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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>19 June 2012</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/43/12/AP/MT</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2012/15 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2012/15 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. In addition 2011/12 expenditure is now included in previous years and the Capital Programme covers the period 2012/15.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that there is an estimated shortfall in resources of £1.7 million over the 2012/15 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 29<sup>th</sup> May 2012 expenditure is 6.3% of projected spend, it is not unusual for expenditure to be at such a low level in the first months of the financial year. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.4 Appendix 2 reflects the Committees under the old Committee structure, this will be rectified for future reports. It could be seen that overall Committees are projecting to stay within budget. While there is some minor slippage being reported in Regeneration and School Estates this is being offset by acceleration of other projects. In addition ICT Services are accelerating £0.175m of PC refresh from future years. As a result capital acceleration of 0.3% is now being reported.
- 2.5 Committee are asked to note that 2011/12 expenditure is draft at this stage, although material movements are not expected any changes to the outturn may result in changes to 2012/13 opening budget. Any such changes will be reflected in future reports. Details of 2011/12 final outturn and slippage will be reported to Committee at the first meeting following the summer recess.
- 2.6 The projected shortfall in resources of £1.7 million is after building in the increase of up to £250,000 in the Council's contribution to the Beacon Arts Facility.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee note the current position of the 2012/15 Capital Programme.

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 which was subsequently amended following Government confirmation of reduced Capital Grant figures in December 2011, this reduction is partially returned over 2014/16.
- 4.2 On 9<sup>th</sup> 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.
- 4.3 It should be noted that 2011/12 expenditure is now included in prior year spend however as the year end process is still ongoing the 2011/12 outturn is subject to change. Any changes are not expected to be material but are likely to have an impact on 2012/13 opening budgets. Details of the 2011/12 final outturn will be reported to Committee at the first meeting following the summer recess.
- 4.4 This report reflects the old Committee structure, future reports will reflect the new Structure.

## **5.0 CURRENT POSITION**

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £1.662 million which represents approximately 2.5% of the projected spend excluding the School Estates Management Plan. This is within acceptable parameters.
- 5.2 The position in respect of individual Committees is as follows:

### Social Care

No slippage is being reported with spend being 4.2% of projected spend for the year.

### Safe Sustainable Communities

No slippage is being reported with spend being 4.3% of projected spend for the year.

### Regeneration

Although some slippage is expected this has been offset by accelerating other projects, as a result no slippage is being reported with spend being 6% of projected spend for the year. Budget has been increased by £250,000 to reflect the previously agreed increase in the Council's contribution to the Beacon Arts Facility.

### Education & Lifelong Learning

Although some slippage is expected this has been offset by accelerating other projects, as a result no slippage is being reported with spend being 7% of projected spend for the year.

### Policy & Resources

Replacement of PC's to the value of £0.175m (13.7%) has been accelerated from future years with no significant spend at this stage.

- 5.3 Overall in 2012/13 it can be seen that expenditure is 6.3% of the projected spend for the year and that acceleration of projects from the programme agreed in February 2012 is currently £0.175 million (0.3%).
- 5.4 Due to high levels of slippage in previous years a fundamental review of the 2012/13 Capital Projections was carried out during the budget setting process. These projections have been reflected in the 2012/13 opening budgets and, along with ongoing reviews during the year, should result in greatly reduced 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 1<sup>st</sup> 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 in March at the Education & Lifelong Learning Committee and have been reflected in this report.

## **7.0 CONCLUSION**

- 7.1 The Council's Capital Programme for 2012/15 is showing a shortfall in resources of £1.7 million.
- 7.2 Overall Service Committees have spent 6.3% of the 2012/13 projected spend as at 29<sup>th</sup> May 2012.

## **8.0 CONSULTATION**

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

Appendix 1

Capital Programme - 2012/13 - 2014/15

Available Resources

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Government Capital Support	6,183	5,500	8,164	19,847
Less: Allocation to School Estate	(4,474)	(4,800)	(4,800)	(14,074)
Capital Receipts (Note 1)	787	900	3,870	5,557
Capital Grants (Note 2)	410	268	125	803
Prudential Funded Projects (Note 3)	8,854	20,708	7,505	37,067
Balance B/F From 11/12 (Exc School Estate)	3,988	-	-	3,988
Capital Funded from Current Revenue (Note 4)	3,866	5,093	1,375	10,334
Transfer to Capital Fund	-	-	-	-
	<u>19,614</u>	<u>27,669</u>	<u>16,239</u>	<u>63,522</u>

