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|-------------------------|---|--------------------|--------------------------|
| Report To: | Policy & Resources Committee | Date: | 18 September 2012 |
| Report By: | Chief Financial Officer | Report No: | FIN/67/12/AP/MT |
| Contact Officer: | Alan Puckrin | Contact No: | 01475 712223 |
| Subject: | 2012/15 Capital Programme | | |

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.
- 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 30th June 2012 expenditure is 15.5% 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 current Committee structure, the main changes from previous reports being the amalgamation of the former Safe Sustainable and Regeneration Committees into a single Environment & Regeneration Committee with the Scheme of Assistance budgets moving to the Education & Communities Committee. It could be seen that overall Committees are projecting an underspend of £95,000 relating to the Vehicle Replacement Programme. 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 0.4% is now being reported.
- 2.5 Capital expenditure for 2011/12 outturned at a slippage level of 31%, an increase of 1% from that reported to Committee in March 2012 (30%) and was an improvement in that experienced in 2010/11 (44%). Officers carried out a robust review of 2012/13 expenditure as part of the February 2012 budget round, a significant reduction in slippage is expected this year.

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 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.
- 4.3 This report reflects the current Committee structure, the main changes from previous reports being the amalgamation of the former Safe Sustainable and Regeneration Committees into a single Environment & Regeneration Committee with the Scheme of Assistance budgets moving to the Education & Communities Committee.

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 24.6% of projected spend for the year.

Environment & Regeneration

An underspend of £0.095m within the Vehicle Replacement Programme is being reported. In addition some slippage is expected however this is offset by the acceleration of other projects resulting in net slippage of £7,000 (0.04%) with spend being 16.5% of projected spend for the year.

The budget has been increased by £0.25m to reflect the previously agreed increase in the Council's contribution to the Beacon Arts Facility.

Education & Communities

Although some slippage is expected this has been offset by accelerating other projects resulting in a net advancement of projects of £53,000 (0.15%) with spend being 15% 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 spend being 10% of projected spend for the year.

- 5.3 Overall in 2012/13 it can be seen that expenditure is 15.5% of the projected spend for the year and that acceleration of projects from the programme agreed in February 2012 is currently £0.221 million (0.4%).
- 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 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 in March at the Education & Lifelong Learning Committee and have been reflected in this report.

7.0 2011/12 OUTTURN

- 7.1 Capital expenditure for 2011/12 outturned at a slippage level of 31%, an increase of 1% from that reported to Committee in March 2012 (30%) and was an improvement in that experienced in 2010/11 (44%).
- 7.2 In order to improve this performance Officers robustly reviewed phasings on all projects prior to the setting of the 2012/15 Capital Programme in order to reduce slippage to more acceptable levels. As can be seen in paragraph 5.3 there is currently no projected slippage with a small amount of capital projects being accelerated from future years, while it is early in the financial year the signs are encouraging that this review has produced a more realistically phased Capital Programme.

8.0 CONCLUSION

- 8.1 The Council's Capital Programme for 2012/15 is showing a shortfall in resources of £1.7 million.
- 8.2 Overall Service Committees have spent 15.5% of the 2012/13 projected spend as at 29th May 2012.

9.0 CONSULTATION

- 9.1 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

| | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> | <u>Total</u> |
|--|----------------|----------------|----------------|---------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| 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) | 680 | 800 | 1,620 | 3,100 |
| Capital Grants (Note 2) | 1,885 | 268 | 125 | 2,278 |
| Prudential Funded Projects (Note 3) | 8,776 | 21,208 | 8,425 | 38,409 |
| Balance B/F From 11/12 (Exc School Estate) | 3,995 | - | - | 3,995 |
| Capital Funded from Current Revenue (Note 4) | 3,916 | 5,043 | 1,375 | 10,334 |
| Transfer to Capital Fund | - | - | (920) | (920) |
| | <u>20,961</u> | <u>28,019</u> | <u>13,989</u> | <u>62,969</u> |

Overall Position 2012/15

| | |
|--|----------------|
| Available Resources (Appendix 1, Column E) | <u>£000</u> |
| Projection (Appendix 2, Column B-E) | 62,969 |
| (Shortfall)/Under Utilisation of Resources | <u>64,631</u> |
| | <u>(1,662)</u> |

Notes to Appendix 1

All notes exclude School Estates
Note 1 (Capital Receipts)

| | <u>2012/13</u> | <u>2013/14</u> | <u>2014/15</u> | <u>Total</u> |
|--|----------------|----------------|----------------|--------------|
| | <u>£000</u> | <u>£000</u> | <u>£000</u> | <u>£000</u> |
| Sales | 463 | 500 | 1,620 | 2,583 |
| Contributions/Recoveries (2012/13 to be confirmed) | 217 | 300 | - | 517 |
| | <u>680</u> | <u>800</u> | <u>1,620</u> | <u>3,100</u> |

