

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>		
<b>Report to:</b>	EXECUTIVE	
<b>Date:</b>	28 NOVEMBER 2023	
<b>Subject:</b>	BUDGET MONITORING REPORT SECOND QUARTER 2023/24 - CAPITAL	
<b>Portfolio Holder(s):</b>	COUNCILLOR R WILLIAMS – DEPUTY LEADER & FINANCE PORTFOLIO HOLDER	
<b>Head of Service / Director:</b>	MARC JONES - DIRECTOR OF FUNCTION (RESOURCES) & SECTION 151 OFFICER (EXT. 2601)	
<b>Report Author:</b> E-mail:	JEMMA ROBINSON <a href="mailto:JemmaRobinson@ynysmon.llyw.cymru">JemmaRobinson@ynysmon.llyw.cymru</a>	
<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 2023/24 at quarter 2.</li> <li>Approve the additional schemes amounting to £7.319m to the capital programme and amendments to funding, as per Appendix C, which will result in a revised capital budget of £60.018m for 2023/24.</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 second 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>		
1	Chief Executive / Leadership Team (LT) (mandatory)	Report has been reviewed by the Leadership Team and comments 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 Monitoring Officer is part of the Leadership Team and comments made have been considered.
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Procurement	
8	Scrutiny	
9	Local Members	
<b>E – Impact on our Future Generations(if relevant)</b>		
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	<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.
3	<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.
4	<b>Have Anglesey citizens played a part in drafting this way forward? Please explain how:-</b>	The Council's Corporate Plan and Capital Programme 2023/24 have been subject to a consultation process with Anglesey citizens.
5	<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.

#### **F - Appendices:**

Appendix A - Capital Budget Monitoring Report – Quarter 2 2023/24  
Appendix B - Summary of the Capital Projects' Expenditure to date against the Capital Budget and the Projected Expenditure at Year-End  
Appendix C - Changes to budgets / additional schemes added since budget setting

#### **FF - Background papers (please contact the author of the Report for any further information):**

- 2023/24 Capital Budget, as approved by the full Council on 9 March 2023;
- 2023/24 Treasury Management Strategy Statement, approved by the full Council on 9 March 2023;
- 2022/23 Capital Outturn Report, presented to this Committee on 27 June 2023; and
- 2023/24 Quarter 1 Capital Budget Monitoring report, presented to this Committee on 26 September 2023.

## 1. INTRODUCTION

- 1.1 This is the capital budget monitoring report for the second 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 2023, the Council approved a capital programme for non-housing services of £24.405m for 2023/24, and a capital programme of £13.557m for the Housing Revenue Account (HRA). In addition, in June 2023, the Executive approved capital slippage of £13.477m to be brought forward from 2022/23, bringing the capital programme for non-housing services to £33.532m, and £17.907m for the HRA. Since the budget setting process, there have been additional schemes added onto the programme, most of which are grant funded, and some amending of funding, which amounted to £7.319m. There has also been Executive approval of additional £1.26m for an HRA scheme. This brings the total capital budget for 2023/24 to £60.018m. This is illustrated in the table below:-

Funded By:	Original 2023/24 budget as approved by full Council £'000	Slippage as approved in Q4 2022/23 outturn £'000	HRA increase as approved by Executive June 2023 £'000	Additional schemes / amendments since budget setting £'000	TOTAL £'000
Grant	22,367	2,909		9,953	35,229
Supported Borrowing	3,077	3,294		2,129	8,500
Unsupported Borrowing	2,797	38		(2,797)	38
Revenue Contribution	9,221	3,936	1,260	(2,782)	11,635
Capital Receipts	500	443		(500)	443
Reserves		2,780		1,316	4,096
Loan		77			77
<b>TOTAL</b>	<b>37,962</b>	<b>13,477</b>	<b>1,260</b>	<b>7,319</b>	<b>60,018</b>

Please refer to Appendix C for details of changes to budgets / additional schemes added since the budget setting process.

## 2. PROGRESS ON EXPENDITURE 2023/24

- 2.1 Below is a summary table of the capital expenditure to 30 September 2023, the profiled budget to 30 September 2023 and the proposed funding of the capital programme for 2023/24:-

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	1,877	510	484	0	484	95	26
Housing - HRA	19,988	7,003	7,943	0	7,943	113	40
Lifelong Learning	12,876	4,456	4,145	333	4,478	100	35
Economic and Regeneration	14,340	4,039	3,647	249	3,896	96	27
Highways	8,528	2,210	2,018	188	2,206	100	26
Waste Management	366	30	29	0	29	97	8
Property	1,440	361	204	2	206	57	14
Transformation	391	197	54	140	194	98	50
Adult Services	212	194	180	0	180	93	85
<b>Total</b>	<b>60,018</b>	<b>19,000</b>	<b>18,704</b>	<b>912</b>	<b>19,616</b>	<b>103</b>	<b>33</b>
<b>Funded By:</b>							
Capital Grant	35,229						
Capital Receipts	443						
Supported Borrowing	8,500						
Unsupported Borrowing	38						
Revenue Contribution	11,635						
Reserves	4,096						
Loan	77						
<b>Total Funding</b>	<b>60,018</b>						

