

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	EXECUTIVE COMMITTEE	
Date:	21 JUNE 2021	
Subject:	CAPITAL OUTTURN REPORT 2020/21	
Portfolio Holder(s):	COUNCILLOR R WILLIAMS	
Head of Service / Director:	MARC JONES (EXT. 2601)	
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Local Members:	n/a	
A –Recommendation/s and reason/s		
<ul style="list-style-type: none"> To note the draft outturn position of the Capital Programme 2020/21 that is subject to Audit; and To approve the carry-forward of £11.898m to 2021/22 for the underspend on the programme due to slippage. The funding for this will also carry-forward to 2021/22 (Appendix A – paragraph 4.3). The revised capital budget for 2021/22 is £48.053m 		
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 2020/21 financial year, that is subject to Audit; 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?		
Yes		
DD – Who did you consult? What did they say?		
1	Chief Executive / Senior Leadership Team (SLT) (mandatory)	Report was considered by the SLT at its meeting on 1 June 2021 and the comments made on the draft report have been incorporated into the final report.
2	Finance / Section 151(mandatory)	n/a – this is the Section 151 Officer’s report.
3	Legal / Monitoring Officer (mandatory)	The comments of the Monitoring Officer form part of the comments of the SLT.
4	Human Resources (HR)	Not applicable
5	Property	Not applicable
6	Information Communication Technology (ICT)	Not applicable
7	Procurement	
8	Scrutiny	Not applicable
9	Local Members	Not applicable

E – Impact on our Future Generations(if relevant)		
1	How does this decision impact on our long term needs as an Island	The capital budget funds investments in assets and infrastructure which are required to allow the Council to meet the long term objectives which are set out in its Corporate Plan and Capital Strategy.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority. If so, how:-	Some of the individual investments e.g. flood prevention work, will prevent future costs, whilst others e.g. ICF projects, will reduce the dependency on the Council to provide more expensive services.
3	Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward? Please explain how:-	The Council's Corporate Plan and Capital Programme 2020/21 have been subject to a consultation process with Anglesey citizens.
5	Outline what impact does this decision have on the Equalities agenda and the Welsh language	Some of the projects funded by the capital Programme do impact on the equalities agenda e.g. disabled access in schools, disabled facilities grants. No impact on the Welsh language agenda.
F - Appendices:		
Appendix A - Capital Outturn Report – 2020/21 Appendix B – Summary of the Capital Expenditure against the Capital Budget and the slippage into 2021/22		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none"> • 2020/21 Capital Budget, as recommended by the full Council on 10 March 2020; • 2020/21 Capital Budget Monitoring Quarter 1, presented to this Committee on 28 September 2020; • 2020/21 Capital Budget Monitoring Quarter 2, presented to this Committee on 30 November 2020; • 2020/21 Capital Budget Monitoring Quarter 3, presented to this Committee on 1 March 2021. 		

1. INTRODUCTION

- 1.1 This is the Capital Outturn report for the financial year 2020/21, which allows Members to note the progress of Capital Expenditure and Capital Receipts against the Capital Budget. The figures in this report are subject to Audit.
- 1.2 In March 2020, the Council approved a Capital Programme (which included estimated slippage) for non-housing services of £17.050m for 2020/21, and a Capital Programme of £20.255m for the Housing Revenue Account (HRA). In addition, in June 2020, the Executive approved Capital Slippage of £12.109m to be brought forward from 2019/20, bringing the revised Capital Programme for non-housing services to £22.336m, and £19.032m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, which amounted to £17.057m. This brings the total Capital budget for 2020/21 to £58.425m.

2. CAPITAL EXPENDITURE 2020/21

- 2.1 Summary Table of the spending to 31 March 2021:-

Service	Annual Budget £'000	Total Expenditure £'000	(Under) / Overspend £'000	Annual Budget Spent %
Housing General Fund	1,928	1,212	(716)	63
Housing HRA	19,032	12,622	(6,410)	66
Lifelong Learning	13,132	3,878	(9,254)	30
Economic and Regeneration	4,029	2,714	(1,315)	67
Highways	7,852	5,382	(2,470)	69
Waste Management	5,509	3,213	(2,296)	58
Property	2,673	2,405	(268)	90
Transformation	1,079	771	(308)	71
Planning	1,324	52	(1,272)	4
Adult Services	1,867	880	(987)	47
Total	58,425	33,129	(25,296)	57
Funded By:				
Capital Grant	25,215	20,853	(4,362)	83
Capital Receipts	793	1,516	723	191
Supported Borrowing	7,955	1,242	(6,713)	16
Unsupported Borrowing	6,278	509	(5,769)	8
Revenue Contribution	16,122	7,245	(8,877)	45
Loan	1,401	1,401	0	100
Capital Reserve	661	363	(298)	55
Total Funding	58,425	33,129	(25,296)	57

- 2.2 The Budget for the General Fund was £39.393m, with Expenditure of £20.507m incurred at 31 March 2021. This equates to 52% of the budget. Reasons for the underspend include:-

