

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE	
DATE:	18 SEPTEMBER 2017	
SUBJECT:	BUDGET MONITORING REPORT QUARTER 1 2017/18 - CAPITAL	
PORTFOLIO HOLDER(S):	COUNCILLOR J GRIFFITH	
HEAD OF SERVICE:	MARC JONES (EXT. 2601)	
REPORT AUTHOR:	GARETH ROBERTS	
TEL:	01248 752675	
E-MAIL:	GarethRoberts@ynysmon.gov.uk	
LOCAL MEMBERS:	n/a	
A - Recommendation/s and reason/s		
<ul style="list-style-type: none"> • It is recommended that the Executive note the progress of expenditure and receipts against the capital budget 2017/18 at quarter 1. • It is recommended that the Executive approve an extra £0.041m of Capital funding to finance the additional costs at Garreglwyd care home (see paragraph 4.4). 		
B - What other options did you consider and why did you reject them and/or opt for this option?		
n/a		
C - Why is this a decision for the Executive?		
<ul style="list-style-type: none"> • This report sets out the financial performance of the Capital budget for the first quarter of the financial year. • Budget monitoring is a designated Executive function. 		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
Setting of the annual Capital Budget.		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section151 Officer's report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
<p>Appendix A - Capital Budget Monitoring Report – Quarter 1 2017/18 Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End</p>		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2017/18 Capital Budget, as recommended by the Full Council on 28 February 2017; • 2017/18 Treasury Management Strategy Statement, approved by the Full Council on 28 February 2017; and • 2016/17 Capital Outturn Report, that went to this Committee on 12 June 2017. 		

1. INTRODUCTION

- 1.1 This is the Capital Budget monitoring report for the first quarter of the financial year, and allows Members to note the progress of Capital Expenditure and Capital Receipts against the Capital Budget.
- 1.2 In March 2017, the Council approved a Capital Programme for non-housing services of £27.630m for 2017/18 and a Capital Programme of £12.873m for the HRA. In addition, in June 2017, the Council approved Capital Slippage of £4.677m to be brought forward from 2016/17, and there was also slippage carried forward from the 21st century schools programme of £1.758m. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded which amounted to £1.074m. Included in this, are grant schemes such as the Road Safety Grant of £0.163m and a MALD grant of £0.115m for Oriel Ynys Môn. This brings the total Capital budget for 2017/18 to £48.012m.

2. PROGRESS ON EXPENDITURE 2017/18

- 2.1 Below is a summary table of the Capital expenditure to 30 June 2017, the profiled budget to 30 June 2017 and the proposed funding of the Capital Programme for 2017/18.

Service	Annual Budget £'000	Profiled Budget £'000	Actual Expenditure £'000	Committed Expenditure £'000	Total Expenditure £'000	% Profiled Budget Spend %	% Annual Budget Spent %
Housing General Fund	2,490	290	146	16	162	56	7
Housing HRA	12,873	1,351	1,146	73	1,219	90	9
Lifelong Learning	9,598	2,198	1,215	287	1,502	68	16
Economic and Regeneration	8,890	10	7	15	22	216	0
Highways	10,883	650	452	108	560	86	5
Waste Management	172	66	-	66	66	101	39
Property	507	200	190	1	191	95	38
Transformation	655	174	46	38	85	49	13
Planning	411	64	68	-	68	106	17
Adult Services	1,533	16	13	-	13	81	1
Total	48,012	5,019	3,283	604	3,887	77	8
Funded By:							
Capital Grant	23,447						
Capital Receipts	2,866						
Supported Borrowing	3,509						
Unsupported Borrowing	6,302						
Revenue Contribution	10,208						
Reserves	752						
Loan	365						
Underspend from 2016/17	564						
Total Funding	48,012						

- 2.2 The Profiled budget spent to the end of the first quarter is 77%, however, only 8% of the annual budget has been spent to date. The reason for this is that a number of the capital schemes are weighted towards the latter part of the financial year. Some Capital schemes are well underway, with the majority of the profiled budget for quarter 1 being spent, schemes such as Street Lights and the purchase of a Telehandler. Some Capital Schemes have yet to commence, but their budget is profiled towards the latter part of the financial year, such as the purchase of new vehicles. These schemes and their profile can be seen in Appendix B. There are a number of Capital Grants schemes in 2017/18 and an update on these is provided in section 3.1 of this report.