- 2.2** The profiled budget spent to the end of the second quarter for the general fund is 97%, however, only 29% of the annual budget has been spent to date. The reason for this is that a number of the capital schemes are weighted towards the latter part of the financial year. Some capital schemes are underway, with the majority of the profiled budget for quarter 2 being spent, and some capital schemes have yet to commence, but their budget is profiled in the next quarter or towards the latter part of the financial year, such as Visitor Infrastructure, Môn Coastal Gateway and Ysgol Uwchradd Bodedern pitches. These schemes and their profiles can be seen in Appendix B. There are a number of Capital Grants schemes in 2023/24, and an update on these is provided in Section 3.1 of this report.
- 2.3** The HRA has spent 113% of its profiled budget and 40% of the annual budget. When setting the 2023/24 budget and associated funding, there were grants available for funding that were not known at the time of producing the budget. The funding of the budget has now been amended, along with additional grants received since quarter 1, as can be seen in Appendix C. For further information on the HRA capital expenditure and projected spend, please refer to the HRA quarter 2 budget monitoring report, presented to this Committee on 28 November 2023.

### 3. FUNDING

#### 3.1 Capital Grants

**3.1.1** There are a number of Capital Grant schemes in the Capital Programme for 2023/24, most of which are underway and progressing, with a brief update on the schemes provided below:-

- **Sustainable Communities for Learning** - The new Ysgol Corn Hir building is complete. New Foundation Phase Unit at Ysgol y Graig – The timber Structural Insulated Panels Frame superstructure works for the whole school building is now complete. Internal plaster boarding has commenced, together with window installations. Roof finishes are more than half done. Works have commenced to the car park areas and site drainage works are ongoing. The Band B Ysgol y Graig budget and funding has now been amended to reflect the latest matrix, and an underspend is predicted against the budget this financial year. This is due to delays on site earlier in the project.
- **Holyhead Townscape Transformation (Phase II Townscape Heritage Initiative (THI))** - The first of the Stanley Street enhancement tenders, covering four properties, was received mid-September and currently being assessed, with anticipated commencement in November. Other projects remain in various development stages, up to approaching tender stage. Positive discussions with Cadw over the Roman Fort at St Cybi's will facilitate final design work. Liaison is ongoing with property owners, stake holders and relevant services to progress development and work to ensure key projects are underway and expenditure achieved this financial year.
- **The Holy Island Landscape Partnership** – The Landscape Partnership has secured funding from the National Lottery Heritage Fund (NLHF) to deliver a range of projects which focus on the natural environment of Holy Island. Progress on projects which are jointly funded through the ERDF include:-
  - **Conserving our Heritage** – The works on Ffynnon y Wrach, Tŵr Ellin and the Lookout above South Stack have now been completed. Works on Ynys Peibio and the Pillbox in Trearddur Bay have also recently been completed. The works on the Battery at Penrhos have started, although slightly delayed by the weather. The work on Skinners Monument Pillbox will follow once the Battery is completed. All of the work should be completed by the end of November 2023.
- **Tourism Gateway** – The Breakwater Country Park visitor centre: Works are now complete, and the Visitor Centre was opened in June 2023.
- **Levelling Up** - During quarter 2, projects have been working on preparing tender documentation with Ucheldre, Holyhead Town Council and part of the public realm going out to tender. Môn CF will go out to tender in quarter 3. The quarter 2 expenditure has been claimed from UK Government totalling £0.768m, with total to date claimed of £3.3m. The second grant payment of £1.39m was received from UK Government in July, with the next payment due in January 2024. There are concerns about increasing costs, and there may need to be a value engineering exercise undertaken on the projects when tender prices come in.

- **Safer Streets** – Funding, provided through the Home Office via the North Wales Police and Crime Commissioner, is aimed at reducing neighbourhood crime and anti-social behaviour in Holyhead. It has provided funding for Highways to improve street lighting, provide additional CCTV for Holyhead Town Council and undertake improvement works on the Celtic Bridge. All works were completed, and the funding came to an end in September 2023.
- **Penrhos Phase 2 project** - The aim of this scheme is to construct seven new business units on the Penrhos Industrial Estate. Works on the units have now been completed. All external works associated with the substation have been completed, with units now receiving power. Commissioning is anticipated to be completed early in quarter 3. Marketing of these units expected to commence during quarter 3.
- **Penrhos Phase 3 project** – £3.1m funding initially secured from ERDF, with a further £0.399m awarded. Works have continued on-site, with the challenges of the adverse ground conditions now resolved, but which has resulted in unforeseen significant increased costs. Works on-site are nearing completion, with minor internal and external works outstanding. It's anticipated that practical completion will be achieved during quarter 3.
- **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)** – All units have now been let out.
  - **Gateway Joint Venture** – The aim of the Gateway Joint Venture is to undertake enabling works on the remaining plots of the Tregarnedd Business Park (Gateway Site). Archaeological and ecological works have been completed and further issues arising. The number of plots to be available to sell will be 3, rather than 6, due to archaeological constraints. All enabling works have now been completed. Marketing for sale of available plots to commence in liaison with property services.
- **Holyhead and Amlwch Drainage schemes** - These studies are currently ongoing. In Holyhead, work is ongoing modelling the shortlist of options. In Amlwch, the long list of options has been developed. Work has been paused on Holyhead while further site investigations are carried out into new inflows that have been uncovered. Both these studies will continue throughout 2023/24.
- **Small Scale Grants Work** - 7 construction schemes have been approved for 2023/24. Subsequently, one scheme has been withdrawn (Capel Moriah, Gwalchmai) due to complexity and excessive cost. Construction work on the remainder has been programmed to commence in quarters 2 and 3.
- **Llanfair PG, Menai Bridge (FBC)** – Menai Bridge FBC is progressing well. However, work on Llanfair PG business case is delayed due to resourcing issues.
- **Mill Lane Structure** – The revised sensor system has now been implemented and will be monitored over the winter period. Specialists have also visited site to assess the sensor system.
- **Active Travel** - £2.253m of Welsh Government (WG) grant has been secured to increase levels of active travel, improve health & well-being, improve air quality, reduce carbon emissions, connect communities and improve active travel access to employment, education and key services, destinations and public transport.
  - £0.500m is for core works covering a number of scheme proposals, broken down to pre-scheme development, minor works and monitoring and evaluation activities.

