

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	CORPORATE SCRUTINY COMMITTEE AND EXECUTIVE COMMITTEE
DATE:	17 SEPTEMBER 2015 AND 21 SEPTEMBER 2015
SUBJECT:	BUDGET MONITORING REPORT FIRST QUARTER 2015/16 - CAPITAL
PORTFOLIO HOLDER(S):	COUNCILLOR H E JONES
HEAD OF SERVICE:	RICHARD MICKLEWRIGHT (EXT. 2601)
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LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

- The expenditure on general schemes to the end of June was £2.5m (12% of total general schemes budget). Housing schemes incurred expenditure of £0.7m (6% of the total housing budget) to June. The overall expenditure was 10% of the total budget, as many of the schemes are weighted towards the latter part of the year.
- It is recommended to note progress of expenditure and receipts against the capital budget.

B - What other options did you consider and why did you reject them and/or opt for this option?

n/a

C - Why is this a decision for the Executive?

- This report sets out the financial performance of the Capital budget for the first quarter of the financial year.
- Budget monitoring is a designated Executive function.

CH - Is this decision consistent with policy approved by the full Council?

Yes

D - Is this decision within the budget approved by the Council?

Setting of the annual Capital Budget.

DD - Who did you consult?

What did they say?

	Who did you consult?	What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section 151 Officer's report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	

E - Risks and any mitigation (if relevant)

1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	

7	Other	
F - Appendices:		
Appendix A - Capital Budget Monitoring Report – Quarter 1 2015/16 Appendix B - Capital Budget 2015/16 – Summary of the Capital Expenditure against the Capital Budget 2015/16		
FF - Background papers (please contact the author of the Report for any further information):		
<ul style="list-style-type: none">• 2015/16 capital budget, as recommended by this Committee on 16 February 2015; and• 2015/16 Public Sector Housing Investment Programme 2015/16 (as presented to, and accepted by, this Committee on 20 April 2015).		

1. BACKGROUND

- 1.1 This is the capital budget monitoring report for the first quarter of the financial year. Appendix B is a summary of expenditure against the budget up to the end of June.
- 1.2 In February 2015, the Council approved a Capital Programme for non housing services of £15.150m for 2015/16. In April 2015, the Council approved a Capital Programme for the HRA of £8.589m. There have been new Grants awarded in 2015/16 totalling £5.158m, and there was £3.943m Capital Commitments brought forward from 2014/15. This gives a total Capital budget for 2015/16 of £32.840m.

2. PROGRESS

- 2.1 Expenditure to the end of June is £2.5m (£1.3m in 2014/15) on general schemes, which equates to 12% (6% in 2014/15) of the total general schemes budget. The reason for this is that most of the Capital schemes are weighted towards the latter part of the financial year. An example of this would be the Schools refurbishment, Re-wiring Education Buildings and the Reducing Fire Risk in Schools programmes' which have received a total budget of £0.6m. However, at the end of the first quarter there was no expenditure on these schemes as they are due to commence during the school holidays in quarter 2.
- 2.2 Expenditure to the end of June on housing Capital schemes is £0.7m (£1.3m 2014/15).
- 2.3 These reports focus on grant aided schemes and other projects where there can be considerable risk if projects slip or over-run the budget. As previously reported, the number of grant aided projects has reduced following cuts in Welsh Government budgets, although there are some large European Grant aided projects underway (being the Sites and Premises project and the Anglesey Coastal Environment). There are also currently 7 (4 continued from 2014/15) Welsh Government aided projects underway, the most significant of which being the Vibrant and Viable Places Grant.
- 2.3.1 The three most significant projects in terms of risk are detailed below:-
- 2.3.1.1 The Isle of Anglesey County Council has secured grant funding of £7.490m from the Welsh Government Vibrant and Viable Places Programme over the next three financial years, on a match funding basis. The total Capital budget approved by the Welsh Government for 2015/16 is £2.411m. This budget of £2.411m has been split over six categories, Enabling New Homes (£0.371m), Enabling Town Homes (£0.576m), Viable Town Centre (£0.411m), Market Hall Hub (£0.09m), Jobs and Business (£0.392m), Active Community (£0.571m). However, at the end of the quarter, there was only £0.227m spent on this programme. The majority of the expenditure for this grant is profiled for quarter 4, therefore, if there is slippage, there is a significant risk that funding will be lost.
- 2.3.1.2 The smallholdings programme of improvements, financed from the ring-fenced capital receipts from the sale of smallholdings and rental income, is in its sixth and final year. The programme continues to run ahead of capital receipts, with a deficit of £1.393m brought forward from 2014/15. Capital receipts to the end of the first quarter is £0.814m. There are further sales projected for 2015/16 and 2016/17.