2.3 The Housing Revenue Account has spent 90% of its profiled budget, but only 9% of the annual budget. However, it is currently estimated that the budget will be spent in its entirety come the end of the financial year. During Q1, expenditure has predominantly been in connection with contracts procured during 2016/17 i.e. carried forward commitment. It is anticipated that new planned maintenance contracts procured during Q1 and anticipated tender results expected during Q2 will fully commit the budget for 2017/18.

2.4 The smallholdings programme of improvements, financed from the ring-fenced capital receipts from the sale of smallholdings and rental income, completed during 2016/17. The surplus at the end of the financial year was £0.307m, which has been ring-fenced for further Capital works during 2017/18. It is currently forecasted that the programme will spend £0.403m this financial year, with the extra £0.096m funded from the Smallholding Repairs & Maintenance budget. There are further sales projected for 2017/18 and, if these sales are completed, it will bring in a further £0.530m.

3. FUNDING

3.1 Capital Grants

3.1.1 There are a number of Capital Grant schemes in the Capital Programme for 2017/18, most of which are underway and progressing, with a brief update on the schemes provided below:-

- Vibrant & Viable Places – £0.125m has been allocated towards the purchase of Market Hall. Negotiations are currently underway with the owner with a view to securing purchase by the end of Quarter 2.
- Llangefni Link Road – Sections 1 & 2 were completed during the final weeks of 2016/17, with work currently underway on Section 4. Work on section 4 is progressing as expected with a completion date on site likely to be January 2018 (completion of invoicing by March 2018). During Quarter 1, the expenditure incurred as claimed against the grant in full. The construction tender for Section 3 will be issued at the end of August 2017, with work commencing on site in November 2017 subject to land agreements/acquisition. Advance orders for statutory undertakers are being progressed currently (on Section 3).
- Llangefni Strategic Infrastructure – A bid was submitted for European Regional Development Fund in April, and this was successful and formally approved in June 2017. Designs and surveys will commence over the summer months with an expectation to award the construction contract before the end of this financial year. The scheme will involve construction of new industrial units on the old Môn Training site and office extension at the business centre for letting.
- Holyhead Breakwater - the work on the initial commission will be completed in the Autumn. The funding for the consultancy phase this year is being provided by Stena Port.
- 21st Century Schools - The funding for Ysgol Cybi and Ysgol Rhyd y Llan was fully drawn down as part of the 21st century schools programme in 2016/17. Therefore, the remaining work due to be completed on both schools during 2017/18 will be funded through borrowing and the Council's resources as part of the Council's 50% contribution towards the project. Project costs on various schemes continue to fluctuate, however, the overall cost for Band A remains within the approved budget.

3.1.2 There are schemes that are in the Capital Programme that have not yet started, or are waiting approval from funding providers, with a brief update on the schemes provided below:-

- Beaumaris Flood Alleviation – Welsh Government has allocated funding for Beaumaris Flood Alleviation within their programme for this financial year. However, a formal offer is subject to a bid being made by the Authority, which will be done once the design of the scheme is finalised.
- Holyhead Strategic Infrastructure – This scheme is to construct new industrial units at Penrhos, Holyhead, and a draft bid has been submitted for European Regional Development Funding, with an expectation of a positive outcome, however, this will be dependent on securing match funding.
- Tourism Gateway – A bid for European Regional Development Funding has been submitted and is currently being assessed, with an expectation that a decision will be made in the autumn.
- Road Safety Capital – This scheme will involve capital works on the B5110 road from Llangefni to Marianglas. Work will commence later on in the financial year.
- MALD Oriol Ynys Môn – Limited expenditure has been incurred during Quarter 1. However, toilet refurbishment is scheduled to start in quarter 2 as well as some lighting improvement and minor works. In quarter 3, the scheme is due to complete with some landscape work. The grant is expected to be fully utilised this financial year.
- New Highway to Wylfa Newydd – No work is now expected in this financial year. The online works will still go ahead but is not likely to start now until September 2018.

3.2 Capital Receipts

3.2.1 The Capital Receipts for this year to date and the budgeted Capital Receipts are:-

	Budget 2017/18 £'000	Received to 30-Jun-17 £'000	Projection to 31-Mar-18 £'000
Council Fund:			
Smallholdings	530	0	530
General	2,925	455	2,925
Industrial	275	0	275
Schools	640	0	640
Total	4,370	455	4,370

3.2.2 The projected Capital Receipts at 31 March 2018 is £4.370m, with only £0.455m being received at 30 June 2017 (10.4%). This was from the sale of Parc Mount (£0.350m) and a property in Holyhead (£0.105m). The forecast Capital Receipts include £2.175m for the sale of former school sites, £0.530m on various Smallholdings and £0.275m on Industrial units. This income is generated from the sale of Smallholdings which have already been agreed, no additional properties are being sold.