- **Pre scheme development**
    - Benllech (two routes that adjoin the A5025 and improvements to Square (A5025)) – quarter 2 included undertaking a 6-week Consultation Period and Consultation Event (19<sup>th</sup> July), and a report has been prepared to inform key findings and next steps.
    - Menai Bridge - Pentraeth Road & A5025 to Llanfairpwll Park and Share – quarter 2 – Welsh Government response stated that carriageway reduction on Pentraeth Road could be a risk, especially with the sensitivities surrounding Menai Suspension Bridge. This scheme is currently paused and will be re-visited once all matters regarding resilience of the road network has been resolved. Agreed with Transport for Wales to re-profile this activity and value at end of quarter 3.
    - Gaerwen (& Llanddaniel) – quarter 2 – final draft of brief prepared – to be issued in quarter 3.
    - Valley - quarter 2- no progress - draft brief to prepared in quarter 3.
    - Ysgol Syr Thomas Jones and Leisure Centre to Porth Amlwch (incorporating link to access employment) - quarter 2 - WelTAG Stage 3C and Road Safety Audit completed. Detailed Designs and Public Consultation to be undertaken in quarter 3/4.
  - **Minor Works (Core Package)**
    - Activities in quarter 2 included designing the critical fail improvements for 2023/24.
  - **Active Travel Network Map Development & Monitoring and Evaluation Related Activities**
    - Quarter 2 activities includes producing and distributing promotional materials at Anglesey Show, and production of consultation materials.
    - £0.250m in relation to Active Travel Main Scheme Malltraeth – Newborough (A4080) – during quarter 2, on-site at Newborough to undertake minor-work to the footway links in the village, designs prepared for the formal crossing of the A4080 and the Cob Entrance and discussions held with NRW on any approvals on their land. In respect of the wider assessment of the whole corridor from Pont Marquis to Newborough, confirmation has been received internally and by Transport for Wales on the way forward to progress to the preliminary drawings and, subsequently, detailed designs.
    - £0.158m in relation to Active Travel Main Scheme Llanfairpwll – during quarter 2, designs have been updated internally on the minor works element along the A5 for consideration. In respect of the route from Lôn Graig to Lôn Refail, an assessment is required on the opposite side of the carriageway (discussions still ongoing with MoD).
    - £1.345m in relation to Active Travel Main Scheme Holyhead – Trearddur Bay (North Wales Metro) - continued progression in quarter 2 to finalise designs and preparation for consultation, along with tender documentation preparation.
- **Ultra Low Emission Vehicle (ULEV) Transformation Fund (2022/23)** – All activities associated with the funding from 2022/23 has been completed. The Council secured grant funding from the WG ULEV fund for 2023/24 to continue for completion (as per below).
- **Ultra Low Emission Vehicle (ULEV) Transformation Fund (2023/24)** - £0.377m has been awarded to aid in the completion of activities awarded in 2022/23 and charging at Benllech, Amlwch Leisure Centre and Valley village. Progress in quarter 2, completing the enabling works at Holyhead Leisure Centre and St. Tysilio, completion of the Rhosneigr and Cemaes sites, continued assessment of procurement and tender documentation, preparation of planning application of EV Hub at Plas Arthur, and securing DNO connections at Amlwch and Valley (further discussions required with SPEN at Benllech).
- **Local Transport Fund – infrastructure enhancements** - Site acceptance visit was completed in August 2023 and final capital payment issued. The project is now complete.

