

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>EXECUTIVE COMMITTEE</b>
<b>Date:</b>	<b>3 MARCH 2022</b>
<b>Subject:</b>	<b>BUDGET MONITORING REPORT THIRD QUARTER 2021/22 - CAPITAL</b>
<b>Portfolio Holder(s):</b>	<b>COUNCILLOR R WILLIAMS – PORTFOLIO HOLDER FINANCE</b>
<b>Head of Service / Director:</b>	<b>MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER (EXT. 2601)</b>
<b>Report Author:</b> Tel: E-mail:	<b>JEMMA ROBINSON</b> <b>01248 752675</b> <b>JemmaRobinson@ynysmon.gov.uk</b>
<b>Local Members:</b>	n/a
<b>A - Recommendation/s and reason/s</b>	
<ul style="list-style-type: none"> <li>It is recommended that the Executive note the progress of expenditure and receipts against the capital budget 2021/22 at quarter 3.</li> </ul>	
<b>B - What other options did you consider and why did you reject them and/or opt for this option?</b>	
n/a	
<b>C - Why is this a decision for the Executive?</b>	
<ul style="list-style-type: none"> <li>This report sets out the financial performance of the Capital budget for the third quarter of the financial year.</li> <li>Budget monitoring is a designated Executive function.</li> </ul>	
<b>CH – Is this decision consistent with policy approved by the full Council?</b>	
Yes	
<b>D – Is this decision within the budget approved by the Council?</b>	
Setting of the annual Capital Budget.	
<b>DD – Who did you consult? What did they say?</b>	
<b>1</b>	<b>Chief Executive / Senior Leadership Team (SLT) (mandatory)</b> Report has been reviewed by the SLT and comments incorporated into the final report.
<b>2</b>	<b>Finance / Section 151(mandatory)</b> n/a – this is the Section 151 Officer's report.
<b>3</b>	<b>Legal / Monitoring Officer (mandatory)</b> The Monitoring Officer is part of the SLT and comments made have been considered by the SLT.
<b>4</b>	<b>Human Resources (HR)</b>
<b>5</b>	<b>Property</b>
<b>6</b>	<b>Information Communication Technology (ICT)</b>
<b>7</b>	<b>Procurement</b>
<b>8</b>	<b>Scrutiny</b>
<b>9</b>	<b>Local Members</b>

<b>E – Impact on our Future Generations(if relevant)</b>		
<b>1</b>	<b>How does this decision impact on our long term needs as an Island</b>	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.
<b>2</b>	<b>Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how:-</b>	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.
<b>3</b>	<b>Have we been working collaboratively with other organisations to come to this decision, if so, please advise whom:</b>	Funding of the projects has been agreed and planned with other organisations, notably Welsh Government.
<b>4</b>	<b>Have Anglesey citizens played a part in drafting this way forward? Please explain how:-</b>	The Council's Corporate Plan and Capital Programme 2021/22 have been subject to a consultation process with Anglesey citizens.
<b>5</b>	<b>Outline what impact does this decision have on the Equalities agenda and the Welsh language</b>	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.
<b>F - Appendices:</b>		
Appendix A - Capital Budget Monitoring Report – Quarter 3 2021/22 Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End		
<b>FF - Background papers (please contact the author of the Report for any further information):</b>		
<ul style="list-style-type: none"> <li>• 2021/22 Capital Budget, as recommended by the full Council on 9 March 2021;</li> <li>• 2021/22 Treasury Management Strategy Statement, approved by the full Council on 9 March 2021;</li> <li>• 2020/21 Capital Outturn Report, presented to this Committee on 21 June 2021; and</li> <li>• 2021/22 Capital Budget Monitoring Quarter 1, presented to this Committee on 27 September 2021, and 2021/22 Capital Budget Monitoring Quarter 2, presented to this Committee on 29 November 2021.</li> </ul>		

## 1. INTRODUCTION

- 1.1 This is the Capital Budget monitoring report for the third 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 2021, the Council approved a Capital Programme for non-housing services of £15.842m for 2021/22, and a Capital Programme of £20.313m for the Housing Revenue Account (HRA). In addition, in June 2021, the Executive approved Capital Slippage of £11.898m to be brought forward from 2020/21, bringing the Capital Programme for non-housing services to £25.492m, and £22.561m 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 £11.895m. This brings the total Capital budget for 2021/22 to £59.948m.

## 2. PROGRESS ON EXPENDITURE 2021/22

- 2.1 Below is a summary table of the Capital expenditure to 31 December 2021, the profiled budget to 31 December 2021 and the proposed funding of the Capital Programme for 2021/22:-

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	1,515	693	573	0	573	83	38
Housing HRA	22,561	10,060	6,349	317	6,666	66	30
Lifelong Learning	13,789	5,908	5,278	249	5,527	94	40
Economic and Regeneration	5,763	2,219	838	46	884	40	15
Highways	8,730	3,370	2,457	285	2,742	81	31
Waste Management	2,276	2,270	2,270	0	2,270	100	100
Property	2,399	600	588	0	588	98	25
Transformation	824	461	218	49	267	58	32
Planning	962	461	293	46	339	74	35
Adult Services	1,129	504	445	0	445	88	39
<b>Total</b>	<b>59,948</b>	<b>26,546</b>	<b>19,309</b>	<b>992</b>	<b>20,301</b>	<b>76</b>	<b>34</b>
<b>Funded By:</b>							
Capital Grant	24,868						
Capital Receipts	583						
Supported Borrowing	8,765						
Unsupported Borrowing	4,697						
Revenue Contribution	17,887						
Reserves	2,940						
Loan	208						
<b>Total Funding</b>	<b>59,948</b>						

