
Report To:	Policy & Resources Committee	Date:	7 February 2012
Report By:	Chief Financial Officer	Report No:	FIN/06/12/AP/MT
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Subject:	2011/14 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2011/14 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2011 the Council agreed a 3 Year Capital Programme covering the period 2011/14. The 3 Year Programme was set after allowing for further estimated capital grant reductions in 2012/14. The Capital Grant figures for 2012/14 have now been confirmed and reductions are higher than estimated. Appendix 1 reflects these latest figures.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that there is an estimated shortfall in resources of £5.3 million over the 2011/14 period which represents 7.7% of the total programme excluding the Schools Estate. The increase in the shortfall is due to the Capital Grant for 2012/14 being confirmed as being £2.9m lower than originally estimated as well as £0.9m of receipts relating to the Asset Management Plan now not being anticipated until 2014/15 due to the economic downturn.
- 2.3 The largest reason for the reduction in Government Grant has been the Government's decision to rephase £220million of Capital grant from 2012/14 to 2014/16 to allow the Government to fund 2 major national infrastructure projects (Forth Road Crossing & new Southern General Hospital).
- 2.4 A shortfall in funding of this level is not sustainable within the Capital Programme, proposals to bring the shortfall back to a manageable level will be considered by the Council as part of the Budget Report on 9th February 2012.
- 2.5 It can be seen from Appendix 2 that as at 30th November 2011 expenditure is 49% of projected spend. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.6 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. It could be seen that overall Committees are projecting to stay within budget although budgetary slippage of 29.4% is now being reported.
- 2.7 This is an increase of £3.099m (6.8%) since the last report to Committee, £2.1m of this being further budgetary slippage within the School Estates Programme, due mainly to reviewing the spend profile of the recently commenced Gourrock High School Refurbishment, St Laurences Refurbishment, Overton/Highlanders Refurbishments and removing the allowance for the demolition of Greenock Academy. Other significant slippage mainly relates to the Vehicle Replacement Programme where procurement of vehicles has been delayed due to uncertainty of future external income streams.

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- 2.8 Committee are asked to note that in view of the exceptionally wet winter there is the potential for further slippage and any change to the above position will be reported to Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the current position of the 2011/14 Capital Programme and that decisions to close the current funding gap will be taken at the Special Council meeting on 9th February 2012.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 On 10 February 2011 the Council approved the 3 Year Capital Programme covering the years 2011/14.
- 4.2 The programme reflected estimated reductions in the amount of Government Capital Grant over 2012/14 and reductions in capital receipts.
- 4.3 The Government announced Capital Grant figures for 2012/15 in December 2011. As expected there was a reduction & rephasing of the capital grant in 2012/14 resulting in grant figures £2.9m lower than originally estimated, this reduction is partially returned over 2014/16.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £5.3 million which represents approximately 7.7% of the projected spend excluding the School Estates Management Plan. This is outwith acceptable parameters and proposals to address this will be considered as part of the Budget Report on 9th February 2012.
- 5.2 The position in respect of individual Committees is as follows:

Social Care

Slippage of £0.37m (26.8%) with spend being 7% of projected spend for the year. This is an increase in slippage of £0.07m in implementation of the SWIFT Finance Module.

Safe Sustainable Communities

Slippage of £1.333m (18.4%) with spend being 49% of projected spend for the year. This is an increase of slippage of £0.673m mainly due to slippage in the Vehicle Replacement Programme (£0.382m) as a result of uncertainty over future income streams for Building Services and Ground Services as well as slippage in Play Areas (£0.171m) and in Flooding Strategy (£0.12m).

Regeneration

Although some slippage is being reported this has been offset by accelerating other projects, as a result net slippage of £0.127m (1%) is being reported with spend being 48.8% of projected spend for the year. This is a movement in net slippage of only £0.004m.