- **Local Transport Fund** – The remaining grant funding was drawn down at the end of quarter 1 as per the grant conditions, and further activities in relation to this scheme in quarter 2 will be funded by the service. All activities in relation to this scheme are now complete.
- **Low Carbon Heat Grant (Council Offices)** – Further significant work on hold, pending planning decision. Minor works on site have continued, however, with further surveys having taken place as well as optimisation of heat pumps installed on roof of building and networking hardware has been installed to allow the remote monitoring and diagnostics of air source heat pump systems. As the planning process is taking longer than anticipated, it's likely the project will now be completed in quarter 4.
- **Plas Arthur Floodlights** - Planning permission was granted in September and the project commenced Monday, 9 October, and is scheduled to finish by Friday, 27 October. The project was scheduled to finish sooner, however, due to the poor weather, it will now be completed by the end of October. Cymru Football Foundation officials will meet on site with the Leisure Manager on Monday, October 23<sup>rd</sup>, to discuss progress.
- **Ysgol Uwchradd Bodedern – 3G pitch** – Works commenced in mid-September as planned but, due to adverse weather conditions, the works are currently ongoing, with estimated completion now mid-November.
- **Holyhead Leisure Centre Flooring** - £0.100m of grant funding has been secured from Sport Wales to install a new floor in the main hall at Holyhead Leisure Centre. This project will be similar to the one that was completed in Amlwch in July 2023. The total project cost is estimated at £0.140m, with the Council providing £0.040m match funding. The work is due to start early in February 2024, with grant conditions stating that the project must be completed by the end of March 2024.
- **Môn Coastal Gateway** – Two tenders were received in September 2023, and evaluated on price and quality. The successful contractor has been awarded the work and a site meeting is scheduled for mid-October, with the project scheduled to start early November and completed by the start of March 2024. The first interim valuation date for the work will be 6 December 2023.
- **Community Focused Schools (CFS) grant (2022/23)** - All tender bids were received for the numerous works, in which most of the work has already been completed. The majority of the works were completed by the end of Summer 2023 and, therefore, full expenditure of the funding is expected.
- **Community Focused Schools (CFS) grant (2023/24)** - £0.200m has been awarded in 2023/24 to support small and medium scale practical projects to open schools outside the traditional hours, specifically to safely adapt and effectively open schools outside traditional hours, to enable community use of the existing facilities. The awarded sum relates to three specific schools. There has been no expenditure on this scheme to quarter 2, with full expenditure of the budget expected.
- **Additional Learning Needs (ALN) grant (2022/23)** - Most work under this scheme was completed over the Summer 2023 holiday period. The remainder of works will happen during term time, between September – November 2023. There was a sum allocated for works in Holyhead High School, which are now not possible to carry out in the original time frame and, therefore, an underspend on the budget is expected. Discussions are ongoing with Welsh Government to determine if the underspend is eligible to carry forward to use on other activities, or if it is required to be repaid.
- **Additional Learning Needs (ALN) grant (2023/24)** - £0.478m has been secured from Welsh Government to optimise learning environments for disabled children and young people, and those with additional learning needs, to increase accessibility, promote inclusive practice, support learning and pupil wellbeing. Works have been identified by the ALN team and, while full expenditure is expected, this does rely on a number of factors, such as works being able to be carried out in term time and availability of resources to coordinate the works.
- Social care funding has been awarded from the Regional Partnership Board from a number of different funding streams, as follows:-

- **Integrated Care Fund (ICF)** - £0.694m was claimed through the ICF in prior years and through displaced funding, for the projects to slip into 2023/24 to be completed. There are 4 projects included in the programme managed monies, which are:-
  - Specialist small group homes;
  - Extra Care south of the Island;
  - Disabled Friendly Investment;
  - Learning Disability Enabling Accessibility.

It is currently envisaged that the remaining funds will be spent in full this financial year, which will be used as a contribution to the above expenditure schemes that sit within the HRA budget.

- **Integration and rebalancing capital fund (IRCF)** – £0.244m of capital funding has been granted through IRCF to fund:-
  - Amlwch wellbeing HUB (£0.128m) – The funding will be utilised to support accessibility for individuals accessing activities. Some of the funding will also invest in a well-being space and touch down base for local authority and third sector staff to hold meetings or events with individuals, families, and carers. £104k was used in 2022/23 and the remainder (£25k) utilised in 2023/24 to complete the project. The project was complete by the end of June 2023.
  - Dementia Friendly Care Homes (£0.115m) – The funding will be used to create a 3rd secure unit at Garreglwyd care home to support an increased specialised local dementia support. The project commenced in June 2023 and has now been completed.
- **Housing with Care Fund (HCF)** – £1.1m of capital funding has been granted through HCF for 2022/23 and 2023/24 to support the Small Group Homes project and fund the renovations of two homes and, potentially, invest in a night respite unit on one site. £0.445m was drawn down in 2022/23, with the remaining £0.655m available in 2023/24. One of the properties has been fully renovated and the second property is still in progress, with an aim to complete by the end of August 2023. The third property will be a purpose-built unit and the pre planning process is currently being undertaken. It is currently expected that £0.300m will be drawn down in 2023/24, with the remaining requested to be carried forward for completion of the above activities in financial year 2024/25.

## 3.2 Capital Receipts

3.2.1 The capital receipts for this year to date and the budgeted capital receipts are:-

	Budget 2023/24 £'000	Received to 30-Sept-2023 £'000	Projection to 31-Mar-2024 £'000
<b>Council Fund:</b>			
Smallholdings	0	0	0
General	584	129	548
Industrial	0	0	0
Schools	480	0	480
<b>Total</b>	<b>1,064</b>	<b>129</b>	<b>1,028</b>

3.2.2 The projected capital receipts at 31 March 2024 is £1.028m, with £0.129m being received at 30 September 2023 (13%).

3.2.3 Although the projected capital receipts is £1.028m, there is £2.932m of capital receipts available to fund the capital programme, as £1.904m of capital receipts were brought forward from 2022/23 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, as well as funding earmarked for slippage schemes from previous year.