- 2.2 The profiled budget spent to the end of the third quarter for the general fund is 83%. However, only 36% 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, such as the Play capital grant, First Time Buyer and Landlord grant schemes, Resilient Roads Fund, Local Transport Fund (infrastructure enhancements), Electric Vehicle charge points, along with the Active Travel scheme. This also applies to the Low carbon Heat grants that were only offered late in quarter 3, with the works, therefore, taking place in quarter 4. A number of capital schemes are underway, with the majority of the profiled budget for quarter 3 being spent, schemes such as the Waste Fleet, Canolfan Addysg y Bont roofing works, Education Chromebooks scheme, Adventure Playground at Breakwater Park, Holyhead 3G pitch, Amlwch Fitness Suite and the New Park Road crossing. These schemes and their profile can be seen in Appendix B. There are a number of Capital Grants schemes in 2021/22 and an update on these is provided in Section 3.1 of this report.

**2.3** The HRA has spent 66% of its profiled budget and 30% of the annual budget. It is currently estimated that the budget will not be spent in its entirety come the end of the financial year, with a significant underspend forecast. For further information on the HRA capital expenditure and projected spend, please refer to the HRA Q3 budget monitoring report, presented to this Committee on 3 March 2022.

### **3. FUNDING**

#### **3.1 Capital Grants**

**3.1.1** There are a number of Capital Grant schemes in the Capital Programme for 2021/22, and detailed below is the progress made in quarter 3. The purpose of each of these grants is as per the quarter 1 report or, if it is new grant received since quarter 1, then the purpose will be explained in the quarterly report in which it was received.

- **Sustainable Communities for Learning** - The New Ysgol Corn Hir is progressing well on site, with Phase 1 Timber frame wall panels completed and the Wall Panels commencing on Phase 2. External finishes have commenced on the Phase 1 building and the site drainage works are also underway. New Foundation Phase Unit at Ysgol y Graig – tenders have been invited and the Full Planning Application is ready for submission.
- **Childcare Capital Grant** – The schemes at Ysgol Gwalchmai and Ysgol Henblas have completed. Works currently being carried at existing school site locations – Bodedern, Rhosneigr, Rhoscolyn and Valley.
- **Market Hall** – The remaining building related capital works were completed before the calendar year end, which helped facilitate the occupation of the remaining office space, which is now 100% let. By phasing elements of the works, it also allowed for the meeting rooms to be used in a Covid safe manner by Transport for Wales for 8 weeks to support new conductor training.
- **Holyhead Townscape Transformation (Phase II Townscape Heritage Initiative (THI))** - Works have now been completed to the third party project, which facilitated occupation by local people of the four flats created by Christmas, with minor snagging work remaining. The development work continued apace for the St Cybi's Churchyards and Swift Square project, with further investigations completed by calendar year end. Tender documents are now in preparation to support the final detailed designs and implementation phase over the coming 12 months.
- **Hwb In-Schools Infrastructure Grant Scheme** – Installation of the remaining infrastructure elements in Ysgol Uwchradd Bodedern and Ysgol Gyfun Llangefni were not completed due to Covid Pressures, works have been re-arranged for quarter 4. A proportion of Year 3 devices were received at the end of quarter 3, with the remainder due in early quarter 4. Installation of the devices is scheduled for quarter 4 as the part order received did not include essential elements for installation and use.

- **Tourism Gateway** – Detailed designs for the Visitor Centre are now complete and the tender documents were uploaded to Sell2Wales at the start of December 2021. Unfortunately, despite eight contractors registering their interest in tendering for the works, no tenders were submitted for consideration on 24 January 2022. Feedback provided from all prospective tenderers were that they were engaged with other tendering commitments. Project Team, including Corporate Procurement, are urgently considering the most practicable way forward. Options include re-tendering the works or commissioning via an appropriate framework agreement, while also having regard to compliance with funder requirements and ensuring value for money. ERDF funding is in place until 31 December 2022 and project completion is still achievable by Autumn 2022; however, it is an increasingly tight window to deliver. The way forward needs to be agreed urgently, and no later than the end of January 2022, to facilitate procurement and start on site in quarter 4.
- **Adventure Playground, Breakwater Country Park** – The design and installation of an adventure playground at Breakwater Country Park is now complete.
- **Penrhos Phase 2 project** - Planning approval was received during December's Planning Committee. Three tenders were received following on from the tender process. All three tenders received were over the original estimate. Discussions currently on-going with Welsh Government regarding securing additional funds for the project. Appointment of preferred contractor to be undertaken in quarter 4, following resolution of the funding deficit.
- **Llangefni Gateway Project** - The Llangefni Gateway Site (Tregarnedd Industrial Park) is an area in Llangefni which will, eventually, have 7 plots developed.
  - **Gateway Units (ERDF)** - Site set-up was undertaken during the end of quarter 3 with works scheduled to commence at beginning of quarter 4. It is currently anticipated that works will be completed during quarter 2 of 2022/23.
  - **Gateway Joint Venture (JV)** - It is anticipated that the majority of the works on-site will commence during quarter 4 2021/22, parallel with the Gateway Units (ERDF) element. As the JV elements are predominantly being delivered by Wynne Construction under the same contract (but financially separate), the delays to start on-site for Wynne has also applied to the JV works, as commencing the works sooner would have incurred more costs. Archaeological works are scheduled to commence at the beginning of quarter 4.
- **Holyhead and Amlwch Drainage schemes** - These studies are currently ongoing. In Holyhead, CCTV surveys are now complete to inform the model build, with the intention that the model will be built in quarter 4. In Amlwch, modelling specification has been agreed and a site meeting held with the modelling consultant. Both these studies will continue into next financial year.
- **Small Scale Grants Work (15 locations)** - Schemes are ongoing, however, the proposed schemes at Clyttr Mynydd Bodafon, - Lôn Ganol Llandegfan and Pant Lodge LlanfairPG will not be carried out this year due to site difficulties (environmental and archaeological constraints), the need to obtain agreement with circa four different landowners, as well as the current staffing capacity of the Service's Design team. They will be resubmitted for approval next year.
- **Beumaris Flood Alleviation** – Site works were substantially completed in the summer, with a portion of the works deferred. Nothing to report in quarter 3, with works delayed again by the current staffing capacity of the Service's Design team.

