

ISLE OF ANGLESEY COUNTY COUNCIL Scrutiny Report Template

Committee:	Corporate Scrutiny Committee
Date:	19 th February, 2025
Subject:	2025/26 Budget Setting (Capital)
Purpose of Report:	Scrutiny consideration of final draft budget proposals for 2025/26
Scrutiny Chair:	Cllr Douglas Fowlie
Portfolio Holder(s):	Cllr Robin Williams
Head of Service:	Marc Jones, Director of Resources / Section 151 Officer
Report Author:	Anwen Davies, Scrutiny Manager
Tel:	07971167198
Email:	AnwenDavies@ynysmon.gov.uk
Local Members:	Applicable to all Elected Members

25

1 - Recommendation/s

The Corporate Scrutiny Committee is requested to agree a formal response to the Executive on the Council's final proposals for the 2025/26 capital budget (using the key scrutiny questions in paragraph 4 below), taking into account views from the Finance Scrutiny Panel.

2 – Link to Council Plan / Other Corporate Priorities

Direct link with the Council Plan and strategic priorities. The Committee's consideration of the capital proposals for next year will include how the proposals enable the Council to deliver on the Council Plan as well as any specific risks.

3 – Guiding Principles for Scrutiny Members

To assist Members when scrutinising the topic:-

- 3.1** Impact the matter has on individuals and communities [focus on customer/citizen]
- 3.2** A look at the efficiency & effectiveness of any proposed change – both financially and in terms of quality [focus on value]
- 3.3** A look at any risks [focus on risk]
- 3.4** Scrutiny taking a performance monitoring or quality assurance role [focus on performance & quality]
- 3.5** Looking at plans and proposals from a perspective of:
- Long term
 - Prevention
 - Integration
 - Collaboration
 - Involvement
- [focus on wellbeing]
- 3.6** The potential impacts the decision would have on:
- protected groups under the Equality Act 2010

- those experiencing socio-economic disadvantage in their lives (when making strategic decisions)
- opportunities for people to use the Welsh language and treating the Welsh language no less favourably than the English language

[focus on equality and the Welsh language]

4 - Key Scrutiny Questions

The following key questions are proposed to underpin the Committee's consideration of the 2025/26 capital budget proposals:

- To what degree does the Committee support the proposed capital programme and the proposed schemes given the limited capital funding available for the general fund?
- How do the 2025/26 capital proposals enable delivery on the Council's medium term priorities whilst balancing short term pressures and do the principles of the Council's Capital Strategy (Section 5 paragraph 1.3 below) allow the Council to meet its corporate objectives?
- The Council's capital budgets include expenditure funded by the Housing Revenue Account. What impact does this investment have on the Council's housing stock, our current tenants and individuals on the housing waiting list?

5 – Background / Context

1. CONTEXT

1.1 Scrutiny of the budget setting process has developed and matured over recent years, laying the foundations for a better, more systematic process based on outcomes and good practice. In fact, the process allows for a more systematic approach to financial scrutiny, as an essential building block of sound financial management and governance.

1.2 Capital Strategy 2025/26

The revised CIPFA Prudential Code¹ requires local authorities to produce a capital strategy in order to:

- Set out the long term context within which capital expenditure and investment decisions should be made
- As a means of ensuring that Councils take capital and investment decisions in line with service objectives and priorities
- Ensure that local authorities properly take into account stewardship, value for money, prudence, sustainability and affordability when setting its capital programme.

The Authority's capital strategy and capital programme for 2025/26 are currently being considered by the Executive². It sets out the objectives, principles and governance framework to ensure that the Authority takes capital expenditure and investment decisions in line with the Council Plan and local strategic priorities. A fundamental principle of the Strategy is to focus capital expenditure on projects which assist the Council meet the following key objectives and help the Council meet its statutory responsibilities:

¹ Revised Prudential Code (CIPFA) dated September, 2017

² Meeting of the Executive on 27th February, 2025

- i. **Welsh Language** – increasing opportunities to learn and use the language
- ii. **Social Care and Wellbeing** – providing the right support at the right time
- iii. **Education** – ensuring an effective provision for today and for future generations
- iv. **Housing** – ensuring that everyone has the right to call somewhere home
- v. **Economy** – promoting opportunities to develop the Island's economy
- vi. **Climate change** – responding to the crisis, tackling and working towards becoming a net zero organisation by 2030.