Notes to Appendix 1

| <u>Note 2 (Capital Grants)</u> | 2012/13 | 2013/14 | 2014/15 | Total |
|----------------------------------|--------------|------------|------------|--------------|
| | £000 | £000 | £000 | £000 |
| Cycling, Walking & Safer Streets | 93 | 85 | 125 | 303 |
| SPT | 1,475 | - | - | 1,475 |
| Sports Scotland/SFA | 317 | 183 | - | 500 |
| | <u>1,885</u> | <u>268</u> | <u>125</u> | <u>2,278</u> |

| <u>Note 3 (Prudentially Funded Projects)</u> | 2012/13 | 2013/14 | 2014/15 | Total |
|---|--------------|---------------|--------------|---------------|
| | £000 | £000 | £000 | £000 |
| Additional ICT - Education Whiteboard & PC Refresh | 185 | 180 | 180 | 545 |
| Vehicle Replacement Programme | 193 | 283 | 750 | 1,226 |
| Asset Management Plan - Offices | 1,977 | 7,420 | 650 | 10,047 |
| Asset Management Plan - Borrowing in Lieu of Receipts | - | - | 920 | 920 |
| Asset Management Plan - Depots | 2,293 | 9,850 | 1,600 | 13,743 |
| Leisure & Pitches Strategy | 2,877 | 1,725 | 100 | 4,702 |
| Kylemore Childrens Home | 546 | 100 | - | 646 |
| Binnie Street Nursery | 505 | 70 | - | 575 |
| Modernisation Fund | 100 | 444 | (25) | 519 |
| 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 | - | (14) | - | (14) |
| | <u>8,776</u> | <u>21,208</u> | <u>8,425</u> | <u>38,409</u> |

| <u>Note 4 (Capital Funded from Current Revenue)</u> | 2012/13 | 2013/14 | 2014/15 | Total |
|---|--------------|--------------|--------------|---------------|
| | £000 | £000 | £000 | £000 |
| Regeneration of Port Glasgow Town Centre | 190 | 650 | - | 840 |
| Play Areas | 607 | 75 | - | 682 |
| SWIFT Finance Module | 35 | 35 | - | 70 |
| Lunderston Bay | 173 | - | - | 173 |
| Scheme of Assistance | 433 | 433 | - | 866 |
| Aids & Adaptations (Earmarked Reserve) | 287 | 100 | - | 387 |
| Flooding Strategy | 252 | 250 | - | 502 |
| Additional Funding for Road Improvements | 1,407 | - | - | 1,407 |
| Roads Winter Maintenance Equipment | 32 | - | - | 32 |
| Wellington Community Facility (Community Facility Fund) | 50 | 150 | - | 200 |
| Inverkip Community Facility | - | 300 | 350 | 650 |
| Modernisation Fund | - | - | 25 | 25 |
| Greenock Town Centre | 250 | - | - | 250 |
| Port Glasgow Town Centre, Town Hall Refresh | 200 | 50 | - | 250 |
| Watt Complex Refurbishment | - | - | 1,000 | 1,000 |
| Use of General Fund Reserves | - | 3,000 | - | 3,000 |
| | <u>3,916</u> | <u>5,043</u> | <u>1,375</u> | <u>10,334</u> |

Capital Programme - 2012/13 - 2014/15Agreed Projects

| Committee | A Prior Years | B 2012/13 | C 2013/14 | D 2014/15 | E Future | G Total | H Approved Budget | I (Under)/ Over | J 2012/13 Spend To 30/06/12 |
|---|---------------------|--------------|--------------|--------------|-------------|------------|-------------------------|-----------------------|-----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Policy & Resources | 3,652 | 1,454 | 1,696 | 896 | - | 7,698 | 7,698 | - | 145 |
| Environment & Regeneration | 26,210 | 16,214 | 27,039 | 12,005 | - | 81,468 | 81,563 | (95) | 2,683 |
| Education & Communities (Exc School Estate) | 1,038 | 2,158 | 1,203 | 950 | - | 5,349 | 5,349 | - | 234 |
| CHCP | 454 | 881 | 135 | - | - | 1,470 | 1,470 | - | 217 |
| Sub -Total | 31,354 | 20,707 | 30,073 | 13,851 | - | 95,985 | 96,080 | (95) | 3,279 |
| School Estate (Note 1) | 10,839 | 33,796 | 28,806 | 3,340 | 14,125 | 90,906 | 90,906 | - | 5,159 |
| Total | 42,193 | 54,503 | 58,879 | 17,191 | 14,125 | 186,891 | 186,986 | (95) | 8,438 |

Note 1Summarised 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 | 5,998 | (2,626) | (685) | 366 |
| Prudential Borrowing | 16,947 | 13,496 | 481 | - | - |
| Prudential Borrowing - In Lieu of Receipts | 9,849 | | | | |
| CFCR | - | - | - | - | - |
| Available Funding | 39,794 | 26,180 | 2,655 | 4,115 | 5,166 |
| <u>Projects</u> | | | | | |
| Ex-Prudential Borrowing | 16,849 | 15,310 | 2,859 | 3,749 | 3,897 |
| Prudential Borrowing | 16,947 | 13,496 | 481 | - | - |
| CFCR | - | - | - | - | - |
| Total | 33,796 | 28,806 | 3,340 | 3,749 | 3,897 |
| Surplus c/fwd | 5,998 | (2,626) | (685) | 366 | 1,269 |