- **Red Wharf Bay** - Consultation completed and Welsh Government have extended the deadline on Coastal Risk Schemes to March 2023. The scheme design and development neared completion. Tenders are due to go out in late January 2022, with a view to award in June 2022 and commencement of construction in October 2022.
- **Llanfair PG, Menai Bridge and Valley Full Business Case (FBC)** - All three flood schemes are progressing. There are concerns regarding the challenges the preferred option for Llanfair PG poses, and further work is anticipated here. Meetings have been held with the consultant working on the project. The FBC (Design and Development) of the Llanfair PG scheme will continue well into the next financial year. The Valley scheme (FBC) is now complete and construction has been awarded, beginning February 2022. Further site investigations and drainage surveys have been undertaken on the Menai Bridge scheme, with the information to be used to build the hydraulic model and inform the design of the scheme. This will continue over the summer. Therefore, construction will take place in late 2022/23 at the earliest.
- **Mill Lane - Structure & Natural Flood Management (NFM)** - The innovative mechanical self-cleansing grillage (currently the only one in Wales) has been commissioned. The machine's operation has been closely monitored over the winter to assess its performance and effectiveness, with some early learning already having taken place. Some adaptations, including the provision of CCTV monitoring, are being considered. The negotiations are continuing with the landowner, albeit slowly. There has been some progress that might allow surveys to be undertaken soon.
- **Dwyran Ordinary Watercourse Natural Flood Management (NFM)** – This scheme is effectively complete (with some snagging issues remaining to address) and continues to be monitored to learn more about its effectiveness. Glyndŵr University are also monitoring flows for their academic research.
- **Enable** – Expenditure in quarter 3 has been incurred on urgent works to enable hospital discharge and for palliative clients and awaiting invoicing from Gofal a Thrwsio. It is expected that this grant will be fully drawn down by the end of the year.
- **Road Safety Capital** – Funding has been secured totalling £0.300m. The project involves the installation of road safety measures on the A545, Menai Bridge to Beaumaris. There has been £0.225m spent to quarter 3, and expenditure will continue in quarter 4 with improved signage along the A545 in order to increase compliance with the existing 40mph speed limit. In addition, improvements will be made to existing pavements, incorporating dropped kerb facilities. It was originally intended to use the funding to provide a controlled crossing point on the main street in Beaumaris. However, following discussions with the Town Council, this scheme has been withdrawn due to a lack of local support. The Authority will approach Welsh Government to seek approval to reallocate the funds on a similar facility in another location on the Island, and the budget will be spent in full come year end.
- **Active Travel** – Additional funds were awarded late in quarter 2, which brings the total awarded sum to £1.030m. Specific allocations of the grant funding are as follows:-

- **£0.325m** for Core works covering a number of scheme proposals. The Statutory Active Travel Consultation process completed on 30 November and a Members Briefing Session was held on Active Travel and update provided to the Senior Leadership Team. The Active Travel Network Map and associated documentation submitted to Welsh Government in December 2021. Design, preparation works and engagement undertaken in relation to Llanfairpwll scheme. Tender process undertaken for Welsh Transport Appraisal Guidance (WeITAG) studies at Benllech, Valley and Amlwch and appointment of consultants for each scheme location. The works at New Park Road, Holyhead has completed.
- **£0.100m** to develop a route in the Holyhead area, which is part of WG's North Wales Metro. A Consultancy company has been appointed and an inception meeting held in December 2021. The programme of works has been agreed for the completion of concept design stage (Stage 3C WeITAG) by March 2022.
- **£0.170m** - Pentraeth to Red Wharf Bay – for re-surfacing and widening footway works to improve connectivity between Pentraeth and Red Wharf Bay, which could be a catalyst in the future to enable further improvements to connect with Benllech. Design works completed and contractor appointed for the section from Red Wharf Bay to Pentraeth (30mph), with works to be undertaken February-March 2022. Appointed Ove Arup to undertake design works for the section of the route from 30mph in Pentraeth (Benllech end) to the square in the middle of the village. Inception meeting and development work to scope various options in relation to above has taken place and Ove Arup have undertaken a site visit to assist in the design process on what realistic improvements can be made in the centre of the village.
- **£0.185m** - Llangefni Town Centre and residential area on edge of the Town Centre – improvements to the existing paths to Shared Use standards and improving connectivity from Maes Hyfryd to the edge of the town centre area. Consulted with Llangefni Town Council and Llangefni Regeneration Group, both of whom have provided their formal support towards the scheme. Design works completed for the section at the edge of the town centre (Maes Hyfryd to B5111) and contractor scheduled to start the works end of January 2022. Enabling works to begin end of January 2022 in the town centre area to determine the scope of improvements in the area adjacent to Bridge Street. Discussions regarding itemised products for order including user counters, bike shelters / lockers, bollards, EV bike charging etc.
- **£0.250m** - at Lôn Las – re-surfacing and widening of existing shared-use path. Consulted with Llangefni Town Council and Llangefni Regeneration Group, both of whom have provided their formal support towards the scheme. Design works completed on the proposed improvements, however, this is dependent on securing approval from Natural Resources Wales (discussions scheduled end of January 2022 to confirm what elements of the design can be undertaken and if there are any amendments required). Ove Arup have started assessing the improvements that can be undertaken to the A5 crossing (to provide a safer and more attractive crossing point) and awaiting price from main contractor.
- **Resilient Roads Fund** – The Authority completed the procurement exercise to commission external consultants (Atkins Ltd) to undertake the Stage 3 WeITAG study into two potential schemes along the A545, with an additional £100k grant funding provided by Welsh Government to accommodate additional tender costs.

