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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>18 November 2014</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/69/14/JB/MT</b>
<b>Contact Officer:</b>	<b>Jan Buchanan</b>	<b>Contact No:</b>	<b>01475 712225</b>
<b>Subject:</b>	<b>2014/16 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2014/16 Capital Programme.

## 2.0 SUMMARY

- 2.1 In February 2013 the Council agreed a 3 year Capital Programme covering the period 2013/16, in February 2014 the Council further agreed to return £0.5m of SEMP monies to the General Fund as well as approving a number of further projects funded from Revenue Reserves. It has also been previously reported that the 2015/16 General Capital Grant has now been confirmed and is greater than anticipated.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that the estimated surplus in resources is £1.302 million over the 2014/16 period. In the longer term it is anticipated that annual capital requirements will continue to exceed the General Capital Grant and this requires to be addressed through the budget process.
- 2.3 It can be seen from Appendix 2 that as at 30<sup>th</sup> September 2014 expenditure was 32.38% of projected spend. Phasing and project spend has been reviewed by the Senior Officer (CAMS) Group and the relevant Corporate Director.
- 2.4 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. Overall Committees are projecting to outturn on budget. Budgetary slippage of 12.69% is being reported; this compares with a slippage outturn of 13.04% in 2013/14.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2014/16 Capital Programme and the previous decision that any surplus on the 2014/16 Capital Programme be considered as part of the February 2015 budget process.

Alan Puckrin  
Chief Financial Officer

## 4.0 BACKGROUND

- 4.1 On 14<sup>th</sup> 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 On 4<sup>th</sup> February 2014 the Policy & Resources Committee agreed to return £500,000 unused contingency within the School Estate to the General Fund, reducing the funding shortfall accordingly.
- 4.3 On 20<sup>th</sup> February 2014 confirmed the existing Capital Programme to 2015/16. In addition a number of additional projects, funded from Revenue Reserves, were approved. These projects are reflected in this report.
- 4.4 The Scottish Government General Capital Grant allocation for 2015/16 is significantly more than the estimate included when agreeing the budget in February 2013. As a result the previously reported shortfall in resources of £1.135m has been replaced by a surplus in resources of £1.302m.
- 4.5 The Policy & Resources Committee agreed to defer any decision on the surplus resources to February 2015 to tie in with the budget decision.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2 year period there is a projected surplus in resources of £1.302 million.
- 5.2 The position in respect of individual Committees is as follows:

### Social Care

No slippage is being reported and there is no spend to date.

### Environment & Regeneration

Net slippage of £1.700m (9.41%) is being reported with spend being 33.8% of projected spend for the year. Slippage relates mainly to the Asset Management Plan (£1.825), plus other minor areas of slippage. Where possible projects are being advanced from future years and are partly offsetting the slipped projects.

### Education & Communities

Slippage of £2.200m (19.32%) is being reported with spend being 29.8% of projected spend for the year. The slippage relates mainly to Inverkip Community Facility (£1.112m) and Primary School Pitch Upgrading (£0.32m) as well as slippage within the SEMP (£0.715), mainly relating to St John's Primary Refurbishment and Early Years.

### Policy & Resources

Net advancement of £0.039m (4.94%) is being reported with spend being 25.48% of projected spend for the year. Advancement within the Modernisation Fund (£0.163m) from future years is partly offset by slippage in some ICT investment (£0.073m).

- 5.3 Overall in 2014/15 it can be seen that expenditure is 32.38% of the projected spend for the year and that slippage from the programme agreed in February 2014 is currently £3.861 million (12.69%). This is an increase in slippage of £0.737m (2.42%) from the last Committee.

## 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 4<sup>th</sup> November 2014 advised of the latest position of the SEMP with the overall model remaining affordable and deliverable.
- 6.2 £0.5 million was transferred from the SEMP to the core capital programme as part of the approval of the 2014/16 Budget. In addition £1.1m of further investment in MUGAs within the Primary School estate was approved.