The Strategy also identifies the potential future capital expenditure, assesses the impact on the capital financing element of the revenue account and determines the funding available to finance new capital schemes for the period 2025/26. Also, the strategy sets out the long term principles underpinning capital planning to the future.

1.3 Principles of the Capital Strategy

The Capital Strategy discusses a number of long term principles which should underpin the Council's capital programme:

- The annual capital programme should focus capital expenditure on projects which contribute most to the key priorities of the Council during the period up to 2025/26.
- Capital funding should be allocated each year to ensure investment in existing assets to protect them into the future
- The Council will maximise external capital funding wherever possible and affordable
- Capital funding will also be prioritised on assets required to help the Council deliver its statutory responsibilities
- Continued commitment to the Sustainable Communities for Learning Programme and to fully utilise any available external funding.

1.4 Capital Budget Funding Sources

The Council's annual capital programme is funded through a number of funding sources:

- Capital Receipts
- Contribution from Revenue / Reserves
- Supported Borrowing
- Unsupported Borrowing
- General Capital Grant
- External Grants
- Major Repair Allowance

1.5 In considering their response to the final draft capital budget proposals, members of the Corporate Scrutiny Committee will need to consider the proposals in terms of the longer term financial position of the Council (our Medium Term Financial Plan and Capital Strategy & Capital Programme 2025/26) and the Council's long term objectives and priorities.

2. SETTING THE COUNCIL'S CAPITAL BUDGET FOR 2025/26

2.1 Attached is the report of the Director of Function (Resources) / Section 151 Officer on the final draft capital proposals for the 2025/26 budget (**APPENDIX 1**) which will be submitted to a meeting of the Executive on 27th February, 2025.

The paper provides a position statement on the following issues:

- The principles of the capital strategy;
- The proposed capital programme for 2025/26 including the general capital programme, the Sustainable Communities for Learning Programme and the Housing Revenue Account capital programme;
- How the capital programme will be funded in 2025/26;
- Impact on general balances and earmarked reserves.

Details of the Final Settlement for the 2025/26 budget are expected from Welsh Government on 27th February, 2025.

3. FINANCIAL SCRUTINY – SETTING THE 2025/26 BUDGET

3.1 Financial scrutiny is much more than adding value to decisions taken by the Executive. It is about ensuring that there is proper scrutiny in the effective planning, delivery and follow up of key decisions impacting on taxpayers and local communities. Scrutiny should therefore:

- Provide effective challenge
- Hold decision makers to account; and
- Assist the Executive to develop a robust capital budget for the coming year.

4. FINANCE SCRUTINY PANEL

4.1 The Finance Scrutiny Panel considered the latest details of the budget proposals at its meeting of 18th February, 2025. The Panel's deliberations will be presented verbally at the meeting by Cllr Geraint ap Bebb, Chair of the Panel.

5. KEY SCRUTINY ISSUES

5.1 The 2025/26 budget setting process provides an opportunity for Elected Members to consider and challenge the implications of the final draft capital budget and any risks. Input has also been received via the Finance Scrutiny Panel who have given detailed consideration to the draft budget proposals. At this stage in the process, the Corporate Scrutiny Committee is now requested to agree a formal response to the Executive³ on the Council's final capital budget proposals for the 2025/26 capital budget (using the key scrutiny questions in paragraph 4 above).

6 – Equality Impact Assessment [including impacts on the Welsh Language]

6.1 Potential impacts on protected groups under the Equality Act 2010

Identify the need for impact assessments later in the 2025/26 budget setting process.

6.2 Potential impacts on those experiencing socio-economic disadvantage in their lives (strategic decisions)

Identify the need for impact assessments later in the 2025/26 budget setting process.