- Ultra Low Emission Vehicle Transformation Fund** – Continued engagement with Scottish Power Energy Networks (SPEN) to confirm electrical design requirements in order to deliver the EV project across the town centre locations. Topographical Surveys undertaken and preparation work in determining procurement route (issues had been identified due to lack of companies providing self-service machines through the medium of Welsh). Procurement route options have been identified along with the draft tender documentation and the preferred route will be determined in January 2022. Design of car park layout to accommodate the EV charging infrastructure has been prepared and site visit arranged for installation of electrical infrastructure/cables from the sub-station to the vicinity of the EV Charger location within the car park. Identification of items and associated works required as part of the installation (GRP Enclosure / re-surfacing / bollards / kerbs etc.) and these will be introduced as part of the final drafting of design work. Beaumaris Town Council are leading on EV Charging installation plans within the town centre area, therefore, to avoid duplication, this project will no longer deliver EV Charging at Beaumaris as part of this project. Other parts of the project had higher costs and unforeseen costs therefore not progressing the Beaumaris site has meant that the overall budget is not affected (to date). Projected overspend due to associated costs with installing EV Charging points – this will be confirmed at end of January following meeting with Main Contractor to confirm costs and the cost of the actual charging units.
- Local Transport Fund – Infrastructure enhancements** - £0.750m has been awarded to facilitate Infrastructure Enhancements on Anglesey to support bus network delivery work (North Wales Metro) on behalf of Transport for Wales. Works during quarter 3 included commissioning Ove Arup to undertake feasibility, development and design of bus stop improvements at 8 main locations within the Town Centres. A large proportion of the grant funding is expected to be spent on technological infrastructure at the main bus stops/interchanges, however, this spend is dependent on collaborating with colleagues at Transport for Wales (TfW) and discussions are still on-going.
- Low Carbon Heat Grants** – The Council has been awarded Welsh Government funding in relation to Public Sector Low Carbon grants (for Moelfre Primary School (£0.091m) and the Council Offices (£1.033m)) in order to support in the delivering of supplying and installing heat pumps. These grants were offered late in quarter 3 and, with a requirement to complete by year end, is proving to be quite ambitious with a tight timescale. The Low Carbon Heat Pump generator is on order and is likely to be available for delivery prior to the end of March 2022. However, a planning risk has been identified which may result in the necessary planning consent not being received until after the 31 March 2022, and this will delay the final installation and commissioning of the heat pump. Welsh Government have been made aware of the situation and discussions are ongoing to resolve any issues to make sure the funding can be drawn down in full.

## 3.2 Capital Receipts

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

	Budget 2021/22 £'000	Received to 31-December-2021 £'000	Projection to 31-March-2022 £'000
<b>Council Fund:</b>			
Smallholdings	300	405	405
General	284	1,297	1,297
Industrial	0	0	0
Schools	192	0	553
<b>Total</b>	<b>776</b>	<b>1,702</b>	<b>2,255</b>



**3.2.2** The projected Capital Receipts at 31 March 2022 is £2.255m, with £1.702m being received at 31 December 2021 (75%). This figure includes receipts from the sale of the golf course (land and building total £0.850m). The projected capital receipts figure is substantially more than the budgeted figure due to the budget being set on the assets that are held for sale at year end 2021 (i.e. assets expected to sell within the next 12 months). Inevitably, throughout the year, other Council assets are marketed and sold / expected to sell, which were not held for sale at year end 2021 but now form part of the actual or projected figure.

**3.2.3** Although the projected Capital Receipts is £2.255m, there is £3.004m of Capital Receipts available to fund the Capital Programme, as £0.749m of Capital Receipts were brought forward from 2020/21 in the Capital Receipt Reserve. Not all of this figure will be available to fund the general fund capital programme as there will be funding earmarked to fund the Sustainable Communities for Learning programme as part of the Isle of Anglesey County Council's match funding, as well as Leisure earmarked reserve to fund leisure improvements.

#### **4. PROJECTED ACTUAL EXPENDITURE 2021/22**

**4.1** Below is a table with projected expenditure at 31 March 2022 and the revised funding:-

<b>Service</b>	<b>Annual Budget £'000</b>	<b>Projected Expenditure £'000</b>	<b>Projected (Under) / Over Expenditure £'000</b>	<b>Variance %</b>
Housing General Fund	1,515	1,025	(490)	(32)
Housing HRA	22,561	10,392	(12,169)	(54)
Lifelong Learning	13,789	8,164	(5,625)	(41)
Economic and Regeneration	5,763	2,351	(3,412)	(59)
Highways	8,730	5,734	(2,996)	(34)
Waste Management	2,276	2,273	(3)	(0)
Property	2,399	1,921	(478)	(20)
Transformation	824	459	(365)	(44)
Planning	962	449	(513)	(53)
Adult Services	1,129	1,010	(119)	(11)
<b>Total</b>	<b>59,948</b>	<b>33,778</b>	<b>(26,170)</b>	<b>(44)</b>
<b>Funded By:</b>	<b>Annual Budget £'000</b>	<b>Projected Funding £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
Capital Grant	24,868	21,166	(3,702)	(15)
Capital Receipts	583	477	(106)	(18)
Supported Borrowing	8,765	3,490	(5,275)	(60)
Unsupported Borrowing	4,697	2,035	(2,662)	(57)
Revenue Contribution	17,887	5,402	(12,485)	(70)
Reserves	2,940	1,000	(1,940)	(66)
Loan	208	208	0	0
<b>Total Funding</b>	<b>59,948</b>	<b>33,778</b>	<b>(26,170)</b>	<b>(44)</b>

**4.2** As can be seen from Table 4.1 (above), the forecast underspend on the Capital Programme for 2021/22 is £26.170m, with this being potential slippage into the 2022/23 Capital Programme. The funding for this slippage will also slip into 2022/23 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2022/23.