2.3.1.3 A number of projects and schemes allied to service and corporate transformation are in progress or are expected over the short to medium term; this includes the recent, in principle, approval of the 21st Century Schools Programme, Band A, and projects involving older adult social care. These projects and schemes will place a significant capital financing requirement on this Authority and the corporate strategic asset management plans will need to be closely aligned to deliver the capital receipts necessary to minimise the need to borrow. Any borrowing that is taken up will increase the pressures on the future budgets and increase the general risks associated with debt.

3. RESOURCES

3.1 Capital Grants

3.1.1 During the Quarter, the Council was awarded £191,000 Road Safety Capital grant. This grant will be spent on three schemes, being the B4419 Pentre Berw to Llangaffo, the A4080 Brynsiencyn to Newborough and the A4080 Engedi to Aberffraw.

3.1.2 The Council was also awarded a grant of £174,000 for Safer Route in Communities. This grant will be spent on improving accessibility and safety, and encourage walking and cycling in communities in the village of Talwrn.

3.1.3 Finally, during the quarter, the Council was awarded a grant of £58,843 to develop Canolfan Bro Alaw.

3.2 Capital Receipts

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

	Received to 30 June 2015 £'000	Budget to 2015/16 £'000
Housing HRA		
Right to Buy Sales	58	170
Land Sales	0	0
Private Sector Housing		
Sales of plots	0	0
Repaid charges	0	0
Repaid grants	5	5
Council Fund:		
Smallholdings	814	2,739
General	50	1,540
Industrial	0	2
Schools	0	190
Total	927	4,646

3.2.2 The Capital Receipts for Quarter 1 was slightly behind profile, but it is expected to pick up over the next two Quarters. The reason it was slightly behind the profile was due to a change in planning policy interpretation on residential building plots and delays by purchasers.

4. LOOKING AHEAD

4.1 The significant items worthy of note at this point are as follows:-

4.1.1 Design work is currently progressing on two schemes within Band A of the 21st Century Schools programme – new Holyhead Primary School and a new Area School in North West Anglesey (Ysgol y Llannau). There will be a requirement to progress with feasibility work for the other two projects within Band A later this year.

4.1.2 New Holyhead School – The FBC has been submitted to Welsh Government and will be presented to their panel in late August. Subject to FBC approval, works are programmed to commence on site in late September. The FBC included revised total Projects Costs of £10,352,381. This figure shows an overall cost increase of £1,942,041 against the current WG approved budget of £8,410,340. It is important that members note that there is no guarantee that the Welsh Government will fund 50% of this or any future increase. The increased costs are mainly following detailed surveys and agreement with CADW of the extent of the works required to the Grade II Listed Cybi Block.

The Full Planning Application was submitted in April. The application was considered by the Planning Committee at the end of July. A Listed Building Planning Application for the Cybi Block refurbishment was submitted in July.

4.1.3 New Area School North-West Anglesey (Ysgol y Llannau) – A full Planning Application has been submitted and will hopefully be approved in September. Agreement has been reached with the landowner regarding the purchase of the land and will progress once Planning Approval has been received.

Additional Archaeological excavation works are required on site to complete the areas identified by Gwynedd Archaeological Trust. These works will be carried out prior to the main contractor commencing on site. Tenders for main construction will be invited in early September from contractors on North Wales Major Construction Works Framework.

It is anticipated that the works will commence on site in February 2016 – with a construction period of 12 months – for completion in February 2017.

4.2 Capital Bids forms for the 2016/17 financial year were available in mid August. The process will run until this Committee's meeting in November and will follow the same procedure as last year. The process this year will be shorter and brought forward by five to six weeks.