## 7.0 CONCLUSIONS

- 7.1 As can be seen in paragraph 5.3 projected slippage is currently 12.69%, this compares with slippage of 13.04% in 2013/14. While there is the potential for addition slippage reported later in the year Officers are working to advance projects from future years where practical. It is expected therefore that slippage levels should not rise significantly from that currently reported although much will depend on the weather over the winter.
- 7.2 The Council's Capital Programme for 2014/16 is showing a surplus in resources of £1.302 million.
- 7.3 Overall Service Committees have spent 32.38% of the 2014/15 projected spend as at 30<sup>th</sup> September 2014.

## 8.0 CONSULTATION

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

## 9.0 IMPLICATIONS

### Finance

#### 9.1 Financial Implications

All financial implications are discussed in detail within the report and in Appendices 1 & 2.

#### 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**

9.2 There are no legal implications.

## **Human Resources**

9.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

## **Equalities**

9.4 The report has no impact on the Council's Equalities policy.

## **Repopulation**

9.5 The Council's continuing significant capital investment levels will have a positive impact on regeneration, job creation and hence repopulation.

## **10.0 BACKGROUND PAPERS**

10.1 Nil

Appendix 1

Capital Programme - 2014/15 - 2015/16

Available Resources

	A	B	C	D	E
	2014/15	2015/16	2016/17	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	8,251	10,585	-	-	18,836
Less: Allocation to School Estate	(4,713)	(4,722)	-	-	(9,435)
Capital Receipts (Note 1)	561	999	-	-	1,560
Capital Grants (Note 2)	650	371	-	-	1,021
Prudential Funded Projects (Note 3)	7,562	20,741	5,818	2,833	36,954
Balance B/F From 11/12 (Exc School Estate)	3,049	-	-	-	3,049
Capital Funded from Current Revenue (Note 4)	6,443	10,026	1,576	-	18,045
	<u>21,803</u>	<u>38,000</u>	<u>7,394</u>	<u>2,833</u>	<u>70,030</u>

Overall Position 2013/16

Available Resources (Appendix 1, Column E)	<u>£000</u>
Projection (Appendix 2, Column B-F)	70,030
(Shortfall)/Under Utilisation of Resources	<u>68,728</u>
	<u>1,302</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2014/15	2015/16	2016/17	Future	Total
	£000	£000	£000	£000	£000
Sales	441	772	-	-	1,213
Contributions/Recoveries	120	227	-	-	347
	<u>561</u>	<u>999</u>	<u>-</u>	<u>-</u>	<u>1,560</u>

Note 2 (Capital Grants)

	2014/15	2015/16	2016/17	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	125	121	-	-	246
SPT	207	-	-	-	207
Sustrans	77	250	-	-	327
Sports Scotland/SFA	18	-	-	-	18
Electric Vehicle Charging Points	73	-	-	-	73
Zero Waste Scotland	150	-	-	-	150
	<u>650</u>	<u>371</u>	<u>-</u>	<u>-</u>	<u>1,021</u>

OK

## Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2014/15	2015/16	2016/17	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	68	104	-	-	172
Vehicle Replacement Programme	861	2,198	-	-	3,059
Greenock Parking Strategy	41	232	-	-	273
Asset Management Plan - Offices	1,972	3,439	1,519	133	7,063
Asset Management Plan - Borrowing in Lieu of Receipts	920	-	-	-	920
Asset Management Plan - Depots	1,473	8,153	1,334	59	11,019
Capital Works on Former Tied Houses	20	100	60	420	600
Waterfront Leisure Complex Combined Heat and Power Plant	200	50	-	-	250
Leisure & Pitches Strategy	346	161	-	-	507
Broomhill Community Facility	-	500	-	-	500
Kylemore Childrens Home	(85)	-	-	-	(85)
Neil Street Childrens Home Replacement	-	675	83	-	758
Crosshill Childrens Home Replacement	-	-	1,622	-	1,622
Modernisation Fund	186	219	-	-	405
Watt Complex Refurbishment	-	-	700	2,221	2,921
Gourock One Way System	-	2,000	500	-	2,500
Roads Asset Management Plan	1,350	2,850	-	-	4,200
Kerbside Glass Collection	150	-	-	-	150
Surplus Prudential Borrowing due to project savings	60	60	-	-	120
	<u>7,562</u>	<u>20,741</u>	<u>5,818</u>	<u>2,833</u>	<u>36,954</u>

