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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>26 March 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/37/19/AP/MT</b>
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<b>Subject:</b>	<b>2018/21 Capital Programme</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2018/21 Capital Programme.

## **2.0 SUMMARY**

- 2.1 On March 15 2018 the Council approved the 2018/21 Capital Programme which built on the previously approved 2017/20 Capital Programme.
- 2.2 The Capital Programme reflects the confirmed 2018/19 and 2019/20 capital grant. The 2019/20 grant is £0.110m less than previously estimated and includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations. In addition the estimated 2020/21 grant has been reduced by £0.400m to £8.100m.
- 2.3 In order to fund increased investment in a number of areas it was agreed to overprovide by up to 5% against available (non SEMP) resources in recognition of potential increase in resources or cost reductions in the future. As a result the Capital Programme is reporting a deficit of £2.703m. This is £0.212m in excess of the acceptable level of up to 5% overprovision and action has been taken when preparing the 2019/23 Capital Programme as part of the budget setting process to address the shortfall and bring it back within the 5% overprovision.
- 2.4 The position has been updated to reflect the most up to date information available rather than that reported to individual Service Committee's. As a result it can be seen from Appendix 2 that as at 28 February 2019 expenditure in 2018/19 was 81.7% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director.
- 2.5 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. Overall Committees are projecting to outturn on budget per 2018/21. In the current year net slippage of 5.93% is currently being reported, a increase from the 4.38% net slippage previously reported. This is due to slippage in Health & Social Care (£0.642m), Environment and Regeneration (£0.751m) and School Estates (£0.934m) offset by advancement in Education and Lifelong Learning (Excluding School Estate) (£0.629m) and Policy & Resources (£0.039m).
- 2.6 A detailed outturn report will be presented to the Committee in August on closure of the 2018/19 Accounts.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee notes the current position of the 2018/21 Capital Programme and that officers continue to examine ways to minimise any further slippage.

## 4.0 BACKGROUND

- 4.1 On March 15 2018 the Council approved the 2018/21 Capital Programme which built upon the previously approved 2017/20 Capital Programme to 2017/21.
- 4.2 The Capital Programme reflects the confirmed 2018/19 and 2019/20 capital grant. The 2019/20 grant is £0.110m less than previously estimated and includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations. In addition the estimated 2020/21 grant has been reduced by £0.400m to £8.100m.
- 4.3 Overprovision of projects against estimated (non SEMP) resources of up to 5% has been made to allow for increased resources and/or cost reductions.
- 4.4 The 2019/23 Capital Programme was due to be approved by the Council on 21 March 2019.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2018/21 period the Capital Programme is reporting a £2.703m deficit. This is £0.212m in excess of the acceptable level of up to 5% overprovision and will be addressed when preparing the 2019/23 Capital Programme as part of the budget setting process.
- 5.2 The position in respect of individual Committees for 2018/19 is as follows:

### Health & Social Care

Net slippage of £0.642m (47.07%) is being reported with spend of £0.722m for the year. Slippage is projected within Crosshill Children's Home Replacement due to delays experienced and projected cost reductions.

### Environment & Regeneration

Net slippage of £0.751m (5.16%) is being reported with spend of £13.791m for the year. Slippage is projected mainly within Pottery Street (£0.371m), SPT (£0.350m), Flooding (£0.581m), King George VI refurbishment (£0.247m) and other minor slippages on various budgets across the Property Services annual allocations offset by advancement within Clune Park (£0.430m), Bakers Brae realignment (£0.204m), Town and Village centres (£0.194m) and the Enterprise Hub (£0.100m).

### Education & Communities

Net slippage of £0.3-5m (2.63%) is being reported with spend of £11.174m for the year. The slippage is mainly due to the revised phasing of various projects within the School Estates Management Plan (£0.934m) and the Community facility at Broomhill (£0.099m) offset by advancement of the Inverclyde Leisure project at Lady Octavia Sports Centre (0.470m) and Watt Complex (£0.218m).

### Policy & Resources

Net advancement of £0.039m (7.80%) is being reported with spend of £0.539m for the year. The advancement is within the PC Refresh and Server Replacement Programme (£0.050m) offset by slippage within the modernisation fund (£0.011m).

- 5.3 Overall in 2018/19 expenditure is 81.7% of projected spend for the year and that project slippage from the programme agreed in March 2018 is £1.659 million (5.93%). The Corporate Director, Environment, Regeneration and Resources will continue to work with the rest of the Corporate Capital Programme officer group to identify ways which will reduce any further slippage and potentially advance projects albeit opportunities are very limited at this stage of the financial year.

## 6.0 CONSULTATION

- 6.1 This report reflects the detail reported to Service Committees.

## 7.0 IMPLICATIONS

### Finance

#### 7.1 Financial Implications

All financial implications are shown in detail within the report and in Appendices 1 & 2.

#### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

#### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

### Legal

7.2 There are no legal implications.

### Human Resources

7.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, Policy & Communications has not been consulted.

### Equalities

7.4 The report has no impact on the Council's Equalities policy.

### Repopulation

7.5 The Council's continuing significant capital investment levels will have a positive impact on regeneration, job creation and hence repopulation.

## 8.0 BACKGROUND PAPERS

8.1 None.

Capital Programme - 2018/19 - 2020/21Available Resources

	A	B	C	D	E
	2018/19	2019/20	2020/21	future	Total
	£000	£000	£000	£000	£000
Government Capital Support	8,282	9,390	8,100	-	25,772
Less: Allocation to School Estate	(4,300)	(4,300)	(3,000)	-	(11,600)
Capital Receipts (Note 1)	389	282	543	-	1,214
Capital Grants (Note 2)	1,601	610	-	-	2,211
Prudential Funded Projects (Note 3)	5,642	4,052	3,862	350	13,906
Balance B/F From 17/18 (Exc School Estate)	12,167	-	-	-	12,167
Capital Funded from Current Revenue	5,252	349	603	-	6,204
	<u>29,033</u>	<u>10,383</u>	<u>10,108</u>	<u>350</u>	<u>49,874</u>

Overall Position 2018/21

	<u>£000</u>
Available Resources (Appendix 1, Column E)	49,874
Projection (Appendix 2, Column B-E)	52,577
(Shortfall)/Under Utilisation of Resources	<u>(2,703)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2018/19	2019/20	2020/21	future	Total
	£000	£000	£000	£000	£000
Sales	389	247	543	-	1,179
Contributions/Recoveries	-	35	-	-	35
	<u>389</u>	<u>282</u>	<u>543</u>	<u>-</u>	<u>1,214</u>

Note 2 (Capital Grants)

	2018/19	2019/20	2020/21	future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	108	-	-	-	108
SPT	1,250	350	-	-	1,600
Historic Scotland	65	260	-	-	325
Big Lottery Fund	88	-	-	-	88
Grant - Branchton Play Area	90	-	-	-	90
	<u>1,601</u>	<u>610</u>	<u>-</u>	<u>-</u>	<u>2,121</u>

Notes to Appendix 1Note 3 (Prudentially Funded Projects)

	2018/19	2019/20	2020/21	future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	30	-	-	-	30
Vehicle Replacement Programme	989	1,153	1,768	-	3,910
Asset Management Plan - Offices	22	-	-	-	22
Asset Management Plan - Depots	1,113	586	1,098	-	2,797
Capital Works on Former Tied Houses	102	-	44	350	496
Waterfront Leisure Complex Combined Heat and Power Plant	4	-	-	-	4
CCTV	201	-	-	-	201
Clune Park Regeneration	430	-	570	-	1,000
Neil Street Childrens Home Replacement	49	-	-	-	49
Crosshill Childrens Home Replacement	109	1,082	337	-	1,528
Modernisation Fund	88	(45)	6	-	49
Watt Complex Refurbishment	1,121	72	39	-	1,232
Roads Asset Management Plan	1,384	1,204	-	-	2,588
	<u>5,642</u>	<u>4,052</u>	<u>3,862</u>	<u>350</u>	<u>13,906</u>

Capital Programme - 2018/19 - 2020/21Agreed Projects

	A	B	C	D	E	F	G	H	I
Committee	Prior Years	2018/19	2019/20	2020/21	Future	Total	Approved Budget	(Under)/ Over	2018/19 Spend To 28/02/2019
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	24	539	468	369	-	1,400	1,400	-	403
Environment & Regeneration	45,988	13,791	12,370	18,103	350	90,602	90,602	-	10,572
Education & Communities (Exc School Estate)	2,432	2,306	1,133	816	181	6,868	6,868	-	2,140
HSCP	214	722	1,092	337	-	2,365	2,365	-	450
Sub -Total	48,658	17,358	15,063	19,625	531	101,235	101,235	-	13,565
School Estate (Note 1)	19,549	8,978	10,911	7,094	50	46,582	46,582	-	7,952
Total	68,207	26,336	25,974	26,719	581	147,817	147,817	-	21,517

Note 1Summarised SEMP Capital Position - 2018/21

	2018/19	2019/20	2020/21
Capital Allocation	4,300	4,300	3,000
Scottish Government School Grant (estimate)	1,900	2,200	1,500
Surplus b/fwd	9,197	6,419	2,008
Prudential Borrowing	-	-	-
Available Funding	<u>15,397</u>	<u>12,919</u>	<u>6,508</u>
<u>Projects</u>	8,978	10,911	7,094
Total	<u>8,978</u>	<u>10,911</u>	<u>7,094</u>
Surplus c/fwd	6,419	2,008	(586)