#### 4. PROJECTED ACTUAL EXPENDITURE 2023/24

4.1 Below is a table with projected Expenditure at 31 March 2024 and the revised funding:-

Service	Annual Budget £'000	Projected Expenditure £'000	Projected (Under) / Over Expenditure £'000	Variance %
Housing General Fund	1,877	1,386	(491)	(26)
Housing HRA	19,988	21,878	1,890	9
Lifelong Learning	12,876	11,368	(1,508)	(12)
Economic and Regeneration	14,340	13,801	(539)	(4)
Highways	8,528	8,053	(475)	(6)
Waste Management	366	77	(289)	(79)
Property	1,440	1,143	(297)	(21)
Transformation	391	391	0	0
Adult Services	212	212	0	0
<b>Total</b>	<b>60,018</b>	<b>58,309</b>	<b>(1,709)</b>	<b>(3)</b>
<b>Funded By:</b>	<b>Annual Budget £'000</b>	<b>Projected Funding £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
Capital Grant	35,229	33,774	(1,455)	(4)
Capital Receipts	443	233	(210)	(47)
Supported Borrowing	8,500	7,210	(1,290)	(15)
Unsupported Borrowing	38	38	0	0
Revenue Contribution	11,635	13,525	1,890	16
Reserves	4,096	3,452	(644)	(16)
Loan	77	77	0	0
<b>Total Funding</b>	<b>60,018</b>	<b>58,309</b>	<b>(1,709)</b>	<b>(3)</b>

4.2 As can be seen from Table 4.1 (above), the forecast underspend on the capital programme for 2023/24 is £1.709m, with this being potential slippage into the 2024/25 capital programme. The funding for this slippage will also slip into 2024/25 and will be factored in when producing the Treasury Management Strategy Statement, Capital Strategy and Capital Programme for 2024/25.

There is a forecast overspend of £1.890m in the HRA, further detail as explained in the HRA quarter 2 budget monitoring report, presented to this Committee on 28 November 2023.

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

##### **Lifelong Learning**

There is an underspend forecast for disabled adaptations in education buildings. The availability of the Additional Learning Needs (ALN) Grant means that many works that would have ordinarily been financed from this budget are now grant funded. It has been requested that this budget be carried over to 2024/25, as school buildings surveys are underway and are likely to reveal necessary work, and there is no certainty as to the availability of ALN grants going forward.

There is also an underspend forecast in relation to the School Safety Scheme. Due to the scope of the works for the remaining budget and the planning process required, it is estimated that the required works cannot take place until Summer 2024 and it is, therefore, requested at this stage that any underspend on this budget be carried forward to 2024/25 to carry out the necessary works.

Capital works to education buildings is now predicting an underspend. Staff capacity was prioritised and redirected to the situation in schools regarding RAAC, and also to deliver additional grant funded building-related work to both Education and Other Buildings, and that the grant funded work is being prioritised due to the grant conditions. External consultants are being used to provide some additional capacity, however, the costs attached are significant and it is not a solution the Property Function favours. It is requested at this stage that any underspend on this budget be carried forward to 2024/25 to carry out necessary capital works next financial year.

##### **Highways**

The underspend forecast in the Highways schemes are in relation to various flood schemes, mainly due to projects straddling two financial years and some overlapping into financial year 2024/25 for completion. Funding will also slip into the next financial year, as described above, and no funding will be lost.

## **Property**

The Upgrade of Public Conveniences scheme budget will not be spent in full, and it is estimated that there will be no spend from the budget this financial year, apart from providing match funding to the Môn Coastal Gateway scheme, as mentioned above. The service is in the process of developing a public conveniences improvement plan, which will give a better idea of the capital requirements in the next financial years. It is also envisaged that further grant funding for capital works to public conveniences may be forthcoming in the next financial year, and part of this budget could, again, be used as match funding if the opportunity arises.

## **Waste Management**

The budget for the Recycling Equipment will not be spent in its entirety, and an underspend is anticipated. The service has reviewed and prioritised its capital spend, in line with their strategy and 5-year financial plan, and is now procuring four items of plant and machinery. However, the potential lead time after successful tenders mean that the plant and machinery are unlikely to be delivered this financial year, however the funding is fully committed.

## **Economic & Regeneration**

The Holyhead Regeneration Scheme (THI Phase II) is now predicting an underspend against budget as at quarter 2. There has been a general slowdown this financial year, and it is foreseen that spend will pick up in quarter 4 as more of the smaller projects get underway on site, while the larger projects remain in development due to their scale and complexity. As a result, the majority of the spend will be 2024/25 in reality.

The Maritime Infrastructure scheme is predicting an underspend this financial year due to recent discussions with RWE over potential use which, therefore, means another design change. The scheme is currently in the re-design stage and, due to timing, the budget is requested to roll forward into 2024/25 in order to complete the scheme.

The budget for Porth y Wrach slipway enforcement cameras will not be spent this financial year, and the service is now reassessing the need for the budget.

- 4.3** The Capital Finance Requirement forecasted at 31 March 2024 is £149.899m, which is the underlying need for the Authority to borrow to be able to fund its Capital Programme. The external borrowing currently stands at £123.608m, meaning the Authority essentially needs to borrow £26.291m 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 2023/24 Treasury Management Strategy Statement (Appendix 11).

## **5. FUTURE YEARS**

- 5.1** The Capital Strategy recommended that the 2023/24 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 2024/25 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 funding available for the resurfacing of roads and 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 used to fund new capital schemes, with priority given to projects which contribute to the Council's objectives, as set out in the Council Plan 2022– 2027, and any schemes which can generate future revenue savings or generate additional income.