Overall Position 2012/15

Available Resources (Appendix 1, Column E)	£000
Projection (Appendix 2, Column B-E)	63,522
(Shortfall)/Under Utilisation of Resources	<u>(1,662)</u>

Notes to Appendix 1

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
All notes exclude School Estates				
<u>Note 1 (Capital Receipts)</u>				
Sales	570	600	1,620	2,790
Contributions/Recoveries (2012/13 to be confirmed)	217	300	2,250	2,767
	<u>787</u>	<u>900</u>	<u>3,870</u>	<u>5,557</u>

Notes to Appendix 1

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Cycling, Walking & Safer Streets	93	85	125	303
Sports Scotland/SFA	317	183	-	500
	410	268	125	803

Note 2 (Capital Grants)

Cycling, Walking & Safer Streets  
Sports Scotland/SFA

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  
Modernisation Fund  
Watt Complex Refurbishment  
Gourcock One Way System  
Element of Prudentially Funded projects already funded through existing Supported Borrowing

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
	185	180	180	545
	181	183	750	1,114
	1,977	7,020	650	9,647
	2,293	9,850	1,600	13,743
	2,877	1,725	100	4,702
	546	100	-	646
	595	70	-	665
	100	444	(25)	519
	100	1,150	1,750	3,000
	-	-	2,500	2,500
	-	(14)	-	(14)
	8,854	20,708	7,505	37,067

Note 4 (Capital Funded from Current Revenue)

Regeneration of Port Glasgow Town Centre  
Play Areas  
Wellpark Centre  
SWIFT Finance Module  
Lunderston Bay  
Scheme of Assistance  
Aids & Adaptations (Earmarked Reserve)  
Flooding Strategy  
Additional Funding for Road Improvements  
Roads Winter Maintenance Equipment  
Wellington Community Facility (Community Facility Fund)  
Inverkip Community Facility  
Modernisation Fund  
Greenock Town Centre  
Port Glasgow Town Centre, Town Hall Refresh  
Watt Complex Refurbishment  
Use of General Fund Reserves

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
	190	650	-	840
	607	75	-	682
	-	-	-	-
	35	35	-	70
	173	-	-	173
	470	433	-	903
	250	100	-	350
	252	250	-	502
	1,407	-	-	1,407
	32	-	-	32
	50	150	-	200
	-	300	350	650
	-	-	25	25
	200	50	-	250
	200	50	-	250
	-	3,000	1,000	4,000
	3,866	5,093	1,375	10,334

## Capital Programme - 2012/13 - 2014/15

Agreed Projects Committee	A	B	C	D	E	G	H	I	J
	Prior Years £000	2012/13 £000	2013/14 £000	2014/15 £000	Future £000	Total £000	Approved Budget £000	(Under)/ Over £000	2011/12 Spend To 29/05/12 £000
Policy & Resources	3,652	1,454	1,696	896	-	7,698	7,698	-	4
Safe, Sustainable Communities	9,553	6,478	3,551	3,505	-	23,087	23,087	-	280
Regeneration	16,914	9,914	24,309	11,700	-	62,837	62,837	-	598
Education & Lifelong Learning (Exc School Estate)	725	595	70	-	-	1,390	1,390	-	94
CHCP	454	881	135	-	-	1,470	1,470	-	37
Sub -Total	31,298	19,322	29,761	16,101	-	96,482	96,482	-	1,013
School Estate (Note 1)	10,639	33,644	28,868	3,340	14,125	90,816	90,816	-	2,301
Total	42,137	52,966	58,629	19,441	14,125	187,298	187,298	-	3,314

## Note 1

## Summarised SEMP Capital Position - 2010/14

	2012/13	2013/14	2014/15	2015/16	2016/17
Capital Allocation	4,474	4,800	4,800	4,800	4,800
Scottish Government School Grant (estimate)	3,030	1,886	-	-	-
Surplus b/fwd	5,494	6,150	(2,536)	(595)	456
Prudential Borrowing	16,947	13,496	481	-	-
Prudential Borrowing - In Lieu of Receipts	9,849	-	-	-	-
CFCR	-	-	-	-	-
Available Funding	39,794	26,332	2,745	4,205	5,256
Projects	16,697	15,372	2,859	3,749	3,897
Ex-Prudential Borrowing	16,947	13,496	481	-	-
Prudential Borrowing	-	-	-	-	-
CFCR	-	-	-	-	-
Total	33,644	28,868	3,340	3,749	3,897
Surplus c/fwd	6,150	(2,536)	(595)	456	1,359