Scheme	Under spend £'m	Comment
Refurbishment of school buildings	1.419	In the latter part of 2020/21, the Authority was awarded £1.183m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2020/21, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital works in 2021/22,
Disabled Facilities Grants	0.392	It is very much demand led and subject to certain qualifying criteria, in particular, a test of resources does apply to all potential clients which can negatively impact on the number of cases that proceed to grant approval.
21 st Century School Schemes	6.800	Further consultation delayed the commencement of the chosen schemes. However, works are due to commence on site in early 2021/22 for the Final Band A scheme.
Waste Contract	2.199	Delays in the delivery of some fleet vehicles has meant this will slip into 2021/22. Final delivery of remaining vehicles expected in early 2021/22.
Tourism Gateway	1.016	Delays in the tendering arrangements meant that works had to be retendered in quarter 4. This is an ongoing scheme with a new budget allocation in the 2021/22 capital programme.
Various Flood schemes	1.893	Some schemes are ongoing and span across different financial years. Others have seen delays and time extensions for completion agreed by Welsh Government to carry forward the funding.
Holyhead Regeneration (THI Phase II)	0.866	Various delays throughout the year meant projects did not progress at the pace originally intended, which resulted in such a large variance to budget. New budget allocation for 2021/22.
Residential Site for Gypsies & Travellers	0.493	Work is ongoing to reduce the costs in order to match the available funding.
IT Projects	0.292	Delays experienced due to Covid and also items requiring renewal were lower than anticipated.
Capital works to existing assets	0.255	Delays experienced due to lack of tender response but works currently on site and progressing.
Leisure Improvements	0.243	Due to closure of leisure centres for most of the year and the management team moving to support Covid work, projects did not move forwards. Projects are in the pipeline and works are planned to continue in 2021/22.
Childcare capital grant	0.523	Other school sites have yet to be completed and Welsh Government have granted an extension to March 2022 to spend the remaining grant.

A full list of the capital schemes' expenditure against the budget can be seen in Appendix B of this report.

- 2.3** The Housing Revenue Account has spent 66% of its total budget, but performance has been affected by the Covid pandemic during this financial year. Progress on construction projects has been hampered by lockdowns, the requirement for staff isolation, reduced workforce presence in order to adhere to Covid guidelines on building sites and building materials shortages. Despite difficult conditions, contractors have generally shown resilience and have adapted well to new ways of working, and have endeavoured to maintain progress, but there has inevitably been some negative effect on overall performance.
- 2.4** As can be seen from Table 2.1 (above), there is a significant difference in funding for Capital Grants, Supported Borrowing, Unsupported Borrowing and the Revenue Contributions. The main reason for the underspend in grants is mentioned in paragraph 2.2, where large Capital Grants projects such as the 21st century Schools programme, Tourism Gateway, Beaumaris Flood Alleviation, Llanfair Flood scheme and Holyhead Regeneration (THI Phase II) scheme, have underspent significantly. Some of these schemes have a new allocation in the capital programme for 2021/22, with only some of the underspend slipping, while on others the underspend will slip entirely into 2021/22. Details of the slippage amounts can be seen in Appendix B. The main reason for the variance in the Unsupported Borrowing is the underspend in the 21st Century Schools programme and also the purchase of the new waste fleet. There were delays with the delivery of some of the new waste vehicles, which meant the entire fleet was not purchased before year end and is expected to complete within the first quarter of 2021/22. This, coupled with the fact that £1.922m grant funding was secured from Welsh Government towards the fleet, added to the variance in unsupported borrowing. The 21st Century schools programme is also a reason for the variance in Supported Borrowing, along with the underspend on the Residential sites for Gypsies and Travellers which were both, at least partially, funded by Supported Borrowing. This, coupled with the disabled access in education buildings being fully funded by grant rather than supported borrowing and, as mentioned in paragraph 3.1.24, the Authority received extra grant funding which replaced local funding in 2020/21. The variance in Revenue Contribution is down to the underspend in the HRA, which is mainly funded by revenue contributions.

3. FUNDING

3.1 Capital Grants

There are a number of Capital Grant schemes in the Capital Programme for 2020/21. There are some annual schemes that were completed during the year, such as the Road Safety Capital and Enable Grant. There were also some schemes that were awarded grant funding in previous years that were completed during the year, such as Llangefní Strategic Infrastructure. Some schemes are ongoing and will carry on into 2021/22, such as the 21st Century School, Tourism Gateway, various Flood Alleviation schemes, Childcare Capital Grant, Holyhead Townscape Transformation and the Holy Island Landscape Partnership. There were also new Capital Grants schemes awarded during the year, including the Transforming Towns Covid grant, Play Grant scheme and Resilient Road Fund.

3.1.1 Market Hall - Outstanding snagging was completed in mid-January 2021, as envisaged. In addition, planning approval for the cycle racks and bin store to the front piazza, although previously delayed, were approved at the Planning Committee. Agreement for the use of 60% of the first floor office space has now been achieved, with leases being finalised between Legal teams with occupation once Covid regulations support such occupation. In addition, final works to enable the coffee shop on the ground floor to be completed ready for let and occupation have been supported via third party external grant. This investment has also supported further sound reduction measures to the reception area and first floor meeting rooms after user feedback, which will be commenced in quarter 1 2021/22 and completed during early quarter 2.

