

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	2 MARCH 2020
SUBJECT:	FINAL PROPOSED CAPITAL BUDGET 2020/21
PORTFOLIO HOLDER(S):	COUNCILLOR R WILLIAMS
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR: TEL: E-MAIL:	MARC JONES EXT. 2601 rmjfi@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. PURPOSE OF THE REPORT

- 1.1 The Executive is required to propose a capital budget for 2020/21, which will be presented to full Council for approval at its meeting on 10 March 2020.

2. RECOMMENDATIONS

- To recommend to the full Council the following Capital Programme for 2020/21:-

	£'000	Ref
2019/20 Schemes Brought Forward	5,829	Section 2.2
Refurbishment / Replacement of Assets	6,192	Section 2.4
New One Off Capital Projects	2,174	See report 13/01/2020
Smallholdings funded from capital receipts	100	"
21 st Century Schools	2,755	Section 2.3
Housing Revenue Account	20,255	Section 2.6
Total Recommended Capital Programme 2020/21	37,305	
Funded By:		
General Capital Grant	2,165	
Supported Borrowing General	2,364	
Supported Borrowing 2019/20 brought forward	1,034	
Capital Receipts	245	
Capital Reserve	500	
21 st Century Schools Supported Borrowing	721	
21 st Century Schools Unsupported Borrowing	1,145	
HRA Reserve & In Year Surplus	14,228	
HRA Unsupported Borrowing	250	
HRA brought-forward from 2019/20	3,117	
External Grants	5,782	
2019/20 Council Funding Brought Forward	5,754	
2020/21 Total Capital Funding	37,305	

B - What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes are to be considered in the capital programme with the main driving factor in funding being affordability and the maximisation of external grant funding. The proposed capital programme and the additional Capital schemes, if supported, do not commit the Council to a level of borrowing which increases minimum revenue provision or interest payments to an unaffordable level.		
C - Why is this decision for the Executive?		
The matter is delegated to the Executive to propose the capital budget.		
CH - Is this decision consistent with policy approved by the full Council?		
Yes		
D - Is this decision within the budget approved by the Council?		
N/A		
DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	Comments from the SLT have been incorporated into the report
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	Comments from the SLT have been incorporated into the report
4	Human Resources (HR)	-
5	Property	Property Services were consulted in the process of drawing up the draft budget proposal
6	Information Communication Technology (ICT)	
7	Scrutiny	The Scrutiny Committee considered the draft budget proposal at its meeting on 13 January 2020
8	Local Members	N/A
9	Any external bodies / other/s	N/A
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:		
Appendix 1 – Report on the Capital Budget 2020/21 Appendix 2 – Proposed Capital Budget 2020/21		
FF - Background papers (please contact the author of the Report for any further information):		
Draft Capital Budget – Executive Committee - 13 January 2020		

DRAFT CAPITAL BUDGET 202/21

1. INTRODUCTION

- 1.1. At its meeting on 13 January 2020, the Executive recommended to approve the following provisional Capital Programme for 2020/21, as shown in Table 1 below. The draft Capital Budget for 2020/21, set out below in Table 1 and Appendix 2, takes into account the principles set out in the Capital Strategy which was approved by the Executive in February 2019 and the full Council in May 2019. It also meets the principles of the Draft Capital Strategy 2020/21, which will be considered alongside this Capital Programme and will be presented to full Council on 10 March 2020.

Table 1

**Summary Recommended Capital Programme 2020/21 Recommended at the Executive
13 January 2020**

	£'000	Ref within Draft Capital Budget Report 2020/21, Executive 13 January 2020.
2019/20 Schemes Brought Forward	3,294	Para 4.1 and Table 2
Refurbishment / Replacement of Assets	5,158	Para 4.2.2 and Table 3
New One Off Capital Projects	2,174	Para 5.2 and Table 4
Smallholdings funded from capital receipts	100	Para 5.7
21 st Century Schools	9,039	Para 6
Housing Revenue Account	17,138	Para 7
Total Recommended Capital Programme 2020/21	36,903	
Funded By:		
General Capital Grant	2,165	
Supported Borrowing General	2,364	
Capital Receipts	245	
Capital Reserve	500	
21 st Century Schools Supported Borrowing	2,680	
21 st Century Schools Unsupported Borrowing	3,679	
HRA Reserve & In Year Surplus	14,228	
HRA Unsupported Borrowing	250	
External Grants	7,572	
2019/20 Funding Brought Forward	3,219	
2020/21 Total Capital Funding	36,903	

2. OUTCOME OF THE PUBLIC CONSULTATION PROCESS

- 2.1 A small number of comments relating to the Draft Capital Programme 2020/21 were received during the budget consultation 2020/21 which closed on 7 February 2020.