The HRA is forecast to have quite a significant underspend, as explained in the HRA quarter 3 budget monitoring report.

The significant underspend forecast in the general fund capital programme is summarised below:-

## **New schools**

Lifelong Learning has a substantial forecast underspend, with the main contributor being the Sustainable Communities for Learning Programme, which was initially delayed due to further consultation on the modernisation of the school provision in the Llangefni area. However, progress has now been made and works on site are progressing well. Tenders have been invited and planning application is ready for submission on the new Foundation Phase Unit at Ysgol y Graig.

## **Education buildings – disabled access**

There is an underspend forecast for disabled adaptations in education buildings. This is due to disabled adaptations being completed in all secondary schools except one. The remaining secondary school is on hold pending the outcome of feasibility studies. Works to primary schools are completed as and when required.

## **Education buildings – refurbishment**

An underspend is now forecast on refurbishment of education buildings programme for 2021/22. This is due to a delay in the delivery of windows for two large projects (being St. Mary's Primary School and Kingsland Primary School). However, the budget has been committed and, with the delay of delivery, this will slip into financial year 2022/23.

## **Canolfan Addysg y Bont**

The roofing works at Canolfan Addysg y Bont saw a significant increase in costs from what was reported in the quarter 1 report, and now has a budget of £1.5m. However, the scaffolding works have commenced and will be complete this financial year. The design for the new roof structure has been completed and costs are currently being discussed with the contractor. Legal discussions are ongoing and no start date has yet been agreed, therefore, this scheme will slip into the next financial year.

## **Economic and Highways schemes**

The underspend forecast in the Economic and Highways schemes are due to projects straddling two financial years and some overlapping into financial year 2022/23 for completion.

## **IT**

The IT Core Infrastructure budget is only anticipated to spend 12% of its budget this financial year. Due to having to replace the main flash storage system in 2022/23, the underspend is intentional and will help fund this cost. Also, from a Covid perspective, having two people working in the data centre, there has been an intentional avoidance of server swap outs. Funding will also slip into the next financial year, as described above, and no funding will be lost.

## **Property**

Due to the late offer of the Low Carbon Heat grants from Welsh Government, there is a potential underspend on these schemes as detailed in 3.1.1 above.

The non-school building refurbishment programme is likely to underspend due to projects at Plas Arthur that part of the budget was earmarked for, now being delayed due to the use of the site by Canolfan Addysg y Bont.

## **Vehicles**

The budget for vehicles is predicting an underspend come year end. A plan is being put in place to deliver electric vehicle charging points in the compound, however, they have not yet been finalised and, until finalisation is achieved, orders for electric vehicles will be postponed. Other vehicles will be ordered before year end (2 adapted mini buses and 2 4x4 vehicles), however, due to the lead time in delivery, they will not be delivered before year end, and so the budget will be required to slip to financial year 2022/23.

### **Leisure Improvements**

The budget for leisure improvements will not be achieved before year end. The remaining budget is for works linked to Plas Arthur development and, with the receipts from the sale of the golf course, plans and discussions are in motion with a company. Movement before year end is unlikely, hence the projected underspend, but there are plans for the budget for next financial year and, therefore, the remaining budget will be required to slip.

### **Plas Crigyll and Plas Mona**

The budget for projects at the care homes are now predicted to be underspent. Continued access restrictions due to Covid at Plas Mona has delayed works. At Plas Crygill, there has been a long delay in getting the supply of windows required and a dispute with regards to how much we are willing to pay for additional costs. This work will need to go ahead and probably be retendered in the new financial year.

### **Sustainable Communities for Learning**

The estimated spend by year end as reported in the quarter 2 report for Ysgol y Graig was achievable if the land purchase would be complete in March 2022. As at quarter 3, the land purchase will not be complete by year end due to a delay with the Planning Application Submission.

The new Corn Hir school estimated underspend has increased as to what was reported in the quarter 2 report. This was originally based on the contractors predicted cash flow forecast and, to date, the monthly valuations have not matched up. The figures have, therefore, been re-profiled and form a more accurate estimate of spend.

- 4.3** The Capital Finance Requirement forecasted at 31 March 2022 is £138.754m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £124.951m, meaning the Authority essentially needs to borrow £13.803m 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 2021/22 Treasury Management Strategy Statement (Appendix 11).

## **5. FUTURE YEARS**

- 5.1** The Capital Strategy recommended that the 2021/22 Capital Programme funding will be limited to the total of the general capital grant and supported borrowing (as determined by Welsh Government) and estimated value of any capital receipts that will be received. It is expected that the 2022/23 Capital Programme will follow the same principles, with the General Capital Grant and Supported Borrowing used to fund the annual replacement of Vehicles, Investment in ICT, Refurbishing existing assets and an annual allocation to meet the cost of statutory Disabled Facilities Grants. There will also be capital projects that attract external grants, and these will be evaluated on a case by case basis.

Once the above projects have been funded, any surplus funding available will be to fund new capital schemes, with priority given to projects which contribute to the Council's objectives, as set out in the Council Plan 2017 – 2022, and any schemes which can generate future revenue savings or generate additional income.

