
Report To:	Policy & Resources Committee	Date:	27 March 2012
Report By:	Chief Financial Officer	Report No:	FIN/22/12/AP/MT
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2011/15 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2011/15 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2011 the Council agreed a 3 Year Capital Programme covering the period 2011/14; this was amended following Government confirmation of revised Capital Grant figures for 2012/15. In February 2012 the Council agreed to extend the Capital Programme to include financial year 2014/15, to fund a number of additional Capital projects from available reserves and to address the shortfall in the Capital Programme. Appendix 1 reflects these latest decisions.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that there is an estimated shortfall in resources of £2.1 million over the 2011/15 period which represents 2.5% of the total programme excluding the Schools Estate. A shortfall of this level is not unusual and is considered to be within acceptable parameters but opportunities to reduce this funding gap will need to be taken in the next year or two.
- 2.3 It can be seen from Appendix 2 that as at 31st January 2012 expenditure is 67% of projected spend. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.4 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 with a £0.048m underspend being reported in the Regeneration Committee.
- 2.5 A budgetary slippage of 30% is now being reported. This is an increase of £0.303m (0.6%) since the last report to Committee. The Committee is 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 the Committee.
- 2.6 The Committee is also asked to note that there are indications of a cost increase to the Beacon Arts Facility towards which the Council is currently contributing £2.5 million. Given the project's reliance on partner an in principle decision by the Council to provide 50% funding towards the cost increase (up to a maximum of £250,000) is expected to allow this prestigious facility to be completed to the required standard.
- 2.7 A further report on this matter will be proposed for the next Regeneration Committee, the financial implications of which will be thereafter remitted to this Committee for consideration.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2011/15 Capital Programme following decisions taken at the Special Council meeting on 9th February 2012.
- 3.2 It is recommended that the Committee retain the £0.048m underspend reported by Regeneration Committee as a contribution to reducing the overall shortfall in the Capital Programme.
- 3.3 It is recommended that the Committee agree in principle to provide 50% of the cost increase at the Beacon Arts Facility up to a maximum of £250,000 subject to a detailed report on this matter being presented to the next Regeneration Committee.

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.
- 4.4 On 9th February 2012 a Special Council meeting agreed to extend the Capital Programme to include the financial year 2014/15. In addition an amount was set aside from available Revenue Reserves to reduce the funding shortfall in the Capital Programme as well as to fund a number of further Capital Projects.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 4 year period there is a projected shortfall in resources of £2.1 million which represents approximately 2.5% of the projected spend excluding the School Estates Management Plan. This is within acceptable parameters. This shortfall includes an underspend of £0.048m that is being reported under the Regeneration Committee.
- 5.2 The position in respect of individual Committees is as follows:

Social Care

Slippage of £0.52m (37.7%) with spend being 22.7% of projected spend for the year. This is an increase in slippage of £0.15m due to further slippage in the replacement Childrens Home.

Safe Sustainable Communities

Slippage of £1.470m (20.3%) with spend being 63.9% of projected spend for the year. This is an increase of slippage of £0.137m mainly due to slippage within the Zero Waste Fund (£0.075m) and Knocknairshill Cemetery (£0.048m) as well as slippage within Roads (mainly Baker St Land Acquisition and Flooding Strategy) offset by some of the Additional Funding for Roads Improvements being advanced from 2012/13.

Regeneration

Although some slippage is being reported this has been offset by accelerating other projects, as a result net slippage of £0.143m (1.2%) is being reported with spend being 69.7% of projected spend for the year. This is a movement in net slippage of only £0.016m. Included in this slippage is an underspend of £0.048m being reported in the Kilmacolm Library Fit Out.

The Committee is also asked to note that there are indications of a cost increase to the Beacon Arts Facility towards which the Council is currently contributing £2.5 million. Given the project's reliance on partner an in principle decision by the Council to provide 50% funding towards the cost increase (up to a maximum of £250,000) is expected to allow this prestigious facility to be completed to the required standard.

A further report on this matter will be proposed for the next Regeneration Committee, the financial implications of which will be thereafter remitted to this Committee for consideration.

Education & Lifelong Learning

Slippage of £10.548m (46.1%) with spend being 70.4% of projected spend for the year. There is no movement in slippage from that previously reported to the Committee.

It should be noted that the majority of the previously reported budgetary 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

There is slippage of £1.051m (50.3%) with spend being 58.9% of projected spend for the year. There is no movement in slippage from that previously reported to the Committee.

- 5.3 Overall in 2011/12 it can be seen that expenditure is 67% of the projected spend for the year and that net slippage from the programme agreed in February 2011 is currently £13.732 million (30%).
- 5.4 The Committee is 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.
- 6.2 Proposals to accelerate aspects of the Primary School Programme were approved by the Education & Lifelong Learning Committee earlier this month.

7.0 CONCLUSION

- 7.1 The Council's Capital Programme for 2011/15 is showing a shortfall in resources of £2.1 million.
- 7.2 Overall Service Committees have spent 67% of the 2011/12 projected spend as at 31 January 2012.