- 2.1.1 One respondent was supportive of the 21st Schools Programme but expressed concern about investment in Ysgol Sir Thomas Jones, which the respondent considered to be unfit for purpose. Another individual recommended that the 21 Century Schools' programme should focus more on the secondary schools. An individual asked for 50% more capacity over and above estimated capacity if the Council builds the new Corn Hir School in Llangefni. The increasing need for more school places in Llangefni was highlighted. The individual commented on the lack of capacity in Ysgol y Graig, which is a fairly new school.

- 2.1.2 One respondent recommended selling off or consolidating Council land and buildings.
- 2.1.3 One respondent expressed concern about the need to purchase a new gritter and considered it to be too high an expense for such short time usage.
- 2.1.4 A respondent questioned the need for IT improvements every year.
- 2.1.5 A respondent made a general comment which could apply to the revenue or capital budget as follows “ There doesn’t seem to be anything that’s innovative or creative to generate income or to entice investment to the area. If there is, it doesn’t come across”.

3. UPDATING THE CAPITAL PROGRAMME FOR SLIPPAGE FROM 2019/20

3.1 An estimated slippage of £3,294k from 2019/20 was included in the budget for 2020/21. This was based on the projected outturn position at the end of Quarter 2. The Quarter 3 capital monitoring report has provided more up-to-date information and the slippage from 2019/20 to 2020/21 is expected to be £5,829k. The main changes are as follows:-

- The Gypsy and Traveller forecast slippage has reduced from £670k to £479k.
- Delays in the Tourism Gateway and Holyhead Strategic Partnership grant funded projects are expected with increased slippage expected to 2020/21.
- The Flood Defence Red Wharf Bay project is now expected to slip by £638k into 2020/21.
- The project for School Safety allocation of £200k in 2019/20 is expected to slip in its entirety due to resourcing issues. The service has requested that the project be carried forward onto the 2020/21 programme.
- The capital grant to expand school facilities for childcare settings is also expecting to underspend by £324k. This can be carried forward to 2020/21 in accordance with the conditions of the grant.
- Similarly, the Regulation and Economic Service has requested carry-forward of approximately £30k relating to the Economic Development Schemes intended to attract significant grant funding to Anglesey.
- The Holyhead Regeneration (THI Phase II) project continues to slip into 2020/21 at an estimated £900k. This slippage may be subject to change at yearend. Any changes will be reported at yearend and approval will be sought for the revised slippage budget for 2020/21.

3.2 The Council is currently moving towards the end of its Band A phase of the 21st Century Schools Programme. An estimated expenditure of £10,167k is expected on the last of the Band A projects, of which £1,205k is expected to be spent in 2020/21. In January, it was reported that £5,297k would be spent in 2020/21 on Band A projects but the delays in determining and approving the details of the project has led to a revision of this estimate. The majority of the project expenditure would take place in 2021/22 should the project be approved.

3.3 Band B projects are also expected to spend less in 2020/21 and more in 2021/22 and 2022/23. Currently, £1,550k is expected to be spent on Band B projects in 2020/21.

- 3.4 The Council were recently awarded an additional capital grant of £1,034k from Welsh Government to improve school buildings. Given the lateness of the announcement, it is not possible to plan and spend the grant by the end of the financial year. The Welsh Government are aware of the difficulties and the grant conditions allow this grant to be used in place of core funding in 2019/20, provided that the unused core funding is then used in 2020/21 for school improvements. The draft budget allocated £1,000k in 2020/21 towards school improvements and the receipt of this grant will increase the sum available to £2,034k in 2020/21.
- 3.5 An estimated underspend of £3,117k on the HRA capital programme 2019/20 is now predicted, due to delays in purchasing, refurbishing or building new houses. Therefore, slippage of £3,117k has been added to the HRA Capital Programme for 2020/21.
- 3.6 In order to maximise grant funding and to use the cheapest method of funding for the capital programme, flexibility in funding is needed. Therefore, the sources of funding per scheme identified in the Capital Budget 2020/21 (as shown in Appendix 2) may change during 2020/21. This is common practice and allows the Council to ensure that the use of grants are maximized and external borrowing is minimized.
- 3.7 These changes have been incorporated into the revised Proposed Capital Programme for 2020/21 which is summarized in Table 2 below.