Education & Lifelong Learning

Slippage of £10.548m (46.1%) with spend being 53% of projected spend for the year. This is an increase in slippage of £2.1m due mainly to Gourock High School Refurbishment (£0.9m) as well as slippage in St Laurences Refurbishment (£0.38m), Overton/Highlanders Refurbishments (£0.18m) and removal of the demolition of Greenock Academy.

It should be noted that the majority of the previously reported slippage (£7.396m) relates to the Shared Campus and ASN School and is in fact a combination of the project coming in under budget (£4.2m over the life of the project) and a delay of approximately 2 months in the overall tender process.

Policy & Resources

Slippage of £1.051m (50.3%) with spend being 42.9% of projected spend for the year. This is an increase in slippage of £0.243m due mainly to further slippage within the ICT programme (£0.141m), mainly within the Operating Model (£0.07m) and the Comet Restoration (£0.102m).

- 5.3 Overall in 2011/12 it can be seen that expenditure is 49% of the projected spend for the year and that net slippage from the programme agreed in February 2011 is currently £13.429 million (29.4%).
- 5.4 Committee are asked to note that in view of the exceptionally wet winter there is the potential for further slippage and any change to the above position will be reported to Committee.
- 5.5 2012/13 Capital Projections have undergone a fundamental review to ensure that expenditure projections are prudent in order to greatly reduce levels of slippage compared to previous years.

6.0 SCHOOL ESTATE MANAGEMENT PLAN

- 6.1 The position of the School Estate finances is shown separately in Appendix 2. A report to the Education & Lifelong Learning Committee on 1st November 2011 advised of the latest position and the Committee approved minor revisions to the plan which remains affordable on the basis of the £4.8million capital grant contribution.

7.0 CONCLUSION

- 7.1 The Council's Capital Programme for 2011/14 is showing a shortfall in resources of £5.3 million.
- 7.2 Overall Service Committees have spent 49% of the 2011/12 projected spend as at 30 November 2011.

8.0 CONSULTATION

- 8.1 This report reflects the position reported to Service Committees and has been approved by the Corporate Management Team.

Capital Programme - 2011/12 - 2013/14Available Resources

	A	B	C	F
	2011/12	2012/13	2013/14	Total
	£000	£000	£000	£000
Government Capital Support	7,889	6,071	5,307	19,267
Less: Allocation to School Estate	(4,800)	(4,500)	(4,800)	(14,100)
Capital Receipts (Note 1)	568	766	2,950	4,284
Capital Grants (Note 2)	477	93	860	1,430
Prudential Funded Projects (Note 3)	11,421	8,895	19,365	39,681
Balance B/F From 10/11 (Exc School Estate)	5,484	-	-	5,484
Capital Funded from Current Revenue (Note 4)	3,115	2,349	2,214	7,678
Transfer to Capital Fund	-	-	-	-
	24,154	13,674	25,896	63,724

Overall Position 2010/14

	£000
Available Resources (Appendix 1, Column F)	63,724
Projection (Appendix 2, Column B-E)	69,044
(Shortfall)/Under Utilisation of Resources	(5,320)

Available Resources (Appendix 1, Column F)
 Projection (Appendix 2, Column B-E)
 (Shortfall)/Under Utilisation of Resources

Notes to Appendix 1

All notes exclude School Estates
Note 1 (Capital Receipts)

	2011/12	2012/13	2013/14	Total
	£000	£000	£000	£000
Sales	321	664	400	1,385
Contributions/Recoveries (2012/13 to be confirmed)	247	102	2,550	2,899
	568	766	2,950	4,284

Note 2 (Capital Grants)

	2011/12	2012/13	2013/14	Total
	£000	£000	£000	£000
Cycling, Walking & Safer Streets	115	93	85	293
Sports Scotland/SFA	225	-	775	1,000
Government Grant: Electric Vehicles	75	-	-	75
SPT	62	-	-	62
	477	93	860	1,430

Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

Additional ICT - Education Whiteboard & PC Refresh

Vehicle Replacement Programme

Asset Management Plan - Offices

Asset Management Plan - Depots

Leisure & Pitches Strategy

Kylemore Childrens Home

Binnie Street Nursery

Operating Model - ICT Investment

Watt Complex Refurbishment

Element of Prudentially Funded projects already funded through existing Supported Borrowing

