

## REPORT TO THE CABINET

22 November 2016

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

**Subject:** Capital Programme 2016/17 – Second Quarter Review  
(30 September 2016 position)

**Contact Officer:** Dafydd L Edwards - Head of Finance

---

### The decision sought / Purpose of the report

To accept the report on the second quarter review (30 September 2016 position) of the capital programme, and approve the revised financing as shown in part 4 of the report, that is:

- an increase of £1.367m in the use of other borrowing (including unsupported borrowing)
  - a decrease of £1.174m in the use of grants and contributions
  - an increase of £0.035m in the use of revenue contributions
  - an increase of £0.938m in the use of renewal and other reserves
- 

### 1. Introduction

This technical report is presented as part of the 2016/17 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 £60.949m capital programme for the 3 years 2016/17 – 2018/19.

Part 4: An explanation of the sources of finance for the net increase of approximately £1.166m since the first quarter review.

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: The main changes per source of finance
- Appendix B: Movements from 2016/17 to 2017/18
- Appendix C: The first 6 months expenditure in 2016/17.

### 2. Main Findings:

The main conclusions that arise from the revised position are:

- There are firm schemes in place to invest approximately £34.493m in 2016/17, with £9.895m of it being financed by attracting specific grants.
- There is £2.442m of proposed expenditure having been re-profiled from 2016/17 to 2017/18 but no loss of funding was caused to the Council where schemes have slipped.

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

See below which shows the revised proposed capital programme.

DEPARTMENT	END OF SEPTEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Education	17,155	9,573	237	26,965	(278)
Finance	549	895	-	1,444	135
Economy and Community	1,123	1,158	-	2,281	(254)
Adults, Health and Wellbeing - Housing Unit	2,301	2,323	-	4,624	200
Adults, Health and Wellbeing - Other	733	301	-	1,034	431
Children and Families	48	-	-	48	-
Highways and Municipal	4,898	2,963	3,650	11,511	569
Corporate Support	418	263	-	681	-
Regulatory	5,945	4,341	52	10,338	270
Consultancy	1,101	-	-	1,101	93
Corporate	222	700	-	922	-
<b>TOTAL</b>	<b>34,493</b>	<b>22,517</b>	<b>3,939</b>	<b>60,949</b>	<b>1,166</b>

### 4 Changes to the Sources of Finance

The budget for the three year programme shows an increase of £1.166m since the opening budget position. The proposed sources of financing for this are noted below:

SOURCE OF FINANCE	END OF SEPTEMBER REVIEW				INCREASE/ (DECREASE) SINCE THE LAST REVIEW £'000
	2016/17	2017/18	2018/19	TOTAL	
	£'000	£'000	£'000	£'000	
Supported Borrowing	6,652	6,352	321	13,325	-
Other Borrowing (including unsupported borrowing)	8,705	4,027	119	12,851	1,367
Grants and Contributions	9,895	4,187	-	14,082	(1,174)
Capital Receipts	591	1,257	-	1,848	0
Departmental & Corporate Revenue	2,443	1,644	-	4,087	35
Capital Fund	1,303	1,284	-	2,587	-
Renewals & Other Funds	4,904	3,766	3,499	12,169	938
<b>TOTAL</b>	<b>34,493</b>	<b>22,517</b>	<b>3,939</b>	<b>60,949</b>	<b>1,166</b>

**5. RECOMMENDATION**

The Cabinet is asked to:

- accept the 2016/17 to 2018/19 revised programme (part 3) 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 2016/17 – 2018/19 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.

---

**View of the Local Member**

Not relevant.

---

**Views of the Statutory Officers**

**Chief Executive:**

It is good to see that the report offers the Cabinet a degree of certainty regarding the Council's cash flow and management. However, of course, any slippage or re-profiling, as in the schemes referred to in Appendix B, could result in a delay in realising benefits for residents, and constant monitoring is required to ensure that every effort is being made to avoid this.

**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.

---

**Appendix**

Appendix 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 during the last quarter:

	Increase / (Decrease)	
	2016/17 £'000	2017/18 £,000
<b>Other Borrowing (including Unsupported borrowing)</b>		
<ul style="list-style-type: none"> <li>21<sup>st</sup> Century Schools (Education Department) – an increase in borrowing due to a technical adjustment to the source of financing to reduce the level of grant and increase the level of supported borrowing following an instruction received annually from the Government (see also Grants and Contributions below). This technical adjustment to the financing will not impact on the schemes at all, and the Welsh Government will still finance 50% of the cost.</li> </ul>		1,500
<b>Grants and Contributions</b>		
<ul style="list-style-type: none"> <li>21<sup>st</sup> Century Schools (Education Department) – a reduction in the level of grant, see Other Borrowing above for details.</li> </ul>	(1,500)	
<ul style="list-style-type: none"> <li>Intermediate Care Fund Grant (Adults, Health and Wellbeing Department) – a grant received from the Government mainly to develop accommodation in the Caernarfon leisure Centre to create a community hub for clients with learning disabilities, to create a respite unit in Penrhyndeudraeth, and for adaptations to Llys Cadfan care home to admit dementia and specialised care beds.</li> </ul>		431
<b>Departmental Revenue</b>		
<ul style="list-style-type: none"> <li>Various minor schemes</li> </ul>		35
<b>Renewals and Other Funds</b>		
<ul style="list-style-type: none"> <li>Water Supply Pipe Renewal Programme for CCG Housing Estates (Highways and Municipal Department) – to finance unavoidable works to manage and renew water supply pipes on housing estates from a specific fund (see report to Cabinet 7/6/16).</li> </ul>		300
<ul style="list-style-type: none"> <li>Cartgylchu (Highways and Municipal Department) - increased expenditure as a result of the change from recycling bins to this type of container.</li> </ul>		210
<ul style="list-style-type: none"> <li>Briwet Bridge (Regulatory Department) – use of a specific fund to finance additional costs relating to the prevention of erosion on the river bed.</li> </ul>		200
<ul style="list-style-type: none"> <li>VOIP (voice over internet protocol) Scheme (Finance Department) – expenditure on additional licences, new phones and payment to suppliers.</li> </ul>		136

-----

**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
Carbon Management Schemes (Regulatory Department)	(1,350)	1,350
Information Technology Schemes for the Council (Finance Department)	(427)	427
Housing Schemes – Three Year Plan (Housing Department)	(323)	323
Relocation of Segontium Day Care Service (Adults, Health and Wellbeing Department)	(301)	301

**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 6 Months 2016/17**

SUMMARY	CAPITAL PROGRAMME FULL YEAR (reviewed September)	ACTUAL EXPENDITURE FOR THE 6 MONTHS TO
	2016/17 £'000	30/09/2016 £'000
Education	17,155	7,060
Finance	549	172
Economy and Community	1,123	204
Adults, Health and Wellbeing – Housing	2,301	663
Adults, Health and Wellbeing – Other	733	139
Children and Families	48	-
Highways and Municipal	4,898	944
Corporate Support	418	54
Regulatory	5,945	2,335
Consultancy	1,101	770
Corporate	222	-
<b>TOTAL</b>	<b>34,493</b>	<b>12,341</b>

**Note:** The percentage that has been spent this year (36%) is comparably lower than the position this time last year (39%). Despite this, it is not a cause for concern, as 2015/16 was an extraordinary year.