(72)	72
Office Adaptation Schemes ( <i>Housing and Property Department</i> )	(153)	153
Council's Carbon Management Schemes ( <i>Housing and Property Department</i> )	(1,167)	1,167
Asbestos Removal Schemes ( <i>Housing and Property Department</i> )	(580)	580
Economic Stimulus Schemes ( <i>Housing and Property Department</i> )	(925)	925

### 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 5 Months 2020/21

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed August)	ACTUAL EXPENDITURE FOR THE 5 MONTHS TO
	2020/21 £'000	31/08/2020 £'000
Education	10,248	1,583
Environment	3,668	217
Corporate Support	119	5
Finance (and Information Technology)	458	94
Economy and Community	2,178	238
Housing and Property	11,147	1,312
Adults, Health and Wellbeing	2,648	466
Children and Supporting Families	1,367	256
Highways and Municipal	9,477	1,109
Consultancy	1,186	255
Corporate	1,518	-
<b>TOTAL</b>	<b>44,014</b>	<b>5,535</b>

**Note:**

The percentage that has been spent this year (13%) is lower than the position this time last year (amount spent in 5 months in 2019/20 was 19%).