The draft Capital Budget was presented to this Committee on 24 January 2022 and will be presented to full Council for approval in the near future. The Capital Strategy for 2022/23 will also be presented to this Committee on 3 March 2022.

## **6. CONCLUSION**

**6.1** The majority of the capital programme is progressing, although there is forecast to be a significant underspend at the end of the current financial year, with 44% of the overall budget being unspent at the end of the financial year. The reasons for underspending varies from project to project and can be attributed to a number of factors, including over ambitious budget targets, procurement issues, including the lack of a competitive market, planning issues, funding issues and lack of internal capacity. The current state of the construction sector has worsened the issues, with significant increases in prices, material shortages and Covid restrictions making it more difficult to progress projects as planned. Despite the high level of slippage, it is not expected that the Council will lose any external funding as a result of the delays.

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

**APPENDIX B**

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 (%)
<b>Housing General Fund</b>											
Disabled Facilities Grants	600,000	450,000	377,329	0	377,329	(72,671)	84	63	600,000	0	0
TRIP First Time Buyer Grant	99,000	50,000	48,817	0	48,817	(1,183)	98	49	99,000	0	0
TRIP Landlord Grant Scheme	20,000	15,000	15,537	0	15,537	537	104	78	20,000	0	0
Residential Site for Gypsies and Travellers	492,977	33,353	33,353	0	33,353	(0)	100	7	33,353	(459,624)	(93)
Compulsory Purchase Scheme	170,000	70,000	66,387	0	66,387	(3,613)	95	39	170,000	0	0
Enable Grant	102,520	75,000	31,304	0	31,304	(43,696)	42	31	102,520	0	0
Affordable Housing	30,650	0	0	0	0	0	0	0	0	(30,650)	(100)
<b>TOTAL</b>	<b>1,515,147</b>	<b>693,353</b>	<b>572,727</b>	<b>0</b>	<b>572,727</b>	<b>(120,626)</b>	<b>83</b>	<b>38</b>	<b>1,024,873</b>	<b>(490,274)</b>	<b>(32)</b>
<b>Housing HRA</b>											
Central Heating Contract	400,000	100,000	0	0	0	(100,000)	0	0	300,000	(100,000)	(25)
Housing Maintenance Unit Vehicles	0	0	38,263	0	38,263	38,263	100	100	159,433	159,433	100
Planned Maintenance Contract	4,725,000	3,000,000	1,858,232	57,091	1,915,323	(1,084,677)	64	41	2,750,000	(1,975,000)	(42)
Energy Performance Improvement	1,000,000	200,000	99,237	1,899	101,136	(98,865)	51	10	400,000	(600,000)	(60)
Environmental Works	880,000	580,000	17,078	95,782	112,860	(467,140)	19	13	200,000	(680,000)	(77)
Acquisition of Existing Properties and Development of new properties	13,005,797	5,000,000	3,666,662	117,017	3,783,679	(1,216,321)	76	29	5,425,086	(7,580,711)	(58)
Public Sector Adaptations	350,000	250,000	169,628	45,150	214,779	(35,221)	86	61	350,000	0	0
Fire Risk	450,000	225,000	221	0	221	(224,780)	0	0	50,000	(400,000)	(89)
Contaminated Land	0	0	7,623	0	7,623	7,623	100	100	7,623	7,623	100
WHQS	1,750,000	705,000	492,587	0	492,587	(212,413)	70	28	750,000	(1,000,000)	(57)
<b>TOTAL</b>	<b>22,560,797</b>	<b>10,060,000</b>	<b>6,349,531</b>	<b>316,939</b>	<b>6,666,470</b>	<b>(3,393,531)</b>	<b>66</b>	<b>30</b>	<b>10,392,142</b>	<b>(12,168,655)</b>	<b>(54)</b>
<b>Lifelong Learning</b>											
Disabled Access in Education Buildings	400,000	250,000	248,466	4,252	252,717	2,717	101	63	252,717	(147,283)	(37)
Refurbish Education Buildings	2,418,803	1,600,000	1,582,929	0	1,582,929	(17,071)	99	65	1,883,000	(535,803)	(22)
School Safety	200,000	100,000	59,261	0	59,261	(40,739)	59	30	94,261	(105,739)	(53)
Demolition of schools	33,150	33,150	101,295	0	101,295	68,145	306	306	101,295	68,145	206
Canolfan Addysq y Bont - Roof	1,500,000	500,000	350,874	127,991	478,865	(21,135)	96	32	478,865	(1,021,135)	(68)
Education Chromebooks	305,000	305,000	304,917	0	304,917	(83)	100	100	305,000	0	0
Resurfacing Play Area	300,000	300,000	287,044	0	287,044	(12,957)	96	96	300,000	0	0
Flying Start Capital Grant	217,000	150,000	136,022	2,879	138,901	(11,099)	93	64	217,000	0	0
Play Grant	112,000	0	0	0	0	(0)	0	0	112,000	0	0
Increasing Capacity for Childcare Grant (PM costs and grant scheme)	269,515	50,000	35,189	0	35,189	(14,811)	70	13	269,515	0	0
Increasing Capacity for Childcare Grant (Childcare provisions)	792,901	400,000	351,326	27,617	378,943	(21,057)	95	48	792,901	0	0
Completion of Band A Programme	5,717,000	2,019,560	1,669,562	21,280	1,690,841	(328,719)	84	30	3,065,965	(2,651,035)	(46)
Commencement of Band B Programme	1,523,000	200,000	150,984	65,002	215,984	15,984	108	14	290,984	(1,232,016)	(81)
<b>TOTAL</b>	<b>13,788,369</b>	<b>5,907,710</b>	<b>5,277,866</b>	<b>249,020</b>	<b>5,526,886</b>	<b>(380,824)</b>	<b>94</b>	<b>40</b>	<b>8,163,503</b>	<b>(5,624,866)</b>	<b>(41)</b>
<b>Economic and Regeneration</b>											
Leisure Improvements	198,722	0	0	0	0	(0)	0	0	0	(198,722)	(100)
Holyhead 3G Pitch	150,000	150,000	154,993	0	154,993	4,993	103	103	154,993	4,993	3
Amlwch Fitness Suite	70,000	60,000	55,831	0	55,831	(4,169)	93	80	70,000	0	0
Crossing - New Park Road	30,000	15,000	12,683	0	12,683	(2,317)	85	42	30,000	0	0
Tourism Gateway	1,340,000	280,000	3,558	18,951	22,509	(257,491)	8	2	32,509	(1,307,491)	(98)
Holyhead Strategic Infrastructure	150,000	120,000	119,393	0	119,393	(607)	99	80	150,000	0	0
Penrhos Phase 2	1,107,000	400,000	14,195	6,063	20,258	(379,742)	5	2	20,258	(1,086,742)	(98)
Planning System Invest to Save	5,565	2,000	1,487	0	1,487	(513)	74	27	5,565	0	0
Economic Development & Environmental Wellbeing	100,000	0	0	0	0	(0)	0	0	100,000	0	0
Porth Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	(0)	0	0	0	(30,000)	(100)
School Site Redevelopment TRIP	7,222	0	0	0	0	(0)	0	0	7,222	0	0
Gateway Units (ERDF)	1,833,150	800,000	210,881	11,341	222,222	(577,778)	28	12	1,202,551	(630,599)	(34)
Gateway Site JV	231,000	170,000	15,795	9,275	25,070	(144,930)	15	11	55,070	(175,930)	(76)
Shell Panns	50,000	50,000	62,501	0	62,501	12,501	125	125	62,501	12,501	25
Transforming Towns Covid Grant	10,064	0	0	0	0	(0)	0	0	10,064	0	0
Natural Resource Wales Vehicle	14,261	0	14,111	0	14,111	(150)	100	99	14,261	0	0
AONB - Green Recovery	257,935	20,000	20,161	0	20,161	(161)	101	8	257,935	0	0
AONB Grant - Electric Vehicle	26,121	0	0	0	0	(0)	0	0	26,121	0	0
AONB Grant - Breakwater Adventure Playground	152,314	152,314	152,314	0	152,314	0	100	100	152,314	0	0
<b>TOTAL</b>	<b>5,763,354</b>	<b>2,219,315</b>	<b>837,903</b>	<b>45,630</b>	<b>883,533</b>	<b>(1,335,781)</b>	<b>40</b>	<b>15</b>	<b>2,351,364</b>	<b>(3,411,990)</b>	<b>(59)</b>