## **6. CONCLUSION**

- 6.1** The results at the end of quarter 2, and the associated projected expenditure, shows that the majority of projects are on target to be completed within budget. While some schemes are expected to underspend at this stage, it must be noted that the budgets are committed and required, and slippage to 2024/25 is requested for these schemes to complete next financial year. The Council is also expecting to receive £1.028m of Capital Receipts in 2023/24 to contribute towards the funding of the Capital Programme.

**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	1,215,948	500,000	476,941	0	476,941	(23,059)	95	39	1,215,948	0	0
Enable Grant	139,786	10,000	6,612	0	6,612	(3,388)	66	5	139,786	0	0
Residential Site for Gypsies and Travellers	490,841	0	0	0	0	(0)	0	0	0	(490,841)	(100)
Affordable Housing	30,650	0	0	0	0	(0)	0	0	30,650	0	0
<b>TOTAL</b>	<b>1,877,225</b>	<b>510,000</b>	<b>483,553</b>	<b>0</b>	<b>483,553</b>	<b>(26,447)</b>	<b>95</b>	<b>26</b>	<b>1,386,384</b>	<b>(490,841)</b>	<b>(26)</b>
<b>Housing HRA</b>											
Central Heating Contract	1,250,000	485,000	484,052	0	484,052	(948)	100	39	1,250,000	0	0
Planned Maintenance Contract	4,450,000	1,560,000	1,555,848	0	1,555,848	(4,152)	100	35	4,450,000	0	0
Energy Performance Improvement	600,000	250,000	0	0	0	(250,000)	0	0	100,000	(500,000)	(83)
Environmental Works	700,000	160,070	110,070	0	110,070	(50,000)	69	16	600,000	(100,000)	(14)
Acquisition of Existing Properties and Development of new properties	10,288,000	3,346,880	4,541,880	0	4,541,880	1,195,000	136	44	12,677,802	2,389,802	23
Public Sector Adaptations	400,000	208,295	258,295	0	258,295	50,000	124	65	500,000	100,000	25
Fire Risk	400,000	45,000	45,120	0	45,120	120	100	11	400,000	0	0
WHQS	1,900,000	947,500	947,491	0	947,491	(9)	100	50	1,900,000	0	0
<b>TOTAL</b>	<b>19,988,000</b>	<b>7,002,745</b>	<b>7,942,755</b>	<b>0</b>	<b>7,942,755</b>	<b>940,010</b>	<b>113</b>	<b>40</b>	<b>21,877,802</b>	<b>1,889,802</b>	<b>9</b>
<b>Lifelong Learning</b>											
Disabled Access in Education Building	144,512	21,500	21,418	0	21,418	(82)	100	15	21,418	(123,094)	(85)
Refurbish Education Building	2,186,208	880,472	812,703	0	812,703	(67,769)	92	37	1,986,208	(200,000)	(9)
School Safety	107,648	15,000	14,480	0	14,480	(520)	97	13	33,000	(74,648)	(69)
Free School Meals Grant	600,205	250,000	223,246	0	223,246	(26,754)	89	37	600,205	0	0
External Canopies	22,420	22,420	19,343	0	19,343	(3,077)	86	86	22,420	0	0
Additional Learning Needs	435,677	130,000	129,075	0	129,075	(925)	99	30	320,677	(115,000)	(26)
Additional Learning Needs 2023/24	478,225	0	0	0	0	(0)	0	0	478,225	0	0
Community Focused Schools	450,993	350,000	353,075	0	353,075	3,075	101	78	450,993	0	0
Community Focused Schools 2023/24	200,000	0	0	0	0	(0)	0	0	200,000	0	0
Ysgol Uwchradd Bodedern - pitches	330,000	15,000	17,081	305,699	322,780	307,780	2,152	98	330,000	0	0
Increasing Capacity for Childcare Grant (Grant scheme)	380,000	10,000	9,769	0	9,769	(231)	98	3	380,000	0	0
Increasing Capacity for Childcare Grant (Childcare provisions)	49,481	52,000	51,615	0	51,615	(385)	99	104	52,000	2,519	5
Valley Childcare Unit	850,000	10,000	9,232	0	9,232	(768)	92	1	850,000	0	0
Completion of Band A Programme	370,000	200,000	211,023	25,668	236,691	36,691	118	64	370,000	0	0
Commencement of Band B Programme	6,269,995	2,500,000	2,272,616	1,300	2,273,916	(226,084)	91	36	5,273,916	(996,079)	(16)
<b>TOTAL</b>	<b>12,875,364</b>	<b>4,456,392</b>	<b>4,144,675</b>	<b>332,667</b>	<b>4,477,342</b>	<b>20,949</b>	<b>100</b>	<b>35</b>	<b>11,369,062</b>	<b>(1,506,302)</b>	<b>(12)</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>Economic and Regeneration</b>											
Amlwch Fitness Suite	1,468	0	0	0	0	(0)	0	0	1,468	0	0
Amlwch Lesiure Centre - Flooring	75,635	75,635	75,635	0	75,635	(0)	100	100	75,635	(0)	(0)
Plas Arthur 3G Floodlights	74,514	75,000	5,125	69,389	74,514	(486)	99	100	74,514	0	0
Holyhead Leisure Centre Flooring	140,000	0	0	0	0	(0)	0	0	140,000	0	0
Tourism Gateway	50,000	5,000	3,605	0	3,605	(1,395)	72	7	50,000	0	0
Holyhead Landscape Partnership	50,000	40,000	37,077	0	37,077	(2,923)	93	74	50,000	0	0
Holyhead Regeneration (THI Phase II)	762,000	150,000	45,581	116,844	162,425	12,425	108	21	400,000	(362,000)	(48)
Breakwater Park	110,000	80,000	80,149	0	80,149	149	100	73	110,000	0	0
Penrhos Phase 2	23,345	23,345	23,345	0	23,345	0	100	100	23,345	0	0
Penrhos Phase 3	2,820,804	2,000,000	1,938,525	30,980	1,969,505	(30,495)	98	70	2,820,804	0	0
Economic Development & Environmental Wellbeing	122,543	0	0	0	0	(0)	0	0	122,543	0	0
