
Report To:	Policy & Resources Committee	Date:	5 February 2013
Report By:	Chief Financial Officer	Report No:	FIN/03/13/AP/MT
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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 decisions.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that there is an estimated shortfall in resources of £1.66 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 November 2012 expenditure is 51.8% of projected spend. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.4 Appendix 2 shows that overall Committees are projecting an underspend of £95,000, this relates to the Vehicle Replacement Programme. Slippage is being reported within Environment and Regeneration (including Vehicles £0.425m, Play Areas £0.22m, Asset Management Plan £0.99m) and Education & Communities (including St Columba's HS £0.5m, PG Shared Campus £0.5m, St Laurences Refurbishment £0.62m). This is partly offset by acceleration of other projects however net capital slippage of £3.407m (6.25%) is now being reported.
- 2.5 As a result of budget consequentials arising from the Autumn Statement the Scottish Government announced on the 19th December, extra Capital Grant for Local Authorities totalling £46.2 million. The grant will largely be paid in 2013/14 and is to be used to accelerate projects from 2014/15 or beyond. Inverclyde's share will be around 1% of this sum ie: £450,000. Confirmation of the exact amount is awaited. This issue is not included in Appendix 1.

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 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 The introduction of the unified Police Service of Scotland on 1st April 2013 will result in the Capital Grant being paid directly to the Police Service. As a result the 2013/14 (£0.222m) and 2014/15 (£0.326m) Police Grants have been removed from the Policy & Resources budget, reducing the budget by £0.548m. The Council's General Capital Grant will be reduced by the same amount resulting in a nil impact to the Council.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £1.659 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 49.6% of projected spend for the year.

Environment & Regeneration

An underspend of £0.095m within the Vehicle Replacement Programme is being reported. In addition net slippage of £1.837m is being reported for a total slippage (including underspend) of £1.932m (11.79%) with spend being 44.1% of projected spend for the year. The main areas of slippage are within Vehicles (£0.435m inclusive of the £0.095m underspend), Play Areas (£0.22m) and Asset Management Plan (£0.99m).

The budget has been increased by £2.6m to reflect the budget decision taken on 9th February 2012 to release funds previously set aside for Landfill Tax Penalty Scheme to be used to fund additional Roads and Flooding works. Officers are now comfortable that the Landfill Tax Penalty Scheme will not be implemented thus freeing up the Earmarked Reserve. A further £0.6m of the agreed funding has been retained within a Revenue Earmarked Reserve for Roads Infrastructure works.

Education & Communities

Net slippage of £1.497m (4.16%) is being reported with spend being 54.3% of projected spend for the year. The main areas of slippage are within St Columba's High School (£0.5m), the Port Glasgow Shared Campus (£0.5m) and the St Laurence Primary School (Refurb for Mearns Centre) (£0.62m).

Policy & Resources

Replacement of PC's to the value of £0.175m (13.7%) has been accelerated from future years with £0.153m of slippage also being reported for a net advancement of £0.022m (1.7%) with spend being 69.4% of projected spend for the year.

- 5.3 Overall in 2012/13 it can be seen that expenditure is 51.75% of the projected spend for the year and that slippage from the programme agreed in February 2012 is currently £3.407 million (6.25%).
- 5.4 As a result of budget consequentials arising from the Autumn Statement the Scottish Government announced on the 19th December, extra Capital Grant for Local Authorities totalling £46.2 million. The grant will largely be paid in 2013/14 and is to be used to accelerate projects from 2014/15 or beyond. Inverclyde's share will be around 1% of this sum.

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 30th October 2012 advised of the latest position of the SEMP with the overall model remaining affordable and deliverable.
- 6.2 Proposals to accelerate aspects of the Primary School Programme were approved in October at the Education & Lifelong Learning Committee. A response regarding Government assistance with this proposal is currently awaited.

7.0 CONCLUSION

- 7.1 The Council's Capital Programme for 2012/15 is showing a shortfall in resources of £1.66 million.
- 7.2 Overall Service Committees have spent 51.75% of the 2012/13 projected spend as at 30th November 2012.
- 7.3 The Council is due to receive approximately £450,000 extra Capital Grant in 2013/14 to accelerate projects from 2014/15. Confirmation of the amount and associated conditions are awaited.