- 3.1.2 Llangefni Strategic Infrastructure** – The scheme involves the construction of five new industrial units on the old Môn Training site and an extension to the Business Centre for letting to the private sector. The new industrial units have now been completed, and all five have been let. Work at the Business Centre has now been completed, with both offices let and occupied. The remaining spends have been allocated to upgrade the cladding and other minor works on the current Business Centre and work is now complete.
- 3.1.3 Holyhead Strategic Infrastructure** - This scheme is to construct ten new industrial units at Penrhos, Holyhead. The appointed contractor has now completed main works and is off site. Minor snagging works and commissioning works have also been completed. Issues were experienced relating to the electricity connection easements on site, which resulted in increased legal fees but this is now complete. The matter was finally completed 22 January 2021 and remaining works are now being progressed with urgency and are scheduled to complete in quarter 1 of 2021/22. European Regional Development Funding (ERDF) has been secured and a Joint Venture has been entered into with Welsh Government, which provides the match funding for the scheme. All the units have been successfully let.
- 3.1.4 21st Century Schools** - The final Band A scheme, which focuses on the New Ysgol Corn Hir, has recently received Full Business Case Approval and will be commencing on site in early June. Design works have commenced on the first Band B Project – New Foundation Phase Unit at Ysgol y Graig. The Strategic Outline Case/Outline Business Case for this project is currently being completed for submission to Welsh Government.
- 3.1.5 Transforming Towns Covid Grant** - All North Wales Local Authorities have been awarded £0.108m of Targeted Regeneration Investment (TRI) urban regeneration funding that has been repurposed to support town centre Covid adjustments. With Welsh Government agreement, the funding has been awarded in £10k grants to the five town councils and £5k grants to five community councils covering busy seaside villages. Items covered include adjustments to public toilets, benches, planters, picnic tables, sanitiser stations and signage. Part of the fund has also been used directly by the Council for social distancing signage and related measures. The grant was claimed in full with some car park improvements works remaining, to be carried out in quarter 1 2021/22.
- 3.1.6 Tourism Gateway** – The Holy Island International Visitor Gateway TAD (Tourism Attractor Destination) Project is a mainly European Regional Development Fund, Welsh Government and Heritage Lottery Fund funded package of projects taking place over several years. Holyhead Wayfinding signage designs have been finalised and installation is imminent. Procurement for detailed designs for the scheduled works at Holyhead Breakwater Country Park were undertaken during quarter 3. Due to no submissions received, works were re-tendered in quarter 4, with Wood plc appointed to proceed with project. Detailed designs to be undertaken during quarter 1 of 2021/22, with procurement of suitable construction company to follow afterwards.

- 3.1.7 Childcare Capital Grant** – £2.718m of grant funding has been secured for the period 2019 to 2021 to adapt a number of primary schools to enable the Council to provide sufficient childcare places to meet demand generated by the childcare offer. Additional facilities will be created at Ysgol Santes Dwynwen £0.400m, Ysgol Morswyn £0.413m, Ysgol Pencarnisiog £0.340m, Ysgol Esceifiog £0.364m, Ysgol y Tywyn £0.216m, and to deliver a Small Grants Scheme and Project Management £0.165m. Work has been completed at Ysgol Santes Dwynwen, Ysgol Morswyn, Ysgol Pencarnisiog, Ysgol y Tywyn and Ysgol Esceifiog. Surveys have been carried out on other school sites to determine where the remainder of the grant funding will be allocated. An additional £122k for small capital grants has been received, which was fully allocated and claimed. Welsh Government have granted an extension to March 2022 to spend the remaining grant.
- 3.1.8 Holyhead Townscape Transformation (Phase II THI)** - The first third party grant award has progressed with works underway during quarter 4. Despite shortages of materials and unknown structural issues being revealed during works leading to slight delays being incurred as a result, the project remains on track for practical completion to be achieved in quarter 1 2021/22. Upcoming changes to Welsh Government grant support for town centres during 2021/22 have moved away from an allocated to competitive project by project regional fund with no allocations to individual Councils, has injected a level of uncertainty not previously experienced in the past 10 years of the THI's operation. We are considering options and identifying priority projects that best accord with the revised approach to optimise the opportunity. The proposals at St Cybi's for the North East tower in the Upper Churchyard have been finalised with tenders anticipated being issued during quarter 1 2021/22.
- 3.1.9 The Holy Island Landscape Partnership** – The Landscape Partnership has secured funding of £1.146m from the National Lottery Heritage Fund (NLHF) to deliver a range of projects which focus on the natural environment of Holy Island. Permission to start from NLHF was expected in quarter 3 of 2019/20, but was delayed following a request for an extension to the European Regional Development Fund (ERDF) funding, which is being used as match funding for the Landscape Partnership, this has now been granted. The Permission to Start was received from the NLHF in quarter 3 2020/21. The Programme Manager and Project Officer took up their new roles in January 2021 and have been working to develop the Partnership and revisit project proposals. The NLHF has requested a further reprofile to extend the project delivery into 2024/25 with the possibility of additional funding.
- 3.1.10 Funding** has been approved by Welsh Government for the **Targeted Regeneration Investment Programme (TRIP)**. The purpose of the funding is to bring 108 empty properties back into use through four schemes, being First Time Buyers Support, Vacant Homes Landlord Assistance, Empty Homes Direct Intervention and Town Centre Living. These schemes will be delivered by both the Isle of Anglesey County Council, as the lead authority, and Gwynedd Council, as their joint delivery partner. £1.001m has been allocated for First Time Buyers Grants, Vacant Homes Landlord Assistance, Town Centre Living and Empty Homes Direct Intervention. An additional £284k was allocated in quarter 4 to support the creation of two Community Hubs in Amlwch and Penygroes and provide additional funding for the First Time Buyer Grants. The £1.285m was claimed in full in March 2021. In addition, £49k was allocated through the Important Buildings Regional Thematic Project to purchase a building in Holyhead which was also claimed in full.

