

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>17 May 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/59/16/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2015/18 Capital Programme</b>		

---

## **1.0 PURPOSE**

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2015/18 Capital Programme.

## **2.0 SUMMARY**

- 2.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18.
- 2.2 As part of the approved Capital Programme it was agreed to return the existing surplus in Capital Resources to Revenue Reserves, returning the Capital Programme to a break-even position with adjustments made during the year end accounts process bringing the programme to a small deficit. The Scottish Government settlement for 2016/17 included re-profiling of part of the capital grant to future years, this has resulted in a deficit of £0.823m now being reported as can be seen from Appendix 1. This represents 0.77% of projected spend over the 3 year period and is within recommended parameters.
- 2.3 It should be noted that the Government have indicated that the Council will receive £1.4m Capital grant at some point over 2017/20 in lieu of the re-profiled grant from 2016/17. This is not reflected in the above figures.
- 2.4 It can be seen from Appendix 2 that as at 31<sup>st</sup> March 2016 expenditure in 2015/16 was 86.46% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director. It should be noted that although expenditure is shown up to 31<sup>st</sup> March the figures do not reflect end of year accruals.
- 2.5 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. In the current year net advancement of 0.75% is being reported, this is an advancement of 5.08% from the 4.33% slippage reported to the previous Committee. This compares with a slippage outturn of 15.3% in 2014/15. In view of high slippage levels in previous years officers have been prudent in estimates of capital spend when preparing the 2015/16 Capital Programme and have actively sought to advance projects where possible to offset slippage.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee note the current position of the 2015/18 Capital Programme and note the projected advancement of spend achieved in 2015/16.

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18. As part of this process the previously reported surplus, along with minor underspends in 2 projects, returned £1.261m to Revenue Reserves. Subsequent adjustments arising as part of the year end accounts process resulted in a small deficit.
- 4.2 In December 2015 the Scottish Government announced the provisional settlement for 2016/17. The final settlement was approved on 25<sup>th</sup> February 2016. While the settlement itself was £8.035m, £0.735m higher than had been estimated, £1.443m of this has been re-profiled to future years which means it will not be received in 2016/17 but rather will be added to our Capital Grant over the 2017/20 period. It is considered prudent not to reflect this additional grant over the current 2015/18 period.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2015/18 period the Capital Programme is in a break-even position.
- 5.2 The position in respect of individual Committees is as follows:

### Social Care

Project slippage of £0.515m (76.75%) with spend being 73.1% of projected spend for the year. This is in line with the position reported to the last Committee and relates to delays in commencing the replacement for Neil St Childrens Home.

### Environment & Regeneration

Net slippage of £1.881m (9.7%) is being reported with spend being 78.8% of projected spend for the year. This is a decrease in slippage of £0.059m (0.3%) from the position reported to the last Committee.

### Education & Communities

Net advancement of £2.373m (26.62%) is being reported with spend being 97.8% of projected spend for the year. This is an increase in advancement of £1.454m (16.31%) from the position reported to the last Committee and is largely as a result of actual spend exceeding the prudent assumptions made when approving the 2015/16 programme in February 2015.

### Policy & Resources

Net advancement of £0.245m (43.52%), a decrease of £0.013m (2.31%), is being reported with spend being 96.9% of projected spend for the year.

- 5.3 Overall in 2015/16 it can be seen that expenditure is 86.46% of the projected spend for the year and that the projected advancement from the programme agreed in February 2015 is currently £0.222 million (0.75%).

## 6.0 CONCLUSIONS

- 6.1 As can be seen in paragraph 5.3 projected advancement of spend is currently 0.75%, this compares with slippage of 15.3% in 2014/15. It should be noted that officers have actively sought to advance projects in anticipation of potential slippage as well as taking a prudent view when setting the 2015/16 Capital programme.
- 6.2 Following re-profiling of Scottish Government Capital Grant into future years the Council's Capital Programme for 2015/18 is showing a shortfall in resources of £0.823m. This represents 0.77% of projected spend over the 3 year period and is within acceptable parameters.
- 6.3 Overall Service Committees have spent 86.46% of the 2015/16 projected spend as at 31<sup>st</sup> March 2016. It should be noted that although expenditure is shown up to 31<sup>st</sup> March the figures do not reflect end of year accruals.

## 7.0 CONSULTATION

7.1 This report has been approved by the Corporate Management Team and reflects the detail reported to Service Committee.

## 8.0 IMPLICATIONS

### Finance

#### 8.1 Financial Implications

All financial implications are shown 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

8.2 There are no legal implications.

### Human Resources

8.3 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

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

### Repopulation

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

## 9.0 BACKGROUND PAPERS

9.1 None

Capital Programme - 2015/16 - 2017/18Available Resources

	A	B	C	D	E
	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	11,180	6,966	7,300	-	25,446
Less: Allocation to School Estate	(5,317)	(4,674)	(4,300)	-	(14,291)
Capital Receipts (Note 1)	1,006	199	385	-	1,590
Capital Grants (Note 2)	484	185	-	-	669
Prudential Funded Projects (Note 3)	7,271	19,951	15,828	4,036	47,086
Balance B/F From 14/15 (Exc School Estate)	2,825	-	-	-	2,825
Capital Funded from Current Revenue (Note 4)	3,615	120	5,547	-	9,282
	<u>21,064</u>	<u>22,747</u>	<u>24,760</u>	<u>4,036</u>	<u>72,607</u>

Overall Position 2014/18

	<u>£000</u>
Available Resources (Appendix 1, Column E)	72,607
Projection (Appendix 2, Column B-E)	<u>73,430</u>
(Shortfall)/Under Utilisation of Resources	<u>(823)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Sales	974	149	385	-	1,508
Contributions/Recoveries	32	50	-	-	82
	<u>1,006</u>	<u>199</u>	<u>385</u>	<u>-</u>	<u>1,590</u>