Note 4 (Capital Funded from Current Revenue)

	2014/15	2015/16	2016/17	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	106	150	-	-	256
Play Areas	587	350	-	-	937
Coronation Park, Port Glasgow	50	200	-	-	250
Contribution to Birkmyre Park Pitch Improvements	-	50	-	-	50
Gourock Walled Garden, Toilet Provision	40	-	-	-	40
Port Glasgow Health Centre Car Park	40	-	-	-	40
Hillend Respite Unit	80	-	-	-	80
Scheme of Assistance	433	433	-	-	866
Aids & Adaptations (Earmarked Reserve)	100	-	-	-	100
Flooding Strategy	305	168	776	-	1,249
Greenock Parking Strategy	165	-	-	-	165
Roads Asset Management Plan	2,968	2,189	-	-	5,157
Broomhill Community Facility (Community Facility Fund)	27	352	-	-	379
Inverkip Community Facility	88	1,211	-	-	1,299
Neil Street Childrens Home Replacement	-	1,100	-	-	1,100
Primary School MUGA's - various	-	1,100	-	-	1,100
Port Glasgow Town Centre, Town Hall Refresh	60	34	-	-	94
Watt Complex Refurbishment	100	553	300	-	953
Community Facilities Investment	-	400	-	-	400
Blaes Football Parks	479	320	-	-	799
Ravenscraig Sports Barn	-	600	-	-	600
Broomhill Regeneration	50	200	-	-	250
Lower Port Glasgow Regeneration	-	100	250	-	350
East Central Greenock Regeneration	-	250	250	-	500
Central Gourock	-	150	-	-	150
Completion of SV Comet Canopy	-	116	-	-	116
Various Projects - moved to complete on Site	7	-	-	-	7
Use of General Fund Reserves	758	-	-	-	758
	<u>6,443</u>	<u>10,026</u>	<u>1,576</u>	<u>-</u>	<u>18,045</u>

## Capital Programme - 2014/15 - 2015/16

Agreed Projects

Committee	A Prior Years £000	B 2014/15 £000	C 2015/16 £000	D 2016/17 £000	E Future £000	G Total £000	H Approved Budget £000	I (Under)/ Over £000	J 2014/15 Spend To 30/9/14 £000
Policy & Resources	4,271	828	894	50	-	6,043	6,043	-	339
Environment & Regeneration	32,197	16,360	29,118	4,689	612	82,976	82,976	-	5,529
Education & Communities (Exc School Estate)	389	2,002	6,763	1,516	2,221	12,891	12,891	-	542
CHCP	1,156	195	1,775	1,705	-	4,831	4,831	-	-
Sub -Total	38,013	19,385	38,550	7,960	2,833	106,741	106,741	-	6,410
School Estate (Note 1)	676	7,187	10,510	5,837	6,286	30,496	30,496	-	2,193
Total	38,689	26,572	49,060	13,797	9,119	137,237	137,237	-	8,603

Note 1Summarised SEMP Capital Position - 2013/17

	2014/15	2015/16	2016/17	2017/18
Capital Allocation	4,713	4,722	4,300	4,300
Scottish Government School Grant (estimate)	100	1,120	1,953	100
Surplus b/fwd	4,904	4,354	186	602
Prudential Borrowing	1,824	500	-	-
Prudential Borrowing - In Lieu of Receipts				
Prudential Borrowing - Accelerated Investment				
CFCR	-	-	-	-
Available Funding	<u>11,541</u>	<u>10,696</u>	<u>6,439</u>	<u>5,002</u>
<u>Projects</u>				
Ex-Prudential Borrowing	5,363	10,010	5,837	6,286
Prudential Borrowing	1,824	500	-	-
CFCR	-	-	-	-
Total	<u>7,187</u>	<u>10,510</u>	<u>5,837</u>	<u>6,286</u>
Surplus c/fwd	4,354	186	602	(1,284)