6.3 Potential impacts on opportunities for people to use the Welsh language and treating the Welsh language no less favourably than the English language

Identify the need for impact assessments later in the 2025/26 budget setting process.

7 – Financial Implications

³ Meeting of the Executive to be convened on 27th February, 2025

This report discusses the process for setting the Council's 2025/26 budget, which includes consideration of the initial capital budget proposals

8 – Appendices:

APPENDIX 1: report of the Director of Function (Resources) on the proposed capital budgets for 2025/26

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

Anwen Davies, Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7TW

ISLE OF ANGLESEY COUNTY COUNCIL

Report to:	EXECUTIVE COMMITTEE
Date:	27 FEBRUARY 2025
Subject:	CAPITAL BUDGET 2025/26
Portfolio Holder(s):	ROBIN WILLIAMS – DEPUTY LEADER & PORTFOLIO HOLDER – FINANCE & HOUSING
Head of Service / Director:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Report Author:	MARC JONES – DIRECTOR OF FUNCTION (RESOURCES) / SECTION 151 OFFICER
Tel:	01248 762601
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Local Members:	n/a

A –Recommendation/s and reason/s

The Executive is required to propose a capital budget for 2025/26, which will be presented to the full Council for approval at its meeting on 6 March 2025.

RECOMMENDATIONS

To recommend to the full Council the following capital programme for 2025/26:-

	Ref	£'000
2024/25 Schemes Brought Forward – General Fund Refurbishment / Replacement of Assets	Para 4.1 Para 4.2 & 4.3	6,439 6,304
Heating System upgrades utilising Low Carbon Heat grant funding	Para 4.2	4,463
Communities for Learning	Para 5	152
Flood Relief Schemes	Para 6.1	330
Holyhead : A Culture and Heritage Driven Transformation	Para 6.2	4,367
Economic Development Sites and Premises	Para 6.3	200
Waste Infrastructure	Para 6.4	1,445
Housing Revenue Account	Para 7	15,609
Total Recommended Capital Programme 2025/26		39,309
Funded By:		
General Capital Grant		2,661
Supported Borrowing General		3,118
Communities for Learning Unsupported Borrowing		152
Capital Receipts Reserve		500
Earmarked Reserves		1,160
Welsh & UK Government Grants		14,816
Unsupported Borrowing – General Fund		1,293
HRA Revenue Account Surplus		5,488
HRA External Grants		3,531
HRA Unsupported Borrowing		6,590
2025/26 Total Capital Funding		39,309

B – What other options did you consider and why did you reject them and/or opt for this option?		
A number of additional schemes are to be considered in the capital programme, with the main driving factor in funding being affordability and the maximisation of external grant funding.		
C – Why is this a decision for the Executive?		
It is a matter for the Executive to propose the annual capital budget.		
CH – Is this decision consistent with policy approved by the full Council?		
Yes		
D – Is this decision within the budget approved by the Council?		
Not applicable		
Dd – Assessing the potential impact (if relevant):		
1	How does this decision impact on our long term needs as an Island?	The capital budget ensures funding to maintain the Council's assets, and forms part of the strategy to meet the objectives set out in the Council's Corporate Plan.
2	Is this a decision which it is envisaged will prevent future costs / dependencies on the Authority? If so, how?	Continued maintenance of the Council's assets will prevent larger costs in the future.
3	Have we been working collaboratively with other organisations to come to this decision? If so, please advise whom	Capital projects in respect of Communities for Learning and the HRA are aligned to priorities set out by the Welsh Government.
4	Have Anglesey citizens played a part in drafting this way forward, including those directly affected by the decision? Please explain how.	As part of the consultation process on the Council's Corporate Plan for 2023 – 2028, citizens were asked a number of questions relating to capital expenditure and their priorities.
5	Note any potential impact that this decision would have on the groups protected under the Equality Act 2010.	The capital budget ensures funding to maintain the Council's assets and forms part of the strategy to meet the objectives set out in the Council's corporate plan.
6	If this is a strategic decision, note any potential impact that the decision would have on those experiencing socio-economic disadvantage.	None Identified.
7	Note any potential impact that this decision would have on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.	No impact identified.
E - Who did you consult?		What did they say?
1	Chief Executive / Leadership Team (LT) (mandatory)	The report has been considered by the LT and any comments incorporated into the report.
2	Finance / Section 151 (mandatory)	Author of the report.