APPENDIX B

Slippage 2014/15 £'000	Budget 2015/16 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)	Expenditure At Q1 (£000)	Expenditure % to budget
		Housing						
		Public Sector Housing :						
1,300	8,809	Housing Capital Programme	Planned Maintenance on Council Houses	5,087	2,650	2,437	544	11
			Central Heating Works	250		250	0	0
			Environmental works	500		500	4	1
			WHQS Internal Works Package & Asbestos Management	750		750	69	9
			Fire Risk Management	250		250	0	0
			Remodelling of Existing Stock (Llawr y Dref)	1,530		1,530	0	0
			Acquisition of Existing Properties	1,372		1,372	0	0
			Public Sector Adaptations	150		150	7	5
			Purchase Vehicles for the BMU	220		220	0	0
		Private Sector Housing Schemes :						
		Private Sector Housing Grants and Loans Schemes	Houses Into Homes To Let				15	
			First Time Buyer Grants				5	
30	816		Disabled Facilities Grants	846		846	105	12
	180		Compulsory Purchase Pilot Scheme	180		180	0	0
	17		Housing Study and Fees VVP Grant	17	17		0	0
	187		Cyttir Lane Social Housing VVP Grant	187	187		0	0
	161		Bwch Alltran VVP Grant	161	161		0	0
305		Affordable Housing Schemes		305		305	0	0
1,635	10,170	Total Housing		11,805	3,015	8,790	749	6
		Education						
	442	Flying Start Capital Expansion Programme	Adjustment to Flying Start Building, Holyhead	442	442		4	1
	189	Flying Start VVP Grant		189		189	0	0
	9,159	21st Century Schools	Ysgol Caergybi	5,728	2,864	2,864	67	1
			Ysgol Llannau	3,431	1,716	1,715	44	1
	198	Schools - Refurbishment	Ysgol Gynradd Meolfre	22		22	0	0
			Ysgol Gynradd Pentraeth	16		16	0	0
			Ysgol Gynradd Llanfairpwll	19		19	0	0
			Ysgol Gynradd Talwrn	13		13	0	0
			Ysgol David Hughes	53		53	0	0
			Ysgol Uwchradd Caergybi	31		31	0	0
			Ysgol Rhoscolyn	24		24	0	0
			Ysgol Gynradd Cemaes	20		20	0	0
	253	Rewiring Education Building	Ysgol Uwchradd Caergybi	55		55	0	0
			Ysgol Gynradd Bodffordd	83		83	0	0
			Ysgol Gynradd Moelfre	115		115	0	0

Slippage 2014/15 £'000	Budget 2015/16 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)	Expenditure At Q1 (£000)	Expenditure % to budget
	149	Reduction in Fire risk in Council Building	Ysgol David Hughes	4		4	0	0
			All Schools	24		24	0	0
			Ysgol Gynradd Penysarn	11		11	0	0
			Ysgol David Hughes	55		55	0	0
			Ysgol Uwchradd Bodedern	55		55	0	0
	10,390	Sub-Total		10,390	5,022	5,368	115	1
		Leisure						
85		Plas Arthur Leisure Centre Upgrade		85		85	67	79
85		Amlwch Leisure Centre Upgrade		85		85	0	0
	70	Holyhead Leisure Centre Upgrade VVP Grant		70	70		92	131
170	70	Sub-Total		240	70	170	159	66
		Economic Development						
447		Strategic Infrastructure on Anglesey - Sites and Premises		447		447	780	174
		Public Conveniences					24	
		Cemaes Toilets					3	
244		Anglesey Coastal Environment Project		244		244	318	130
63		Unallocated Funding		63		63	0	
	145	Holyhead Business Investment Fund VVP Grant		145	145		31	21
	120	Penrhos Units Upgrade VVP Grant		120	120		7	6
	30	HAWFC Extension VVP Grant		30	30		28	93
	50	Caban Kingsland VVP Grant		50	50		47	94
	1	Ynys Mon Gymnastics Club VVP Grant		1	1		0	0
	48	Active Community Development VVP Grant		48	48		5	10
	69	Kingsland Community Centre VVP Grant		69	69		13	19
754	463	Sub-Total		1,217	463	754	1,256	103