	2011/12	2012/13	2013/14	Total
	£000	£000	£000	£000
	185	180	180	545
	872	237	-	1,109
	2,657	1,775	6,550	10,982
	450	2,600	9,350	12,400
	5,819	3,213	1,667	10,699
	950	(30)	100	1,020
	620	620	70	1,310
	30	200	298	528
	-	100	1,150	1,250
	(162)			(162)
	11,421	8,895	19,365	39,681

Note 4 (Capital Funded from Current Revenue)

Roads Projects (former Transport Scotland)

Greenock Arts Guild

Central Gourock Development

Regeneration of Port Glasgow Town Centre

Play Areas

Wellpark Centre

SWIFT Finance Module

Lunderston Bay

PSHG

PSHG (Earmarked Reserve) 2010/11

PSHG (Earmarked Reserve) 2011/12

Flooding Strategy

Additional Funding for Road Improvements

Roads Winter Maintenance Equipment

Rankin Park (Community Facility Fund)

E-Forms

Inverkip Community Facility

Use of General Fund Reserves

	2011/12	2012/13	2013/14	Total
	£000	£000	£000	£000
	59	-	-	59
	292	-	-	292
	4	100	196	300
		150	850	1,000
	237	460	-	697
	60	-	-	60
	-	35	35	70
	100	88		188
	433	433	433	1,299
	100	100	100	300
	150	150	-	300
	207	276	200	683
	600	400		1,000
		32		32
		100	100	200
	13	25	-	38
	-	-	300	300
	860			860
	3,115	2,349	2,214	7,678

Capital Programme - 2011/12 - 2013/14

Agreed Projects

Committee	A Prior Years	B		C		D		E		H Total	I Approved Budget £000	J (Under)/ Over £000	K 2011/12 Spend To 30/11/11 £000
		2011/12	£000	2012/13	£000	2013/14	£000	Future	£000				
Policy & Resources	3,286	1,040	1,605	1,506	-	7,437	7,437	-	446	-	-	-	446
Safe, Sustainable Communities	7,698	5,896	4,859	3,348	-	21,801	21,801	-	2,907	-	-	-	2,907
Regeneration	6,039	12,039	10,360	25,631	4,650	58,719	58,719	-	5,881	-	-	-	5,881
Education & Lifelong Learning (Exc School Estate)	80	620	620	70	-	1,390	1,390	-	129	-	-	-	129
CHCP	2,361	1,010	305	135	-	3,811	3,811	-	73	-	-	-	73
Sub - Total	19,464	20,605	17,749	30,690	4,650	93,158	93,158	-	9,436	-	-	-	9,436
School Estate (Note 1)	4,070	11,694	33,178	28,038	9,926	86,906	86,906	-	6,391	-	-	-	6,391
Total	23,534	32,299	50,927	58,728	14,576	180,064	180,064	-	15,827	-	-	-	15,827

Note 1

Summarised SEMP Capital Position - 2010/14

	2011/12	2012/13	2013/14	2014/15	2015/16
Capital Allocation	4,800	4,500	4,800	4,800	4,800
Scottish Government School Grant (estimate)	375	3,030	1,650	-	-
Surplus b/fwd	8,729	5,050	6,674	(1,418)	523
Prudential Borrowing - Shared Campus	2,810	17,423	13,496	481	-
Prudential Borrowing - Receipts	-	9,849	-	-	-
CFCR	30	-	-	-	-
Available Funding	16,744	39,852	26,620	3,863	5,323
Projects					
Ex-Prudential Borrowing	8,854	15,755	14,542	2,859	3,820
Prudential Borrowing - Shared Campus	2,810	17,423	13,496	481	-
CFCR	30	-	-	-	-
Total	11,694	33,178	28,038	3,340	3,820
Surplus c/fwd	5,050	6,674	(1,418)	523	1,503