- 3.1.11 Holyhead and Amlwch Drainage schemes** - These works are currently ongoing. In Holyhead, there is progression in developing a working agreement with Welsh Water and modelling data has now been shared to allow the study to holistically investigate the flooding risks that face both our and Welsh Water's systems in the town. In Amlwch, there is a need to work closely with Natural Resources Wales, such that the main river flood risk can be considered in the study. Currently awaiting agreement from Welsh Government to allow this to proceed. Both these studies could continue into next financial year and possibly FY 2022/23.
- 3.1.12 Small Scale Grants Work (25 locations)** - This grant is the largest grant that has ever been awarded to the Council for small scale schemes. Unfortunately, it was awarded during the Covid-19 pandemic and, as a consequence, construction works could not begin straight away. However, works continued and 24 out of the 25 schemes were completed.
- 3.1.13 Beaumaris Flood Alleviation** – Site works were substantially completed in the summer, with a portion of the works deferred. Work is beginning on developing the deferred portion of the works. Construction work will not begin until late 2021 at the earliest.
- 3.1.14 Pentraeth Flood Alleviation** - Welsh Government allocated funding for the Nant y Felin, Pentraeth Flood Alleviation scheme within their programme for 2019/20 financial year. This scheme was on site but then encountered unforeseen ground conditions. Additional funding was secured for the difficult ground conditions and for the Covid implications. Site works were substantially completed in the summer and the scheme is now complete.
- 3.1.15 Red Wharf Bay** - Consultancy work on the Design and Development of the Coastal Risk scheme in Red Wharf Bay is ongoing. There are some hurdles to overcome, particularly in relation to public consultation during the current restrictions. Following approval of the match funding, it is aimed that work could start in March 2022, dependent on the required permissions for Coastal Work.
- 3.1.16 Llanfair, Menai and Valley Full Business Case (FBC)** - All three schemes are progressing. There are concerns regarding the challenges the preferred option for Llanfair poses and further work is anticipated here. It is likely that the FBC (Design and Development) of the Llanfair scheme will continue well into the next financial year. There are fewer perceived risks with Menai Bridge and Valley and it is anticipated that Valley and Menai Bridge may be ready for construction within the 2021/22 financial year.
- 3.1.17 Hwb In-Schools Infrastructure Grant Scheme** – The planned completion date of the physical infrastructure equipment has been missed due to pressures on the implementation teams involved. A revised schedule has been proposed to and subsequently approved by Welsh Government for the remaining equipment to be in place before the beginning of the next academic year.
- 3.1.18 Adventure Playground, Breakwater Country Park** – Welsh Government awarded funding in relation to the Sustainable Development Fund for the Anglesey Area of Outstanding Natural Beauty. £0.100m was awarded for the design and installation of an adventure playground at Breakwater Country Park. An appointment has been made for a company to design and build the adventure play area. Welsh Government have agreed to extend the project completion to quarter 1 2021/22.
- 3.1.19 Electric Vehicle** – Welsh Government awarded funding in relation to the Sustainable Landscapes & Sustainable Places Programme for the Anglesey Area of Outstanding Natural Beauty. £0.05m was awarded for the purchase of a tourist information electric vehicle, with the grant being fully drawn down and entire budget committed.

3.1.20 Resilient Roads Fund – This is a new grant funding stream, introduced this year. The Council has been successful in obtaining funding under this grant to study what resilience measures could be implemented on the A545 and B5109 either side of Beaumaris. Both these roads have a history of closures in times of adverse weather, and increased storminess associated with climate change will only worsen the situation. WS Atkins Ltd were commissioned by the Authority to undertake the Welsh Transport Appraisal Guidance (WelTAG) stages 1 and 2 resilience study, with the final version to be issued imminently. This report will form the basis for the WelTAG stage 3 to be undertaken in 2021/22.

3.1.21 Road Safety Capital – This scheme incorporates two projects totalling £0.478m. One project involves the installation of road safety measures on the A5025, Valley to Menai Bridge, and the other project is the introduction of 20mph zones outside schools together with improved pedestrian links. The budget was spent in full by year end, with expenditure in quarter 4 for both aspects of the project totalling slightly in excess of the allocated amount due to additional signage requirements. Road safety and pedestrian improvement works completed on the A5025 together with the implementation of 20mph zones outside the Island's school sites.

3.1.22 Active Travel - £0.200m of Welsh Government Grant has been secured for minor infrastructure improvements, including installation of signage, cycle parking, removal of access barriers and path widening, as well as developing the Integrated Active Travel maps. The purpose of the grant is to promote and increase levels of active travel, improve health & well-being, reduce carbon emissions and improve active travel for employment, education and key services, destinations and public transport. The Authority procured external consultancy to undertake feasibility studies on potential Active Travel improvement schemes which could be delivered in the future, as well as undertaking local minor improvements within the designated settlements. The Authority also completed the 1st stage of the Active Travel Network mapping Consultation via Commonplace.

3.1.23 Local Transport Funding - £0.813m of Welsh Government grant has been secured in relation to Local Transport Fund, Local Transport Network Fund and Ultra Low Emission Vehicle Transformation Fund. The purpose of these funds are to enable development of integrated, effective, accessible, affordable and sustainable transport systems and to enable development and deliver schemes that support the Welsh Government's zero emission taxi/PHV by 2028 ambition.