Porth y Wrach Slipway – Enforcement Cameras	30,000	0	0	0	0	(0)	0	0	0	(30,000)	(100)
Newry Community Centre	52,289	0	0	0	0	(0)	0	0	52,289	0	0
Gateway Site JV	21,514	0	0	0	0	(0)	0	0	21,514	0	0
Maritime Infrastructure	177,514	30,000	0	28,573	28,573	(1,427)	95	16	30,000	(147,514)	(83)
Visitor Infrastructure	198,930	0	0	0	0	(0)	0	0	198,930	0	0
Melin Llynonn	70,397	60,000	58,751	3,925	62,676	2,676	104	89	70,397	0	0
Transforming Towns Covid Grant	10,064	0	0	0	0	(0)	0	0	10,064	0	0
Môn Coastal Gateway	313,000	0	0	0	0	(0)	0	0	313,000	0	0
Levelling Up Fund	9,236,000	1,500,000	1,379,602	0	1,379,602	(120,398)	92	15	9,236,000	0	0
<b>TOTAL</b>	<b>14,340,017</b>	<b>4,038,981</b>	<b>3,647,394</b>	<b>249,711</b>	<b>3,897,105</b>	<b>(141,876)</b>	<b>96</b>	<b>27</b>	<b>13,800,503</b>	<b>(539,514)</b>	<b>(4)</b>
<b>Highways</b>											
Upgrade Pay and Display Machines in Car Parks	4,533	4,533	0	5,469	5,469	936	121	121	5,469	936	21
Vehicles	800,408	300,000	143,253	169,540	312,793	12,793	104	39	800,408	0	0
Gritters	250,000	0	0	0	0	(0)	0	0	250,000	0	0
Highways Resurfacing	2,500,000	1,250,000	1,222,833	0	1,222,833	(27,167)	98	49	2,500,000	0	0
Llanfair Flood Scheme	391,646	10,000	11,475	0	11,475	1,475	115	3	11,475	(380,171)	(97)
FBC Menai Flood Scheme	150,771	35,000	35,000	0	35,000	0	100	23	50,000	(100,771)	(67)
Valley Construction	13,248	1,000	630	0	630	(370)	63	5	13,248	0	0
Flood Relief Schemes (Match Funding)	346,800	0	0	0	0	(0)	0	0	346,800	0	0
Mill Lane - NFM	30,888	30,000	36,712	0	36,712	6,712	122	119	36,712	5,824	19
Invest to Save - Vehicles	5,068	0	0	0	0	(0)	0	0	5,068	0	0
Small scale grants work	728,834	40,000	37,562	0	37,562	(2,438)	94	5	728,834	0	0
Active Travel	2,253,103	50,000	45,954	0	45,954	(4,046)	92	2	2,253,103	0	0
Local Transport Fund - Bus Infrastructure enhancements 2021/22	28,014	0	0	0	0	(0)	0	0	28,014	0	0
Local Transport Fund - Bus Infrastructure enhancements 2022/23	383,825	383,825	383,825	0	383,825	0	100	100	383,825	0	0
Vehicle Transformation Fund - Electric Vehicle Charge Points	57,334	57,334	56,958	0	56,958	(376)	99	99	56,958	(376)	(1)
Safer Streets	18,000	18,000	17,100	0	17,100	(900)	95	95	18,000	0	0
Vehicle Transformation Fund - Electric Vehicle Charge Points 2023/24	376,550	25,000	24,368	13,613	37,981	12,981	152	10	376,550	0	0
Electric Vehicle Charging Infrastructure	189,152	5,000	3,257	0	3,257	(1,743)	65	2	189,152	0	0
<b>TOTAL</b>	<b>8,528,174</b>	<b>2,209,692</b>	<b>2,018,928</b>	<b>188,622</b>	<b>2,207,549</b>	<b>(2,143)</b>	<b>100</b>	<b>26</b>	<b>8,053,615</b>	<b>(474,559)</b>	<b>(6)</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>Waste Management</b>											
IVC Works	13,595	0	0	0	0	(0)	0	0	13,595	0	0
Recycling Equipment	289,315	0	0	0	0	(0)	0	0	0	(289,315)	(100)
Gwalchmai Roofing	63,000	30,000	28,547	0	28,547	(1,453)	95	45	63,000	0	0
<b>TOTAL</b>	<b>365,910</b>	<b>30,000</b>	<b>28,547</b>	<b>0</b>	<b>28,547</b>	<b>(1,453)</b>	<b>95</b>	<b>8</b>	<b>76,595</b>	<b>(289,315)</b>	<b>(79)</b>
<b>Property</b>											
Refurbish Existing Assets	1,040,546	337,324	203,611	2,380	205,991	(131,333)	61	20	1,040,546	0	0
Invest To Save Property	77,068	0	0	0	0	(0)	0	0	77,068	0	0
Low Carbon Heat Grant - Council Offices	23,900	23,900	0	0	0	(23,900)	0	0	23,900	0	0
Upgrade Public Conveniences	298,839	0	0	0	0	(0)	0	0	0	(298,839)	(100)
<b>TOTAL</b>	<b>1,440,353</b>	<b>361,224</b>	<b>203,611</b>	<b>2,380</b>	<b>205,991</b>	<b>(155,233)</b>	<b>57</b>	<b>14</b>	<b>1,141,514</b>	<b>(298,839)</b>	<b>(21)</b>
<b>Transformation</b>											
ICT- Core Infrastructure	135,278	33,820	15,734	17,140	32,874	(946)	97	24	135,278	0	0
ICT - Desktop Refresh	99,456	0	0	0	0	(0)	0	0	99,456	0	0
ICT - Anglesey Connected (AC) to PSBA transition	43,088	50,000	18,493	28,718	47,211	(2,789)	94	110	43,088	0	0
Hwb IT	113,471	113,471	19,474	93,998	113,471	0	100	100	113,471	0	0
<b>TOTAL</b>	<b>391,293</b>	<b>197,291</b>	<b>53,700</b>	<b>139,856</b>	<b>193,556</b>	<b>(3,735)</b>	<b>98</b>	<b>49</b>	<b>391,293</b>	<b>0</b>	<b>0</b>
<b>Adult Services</b>											
Integration and Rebalancing Capital Fund (IRCF)	175,066	170,000	169,981	0	169,981	(19)	100	97	175,066	0	0
Bryn Hwfa Community Hub	13,155	0	0	0	0	(0)	0	0	13,155	0	0
Plas Mona Refurbishment	24,104	24,104	10,007	0	10,007	(14,097)	42	42	24,104	0	0
<b>TOTAL</b>	<b>212,325</b>	<b>194,104</b>	<b>179,989</b>	<b>0</b>	<b>179,989</b>	<b>(14,115)</b>	<b>93</b>	<b>85</b>	<b>212,325</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>60,018,660</b>	<b>19,000,429</b>	<b>18,703,152</b>	<b>913,235</b>	<b>19,616,387</b>	<b>615,958</b>	<b>103</b>	<b>33</b>	<b>58,309,092</b>	<b>(1,709,568)</b>	<b>(3)</b>