3	Legal / Monitoring Officer (mandatory)	The Director of Function - Council Business is a member of the LT
4	Human Resources (HR)	No direct impact on HR
5	Property	The capital programme has been drafted in consultation with the Chief Property and Asset Officer and the Head of Highways, Waste & Property
6	Information Communication Technology (ICT)	The comments of the Head of ICT have been incorporated into the report.
7	Scrutiny	TBC
8	Local Members	Proposals applicable to all Members.
9	Any external bodies / other/s	Not applicable

F - Appendices:

Appendix 1 – Report on the Capital Budget 2025/26
Appendix 2 – Final Proposed Capital Budget 2025/26

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

Capital Strategy Report – full Council 7 March 2024
Capital Budget 2024/25 – full Council 7 March 2024
Quarterly Capital Monitoring Reports 2024/25 – Executive - 24 September 2024, 26 November 2024, 18 February 2025

1. INTRODUCTION

1.1. The Capital Budget for 2025/26, set out below, takes into account the principles set out in the Capital Strategy which was approved by the Executive and the full Council in March 2024. The Capital Strategy has been updated to reflect the proposed capital budget for 2025/26, but the principles of the strategy remain unchanged.

2. PRINCIPLES OF THE CAPITAL STRATEGY

2.1. The Capital Strategy for 2024/25 was approved by the Executive and full Council and will be updated for 2025/26 to reflect the new funding levels, any changes in the Council's priorities and any changes set out in the Council's Treasury Management Strategy for 2025/26, which will be approved by the Executive and full Council in March 2025.

2.2. The current Capital Strategy sets out the following principles for the Council in determining its capital programme:-

- Each year, capital funding will be allocated to ensure an investment in existing assets to protect them into the future.
- The Council will maximise external capital funding wherever possible and affordable.
- Capital funding will also be prioritised on assets required to help the Council deliver its statutory responsibilities.
- The Council remains committed to the Communities for Learning Programme, and will continue to fully utilise Communities for Learning external funding.

2.3. The strategy then went on to provide a little more information on how these principles would be delivered, and included the following key points:-

- That the Communities for Learning programme is considered separately from the remainder of the general capital programme.
- That the replacement of existing and obsolete assets has the benefit of reducing revenue costs, and that the capital programme will allocate funding to replace or improve existing IT equipment, vehicles and Council buildings.
- It is a statutory requirement to offer disabled facilities grants, and that the capital programme will allocate funding annually to comply with this requirement.
- A sum will be allocated annually to fund road improvement works. The sum will depend on the amount required to achieve any minimum contract values, the level of external and internal funding available and an assessment of the state of repair of the Authority's roads.
- Projects that require match funding will be assessed on a case by case basis, with any decision to allocate funding being based on how the project fits into the Council's corporate priorities, any ongoing revenue implications and the ratio of Council funding to external funding.
- Projects funded from unsupported borrowing will only be undertaken if the reduction in revenue costs or increased income generated is sufficient to meet any additional capital financing costs.

2.4. The Capital Strategy also sets out how any new bid should be assessed, as follows:-

- How closely the project will contribute to the priorities of the Council Plan;
- Whether the project attracts significant external funding;
- Whether the project will lead to revenue savings;
- Whether the project will help mitigate a corporate risk.

3. FUNDING THE CAPITAL PROGRAMME 2025/26

3.1. The funds available to finance the capital programme for 2025/26 are shown in Table 1 below. It should be noted that the figures for the General Capital Grant and Supported Borrowing are based on the provisional Local Government settlement figures. The final figure will not be known until the final settlement figures are announced on 28 February 2025. It is not anticipated that the level of funding will change significantly between the provisional and final settlement.

