
Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/14/AP
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Capital Grant Allocation 2015/16		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of a better than expected Capital Grant Settlement recently advised by the Government for the financial year 2015/16.

2.0 SUMMARY

- 2.1 The Council's Capital Grant figures for 2015/16 were estimated when preparing the 2013/16 Capital Budget which was approved in February 2013. At that point in time, no figures were produced by the Scottish Government and as such a prudent approach was taken when projecting the Capital Grant expected in 2015/16.
- 2.2 In July the Scottish Government issued Finance Circular 6/2014 which confirmed that Inverclyde Council's core Capital Grant for 2015/16 is estimated to be £8.42million compared to the figure of £6.0million which has been used in Council estimates since February 2013.
- 2.3 The increase is due to two factors, firstly a significant increase in the overall National Capital Grant monies available from those estimated in February 2013 and secondly following the review of the needs based indicators which allocated increased revenue funding to the Council, there has been a small increase in the Council's share of the national pot.
- 2.4 The increase in Capital Grant for 2015/16 is extremely welcome given the significant infrastructure investment pressures which the Council faces. In addition the Council is currently engaged in discussions around the City Deal which, if approved, will require the Council to identify further significant funds for investment in regeneration projects. Lastly, there is currently an estimated shortfall in resources in the 2013/16 Capital Programme of approximately £1.1million which requires to be addressed.
- 2.5 It is proposed that this increase in Capital Grant be factored into the overall 2015/18 budget preparation exercise and at this point in time no action is taken.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee agree to defer any decisions on the increased Capital Grant allocation for 2015/16 until the consideration of the 2015/18 budget in February 2015.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Council agreed a 2013/16 Capital Programme in February 2013 and at that time had extremely limited information from the Scottish Government regarding the likely 2015/16 Capital Settlement.
- 4.2 As a result of the lack of information a prudent view was taken in respect of the likely Capital Grant for 2015/16 and Members agreed a three year Capital Programme on this basis.
- 4.3 In July 2014 the Scottish Government issued Finance Circular 6/2014 which gave updated Revenue and Capital figures for 2015/16 following the decision by CoSLA Leaders to update all indicators for 2015/16.

5.0 CURRENT POSITION

- 5.1 Appendix 1 outlines the current position and shows that the Council's core Capital Grant for 2015/16 is estimated to be £8.42million compared to the previously estimated £6.0 million.
- 5.2 In addition to this, the Council is due to get £1.743million in respect of Flooding Grant in 2015/16 and a further £422,000 to assist with the Capital Expenditure related to the Children and Young Persons Bill.
- 5.3 The increase in Grant is largely due to the amount of Capital Resources at a national level being significantly greater than estimated at the time of approving the 2013/16 Capital Budget in February 2013. The needs based indicators have also resulted in a small increase in Inverclyde Council's share of the National Capital Funds.
- 5.4 The Committee are asked to note that there are significant capital pressures building on the Council largely relating to the ongoing investment in Council infrastructure. These include:
 - a) Roads – The Council has made an in principle commitment to maintain the £6 million a year investment in the RAMP from 2016 onwards. This is in the context of the standard roads allocation being currently £1.4million per year.
 - b) Flooding – Following the announcement for £1.74million of Flooding Grant, there is a need for the Council to continue addressing some significant flooding issues in the area and reports in this regard are due to be presented to the September and November Environment & Regeneration Committees.
 - c) Other Property AMP – Condition Surveys have been returned in respect of all the non-school/office and depot properties, including those operated by the CHCP and these are currently being examined by Property Services. It is clear from the initial analysis that a significant investment is required if all existing properties are to be retained and this will not be addressed with the current £1million per year Property Capital Allocation.
 - d) Open Space AMP – The Council is currently preparing a first draft of the Open Space AMP and this is flagging up the significant investment required in paths, walls, fencing, coastal protection, play areas, bridges, etc, which exist within the Council's parks and open spaces. There is currently no dedicated Capital Budget for this purpose and this issue will have to be considered as part of the 2015/18 budget.
 - e) City Deal - The Corporate Director Environment, Regeneration & Resources is currently leading discussions in respect of the Council's involvement in the City Deal. Despite the considerably improved financial position following commitments from the UK Treasury and Scottish Government, there will still be a significant financial implication for the Council if it signs up to the City Deal.
 - f) Shortfall in current Capital Programme – There is currently a shortfall in resources of

approximately £1.1million in the approved 2013/16 programme. This issue requires to be addressed.

- 5.5 It can be seen from the above that there are considerable calls on the Capital Programme in future years and the extra £2.4million in 2015/16 requires to be seen in that context.
- 5.6 It is proposed that this increase in Capital Grant be factored into the overall 2015/18 budget preparation exercise and at this point in time no action is taken.

6.0 FINANCIAL IMPLICATIONS

Finance

- 6.1 It should be noted that the final Capital Grant for 2015/16 will not be confirmed until early 2015 however it is highly unlikely that the figure will vary much from those outlined in this report. Given the size of the Council's prudential borrowing programme, there is no likelihood that the Council will not fully utilise the Capital Grant allocated by the Government and therefore any deferment in identifying projects for 2015/16 and beyond will not jeopardise receipt of the Grant.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 6.2 There are no direct legal implications arising from this report.

Human Resources

- 6.3 There are no direct HR implications arising from this report.

Equalities

- 6.4 As this report does not introduce a new strategy or amend an existing Council policy, there is no requirement for an Equalities Impact Assessment.

Repopulation

- 6.5 Any increase in resources to the Council is welcome and the opportunities which arise from this extra resource to invest in projects will encourage individuals to move to the area or retain citizens within Inverclyde.

7.0 CONSULTATIONS

7.1 The Corporate Management Team support the recommendation in 2.5.

8.0 LIST OF BACKGROUND PAPERS

8.1 Finance Circular 6/2014.

Council Capital Allocation 2015/16

	<u>£000</u>
Core Allocation	7456
Add: Grant rephased from 2012/14	<u>964</u>
	8420
Add: Flooding Grant	1743
Children & Young Persons Capital	<u>422</u>
	<u>10,585</u>

Notes

1. In addition the Council will receive £121,000 specific Grant for Cycling, Walking & Safer Streets.
2. The Council's current recurring Capital Budgets are:

	<u>£000</u>
SEMP	4300
Roads/Lighting	1400
Property	1000
ICT	450
Housing Grants	500
Zero Waste	<u>80</u>
	<u>7730</u>