Note 2 (Capital Grants)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	121	-	-	-	121
SPT	26	175	-	-	201
Sustrans	12	-	-	-	12
Sports Scotland/SFA	108	-	-	-	108
Electric Vehicle Charging Points	39	-	-	-	39
Big Lottery Fund	178	10	-	-	188
	<u>484</u>	<u>185</u>	<u>-</u>	<u>-</u>	<u>669</u>

## Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	78	92	66	-	236
Vehicle Replacement Programme	1,199	572	615	1,179	3,565
Greenock Parking Strategy	(37)	160	150	-	273
Asset Management Plan - Offices	858	3,066	1,319	-	5,243
Asset Management Plan - Depots	977	3,451	3,174	250	7,852
Capital Works on Former Tied Houses	12	18	210	360	600
Waterfront Leisure Complex Combined Heat and Power Plant	4	227	-	-	231
Leisure & Pitches Strategy	261	23	23	-	307
Broomhill Community Facility	-	397	800	-	1,197
Kylemore Childrens Home (return of borrowing in lieu of receipt)	(200)	-	-	-	(200)
Neil Street Childrens Home Replacement	146	1,569	29	-	1,744
Crosshill Childrens Home Replacement	-	157	1,435	90	1,682
Modernisation Fund	62	47	93	-	202
Watt Complex Refurbishment	-	-	921	-	921
Gourock One Way System	2,000	500	-	-	2,500
Roads Asset Management Plan	1,001	3,862	5,683	2,157	12,703
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Reduction in Prudential Borrowing, ICT Annual allocation	(150)	(150)	(150)	-	(450)
Additional Prudential Borrowing to Support annual allocations	1,000	1,400	1,400	-	3,800
Additional Prudential Borrowing to allow return of Reserves	-	4,500	-	-	4,500
	7,271	19,951	15,828	4,036	47,086

Note 4 (Capital Funded from Current Revenue)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	421	123	198	-	742
Play Areas	275	295	90	-	660
Coronation Park, Port Glasgow	145	10	30	-	185
Contribution to Birkmyre Park Pitch Improvements	-	25	175	-	200
Gourock Walled Garden, Toilet Provision	27	-	-	-	27
Hillend Respite Unit	3	-	-	-	3
Scheme of Assistance	433	333	333	-	1,099
Flooding Strategy	(1,432)	1,569	1,726	-	1,863
Greenock Parking Strategy	58	10	-	-	68
Roads Asset Management Plan	2,190	-	-	-	2,190
Broomhill Community Facility (Community Facility Fund)	-	250	103	-	353
Inverkip Community Facility	686	830	100	-	1,616
Primary School MUGA's - various	817	394	100	-	1,311
Various MUGAs - transfer to SEMP	(283)	(220)	-	-	(503)
Watt Complex Refurbishment	65	515	372	-	952
Community Facilities Investment	30	-	70	-	100
Blaes Football Parks	32	34	-	-	66
Ravenscraig Sports Barn	600	-	-	-	600
Broomhill Regeneration	300	-	450	-	750
Central Gourock	-	150	-	-	150
Scottish Wide Area Network	290	33	-	-	323
Rankin Park Cycle Track	81	69	-	-	150
Asset Management Plan - Depots	137	-	-	-	137
Bakers Brae Re-alignment	-	-	1,000	-	1,000
RCGF Port Glasgow/Broomhill	-	150	350	-	500
King George VI Refurbishment	-	50	450	-	500
Contribution to General Fund Reserves	(1,260)	(4,500)	-	-	(5,760)
	3,615	120	5,547	-	9,282

## Capital Programme - 2015/16 - 2017/18

## Agreed Projects

Committee	A	B	C	D	E	F	G	H	I
	Prior Years £000	2015/16 £000	2016/17 £000	2017/18 £000	Future £000	Total £000	Approved Budget £000	(Under)/ Over £000	2015/16 Spend To 31/03/16 £000
Policy & Resources	5,044	808	410	580	-	6,842	6,842	-	783
Environment & Regeneration	25,755	17,513	16,168	19,449	3,889	82,774	82,774	-	13,800
Education & Communities (Exc School Estate)	1,021	3,057	3,646	3,641	833	12,198	12,198	-	2,937
CHCP	191	156	1,726	1,464	90	3,627	3,627	-	114
Sub - Total	32,011	21,534	21,950	25,134	4,812	105,441	105,441	-	17,634
School Estate (Note 1)	8,080	8,229	7,764	21,807	10,818	56,698	56,698	-	8,100
Total	40,091	29,763	29,714	46,941	15,630	162,139	162,139	-	25,734

## Note 1

## Summarised SEMP Capital Position - 2014/18

	2015/16	2016/17	2017/18
Capital Allocation	5,317	4,674	4,300
Scottish Government School Grant (estimate)	1,120	1,953	100
Surplus b/fwd	3,827	2,878	6,926
Prudential Borrowing	500	465	-
Prudential Borrowing - In Lieu of Receipts	60	3,500	-
Prudential Borrowing - Accelerated Investment	283	1,220	2,400
Contractor Contribution	-	-	-
CFCR	283	1,220	2,400
Available Funding	11,107	14,690	13,726
Projects	7,446	2,579	19,407
Ex-Prudential Borrowing	500	3,965	-
Prudential Borrowing	283	1,220	2,400
CFCR	283	1,220	2,400
Total	8,229	7,764	21,807
Surplus c/fwd	2,878	6,926	(8,081)