Table 1
Anticipated Capital Funding Available for 2025/26

Source of Funding	£'000	£'000
General Fund Capital Programme		
Schemes / Funding brought forward from 2024/25	6,439	
General Capital Grant 2025/26	2,661	
Supported Borrowing	2,126	
UK and Welsh Government Grants (secured)	9,829	
Capital Receipts Reserve	500	
Earmarked Reserves	700	
Funding for the General Capital Programme (Council Fund)		22,255
Communities for Learning		
Unsupported Borrowing	152	
Funding for Communities for Learning		152
Housing Revenue Account (HRA)		
HRA Reserve	0	
HRA - In-year Surplus	5,488	
Welsh Government Major Repairs Allowance & Other external grants	3,531	
Funding for HRA		9,019
Total Capital Funding 2025/26		31,426

3.2. The General Capital Funding received from Welsh Government (WG) for 2025/26 is £401k higher than the allocation for 2024/25, which is the first significant increase that the Council has received for a number of years, but the increase does not make up for the erosion in the value of the funding that has taken place due to inflation.

3.3. Although the Council does have unsold schools, the capital receipts generated will have been allocated to fund the replacement school e.g Ysgol Llangaffo remains unsold but the capital receipts from any future sale has been allocated as part of the funding for Ysgol Santes Dwynwen. The Council does hold a small number of assets which it wishes to dispose of, and there is a balance of capital receipts which have not been allocated to any particular scheme. It is proposed to release £500k of these unallocated capital receipts to increase the funding available in 2025/26.

- 3.4. In previous years, sums have also been held as earmarked reserves to fund individual projects. The Council has used £3.78m of reserves to balance the 2023/24 revenue budget, with a further planned use of £4.4m in 2024/25. This has diminished the Council's reserves to the minimum level and does not allow for the use of reserves as capital funding in 2025/26, although £700k of earmarked reserves are available to fund capital projects in 2025/26.
- 3.5. The HRA funding is earmarked for HRA projects and cannot be used for any other purpose. The HRA reserve is now forecast to reach its minimum level and no further funding can be released from reserves. The surplus generated by the HRA Revenue Account is re-invested in the housing stock through the capital programme, and the figure shown above is based on the estimated surplus as set out in the 30 year Business Plan. Grant funding is made up of the Welsh Government's Major Repair Allowance and grant funding for the development of an extra care facility in Menai Bridge.

4. PROPOSED CAPITAL PROGRAMME 2025/26

4.1. 2024/25 Schemes Carried Forward

The capital budget monitoring report to the end of quarter 3 of 2024/25 estimates that the capital programme will underspend by £6.439m, although the final position may change during the final quarter. Once the final position in respect of 2024/25 is known, this will be reported to the Executive alongside a request to approve the carrying forward of funding from 2024/25 to 2025/26. The schemes which are likely to carry forward to 2025/26 are shown in the table below:-

**Table 2
2024/25 Schemes Brought Forward**

2024/25 Schemes Brought Forward	2025/26 £'000
School Building Major Repairs & Upgrades	769
Purchase of Vehicles	48
Purchase of IT Equipment	352
Upgrade of Public Conveniences	270
Match Funding for Low Carbon Heat Grants	696
Holyhead Regeneration (THI Phase II)	291
Maritime and Visitor Infrastructure	190
Holyhead : Culture and Heritage Driven Transformation	3,426
Flood Relief Schemes	110
Canolfan Glanhwfa	287
Total Schemes Brought Forward	6,439
Funded By	
Supported Borrowing	992
Welsh and UK Government Grants	4,987
Earmarked Reserves	460
Total Funding for Schemes Brought Forward	6,439

4.2. Refurbishment / Replacing Existing Assets

Each year, it is necessary to invest in the Council's assets to prolong their life and ensure that they are fit for purpose, or to replace obsolete assets. The following sums are proposed:-