- **Local Transport Fund** - £0.375m was secured for the completion of construction of the Gaerwen Park and Share site. The remaining landscaping/planting works were completed in quarter 4. £0.101m was secured for scheme preparation for the Holyhead Gateway Hub at Holyhead Breakwater and this was fully utilised. Furthermore, £0.203m was secured for the purchase of thermal road repair equipment , which was also fully utilised.
- **Local Transport Network Fund** - £0.049m was secured for bus stop improvements and scheme development for bus passenger facilities at Pencarnisiog junction on the A4080. Some minor works were undertaken in quarter 3, with expenditure of the remaining budget to be made in quarter 4. Bus stop improvement work carried out at four locations, together with a site survey and feasibility study for improvements to the Pencarnisiog junction with the A4080 to include provision of a bus stop.

- **Ultra Low Emission Vehicle Transformation Fund** - £0.085m was secured for the provision of electric vehicle charge points at Llanfairpwll Park and Ride/Share facility as a sustainable transport hub. External consultants were commissioned in quarter 3 to undertake a feasibility study and detailed design for the site. Accommodation works and procurement of Electric Vehicle chargers was undertaken in quarter 4 and the Feasibility Study on the EV Charging Infrastructure was completed. Actual expenditure on the scheme amounted to £0.028m, with the underspend attributed to a number of factors over the past 12 months, primarily, due to the impact of Covid19, it was not possible to begin the study until late in 2020. The most significant issue that has delayed the completion of the study is the delay in receiving information from Scottish Power Energy Networks (SPEN), whom are the District Network Operator (DNO). There was an interdependency in respect of receiving information on the electrical infrastructure requirements and associated costs that will be required to implement the options identified in the Feasibility Study. There was positive progress in terms of progression of the Feasibility Study and, once the modelling works are completed, it will be possible for the project development and implementation to be undertaken.

3.1.24 Additional School Maintenance Grant - In the latter part of 2020/21, the Authority was awarded £1.183m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2020/21, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital maintenance works in 2021/22.

3.2 Capital Receipts

3.2.1 The Capital Receipts for the 2020/21 Financial Year was:-

	Budget 2020/21 £'000	Received to 31 March 2021 £'000	Variance (Under) / Over Budget £'000
Council Fund :			
Smallholdings	0	20	20
General	314	564	249
Industrial	0	0	0
Schools	554	370	(184)
Total	868	954	85

3.2.2 The Useable Capital Receipts for 2020/21 was £0.954m, against the budget of £0.868m, which is over the budget. The main reason for the variance is that assets that were included in the budgeted figure were not sold in the year, amounting to £505k. One of these is now not actively being held for sale in 2021/22, with the others anticipated to be sold in 2021/22. This is countered with capital receipts being received in the year which were not included in the budgeted figure (£583k) and also receiving more for assets sold than anticipated in the budget (£7k).

As can be seen in Appendix B, some Capital schemes will be completed in the next financial year, with the funding for these schemes also being forwarded to 2021/22, and these Capital receipts slippage will part fund the capital programme slippage. Any surplus capital receipts, after funding any overspend and the further works, will be transferred to the General Fund Capital Receipts.

4. FUTURE YEARS

4.1 The Capital Budget Report for 2021/22 was considered and approved by the full Council on 1 March 2021. The total capital programme for 2021/22 (including 21st Century Schools and Housing Revenue Account) totals £36.155m. This can be broken down to:-

- **General Fund**
 - 2020/21 committed brought forward - £4.000m;
 - Refurbishment/Replacing Existing Assets - £4.137m;
 - New Capital Projects 2020/21 - £1.105m;
 - 21st Century Schools - £6.600m.
- **Housing Revenue Account (HRA)**
 - 2020/21 allocation for schemes - £20.313m.

The proposed funding will be £12.347m (34%) from external funding sources, such as Capital Grants, and £23.808m (66%) from internal sources.

This includes £5.055m of supported borrowing, £2.498m of unsupported borrowing, with the remaining £16.255m funded from the Council's own reserves.

- 4.3** As can be seen in Appendix B, it is proposed that £11.898m will be carried forward into 2021/22 as slippage for capital schemes that did not complete by the end of March 2021. In total, there are schemes in the General Fund totalling £9.650m and HRA schemes for £2.248m. The funding for these schemes will also slip into 2021/22 and, for the General Fund, this comprises £0.213m Capital Receipts, £3.175m of Capital Grants, Supported Borrowing £3.711m, £2.199m from unsupported borrowing and £0.352m from Reserves, with the HRA element made of Revenue Contribution from HRA. As can be seen in Table 2.1 and paragraph 2.4 of this report, there is sufficient underspending against these funding streams that can be carried forward to 2021/22.
- 4.4** If the slippage in Appendix B to this report is approved by this Committee, the total Capital Programme for 2021/22 will be £48.053m, of which £25.492m will be General Fund and £22.561m HRA. Additional schemes may be added onto the Capital Programme during 2021/22 if additional grant funding becomes available.
- 4.5** The outbreak of Covid 19 continued to have an impact into this financial year, where many works on site were halted at the start of the financial year, in line with Government restrictions and guidelines. Some schemes, due to these delays, therefore, did not complete in year due to this and will continue into 2021/22. No doubt 2021/22 will also see the ongoing impact and uncertainty of Covid 19.

5. IMPACT ON THE TREASURY MANAGEMENT STRATEGY

5.1 The Capital Finance Requirement (CFR) at 31 March 2021 is £136.560m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £126.417m.

The Authority is within its authorised borrowing limits, as per the 2021/22 Treasury Management Strategy Statement (Appendix 11 of that statement). A full review on Treasury Management will be presented to the Governance and Audit Committee and the Executive in due course.