3.2.3 Since the end of the quarter, the Authority has received £0.220m Capital Receipts for the sale of a Smallholding (£0.085m) and the sale of a House (£0.135m).

4. PROJECTED ACTUAL EXPENDITURE 2017/18

4.1 Below is a table with projected Expenditure at 31 March 2018 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected Under / Over Expenditure £'000	% Variance
Housing General Fund	2,490	2,490	-	-
Housing HRA	12,873	12,873	-	-
Lifelong Learning	9,598	8,419	- 1,178	- 12
Economic and Regeneration	8,890	1,226	- 7,664	- 86
Highways	10,883	5,697	- 5,186	- 48
Waste Management	172	172	-	-
Property	507	603	96	19
Transformation	655	655	-	-
Planning	411	1,118	707	172
Adult Services	1,533	1,568	35	2
Total	48,012	34,821	- 13,190	- 27
Funded By:	Annual Budget £'000	Projected Funding £'000	Variance	% Variance
Capital Grant	23,447	11,204	- 12,243	- 52
Capital Receipts	2,866	4,370	1,504	52
Supported Borrowing	3,509	3,171	- 338	- 10
Unsupported Borrowing	6,302	4,921	- 1,381	- 22
Revenue Contribution	10,208	10,304	96	1
Reserves	752	487	- 265	- 35
Loan	365	365	-	-
Underspend from 2016/17	564	-	- 564	- 100
Total Funding	48,012	34,821	- 13,190	- 27

4.2 As can be seen from table 4.1 (above), the forecast underspend on the Capital Programme for 2017/18 is £10.317m, with this being potential slippage into the 2018/19 Capital Programme. The funding for this slippage will also slip into 2018/19 and will be factored in when producing the Treasury Management Strategy Statement and Capital Programme for 2018/19. The main projects that are forecast to be underspent are the Holyhead Strategic Infrastructure, Llangefni Strategic Infrastructure and the New Highway to Wylfa Newydd, as can be seen in Appendix B. These three schemes are nearly fully funded by grants and this is the reason that there is a significant variance in the Capital Grants funding in table 4.1. The reasons for the underspend in the Holyhead Strategic Infrastructure is that external funding is still being sought, with a draft bid submitted. Llangefni Strategic Infrastructure is forecast to underspend as the external funding has only recently been secured, and only design and survey work likely to happen in this financial year. The New Highway to Wylfa Newydd is not expected to progress until September 2018 at the earliest.

- 4.3** The Capital Finance Requirement forecasted at 31 March 2018 is £137.438m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £111.432m, meaning the Authority essentially needs to borrow £26.006m to fund the current Capital Programme. If this borrowing is undertaken externally, the Authority will still be within its authorised borrowing limits as per the 2017/18 Treasury Management Strategy Statement (Appendix 11).
- 4.4** Included in the approved Capital Programme for 2017/18 is a budget of £0.250m for the refurbishment of Garreglwyd Care Home. The projected costs are now expected to rise by £0.041m and a decision needs to be made by this Committee whether to approve this additional funding of £0.041m. The reason for the increase in costs is that the original scheme has had to be split into two phases, bringing extra cost to the scheme. If the additional budget is to be approved, it will be funded by the Capital Reserve.

5. FUTURE YEARS

- 5.1** On 28 March 2017, the Full Council approved a Capital Programme for 2017/18 for the non-housing services and the HRA. Included in this report was the forecast expenditure for these approved schemes in 2018/19 onwards. In 2018/19, this amounted to £37.511m for the non-housing services, including £7.274m for the 21st Century Schools, £13.885m for the New Road in relation to Wylfa Newydd and £7.150m for the Extra Care Seiriol. The HRA forecast was £7.283m. In 2019/20, these approved schemes amounted to £27.479m for non housing services and £7.523m for the HRA. This included £7.150m for and Extra Care Seiriol, £9.567m for the New Road in relation to Wylfa Newydd and £6.813m for the 21st Century Schools. This forecast was based on the Capital Bids submitted in September 2016, therefore, these forecast figures will need to be revised and updated for the Capital Bid process for 2018/19 due to commence shortly. Capital bids will also be updated for the annual replacement programmes approved in 2017/18. During the development of the capital programme 2018/19, there will also be an invitation for new Capital Bids to be submitted for new capital schemes to commence during 2018/19. These will be limited to projects which contribute to the Corporate Plan 2018/21; projects which are invest-to-save schemes which will achieve savings or generate income; externally funded projects or projects; which can generate income/savings to repay the unsupported borrowing needed to fund the project.

Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	% Profiled Budget Spent	% Annual Budget Spent	Projected Expenditure (£)	Projected Under / Over (£)	% Variance
Housing General Fund											
Disabled Facilities Grants	958,280	239,568	116,780	0	116,780	-122,788	49	12	958,280	0	0
Residential Site for Gypsies and Travellers	1,301,000	49,998	29,593	15,506	45,099	-4,899	90	3	1,301,000	0	0
Compulsory Purchase Scheme	200,000	0	0	0	0	0	0	0	200,000	0	0
Affordable Housing brought forward 2015/16	30,650	0	0	0	0	0	0	0	30,650	0	0
Total	2,489,930	289,566	146,373	15,506	161,879	-127,687	56	7	2,489,930	0	0
Housing HRA											
Central Heating Contract	600,000	30,000	0	30,677	30,677	677	0	0	600,000	0	0
Planned Maintenance Contract	4,635,000	750,000	633,804	5,859	639,663	-110,337	85	14	4,635,000	0	0
HMU Vehicles 2017/18	144,000	0	0	0	0	0	0	0	144,000	0	0
Environmental Works	502,580	25,645	23,077	2,540	25,617	-28	100	5	502,580	0	0
Remodelling of Existing Stock	693,120	0	195	0	195	195	0	0	693,120	0	0
Acquisition of Existing Properties	4,800,000	350,000	348,337	0	348,337	-1,663	100	7	4,800,000	0	0
Public Sector Adaptations	350,000	100,000	75,170	34,009	109,179	9,179	109	31	350,000	0	0
Fire Risk	167,620	0	0	0	0	0	0	0	167,620	0	0
WHQS	870,280	67,570	26,128	0	26,128	-41,442	39	3	870,280	0	0
Premises	110,000	27,500	39,378	0	39,378	11,878	143	36	110,000	0	0
Totals for : Housing HRA	12,872,600	1,350,715	1,146,090	73,085	1,219,175	-131,540	90	9	12,872,600	0	0
Lifelong Learning											
Disabled Access in Education Building	474,620	0	5,107	0	5,107	5,107	0	1	474,620	0	0
Refurbish Education Building	500,000	0	1,024	0	1,024	1,024	0	0	500,000	0	0
21st Century Schools - Holyhead	1,158,000	868,500	461,697	200,622	662,319	-206,181	76	57	1,009,500	-148,500	-13
21st Century Schools - Llannau	2,502,000	1,251,000	720,719	59,347	780,066	-470,934	62	31	2,087,250	-414,750	-17
21st Century Schools - Parc Y Bont	314,000	78,500	17,193	18,565	35,758	-42,742	0	11	563,190	249,190	79
21st Century Schools - Bro Rhosyr / Bro Aberffraw	3,591,000	0	9,219	8,466	17,685	17,685	0	0	3,062,360	-528,640	-15
21st Century Schools - Bro Seiriol	166,000	0	0	0	0	0	0	0	0	-166,000	-100
21st Century Schools - Brynsiencyn	217,000	0	0	0	0	0	0	0	217,000	0	0
21st Century Schools - Lllangefni	675,000	0	0	0	0	0	0	0	505,370	-169,630	-25
Total	9,597,620	2,198,000	1,214,958	287,000	1,501,958	-696,042	68	16	8,419,290	-1,178,330	-12
Economic and Regeneration											
Tourism Gateway	1,050,000	10,000	2,423	13,688	16,110	6,110	161	2	210,000	-840,000	-80
Holyhead Strategic Infrastructure	5,001,000	0	0	0	0	0	0	0	150,000	-4,851,000	-97
Llangefni Strategic Infrastructure	2,523,000	0	0	0	0	0	0	0	550,000	-1,973,000	-78
Planning System Invest to Save	84,750	0	4,519	0	4,519	0	0	5	84,750	0	0
Salix Funding LED Lights	5,190	0	0	0	0	0	0	0	5,190	0	0
I2S - Energy Efficiencies at Leisure Centres	111,000	0	0	0	0	0	0	0	111,000	0	0
Oriel Ynys Môn MALD Grant 2017/18	115,370	0	0	928	928	928	0	1	115,370	0	0
Total	8,890,310	10,000	6,942	14,615	21,557	7,038	216	0	1,226,310	-7,664,000	-86