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	5,278	7,838	19,299
Less: Allocation to School Estate	(4,800)	(4,500)	(4,800)	(14,100)
Capital Receipts (Note 1)	660	846	1,120	2,626
Capital Grants (Note 2)	2,152	288	125	2,545
Prudential Funded Projects (Note 3)	7,301	20,994	12,240	40,535
Balance B/F From 11/12 (Exc School Estate)	3,995	-	-	3,995
Capital Funded from Current Revenue (Note 4)	3,767	8,021	1,350	13,138
Transfer to Capital Fund	-	-	(920)	(920)
	19,258	30,907	16,953	67,118

Overall Position 2012/15

Available Resources (Appendix 1, Column E)	£000
Projection (Appendix 2, Column B-E)	67,118
(Shortfall)/Under Utilisation of Resources	68,777
	(1,659)

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)

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Sales	417	546	1,120	2,083
Contributions/Recoveries (2012/13 to be confirmed)	243	300	-	543
	660	846	1,120	2,626

Notes to Appendix 1

Note 2 (Capital Grants)

	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
Food Waste	267	-	-	267
	2,152	268	125	2,545

Note 3 (Prudentially Funded Projects)

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	185	180	180	545
Vehicle Replacement Programme	(91)	567	750	1,226
Greenock Parking Strategy	-	150	-	150
Asset Management Plan - Offices	1,397	8,170	3,100	12,667
Asset Management Plan - Borrowing in Lieu of Receipts	-	-	920	920
Asset Management Plan - Depots	1,881	8,578	2,640	13,099
Leisure & Pitches Strategy	2,658	1,894	150	4,702
Kylemore Childrens Home	546	100	-	646
Binnie Street Nursery	575	-	-	575
Modernisation Fund	50	219	250	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)
	7,301	20,994	12,240	40,535

Note 4 (Capital Funded from Current Revenue)

	2012/13	2013/14	2014/15	Total
	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	350	490	-	840
Play Areas	387	295	-	682
SWIFT Finance Module	35	35	-	70
Lunderston Bay	108	65	-	173
Scheme of Assistance	433	433	-	866
Aids & Adaptations (Earmarked Reserve)	287	100	-	387
Flooding Strategy	252	1,250	-	1,502
Additional Funding for Road Improvements	1,380	1,627	-	3,007
Roads Winter Maintenance Equipment	32	-	-	32
Greenock Parking Strategy	50	150	204	204
Wellington Community Facility (Community Facility Fund)	-	300	350	650
Inverkip Community Facility	-	25	-	25
Modernisation Fund	253	(3)	-	250
Greenock Town Centre	200	50	-	250
Port Glasgow Town Centre, Town Hall Refresh	-	-	1,000	1,000
Watt Complex Refurbishment	-	3,000	-	3,000
Use of General Fund Reserves	3,767	8,021	1,350	13,138

Appendix 2

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	2012/13 Spend To 30/11/12 £000
Policy & Resources	3,652	1,301	1,377	817	-	7,147	7,147	-	903
Environment & Regeneration	26,210	14,456	29,204	12,295	754	82,919	83,014	(95)	6,378
Education & Communities (Exc School Estate)	1,038	2,328	2,283	3,700	-	9,349	9,349	-	574
CHCP	454	881	135	-	-	1,470	1,470	-	437
Sub -Total	31,354	18,966	32,999	16,812	754	100,885	100,980	(95)	8,292
School Estate (Note 1)	10,839	32,176	25,577	8,184	13,625	90,401	90,401	-	18,175
Total	42,193	51,142	58,576	24,996	14,379	191,286	191,381	(95)	26,467

Note 1

Summarised SEMP Capital Position - 2010/14

	2012/13	2013/14	2014/15	2015/16	2016/17
Capital Allocation	4,800	4,500	4,800	4,800	4,800
Scottish Government School Grant (estimate)	3,007	1,800	801	803	803
Surplus b/fwd	5,352	2,510	(1,896)	(1,729)	167
Prudential Borrowing	15,827	11,546	3,551	-	-
Prudential Borrowing - In Lieu of Receipts	5,700	3,325	-	-	-
CFCR	-	-	-	-	-
Available Funding	34,686	23,681	6,455	3,872	5,770
Projects	16,349	14,031	4,633	3,705	3,834
Ex-Prudential Borrowing	15,827	11,546	3,551	-	-
Prudential Borrowing	-	-	-	-	-
CFCR	-	-	-	-	-
Total	32,176	25,577	8,184	3,705	3,834
Surplus c/fwd	2,510	(1,896)	(1,729)	167	1,936