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 (%)
<b>Highways</b>											
Upgrade Pay and Display Machines in Car Parks	20,068	17,550	0	17,550	17,550	(0)	100	87	17,550	(2,518)	(13)
Vehicles	354,194	71,000	70,952	0	70,952	(48)	100	20	87,314	(266,880)	(75)
Highways Resurfacing	1,593,307	1,330,831	941,428	0	941,428	(389,403)	71	59	1,593,307	0	0
Highways Refurbishment Grant	596,381	410,910	342,676	0	342,676	(68,234)	83	57	596,381	0	0
Beaumaris Flood Alleviation Works (WG)	479,669	20,000	4,399	5,156	9,554	(10,446)	48	2	9,554	(470,115)	(98)
Pentraeth Flood Alleviation Works (WG)	28,049	1,000	555	0	555	(445)	56	2	555	(27,494)	(98)
Llansadwrn Flood Alleviation	32,291	10,000	0	0	0	(10,000)	0	0	0	(32,291)	(100)
Holyhead & Amlwch Drainage Studies	52,144	20,000	0	0	0	(20,000)	0	0	15,000	(37,144)	(71)
Red Wharf Bay Flood Scheme	74,153	25,000	4,883	0	4,883	(20,117)	20	7	20,000	(54,153)	(73)
Llanfair Flood Scheme	399,647	20,000	1,954	0	1,954	(18,046)	10	0	3,000	(396,647)	(99)
FBC Menai Flood Scheme	156,177	35,000	27,019	0	27,019	(7,981)	77	17	47,019	(109,158)	(70)
FBC Valley Flood Scheme	113,316	43,000	64,631	3,789	68,420	25,420	159	60	68,420	(44,896)	(40)
Valley Flood Scheme Construction	538,000	0	0	0	0	(0)	0	0	75,000	(463,000)	(86)
Flood Relief Schemes (Match Funding)	54,300	0	0	0	0	(0)	0	0	0	(54,300)	(100)
Traeth Coch (Match Funding)	225,000	0	0	0	0	(0)	0	0	0	(225,000)	(100)
Mill Lane Structure	89,097	75,000	55,438	0	55,438	(19,562)	74	62	65,438	(23,659)	(27)
Dwyran Ordinary Watercourse NFM	318,553	350,000	368,939	0	368,939	18,939	105	116	400,000	81,447	26
Mill Lane - NFM	243,960	9,000	2,279	0	2,279	(6,721)	25	1	4,279	(239,681)	(98)
Invest to Save - Vehicles	31,987	25,000	25,069	1,850	26,919	1,919	108	84	26,919	(5,068)	(16)
Small scale grants work	574,745	182,000	183,081	0	183,081	1,081	101	32	424,745	(150,000)	(26)
Active Travel	1,020,000	320,000	99,150	210,556	309,706	(10,294)	97	30	950,000	(70,000)	(7)
A545 Beaumaris	786	0	0	0	0	(0)	0	0	786	0	0
Road Safety Capital	300,000	250,000	225,368	0	225,368	(24,632)	90	75	300,000	0	0
Resilient Roads Fund	220,000	40,000	8,466	0	8,466	(31,534)	21	4	220,000	0	0
Local Transport Fund - Infrastructure enhancements	750,000	0	0	0	0	(0)	100	0	600,000	(150,000)	(20)
Vehicle Transformation Fund - Electric Vehicle Charge Points	164,000	100,000	31,263	33,367	64,630	(35,370)	65	39	184,000	20,000	12
Electric Vehicle Charging Infrastructure	300,000	15,000	0	12,237	12,237	(2,763)	82	4	25,000	(275,000)	(92)
<b>TOTAL</b>	<b>8,729,824</b>	<b>3,370,291</b>	<b>2,457,550</b>	<b>284,504</b>	<b>2,742,054</b>	<b>(628,238)</b>	<b>81</b>	<b>31</b>	<b>5,734,267</b>	<b>(2,995,557)</b>	<b>(34)</b>
<b>Waste Management</b>											
Waste Contract	2,198,779	2,198,327	2,198,327	0	2,198,327	0	100	100	2,198,779	0	0
Circular Economy Funding (266)	64,093	64,093	64,093	0	64,093	0	100	100	64,093	0	0
Circular Economy Funding (265)	13,175	7,339	7,339	0	7,339	0	100	56	10,175	(3,000)	(23)
<b>TOTAL</b>	<b>2,276,047</b>	<b>2,269,759</b>	<b>2,269,759</b>	<b>0</b>	<b>2,269,759</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>2,273,047</b>	<b>(3,000)</b>	<b>(0)</b>
<b>Property</b>											
Refurbish Existing Assets	854,953	350,000	340,184	0	340,184	(9,816)	97	40	609,000	(245,953)	(29)
Invest To Save Property	207,662	130,000	130,594	0	130,594	594	100	63	207,662	0	0
Low Carbon Heat Grant - Council Offices	1,033,061	0	0	0	0	(0)	100	0	826,449	(206,612)	(20)
Low Carbon Heat Grant - Moelfre Primary School	91,250	0	0	0	0	(0)	100	0	73,000	(18,250)	(20)
Smallholding Refurbishments	212,277	120,000	117,348	0	117,348	(2,652)	98	55	205,000	(7,277)	(3)
<b>TOTAL</b>	<b>2,399,203</b>	<b>600,000</b>	<b>588,126</b>	<b>0</b>	<b>588,126</b>	<b>(11,874)</b>	<b>98</b>	<b>25</b>	<b>1,921,111</b>	<b>(478,092)</b>	<b>(20)</b>
<b>Transformation</b>											
ICT- Core Infrastructure	418,466	75,000	5,430	0	5,430	(69,570)	7	1	50,000	(368,466)	(88)
ICT - Desktop Refresh	122,193	122,193	3,000	0	3,000	(119,193)	2	2	122,193	0	0
ICT - Anglesey Connected (AC) to PSBA transition	23,244	2,000	0	1,339	1,339	(661)	67	6	7,000	(16,244)	(70)
ICT - Kit out the meeting rooms	19,964	19,964	15,543	0	15,543	(4,421)	78	78	19,964	0	0
Hybrid Meeting Rooms	210,000	192,000	192,430	0	192,430	430	100	92	210,000	0	0
Hwb IT Infrastructure	30,000	50,000	1,528	47,934	49,462	(538)	99	165	50,000	20,000	67
<b>TOTAL</b>	<b>823,867</b>	<b>461,157</b>	<b>217,930</b>	<b>49,273</b>	<b>267,202</b>	<b>(193,955)</b>	<b>58</b>	<b>32</b>	<b>459,157</b>	<b>(364,710)</b>	<b>(44)</b>