- **Refurbishment of Schools** – The cost of clearing the backlog maintenance in the Council's 46 schools is considerable and cannot be fully funded in the short to medium term. The Council's school modernisation programme may reduce some of this cost, but a large number of the existing schools will remain in use in the long term. A sum of £471k has been allocated, with a further £319k allocated as match funding for work funded from WG's Low Carbon Heat grant, and this will draw down £2.873m of grant funding. In addition to this funding, £345k has been allocated to begin the work of upgrading toilets at the Council's secondary schools. Work will be prioritised to undertake the most urgent upgrades first.
- **Refurbishment of Non School Buildings** – Due to insufficient funding over a number of years, the condition of the Council's buildings continue to deteriorate. £1.1,452m of work has been identified for 2025/26 and this is at leisure centres, libraries, residential care homes and day care facilities. In addition, £127k has been allocated as match funding for work funded from WG Low Carbon Heat grant, which will result in £1.144m of grant funding being drawn down. Work continues on the refurbishment of Plas Arthur Leisure Centre, with a further £500k being allocated from earmarked reserves.
- **Highways Resurfacing** – The Annual Status and Option Report confirms that an annual budget of £2.5m is required in order to sustain the Steady State (Preventative) condition of our roads. A budget below this required amount would inevitably result in less efficiency and reduced value for money, with additional costs to the Highway Authority, with more money being spent on emergency works and also the risk of increased third party claims being made against the Authority. A budget allocation of £1.7m has been provided for this work. However, it is anticipated that WG may fund additional borrowing which will allow this allocation to be increased in both 2025/26 and 2026/27.
- **Vehicles** – The Council is committed to becoming a carbon neutral organisation and, in order to achieve that commitment, the Council needs to reduce the number of petrol and diesel powered vehicles. However, achieving this within the current funding limitations will be challenging and the Council will be reliant on additional grant funding, or will have to change from direct purchase to leasing in order to achieve the change. The Service has identified a new gritter and replacement minibuses for Môn Community Transport as the priority. £240k is allocated in the proposed budget to purchase one new gritter and to begin the MCT minibus replacement programme, with a further £300k allocated to replace older vehicles in the fleet.
- **IT Assets** – Continued investment is required to maintain the Council's core infrastructure and to replace devices used by staff to access systems. £271k has been identified as the sum required to maintain the core infrastructure and to replace desktop devices.
- **IT Assets in Schools** – Significant investment has been made in upgrading IT assets in schools using WG funding (HWB). It will be necessary for the Council to fund the replacement of these assets when they reach the end of their useful lives. Although only a small amount of expenditure is required in 2025/26, funds are allocated when available to build up a reserve to fund the significant expenditure, over £2m, which will be necessary in 2027/28. A further £155k has been allocated to fund the replacement cost of IT devices and infrastructure in schools with any unused funding being carried forward to future years.

4.3. Disabled Facilities Grants

The demand for major adaptations to enable disabled residents to continue to live at home continues to be high. Funding of £500k for adapting Council houses is included in the HRA planned maintenance budget, however, the Council must also fund work to private homes as well. The allocation is increased in 2025/26 to £870k, an increase of £120k from the previous year.

5. COMMUNITIES FOR LEARNING PROGRAMME

5.1. The Council's modernisation of the school estate, through WG's Communities for Learning programme, is now moving to the next phase and, as a result, no work is planned on any new schools in 2025/26. A budget of £152k is required to pay retained sums in respect of the Ysgol Y Graig project which was completed in 2024.

6. OTHER PROJECTS

6.1. Flood related schemes are funded by WG grant (85%), with the remaining 15% being funded from the Council's own funding. Work continues to develop a number of projects, including major schemes in Menai Bridge and Llanfair P.G. Design work continues on both schemes, with a final business case being put forward to WG for funding to enable the works to be undertaken. £300k has been allocated as match funding for one of the schemes, but the funding will only be utilised should WG provide grant funding for the schemes. Currently, there is no guarantee that the application will be successful.

6.2. The funding relating to the Holyhead : Culture and Heritage Driven Transformation project moves into its final year, with a number of projects being undertaken by the Council and other organisations. The project is funded by the UK Government through a grant scheme which replaced the previous funding received through EU programmes. In addition to the funding that has been brought forward from 2024/25, a further £4.367m is planned to be spent in 2025/26.