6. CONCLUSION

- 6.1** The level of underspending, although significant (43% of the funding available), is not unexpected when dealing with a number of large complex projects which need to receive political approval, follow procurement regulations, require approval from Welsh Government or other funding bodies and are subject to unexpected issues once the work commences on site. The majority of the underspending relates to large projects, where the timing of the work has not followed the planned timetable (21st Century Schools, Gypsy and Traveller sites, Infrastructure projects and Acquisition of Existing Properties and Development of New Properties for the HRA) or due to works being halted on sites, therefore, resulting in schemes not being able to complete on time. With large capital projects, unexpected delays do normally occur and it is not unusual to see expenditure on these types of projects slipping. In all cases, the funding for the projects have been secured and will be carried forward to 2021/22, with no loss of resources for the Council.

APPENDIX B

Summary of the Capital Expenditure against the Capital Budget and the slippage into 2021/22

Service	Annual Budget (£)	Total Expenditure (£)	Total (Under) / Overspend (£)	Annual Budget Spent %	Variance %	Underspend to be carried forward to 2021/22 (£)	Comments
Housing General Fund							
Disabled Facilities Grants	636,000	244,146	(391,854)	38	62	100,000	£100k slippage in order to ensure adequate funds to finance two potential applications with a high capital value. Slippage funded by supported borrowing .
Residential Site for Gypsies and Travellers	523,506	30,529	(492,977)	6	94	492,977	
Compulsory Purchase Scheme	135,000	300,157	165,157	222	(122)	0	
Enable Grant	93,200	93,885	685	101	(1)	0	
TRIP Landlord Grant Scheme	147,576	127,879	(19,697)	87	13	0	
TRIP First Time Buyer Grant	362,000	415,156	53,156	115	(15)	0	
Affordable Housing	30,650	0	(30,650)	0	100	30,650	
Total	1,927,932	1,211,752	(716,180)	63	37	623,627	Slippage funded by capital receipts .
Housing HRA							
Central Heating Contract	400,000	21,387	(378,613)	5	95	0	Covid has had some effect on this year's spend, building sites were forced to shut down for a few weeks due to Builder's Merchants being closed during the first lockdown and staff of some companies were furloughed. When building activities re-started, it was with a reduced workforce presence due to the need to socially distance and adhere to Covid guidelines on site, a situation that remains, resulting in less progress than expected being made on construction projects. Materials shortages were also encountered resulting in slowing down of progress. Also, during the first six months of the year, no existing properties were 'bought-back' as it was not possible to undertake private house visits and surveys.
Planned Maintenance Contract	6,120,000	4,370,826	(1,749,174)	71	29	0	
Energy Performance Improvement	537,000	2,079	(534,921)	0	100	0	
Environmental Works	750,000	61,717	(688,283)	8	92	0	
Acquisition of Existing Properties and Development of new properties	9,230,000	6,982,203	(2,247,797)	76	24	2,247,797	
Remodelling Llaur y Dref	2,218	49,621	47,403	2237	(2,137)	0	
Public Sector Adaptations	350,000	168,164	(181,836)	48	52	0	
Fire Risk	450,000	52,735	(397,265)	12	88	0	
Contaminated Land	20,000	9,573	(10,427)	48	52	0	
WHQS	1,172,875	904,240	(268,635)	77	23	0	
Total	19,032,093	12,622,544	(6,409,549)	66	34	2,247,797	Slippage funded by revenue contribution .

Service	Annual Budget (£)	Total Expenditure (£)	Total (Under) / Overspend (£)	Annual Budget Spent %	Variance %	Underspend to be carried forward to 2021/22 (£)	Comments
Lifelong Learning							
Disabled Access in Education Building	500,000	226,746	(273,254)	45	55	100,000	Less requests for disabled pupils received. Contracts still on site are Llanfawr and Ysgol Gyfun Llangefni. Work required at Holyhead Secondary is subject to the feasibility on the house blocks.
Refurbish Education Building	3,217,275	1,798,472	(1,418,803)	56	44	1,418,803	In the latter part of 2020/21, the Authority was awarded £1.183m of additional grant funding for school Capital maintenance works. The grant funding was used to fund locally determined capital schemes in 2020/21, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund school Capital maintenance works in 2021/22 - funded by supported borrowing .
School Safety	200,000	-	(200,000)	0	100	200,000	Fund to undertake a review of schools site risk assessments - anticipated to progress in 2021/22 - to be funded by supported borrowing .
Demolition of schools	324,620	291,470	(33,150)	90	10	33,150	Remainder of budget slipped to complete works - funded by supported borrowing .
21st Century Schools - Ysgol y Graig	666,000	34,485	(631,515)	5	95	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
21st Century Schools - Ysgol Rhyd Y Llan	31,861	50,660	18,799	159	(59)	0	
21st Century Schools - Ardal Seiriol	400,000	-	(400,000)	0	100	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
21st Century Schools - Ysgol Santes Dwynwen	-	5,434	5,434			0	
21st Century Schools - Ardal Amlwch	100,000	1,620	(98,380)	2	98	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
21st Century Schools - Llangefni New Build	3,507,000	567,379	(2,939,621)	16	84	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
Flying Start Capital Grant	35,000	35,153	153	100	(0)	0	
Flying Start Capital Grant	4,276	4,661	385	109	(9)	0	
Increasing capacity for childcare capital grant	1,291,197	767,781	(523,416)	59	41	523,416	Ongoing scheme - slippage funded by grant
21st Century Schools - Band A Modernisation	1,205,000	-	(1,205,000)	0	100	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
21st Century Schools - Band B Modernisation	1,550,000	-	(1,550,000)	0	100	0	Due to reprofile of scheme and new allocation, no slippage is required. The underspend is the result of a delay to the programme due to repeat in consultation process. New allocation will be in line with updated Matrix received.
Chromebooks (Summer Activities Grant)	19,899	19,989	90	100	(0)	0	
Artwork - John Kyffin Williams	12,000	12,000	0	100	0	0	
Play Grant	67,523	62,330	(5,193)	92	8	0	Grant award for 2020/21 year only - no slippage.
Total	13,131,651	3,878,179	(9,253,472)	30	70	2,275,369	