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 (%)
<b>Planning</b>											
Holyhead Market Hall Hub Project	262,404	131,000	97,752	27,238	124,990	(6,010)	95	48	144,990	(117,414)	(45)
Holyhead Regeneration (THI Phase II)	700,000	330,000	194,850	18,767	213,617	(116,383)	65	31	303,617	(396,383)	(57)
<b>TOTAL</b>	<b>962,404</b>	<b>461,000</b>	<b>292,602</b>	<b>46,004</b>	<b>338,606</b>	<b>(122,394)</b>	<b>73</b>	<b>35</b>	<b>448,606</b>	<b>(513,798)</b>	<b>(53)</b>
<b>Adult Services</b>											
ICF	994,246	500,000	442,196	0	442,196	(57,804)	88	44	994,246	0	0
Bryn Hwfa Community Hub	13,155	0	0	0	0	(0)	0	0	13,155	0	0
Plas Crigyll Refurbishment	37,978	4,000	3,081	0	3,081	(919)	0	8	3,081	(34,897)	(92)
Plas Mona Refurbishment	83,371	0	0	0	0	(0)	0	0	0	(83,371)	(100)
<b>TOTAL</b>	<b>1,128,750</b>	<b>504,000</b>	<b>445,277</b>	<b>0</b>	<b>445,277</b>	<b>(58,724)</b>	<b>88</b>	<b>39</b>	<b>1,010,482</b>	<b>(118,268)</b>	<b>(10)</b>
<b>TOTAL</b>	<b>59,947,762</b>	<b>26,546,585</b>	<b>19,309,269</b>	<b>991,370</b>	<b>20,300,639</b>	<b>(6,245,946)</b>	<b>76</b>	<b>34</b>	<b>33,778,551</b>	<b>(26,169,211)</b>	<b>(44)</b>