6.3. The Economic Development service is currently seeking grant funding to develop more business units across Anglesey, but the commencement of the schemes is dependent on being successful in grant applications. £200k is allocated to allow further work to take place to develop and design individual schemes.

6.4. Significant expenditure will be required over the medium term to upgrade the Council's waste facilities. This will not only allow ageing equipment to be replaced but will also allow the facilities at both Penhesgyn and Gwalchmai to be upgraded to meet new legislative requirements and to allow the Council to meet WG's recycling targets. Work is ongoing to secure grant funding from WG to fund the majority of the investment. In 2025/26, the Council will receive funding through the UK Government's extended producer responsibility for packaging (eEPR) scheme. It is estimated that the Council will receive £2.3m of funding in 2025/26, and this funding is earmarked to fund essential investment in the waste infrastructure which will not be funded by WG grants. £1.445m has been allocated in the 2025/26 budget.

7. HOUSING REVENUE ACCOUNT

7.1. The Housing Revenue Account (HRA) is a ring-fenced account in terms of both revenue and capital expenditure. The proposed programme for 2025/26 will see the continued investment in the existing stock to ensure continued compliance with the WHQS standards, with £13m being invested.

7.2. Planning work is ongoing to build a new extra care facility in Menai Bridge. £2.276m of expenditure is planned for 2025/26.

The Council continues to build new housing stock across the Island, with a number of projects planned for 2025/26. Each project is subject to a financial viability assessment and is only added to the programme if the assessment is positive and is authorised by the Executive under the agreed authorisation protocol. As a result, no schemes are included in this initial budget, but schemes will be approved and added to the budget during 2025/26.

- 7.3. The total planned investment for 2025/26 (excluding new developments) is estimated at £28.333m. The programme will be funded from: the revenue surplus generated in 2025/26 (£5.488m), Unsupported Borrowing (£9.155m) and WG grants (£13.69m).
- 7.4. The long term investment programme, and how it will be funded over the next 30 years, will be set out in the HRA business plan, which will be presented to the Executive in due course.
- 7.5. A sum of £350k has been allocated to purchase replacement vehicles for the Housing Maintenance Unit.

8. SUMMARY RECOMMENDED CAPITAL PROGRAMME 2025/26

- 8.1. The recommended capital programme for 2025/26 is summarised in Table 3 below, and analysed in further detail in Appendix 2:-

Table 3
Summary Recommended Capital Programme 2025/26

	Ref	£'000
2024/25 Schemes Brought Forward – General Fund	Para 4.1	6,439
Refurbishment / Replacement of Assets	Para 4.2 & 4.3	6,6304
Heating System upgrades utilising Low Carbon Heat grant funding	Para 4.2	4,463
Communities for Learning	Para 5	152
Flood Relief Schemes	Para 6.1	330
Holyhead : Culture and Heritage Driven Transformation	Para 6.2	4,367
Economic Development Sites and Premises	Para 6.3	200
Waste Infrastructure	Para 6.4	1,445
Housing Revenue Account	Para 7	15,609
Total Recommended Capital Programme 2025/26		39,309
Funded By:		
General Capital Grant		2,661
Supported Borrowing General		3,118
Communities for Learning Unsupported Borrowing		152
Capital Receipts Reserve		500
Earmarked Reserves		1,160
Welsh & UK Government Grants		14,816
Unsupported Borrowing – General Fund		1,293
HRA Revenue Account Surplus		5,488
HRA External Grants		3,531
HRA Unsupported Borrowing		6,590
2025/26 Total Capital Funding		39,309

- 8.2. The total capital programme shown in Table 3, above, exceeds the anticipated capital funding available shown in Table 1 by £10.323m. This will be funded by unsupported borrowing by the General Fund £1.168m and by the HRA £6.590m.

- 8.3.** This additional unsupported borrowing will create additional revenue expenditure in terms of an increased minimum revenue provision (MRP) and interest costs in 2026/27. The actual additional cost will depend on the interest rate when the funding is borrowed and the life of the asset which is funded by the borrowing. As the Council has adopted the annuity method to calculate the MRP charge, the value of this charge increases over time, with the total sum charged to the revenue account equalling the sum borrowed.