Slippage 2014/15 £'000	Budget 2015/16 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)	Expenditure At Q1 (£000)	Expenditure % to budget
		Highways						
45		Car Parks		45		45	0	0
387	150	Vehicles		537		537	90	17
	2,000	County Prudential Borrowing Initiative	Brynteg, Gorad Road, Valley	17		17	18	106
			Lôn Pandy Llywenan, Llanfigael	44		44	23	52
			Lôn Fferm Bodloigan, Llanfigael	52		52	51	98
			Lôn Glanrafon, Llanfechell	42		42	39	93
			Stad Nant y Mynydd, Llanfechell	27		27	27	100
			Breeze Hill, Benllech	40		40		0
			Moelfre Square to Bus shelter	20		20		0
			Maes Hyfryd, Lôn Newydd, Moelfre	30		30		0
			Nebo to Llys Dulas, Penysarn	30		30		0
			Maenaddwyn to Brynteg, Brynteg	100		100		0
			Ednyfed Hill / Bonc yr Odyn, Amlwch	31		31		0
			Old Post Office, Brynrefail	15		15		0
			Pengraigwen	20		20		0
			Lôn Fferam Uchaf, Llansadwrn	40		40	37	93
			Hill Street, Menai Bridge	44		44		0
			Biwmares to Lairds Junction, Llanfaes	80		80		0
			Hendre Hywel, Pentraeth	24		24		0
			Maes y Coed Estate, Talwrn	15		15		0
			Lôn Bryn Ceinwen (The Outbuildings)	23		23	24	104
			Brig y Nant Estate, Llangefni	24		24		0
			Llanddaniel village	30		30		0
			Capel Mawr to Pont Marquis	30		30		0
			Bethel village	34		34		0
			Lôn Tre Dryw, Brynsiencyn	22		22		0
			Greenfield Avenue, Llangefni	55		55		0
			Kingsland Road, Holyhead	62		62		0
			Lôn Ty Main, Caergeiliog	34		34	35	103
			Four Mile Bridge, Trearddur Bay	123		123		0
			Seacroft junction, Beach Road	50		50		0
			Turnpike Nant Roundabout Surfacing	100		100		0
			Allt Goch, Beaumaris Drainage	70		70		0
			Llanfairynghornwy Culvert Drainage	100		100		0
			Surface Dressing various locations	572		572		0
	900	Beaumaris Flood Alleviation	Reduce the risk of floods in Beaumaris	900	765	135	370	41
	1,936	Llangefni Link Road		1,936	1,867	69	12	6
	5	Active Travel Mapping		5	5		0	0
	174	Safer Route in Communities	Improve accessibility and safety and encourage walking and cycling in communities in the village of Talwrn	174	174		0	0
	191	Road Safety Grant	B4419 Pentre Berw to Llangaffo	42	42		0	0
			A4080 Brynsiencyn to Newborough	82	82		0	0
			A4080 Engedi to Aberffraw	67	67		0	0
	16	Market Street Improvement VVP Grant		16	16		4	0

Slippage 2014/15 £'000	Budget 2015/16 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)	Expenditure At Q1 (£000)	Expenditure % to budget
	18		Visitor Signage and Parking Meters VVP Grant	18	18		0	0
432	5,390		Sub-Total	5,822	3,036	2,786	730	13
			Waste Management					
119			Waste Containers Compound	119		119	0	0
119			Sub-Total	119		119	0	0
			Property					
123			Building Risk Management works	123		123	46	37
96			Holyhead Fishdock	96		96	0	0
106			Llanbedrgoch Cemetery	106		106	0	0
112			Llanddona Cemetery	112		112	1	1
			Smallholdings				168	
437			Sub-Total	437		437	215	49
			Corporate					
	1,125		Smarter Working					
			Reception	77		77	0	0
			ICT Associate Costs - Reception	9		9	0	0
			Professional Support	103		103	0	0
			Main Building	588		588	0	0
			Shire Hall	33		33	0	0
			ICT Associate Costs - Main Building	34		34	0	0
			ICT Associate Costs - Shire Hall	11		11	0	0
			Unified Comms Solution (MS Lync)	8		8	0	0
			Remote Access	54		54	0	0
			Additional Storage for Records Management	29		29	0	0
			Audio/Visual Equipment for Meeting Rooms	5		5	0	0
			Energy Efficiency: LED Light Fittings	151		151	0	0
			New Flexi System	21		21	0	0
			Voice Recognition Software	2		2	0	0
396		ICT	ICT Backup System	150		150	0	0
			Microsoft Exchange	22		22	0	0
			3Comm Refresh	50		50	0	0
			Additional Cost for Backup Systems	20		20	0	0
			Replacement of 2003 servers	100		100	0	0
			Provision for Microsoft and Oracle licensing costs	15		15	0	0
			New Servers				14	
			ICT Contingency	39		39	0	0
396	1,125		Sub Total	1,521		1,521	14	1

Slippage 2014/15 £'000	Budget 2015/16 £'000	SERVICE	Detail of the planned Capital Expenditure	Budget Amount ('000)	External Funding (specific grants & contributions) ('000)	Cost borne by IOACC ('000)	Expenditure At Q1 (£000)	Expenditure % to budget
		Social Services						
		Extra Care Homes	Llangefni Amlwch					
		Sub-Total						
		Planning						
		HLF					43	0
	10	Breakwater Park VVP Grant		10	10		0	0
	81	Market Hall Study VVP Grant		81	81		0	0
	59	Development Fees VVP Grant		59	59		0	0
	336	THI Phase 2 Implementation VVP Grant		336	336		0	0
	486	Sub-Total		486	486		43	9
		Other VVP Grants						
	102	Active Community Unallocated		102	102			
	9	Market Hall Hub Unallocated		9	9			
	109	Jobs and Business Unallocated		109	109			
	559	Town Homes Unallocated		559	559			
	24	Enabling New Homes Unallocated		24	24			
	803	Sub-Total		803	803			
2,308	18,727	Total - General		21,035	9,880	11,155	2,532	12
3,943	28,897	TOTAL BUDGET		32,840	12,895	19,945	3,281	10