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 - 2014/15

Available Resources

	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000
Government Capital Support	7,889	6,071	5,307	7,771	27,038
Less: Allocation to School Estate	(4,800)	(4,500)	(4,800)	(4,800)	(18,900)
Capital Receipts (Note 1)	568	566	900	3,870	5,904
Capital Grants (Note 2)	477	93	860	125	1,555
Prudential Funded Projects (Note 3)	10,968	8,037	20,676	7,530	47,211
Balance B/F From 10/11 (Exc School Estate)	5,484	-	-	-	5,484
Capital Funded from Current Revenue (Note 4)	3,321	4,268	5,289	1,350	14,228
Transfer to Capital Fund	-	-	-	-	-
	23,907	14,535	28,232	15,846	82,520

Overall Position 2010/15

£000
82,520
84,633
(2,113)

Available Resources (Appendix 1, Column E)
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	2014/15	Total
	£000	£000	£000	£000	£000
Sales	321	464	600	1,620	3,005
Contributions/Recoveries (2012/13 to be confirmed)	247	102	300	2,250	2,899
	568	566	900	3,870	5,904

Note 2 (Capital Grants)

	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	115	93	85	125	418
Sports Scotland/SFA	225	-	775	-	1,000
Government Grant: Electric Vehicles	75	-	-	-	75
SPT	62	-	-	-	62
	477	93	860	125	1,555

Note 3 (Prudentially Funded Projects)

	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	185	180	180	180	725
Vehicle Replacement Programme	872	54	183	750	1,859
Asset Management Plan - Offices	2,109	1,853	7,020	650	11,632
Asset Management Plan - Depots	405	2,145	9,850	1,600	14,000
Leisure & Pitches Strategy	6,109	2,865	1,725	100	10,799
Kylemore Childrens Home	800	120	100		1,020
Binnie Street Nursery	620	620	70		1,310
Operating Model - ICT Investment	30	100	398	-	528
Watt Complex Refurbishment	-	100	1,150	1,750	3,000
Gourock One Way System	-	-	-	2,500	2,500
Element of Prudentially Funded projects already funded through existing Supported Borrowing	(162)				(162)
	10,968	8,037	20,676	7,530	47,211

Note 4 (Capital Funded from Current Revenue)

	2011/12	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000	£000
Roads Projects (former Transport Scotland)	59	-	-	-	59
Greenock Arts Guild	292	-	-	-	292
Central Gourock Development	4	100	196		300
Regeneration of Port Glasgow Town Centre	200	150	650		1,000
Play Areas	237	685	75		997
Wellpark Centre	60	-	-		60
SWIFT Finance Module	-	35	35	-	70
Lunderston Bay	8	180			188
Scheme of Assistance	433	433	433		1,299
Aids & Adaptations (Earmarked Reserve)	250	250	100	-	600
Flooding Strategy	155	278	250		683
Additional Funding for Road Improvements	750	1,650			2,400
Roads Winter Maintenance Equipment		32			32
Wellington Community Facility (Community Facility Fund)		50	150		200
Inverkip Community Facility			300	350	650
E-Forms	13	25	-	-	38
Greenock Town Centre	-	200	50	-	250
Port Glasgow Town Centre, Town Hall Refresh	-	200	50	-	250
Watt Complex Refurbishment				1,000	1,000
Use of General Fund Reserves	860		3,000		3,860
	3,321	4,268	5,289	1,350	14,228

Capital Programme - 2011/12 - 2014/15

Agreed Projects

Committee	A Prior Years	B 2011/12	C 2012/13	D 2013/14	E 2014/15	F Future	G Total	H Approved Budget	I (Under)/ Over	J 2011/12 Spend To 31/01/12
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	3,286	1,040	1,286	1,825	896	-	8,333	8,333	-	613
Safe, Sustainable Communities	7,698	5,759	6,493	3,551	3,055	-	26,556	26,556	-	3,678
Regeneration	6,003	12,023	9,574	24,671	11,700	-	63,971	64,019	(48)	8,376
Education & Lifelong Learning (Exc School Estate)	80	620	620	70	-	-	1,390	1,390	-	302
CHCP	2,361	860	455	135	-	-	3,811	3,811	-	195
Sub -Total	19,428	20,302	18,428	30,252	15,651	-	104,061	104,109	(48)	13,164
School Estate (Note 1)	4,070	11,694	33,254	28,029	3,340	6,519	86,906	90,715	(3,809)	8,363
Total	23,498	31,996	51,682	58,281	18,991	6,519	190,967	194,824	(3,857)	21,527

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	4,950	6,598	(1,485)	456
Prudential Borrowing - Shared Campus	2,710	17,523	13,496	481	-
Prudential Borrowing - Receipts	-	9,849	-	-	-
CFCR	30	-	-	-	-
Available Funding	16,644	39,852	26,544	3,796	5,256

Projects

Ex-Prudential Borrowing	8,954	15,731	14,533	2,859	3,753
Prudential Borrowing - Shared Campus	2,710	17,523	13,496	481	-
CFCR	30	-	-	-	-
Total	11,694	33,254	28,029	3,340	3,753

Surplus c/fwd

	4,950	6,598	(1,485)	456	1,503
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