

Report To: Policy & Resources Committee **Date:** 13 August 2013
Report By: Chief Financial Officer **Report No:** FIN/54/13/AP/MT
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Subject: 2013/16 Capital Programme

1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2013/16 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2013 the Council agreed a 3 year Capital Programme covering the period 2013/16. It should be noted that the 2015/16 Capital Grant Allocation is an estimate at this stage. The estimated shortfall in resources at the time of agreeing the budget was £1.695m over 2013/16.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that there is an estimated shortfall in resources of £1.695 million over the 2013/16 period which represents 1.6% of the total programme. A shortfall of this level is not unusual and is in line with the 1.5% recommended. In the longer term annual capital allocations continue to exceed the General Capital Grant and opportunities to reduce this funding gap should be taken.
- 2.3 It can be seen from Appendix 2 that as at 30th June 2013 expenditure was 18% of projected spend. Phasing and project spend have 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 can be seen that overall, Committees are projecting an underspend of £40,000, this relates to Kylemore Childrens Home, and budgetary slippage of 0.2% is being reported.
- 2.5 Capital expenditure for 2012/13 outturned at a slippage level of 7%, a decrease of 2.34% from that reported to Committee in March 2013 (9.34%), largely as a result of an increase in spend within SEMP. This represents a significant improvement in that experienced in 2011/12 (31%).

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the much reduced slippage levels experienced in 2012/13 and the current position of the 2013/16 Capital Programme.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 On 14th February 2013 the Council agreed a 2013/16 Capital Programme which included significant additional funding to increase the Roads Asset Management Plan with further amounts set aside from available Revenue Reserves to fund a number of further Capital Projects and to reduce the overall funding shortfall.
- 4.2 The Business Property Renovation Scheme (BPRA) was approved by the Policy & Resources Committee in February 2013. The refurbishment of Wallace Place and the creation of the Port Glasgow Hub are funded from this scheme and will deliver a capital saving of around £1.0m which was factored into the 2013/16 Budget. These projects have been removed from the Capital Programme.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £1.695 million which represents 1.6% of the projected spend excluding the School Estates Management Plan and is in line with the recommended level of 1.5%.
- 5.2 The position in respect of individual Committees is as follows:

Social Care

An underspend of £0.04m within the Kylemore Childrens home is being reported. No additional slippage is being reported, there is no spend for the year. The underspend will be returned to the overall programme.

Environment & Regeneration

Net slippage of £0.012m (0.09%) is being reported with spend being 9.9% of projected spend for the year.

Education & Communities

Pitch Upgrading at Whinhill (£0.275m) is being accelerated from future years; this is partly offset by slippage in the Watt Complex (£0.071m) resulting in a net advancement of spend of £0.204m (0.87%).

Within SEMP no slippage is being shown at this stage however it is expected that there will be overspends at St Columba's and Lomond View but that this will be fully funded from within the SEMP. A detailed update on the overall delivery of the SEMP projects will be given to the Education & Communities Committee in September 2013.

Finally, no slippage is being shown within the Scheme of Assistance at present, Officers are reviewing the allocation of this budget and any slippage will be reported to the next cycle.

Policy & Resources

Slippage of £0.265m (21.96%) is being reported with spend being 1.7% of projected spend for the year. The main areas of slippage are within the PC Refresh (£0.089m) and the Modernisation Fund (£0.072m).

- 5.3 Overall in 2013/14 it can be seen that expenditure is 18.19% of the projected spend for the year and that slippage from the programme agreed in February 2013 is currently £0.073 million (0.2%).

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 & Communities Committee on 30th October 2012 advised of the latest position of the SEMP with the overall model remaining affordable and deliverable. Proposals to accelerate aspects of the Primary School Programme were approved by the Council in February 2013.

7.0 2012/13 OUTTURN

- 7.1 Capital expenditure for 2012/13 outturned at a slippage level of 7%, a decrease of 2.34% from that reported to Committee in March 2013 (9.34%) largely as a result of increased spend within SEMP. This was a significant improvement in that experienced in 2011/12 (31%).
- 7.2 Officers robustly reviewed phasings on all projects prior to the setting of the 2012/15 Capital Programme in order to set a 3 year Capital Programme that was both prudent and realistic in reflecting the anticipated capital expenditure and this has resulted in the improved slippage levels.
- 7.3 This review process was repeated prior to the setting of the 2013/16 Capital Programme and as can be seen in paragraph 5.3, projected slippage is currently 0.2%. While it is early in the financial year the signs are that this review continues to produce a more realistically phased Capital Programme.

8.0 CONCLUSION

- 8.1 The Council's Capital Programme for 2013/16 is showing a shortfall in resources of £1.695 million, approximately 1.6% of the projected spend.
- 8.2 Overall Service Committees have spent 18.19% of the 2013/14 projected spend as at 30th June 2013.

9.0 CONSULTATION

- 9.1 This report has been approved by the Corporate Management Team.