Service	Annual Budget (£)	Profiled Budget (£)	Actual Expenditure (£)	Committed Expenditure (£)	Total Expenditure (£)	Variance to profile (£)	% Profiled Budget Spent	% Annual Budget Spent	Projected Expenditure (£)	Projected Under / Over (£)	% Variance
Highways and Transportation											
Car Parks	12,920	0	0	0	0	0	0	0	12,920	0	0
Vehicles	346,400	0	0	61,066	61,066	61,066	0	18	346,400	0	0
County Prudential Borrowing Initiative	761,000	190,250	78,707	0	78,707	-111,543	41	10	761,000	0	0
Beaumaris Flood Alleviation Works (WG)	800,000	0	0	0	0	0	0	0	800,000	0	0
Pentraeth Flood Alleviation Works (WG)	800,000	0	0	0	0	0	0	0	0	-800,000	-100
New Highways to Wylfa Newydd	4,097,000	0	0	0	0	0	0	0	0	-4,097,000	-100
Llangefni Link Road	3,414,000	150,000	57,199	46,893	104,092	-45,908	69	3	3,125,000	-289,000	-8
Active Travel	4,000	0	45	0	45	45	0	1	4,000	0	0
Road Safety Grant	163,000	0	0	0	0	0	0	0	163,000	0	0
Salix Funding - Street Lights	365,000	300,000	304,726	0	304,726	0	102	83	365,000	0	0
Holyhead Breakwater	119,520	10,000	11,210	0	11,210	0	112	9	119,520	0	0
Total	10,882,840	650,250	451,887	107,959	559,846	-96,340	86	5	5,696,840	-5,186,000	-48
Waste Management											
Telehandler & Weighbridge	97,000	66,000	0	66,410	66,410	410	101	68	97,000	0	0
I2S - Traeth Coch	75,000	0	0	0	0	0	0	0	75,000	0	0
Total	172,000	66,000	0	66,410	66,410	410	101	39	172,000	0	0
Property											
Refurbish Existing Assets	200,000	0	0	0	0	0	0	0	200,000	0	0
Smallholdings	307,000	200,000	189,786	1,080	190,866	-9,134	95	62	403,000	96,000	31
Total	507,000	200,000	189,786	1,080	190,866	-9,134	95	38	603,000	96,000	19
Transformation											
ICT Projects	90,790	22,698	4,375	38,250	42,625	19,928	188	47	90,790	0	0
ICT - Core Infrastructure	150,000	0	0	0	0	0	0	0	150,000	0	0
ICT - Desktop Refresh	100,000	25,000	0	0	0	-25,000	0	0	100,000	0	0
ICT - Legacy System Migration	50,000	11,000	0	0	0	-11,000	0	0	50,000	0	0
ICT - MS Licensing	101,000	101,000	0	0	0	-101,000	0	0	101,000	0	0
CRM System Invest to Save	105,770	0	0	0	0	0	0	0	105,770	0	0
EDMS Invest to Save	57,860	14,465	42,120	0	42,120	27,655	291	73	57,860	0	0
Total	655,420	174,163	46,495	38,250	84,745	-89,418	49	13	655,420	0	0
Planning											
Holyhead Market Hall Hub Project	410,670	64,038	67,848	0	67,848	3,810	106	17	1,117,619	706,949	172
Total	410,670	64,038	67,848	0	67,848	3,810	106	17	1,117,619	706,949	172
Adult Services											
CCIS Implementation	65,000	16,250	13,091	0	13,091	-3,159	81	20	65,000	0	0
Canolfan Byron	150,000	0	0	0	0	0	0	0	143,931	-6,069	-4
Haulfre Refurbishment	68,270	0	0	0	0	0	0	0	68,270	0	0
Seiriol	1,000,000	0	0	0	0	0	0	0	1,000,000	0	0
Garreglwyd	250,000	0	0	0	0	0	0	0	291,240	41,240	16
Total	1,533,270	16,250	13,091	0	13,091	-3,159	81	1	1,568,441	35,171	2
Total	48,011,660	5,018,982	3,283,468	603,907	3,887,375	-1,142,062	77	8	34,821,450	-13,190,210	-27