Service	Annual Budget (£)	Total Expenditure (£)	Total (Under) / Overspend (£)	Annual Budget Spent %	Variance %	Underspend to be carried forward to 2021/22 (£)	Comments
Economic and Regeneration							
Plas Arthur Works to Fitness Room	102,864	116,010	13,146	113	(13)	0	
Leisure Improvements	250,000	6,688	(243,312)	3	97	243,312	Due to closure of leisure centres for most of the year and the management team moving to support Covid work, projects did not move forwards. Projects are in the pipeline and continuing works, therefore, slippage required into 2021/22 - funded by reserves .
Tourism Gateway	1,076,233	60,425	(1,015,808)	6	94	50,000	Council funding to be carried forward - new grant allocation in 2021/22 budget - slippage funded by supported borrowing .
Holyhead Strategic Infrastructure	1,553,764	1,469,101	(84,663)	95	5	84,663	Slippage funded by grant .
Llangefni Strategic Infrastructure	231,360	232,399	1,039	100	(0)	0	
Planning System Invest to Save	15,252	9,687	(5,565)	64	36	5,565	Continuing works - slippage required, funded by reserves .
Penrhos Industrial Estate Phase 3	24,925	24,925	0	100	(0)	0	
Economic Development & Environmental Wellbeing	95,000	0	(95,000)	0	100	95,000	Match funding to be carried forward - funded by supported borrowing .
Porth Wrach Slipway – Enforcement Cameras	30,000	0	(30,000)	0	100	30,000	Requested slippage for funds to be utilised in the future - funded by supported borrowing .
School Site Redevelopment TRIP	7,222	0	(7,222)	0	100	7,222	Match funding to be carried forward - funded by reserves .
Economic Development - To seek Match Fund	64,150	0	(64,150)	0	100	64,150	Match funding to be carried forward - funded by supported borrowing .
Gateway Units	160,000	512,753	352,753	320	(220)	0	
Transforming Towns Covid Grant	108,000	97,936	(10,064)	91	9	10,064	Further works to be completed and slippage required - funded by grant .
Arfor Grant	160,000	160,000	(0)	100	0	0	
AONB Grant - Electric Vehicle	50,000	23,879	(26,121)	48	52	26,121	Budget fully committed and extension of time permitted- slippage funded by grant .
AONB Grant - Breakwater Playground	100,000	0	(100,000)	0	100	100,000	Extension of time permitted to Q1 2021/22 - funded by grant .
Total	4,028,770	2,713,803	(1,314,967)	67	33	716,097	

Service	Annual Budget (£)	Total Expenditure (£)	Total (Under) / Overspend (£)	Annual Budget Spent %	Variance %	Underspend to be carried forward to 2021/22 (£)	Comments
Highways							
Upgrade Pay and Display Machines in Car Parks	30,000	9,932	(20,068)	33	67	20,068	Orders rolled forward into 2021/22 - funded by supported borrowing . Committed expenditure - to be rolled forward - funded by grant and supported borrowing .
Vehicles	623,867	464,673	(159,194)	74	26	159,194	
Maes Awyr Mon	16,724	16,724	0	100	(0)	0	
Highways Resurfacing	1,962,996	1,619,690	(343,307)	83	17	343,307	Jobs programmed to be carried out early in new financial year - funded by supported borrowing .
Beaumaris Flood Alleviation Works (WG)	683,371	203,702	(479,669)	30	70	479,669	Continuing works - grant funding approved for extension of time - funded by grant, supported borrowing and reserves .
Pentraeth Flood Alleviation Works (WG)	325,581	297,532	(28,049)	91	9	28,049	Contract on the scheme is complete with some additional costs remaining. Funded by grant and reserves .
Llansadwrn Flood Alleviation	39,986	7,695	(32,291)	19	81	32,291	Continuing works - extension of time approved for grant funding - funded by grant and reserves .
Holyhead & Amlwch Drainage Studies	69,845	17,701	(52,144)	25	75	52,144	Continuing works - extension of time approved for grant funding - funded by grant and supported borrowing .
Red Wharf Bay Flood Scheme	104,952	30,799	(74,153)	29	71	74,153	Continuing works - extension of time approved for grant funding - funded by grant .
Llanfair Flood Scheme	406,034	6,387	(399,647)	2	98	399,647	Continuing works - extension of time approved for grant funding - funded by grant .
FBC Menai Flood Scheme	161,801	5,624	(156,177)	3	97	156,177	Continuing works - extension of time approved for grant funding - funded by grant .
FBC Valley Flood Scheme	150,913	52,597	(98,316)	35	65	98,316	Continuing works - extension of time approved for grant funding - funded by grant .
Mill Lane Structure	201,250	112,153	(89,097)	56	44	89,097	Continuing works - extension of time approved for grant funding - funded by grant and reserves .
Dwyran Ordinary Watercourse NFM	213,192	24,639	(188,553)	12	88	188,553	Continuing works - extension of time approved for grant funding - funded by grant .
Mill Lane - NFM	245,525	1,565	(243,960)	1	99	243,960	Continuing works - extension of time approved for grant funding - funded by grant .
Invest to Save - Vehicles	72,980	40,993	(31,987)	56	44	31,987	Committed expenditure - to be rolled forward - funded by supported borrowing .
Small scale grants work	739,921	721,074	(18,847)	97	3	0	Grant award for 20/21 year only - no slippage.
Active Travel	200,000	193,145	(6,855)	97	3	0	Grant award for 20/21 year only - no slippage.
A545 Beaumaris	24,727	23,941	(786)	97	3	786	Funded by capital receipts .
Road Safety Capital	478,000	517,535	39,535	108	(8)	0	Grant award for 2020/21 year only - no slippage.
Resilient Roads Fund	125,000	122,805	(2,195)	98	2	0	Grant award for 2020/21 year only - no slippage.
LTF - Gaerwen Park and Share	375,000	367,551	(7,449)	98	2	0	Grant award for 2020/21 year only - no slippage.
Local Transport Network Fund - Bus Stop improvement works	49,000	29,393	(19,607)	60	40	0	Grant award for 2020/21 year only - no slippage.
Vehicle Transformation Fund - Electric Vehicle Charge Points	85,000	27,701	(57,299)	33	67	0	Grant award for 2020/21 year only - no slippage.
LTF Thermal Road Repair Equipment	203,100	203,100	0	100	0	0	
Holyhead Gateway Hub	263,593	263,015	(578)	100	0	0	Grant award for 2020/21 year only - no slippage.
Total	7,852,358	5,381,665	(2,470,692)	69	31	2,397,398	