Appendix 1

Capital Programme - 2013/14 - 2015/16

Available Resources

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	5,857	7,838	6,000	-	19,695
Less: Allocation to School Estate	(4,500)	(4,800)	(4,300)	-	(13,600)
Capital Receipts (Note 1)	916	560	937	50	2,463
Capital Grants (Note 2)	103	125	-	-	228
Prudential Funded Projects (Note 3)	5,918	26,190	6,101	440	38,649
Balance B/F From 11/12 (Exc School Estate)	1,455	-	-	-	1,455
Capital Funded from Current Revenue (Note 4)	9,318	8,639	2,833	-	20,790
Transfer to Capital Fund	(50)	(340)	(165)	(50)	(605)
	<u>19,017</u>	<u>38,212</u>	<u>11,406</u>	<u>440</u>	<u>69,075</u>

Overall Position 2013/16

Available Resources (Appendix 1, Column E)	£000
Projection (Appendix 2, Column B-E)	69,075
(Shortfall)/Under Utilisation of Resources	<u>70,770</u>
	<u>(1,695)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Sales	904	560	937	50	2,451
Contributions/Recoveries (2012/13 to be confirmed)	12	-	-	-	12
	<u>916</u>	<u>560</u>	<u>937</u>	<u>50</u>	<u>2,463</u>

Note 2 (Capital Grants)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	85	125	-	-	210
Sports Scotland/SFA	18	-	-	-	18
	<u>103</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>228</u>

Notes to Appendix 1

<u>Note 3 (Prudentially Funded Projects)</u>	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	74	68	68	-	210
Vehicle Replacement Programme	176	978	2,198	-	3,352
Greenock Parking Strategy	-	150	-	-	150
Asset Management Plan - Offices	2,220	6,309	492	90	9,111
Asset Management Plan - Borrowing in Lieu of Receipts	-	920	-	-	920
Asset Management Plan - Depots	1,870	8,279	1,183	-	11,332
Leisure & Pitches Strategy	1,477	933	-	-	2,410
Kylemore Childrens Home	(61)	-	-	-	(61)
Modernisation Fund	20	72	-	350	442
Watt Complex Refurbishment	100	3,821	-	-	3,921
Gourock One Way System	(4)	2,500	-	-	2,496
Roads Asset Management Plan	-	2,100	2,100	-	4,200
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Element of Prudentially Funded projects already funded through existing Supported Borrowing	(14)	-	-	-	(14)
	5,918	26,190	6,101	440	38,649
<u>Note 4 (Capital Funded from Current Revenue)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	184	450	-	-	634
Play Areas	351	300	-	-	651
SWIFT Finance Module	60	-	-	-	60
Lunderston Bay	120	41	-	-	161
Scheme of Assistance	433	433	433	-	1,299
Aids & Adaptations (Earmarked Reserve)	360	-	-	-	360
Flooding Strategy	42	1,222	-	-	1,264
Greenock Parking Strategy	104	100	-	-	204
Roads Asset Management Plan	2,727	2,400	2,400	-	7,527
Broomhill Community Facility (Community Facility Fund)	50	150	-	-	200
Inverkip Community Facility	264	900	-	-	1,164
Modernisation Fund	25	-	-	-	25
Port Glasgow Town Centre, Town Hall Refresh	164	63	-	-	227
Watt Complex Refurbishment	-	1,000	-	-	1,000
Community Facilities Investment	-	750	-	-	750
Blaes Football Parks	275	555	-	-	830
Broomhill Regeneration	-	250	-	-	250
Completion of SV Comet Canopy	109	25	-	-	134
Use of General Fund Reserves	4,050	-	-	-	4,050
	9,318	8,639	2,833	-	20,790

Capital Programme - 2013/14 - 2015/16

Agreed Projects

Committee	A Prior Years £000	B 2013/14 £000	C 2014/15 £000	D 2015/16 £000	E Future £000	G Total £000	H Approved Budget £000	I (Under)/ Over £000	J 2013/14 Spend To 30/6/13 £000
Policy & Resources	3,784	942	780	515	350	6,371	6,371	-	16
Environment & Regeneration	34,479	13,817	30,137	11,625	90	90,148	90,148	-	1,374
Education & Communities (Exc School Estate)	455	2,472	8,810	933	-	12,670	11,670	1,000	120
CHCP	1,131	299	-	-	-	1,430	1,470	(40)	-
Sub -Total	39,849	17,530	39,727	13,073	440	110,619	109,659	960	1,510
School Estate (Note 1)	37,984	21,117	12,016	6,365	11,622	89,104	89,104	-	5,519
Total	77,833	38,647	51,743	19,438	12,062	199,723	198,763	960	7,029

Note 1Summarised SEMP Capital Position - 2010/14

	2013/14	2014/15	2015/16	2016/17
Capital Allocation	4,500	4,800	4,300	4,300
Scottish Government School Grant (estimate)	1,366		801	803
Surplus b/fwd	2,182	4,409	1,244	(20)
Prudential Borrowing	9,153	4,051	-	-
Prudential Borrowing - In Lieu of Receipts	3,325			
Prudential Borrowing - Accelerated Investment	5,000			
Available Funding	25,526	13,260	6,345	5,083
<u>Projects</u>				
Ex-Prudential Borrowing	11,964	7,965	6,365	5,436
Prudential Borrowing	9,153	4,051	-	-
Total	21,117	12,016	6,365	5,436
Surplus c/fwd	4,409	1,244	(20)	(353)