FINAL PROPOSED CAPITAL BUDGET 2025/26

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
2024/25 Committed schemes b/f								
Refurbishment of Schools	769	193		576				
Vehicle Replacement	48			48				
IT Equipment Replacement	352			352				
Upgrade of Public Conveniences	270						270	
Low Carbon Heating Systems	696	696						
Holyhead Regeneration (THI Phase II)	291	291						
Maritime and Visitor Infrastructure	190						190	
Holyhead : Culture and Heritage Driven Transformation	3,426	3,426						
Flood Relief Schemes	110	94		16				
Canolfan Glanhwfa	287	287						
Total 2025/26 Committed Schemes	6,439	4,987	0	992	0	0	460	0
Refurbishment / Replacement of Assets								
Refurbishment of School Buildings	471			471				
Refurbishment of Secondary School Toilets	345							345
Refurbishment and Repairs – Council Offices	125				125			
Refurbishment and Repairs – Amlwch Leisure Centre	80			80				
Refurbishment and Repairs – David Hughes Leisure Centre	46			46				
Repairs at Menai Bridge Library	17			17				
Refurbishment and Repairs – Brwynog	69			60	9			
Refurbishment and Repairs – Garreglwyd	514				514			

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
Refurbishment and Repairs – Haulfre	81			81				
Refurbishment and Repairs – Plas Crigyll	100			100				
Refurbishment and Repairs – Plas Mona	70			70				
Refurbishment and Repairs – Hen Rheithordy	35			35				
Refurbishment and Repairs – Gors Felen	315				315			
Vehicle Replacement	540		140	400				
IT Equipment Replacement General	271		271					
IT Equipment Replacement Schools	155							155
Disabled Facilities Grants	870		870					
Refurbishment Plas Arthur Leisure Centre	500						500	
Highway Resurfacing	1,700		1,380	320				
Total Refurbishment / Replacement of Assets	6,304	0	2,661	1,680	963	0	500	500
Communities for Learning Programme								
Ysgol y Graig	152				152			
Total Communities for Learning Programme	152	0	0	0	152	0	0	0
Flood Relief Scheme								
Flood Relief Schemes – Match Funding	330				330			
Total Flood Relief Schemes	330	0	0	0	330	0	0	0
Heating Systems Upgrade to Low Carbon								
Heating Systems Upgrade to Low Carbon	4,463	4,017		446				
Total Heating Systems Upgrade to Low Carbon	4,463	4,017	0	446	0	0	0	0

Scheme	Budget £'000	External Grants £'000	General Capital Grant £'000	Supported Borrowing £'000	Unsupported Borrowing £'000	HRA Surplus £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000
Holyhead : Culture and Heritage Driven Transformation								
Holyhead : Culture and Heritage Driven Transformation	4,367	4,367						
Total Holyhead : Culture and Heritage Driven Transformation	4,367	4,367	0	0	0	0	0	0
Economic Development Sites & Premises								
Economic Development Sites & Premises	200						200	
Total Economic Development Sites & Premises	200	0	0	0	0	0	200	0
Waste Infrastructure								
Internal Recycling Sorting Equipment - Gwalchmai	733	733						
Mobile Plant - Penhesgyn	318	318						
Drainage Works - Penhesgyn	314	314						
Mobile Plant - Gwalchmai	80	80						
Total Waste Infrastructure	1,445	1,445	0	0	0	0	0	0
TOTAL GENERAL FUND	23,700	14,816	2,661	3,118	1,445	0	1,160	500
Housing Revenue Account								
WHQS Planned Maintenance Programme	12,983	2,690			4,805	5,488		
Extra Care Facility Menai Bridge	2,276	841			1,435			
Vehicle Replacement	350				350			
TOTAL HOUSING REVENUE ACCOUNT	15,609	3,531	0	0	6,590	5,488	0	0
TOTAL CAPITAL PROGRAMME 2025/26	39,309	18,347	2,661	3,118	8,035	5,488	1,160	500