Table 2
Final Proposed Capital Programme 2020/21

	£'000	Ref
2019/20 Schemes Brought Forward	5,829	Para 3.1
Refurbishment / Replacement of Assets	6,192	Para 3.4
New One Off Capital Projects	2,174	See report 13/01/2020
Smallholdings funded from capital receipts	100	"
21 st Century Schools	2,755	Para 3.2 & 3.3
Housing Revenue Account	20,255	Para 3.6
Total Recommended Capital Programme 2020/21	37,305	
Funded By:		
General Capital Grant	2,165	
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External Grants	5,782	
2019/20 Council Funding Brought Forward	5,754	
2020/21 Total Capital Funding	37,305	

APPENDIX 2

Proposed Capital Programme 2020/21

Scheme Name	Budget 2020/21 £	Funded By								Total Funding £'000
		2019/20 B/F	General Capital Grant	Supported Borrowing	Capital Receipts	Capital Reserve	Unsupported Borrowing	External Grants	Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2019/20 Schemes Brought Forward										
Star Gypsy and Traveller Site	479	479								479
Tourism Gateway	1,003	1,003								1,003
Holyhead Strategic Infrastructure	1,999	1,999								1,999
Llangefni Strategic Infrastructure	256	256								256
Flood Defences Red Wharf Bay	638	638								638
School Safety Project	200	200								200
Increasing Capacity for Childcare Capital Grant	324	324								324
Economic Development Schemes	30	30								30
Holyhead Regeneration (THI Phase II)	900	825			11	64				900
Total 2019/20 Schemes Brought Forward	5,829	5,754	-	-	11	64	-	-	-	5,829
Refurbishment / Replacing Existing Assets – Building, Vehicles, IT & Highways										
Disabled Facilities Grants	636		636							636
Disabled Access in Education Buildings	300			300						300
Refurbish Schools	1,000	1,034		1,000						2,034
Refurbish – Non School Buildings	600			379	121	100				600
Highways Resurfacing	1,850		726	524				600		1,850
Purchase of New Vehicles	480		480							480
Upgrading / Replacing IT Equipment	292		292							292
Total Refurbishment / Replacing Existing Assets	6,192	1,034	2,134	2,203	121	100	-	600	-	6,192
New Capital Projects 2020/21										
Economic Development and Environmental Well Being	95			95						95
Porth Wrach Slipway – Enforcement Cameras	30			30						30
Refurbishment of Plas Mona Residential Home	80		31	36	13					80
Match Funding for Flood Relief Schemes	573					86		487		573

Scheme Name	Budget 2020/21 £	Funded By								Total Funding £'000
		2019/20 B/F	General Capital Grant	Supported Borrowing	Capital Receipts	Capital Reserve	Unsupported Borrowing	External Grants	Reserves	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Leisure Improvements	250					250				250
Smallholding Refurbishments	100				100					100
Holyhead Landscape Partnership	1,146							1,146		1,146
Total New Capital Projects 2020/21	2,274	-	31	161	113	336	-	1,633	-	2,274
21st Century Schools / School Modernisation										
Completion of Band A Programme	1,205			217			602	386		1,205
Commencement of Band B Programme	1,550			504			542	504		1,550
Total 21st Century Schools / School Modernisation	2,755	-	-	721	-	-	1,144	890	-	2,755
TOTAL GENERAL FUND	17,050	6,788	2,165	3,085	245	500	3,679	4,912	-	17,050
Housing Revenue Account										
Planned Maintenance and WHQS Improvements	6,645							2,660	3,985	6,645
New Developments and re-purchase of RTB properties	10,493						250		10,243	10,493
HRA capital projects brought forward from 2091/20	3,117	3,117								3,117
Total Housing Revenue Account	20,255	3,117	-	-	-	-	250	2,660	14,228	20,255
TOTAL CAPITAL PROGRAMME 2020/21	37,305	9,905	2,165	3,085	245	500	1,145	5,783	14,228	37,305

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