Service	Annual Budget (£)	Total Expenditure (£)	Total (Under) / Overspend (£)	Annual Budget Spent %	Variance %	Underspend to be carried forward to 2021/22 (£)	Comments
Waste Management							
Waste Contract	4,482,000	2,283,221	(2,198,779)	51	49	2,198,779	Remaining fleet will be purchased in early 2021/22 - funded by unsupported borrowing .
Repair and Re-use Activities in Welsh Town	110,000	110,000	0	100	0	0	
Circular Economy Funding (266)	439,100	413,026	(26,074)	94	6	64,093	Extension of time awarded on the grant for specific delayed plant - funded by grant .
Circular Economy Funding (265)	477,830	406,683	(71,147)	85	15	13,175	Extension of time awarded on the grant for specific delayed plant - funded by grant .
Total	5,508,930	3,212,930	(2,296,000)	58	42	2,276,047	
Property							
Refurbish Existing Assets	872,677	617,724	(254,953)	71	29	254,953	Re-roofing of Gaerwen depot delayed due to lack of tender response but this is currently on site. Slippage funded by supported borrowing .
Invest To Save Property	1,697,017	1,697,017	0	100	0	0	
Smallholding Refurbishments	100,000	88,643	(11,357)	89	11	11,357	Ongoing works - to be slipped - funded by capital receipts .
Cromlech Farm	3,172	2,252	(920)	71	29	920	Funded by reserves .
Total	2,672,866	2,405,636	(267,230)	90	10	267,230	
Transformation							
ICT- Core Infrastructure	292,662	45,196	(247,466)	15	85	247,466	High value elements of infrastructure are due for renewal in 2021/22, therefore, carrying this capital will ensure there is sufficient to cover those costs. Slippage funded by supported borrowing .
ICT - Desktop Refresh	121,000	119,807	(1,193)	99	1	1,193	Slippage funded by supported borrowing .
ICT - Anglesey Connected (AC) to PSBA transition	32,405	9,161	(23,244)	28	72	23,244	Work is coming to an end on this transition, the remaining capital will go towards fibre to difficult to reach sites. Slippage funded by supported borrowing .
ICT - Upgrade meeting rooms	19,964	0	(19,964)	0	100	19,964	This spend has not occurred during Covid but will resume with the return to the office. Slippage funded by supported borrowing .
Hwb IT Infrastructure	63,124	46,280	(16,844)	73	27	0	
EdTech IT Equip	550,216	550,216	0	100	0	0	
Total	1,079,371	770,660	(308,711)	71	29	291,866	
Planning							
Holyhead Market Hall Hub Project	281,000	18,596	(262,404)	7	93	262,404	Ongoing works funded by grant .
Holyhead Landscape Partnership	143,300	0	(143,300)	0	100	143,300	Ongoing works funded by grant .
Holyhead Regeneration (THI Phase II)	900,000	33,595	(866,405)	4	96	262,000	Ongoing works funded by grant, reserves and capital receipts .
Total	1,324,300	52,191	(1,272,109)	4	96	667,704	
Adult Services							
ICF	1,732,800	879,772	(853,028)	51	49	0	Budgets of individual schemes within ICF altered throughout the year, new scheme for next year, no slippage.
Bryn Hwfa Community Hub	13,155	0	(13,155)	0	100	13,155	Ongoing works funded by grant .
Plas Crigyll Refurbishment	37,978	1	(37,978)	0	100	37,978	Delayed due to inability to gain access to the home - slippage funded by supported borrowing .
Plas Mona Refurbishment	83,371	0	(83,371)	0	100	83,371	Delayed due to inability to gain access to the home - slippage funded by supported borrowing .
Total	1,867,304	879,772	(987,532)	47	53	134,504	
TOTAL	58,425,574	33,129,133	(25,296,442)	57	43	11,897,638	