**Changes to budgets / additional schemes added since budget setting.**

Scheme	Budget £	FUNDING						
		Grant £	Revenue Contribution £	Capital Receipts Reserve £	Capital Reserve £	Supported borrowing £	Unsupported Borrowing £	Other Reserve £
Highways Resurfacing* Community Focused	0	(1,701,000)				591,000		1,110,000
Schools Enable	200,000 139,786	200,000 139,786						
Active Travel	2,253,103	2,253,103						
Mill Lane NFM	(241,640)	(241,640)						
ULEV	376,550	376,550						
Brilliant Basics	250,400	250,400						
Small Grants Childcare	380,000	380,000						
Plas Arthur Floodlights	51,305	51,305						
Boded pitches	330,000	300,000						30,000
Breakwater Park	110,000	110,000						
Safer Streets	18,000	18,000						
Phase 3	22,187	22,187						
Phase 3	398,617	398,617						
Llangefni JV	21,514	21,514						
Small Scale Grants	606,446	606,446						
Small Scale Grants	47,388							47,388
HRA***	821,000	1,229,000	(875,945)			467,945		
ICF	(693,966)		(226,021)			(467,945)		
Corn Hir	370,000	107,328				262,672		
Vehicles**	0	58,000		(58,000)				
Gritters**	0	150,000		(150,000)				
IT budget**	0	292,000		(292,000)				
Mill Lane Structure	30,888	26,255			4,633			
Waste Recycling	70,634	70,634						
Additional Learning Needs 23/24	478,225	478,225						
Valley Childcare Unit	850,000	850,000						
Gwalchmai Roof	63,000							63,000
Holyhead Leisure Centre	140,000	100,000			36,949			3,051
Leisure Capital pot	(36,949)				(36,949)			
IT Hwb	(39,221)	(39,221)						
Band B	305,995	1,827,497				1,275,498	(2,797,000)	
Bus Infrastructure 22/23	(4,027)	(61,589)			57,562			
HRA	0	1,680,000	(1,680,000)					
<b>TOTAL</b>	<b>7,319,235</b>	<b>9,953,397</b>	<b>(2,781,966)</b>	<b>(500,000)</b>	<b>62,195</b>	<b>2,129,170</b>	<b>(2,797,000)</b>	<b>1,253,439</b>

\*Included in the 2023/24 budget was £1.701m of funding from extra general capital grant. Upon reviewing the restrictions of the grant conditions, it had to be utilised in 2022/23 and, therefore, the grant was used to fund capital expenditure in 2022/23, replacing funding from the Authority's own resources. The funding saved by the Authority from this grant will now be used to fund capital expenditure in 2023/24.

\*\* Reallocation of funding from what was originally funded by capital receipts in the 2023/24 programme, to now be funded by general capital grant.

\*\*\*Included in the 2023/24 budget for HRA, there was an underestimation of grant funding and, along with the required increase in budget, the funding has now been amended.