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| <b>Report To:</b>       | <b>Policy &amp; Resources Committee</b> | <b>Date:</b>       | <b>31 January 2017</b> |
| <b>Report By:</b>       | <b>Chief Financial Officer</b>          | <b>Report No:</b>  | <b>FIN/03/17/AP/MT</b> |
| <b>Contact Officer:</b> | <b>Matt Thomson</b>                     | <b>Contact No:</b> | <b>01475 712256</b>    |
| <b>Subject:</b>         | <b>2016/18 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 2016/18 Capital Programme.

## 2.0 SUMMARY

- 2.1 On March 10 2016 the Council approved the 2016/18 Capital Programme, this effectively continued the previously approved 2015/18 Capital Programme.
- 2.2 The Scottish Government settlement for 2016/17 included re-profiling of part of the capital grant to future years, this resulted in a deficit of £0.823m being approved. Subsequent unbudgeted 3<sup>rd</sup> party contributions and additional grant allocations for various flooding projects, further reduced the deficit to £0.178m.
- 2.3 In December 2016 the Scottish Government announced the provisional settlement for 2017/18 which confirmed the capital grant as £9.182m, £1.882m higher than previously estimated including £0.96 million for flooding projects. As a result the Capital Programme is now reporting a surplus of £1.704m.
- 2.4 It should be noted that the Government has indicated that the Council will now receive the £1.4m Capital grant removed in 2016/17 at some point over 2018/20 and this is therefore not included in the 2016/18 Programme.
- 2.5 It can be seen from Appendix 2 that as at 30 November 2016 expenditure in 2016/17 was 59.06% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director.
- 2.6 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 6.87% is currently being reported, an increase in advancement of 2.90% since the previous Committee. This compares with net advancement of 3% in 2015/16. In view of high slippage levels in previous years officers were prudent in estimates of capital spend when preparing the 2016/17 Capital Programme and are actively seeking to advance projects where possible to offset unavoidable slippage.
- 2.7 Work is ongoing in developing the draft 2017/20 Capital Programme which will reflect the final 2017/18 settlement and include additional projects which Officers have reported to Committee. The 2017/20 Programme will be considered by the Council on 16 February 2017.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee note the current position of the 2016/18 Capital Programme.
- 3.2 It is recommended that Committee note that officers are developing a 2017/20 Capital Programme for consideration as part of the Budget Process.

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

## 4.0 BACKGROUND

- 4.1 On March 10 2016 the Council approved the 2016/18 Capital Programme, this effectively continued the previously approved 2015/18 Capital Programme to 2017/18.
- 4.2 In February 2016 the Scottish Government announced the 2016/17 Capital Grant. 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 now be added to the Council's Capital Grant over the 2018/20 period. This grant is therefore not included over the current 2016/18 period.
- 4.3 The previously agreed 2015/18 Capital Programme had been budgeted to break even however the re-profiling of the capital grant highlighted above resulted in a budgeted deficit of £0.823m.
- 4.4 Subsequent to the budget approval in March 2016 unbudgeted 3<sup>rd</sup> party contributions were received and along with some year end adjustments reduced the deficit. In addition the 2016/17 General Capital Grant confirmed additional grant allocated for various flooding projects, as these projects were previously funded within the Capital Programme this further reduced the deficit to £0.178m.
- 4.5 In December 2016 the Scottish Government announced the provisional settlement for 2017/18 which confirmed the capital grant as £9.182m, £1.882m higher than previously estimated including £0.96 million of flooding grant. As a result the Capital Programme is now reporting a surplus of £1.704m.
- 4.6 A number of potential future projects have now been reported to the relevant Committee, in particular the continuation of the Roads Asset Management Strategy (previously RAMP), Cemetery Development, Crematoria Replacement and the Parks, Cemeteries and Open Spaces Asset Management Plan. Work is ongoing in developing the draft 2017/20 Capital Programme which will include these projects as well as reflecting the recently announced 2017/18 settlement.

## 5.0 CURRENT POSITION

- 5.1 Appendix 2 (column H) shows that over the 2016/18 period the Capital Programme is in a break-even position.
- 5.2 The position in respect of individual Committees is as follows:

### Health & Social Care

No slippage is being reported at this time with spend of 19.4%.

### Environment & Regeneration

Net advancement of £0.739m (4.76%) is being reported with spend being 52.9% of projected spend for the year. The advancement is projected mainly within the Roads Asset Management Plan (£0.438m) and additional projects within core property assets budgets (£1.000m) including Wallace Place Elevation Roofing works offset by slippage within the Flooding Strategy and Asset Management Plan (Offices).

### Education & Communities

Net advancement of £1.324m (12.91%) is being reported with spend being 72.3% of projected spend for the year. The advancement is mainly due to the progression of the New Community Facility, Broomhill (£0.998m).

### Policy & Resources

Net slippage of £0.166m (39.06%) is being reported due to revised phasing of the 2016/18 indicative allocation (£0.134m) and the Rolling Replacement of PCs (£0.044m) offset by some advancement in the Modernisation Fund, with spend being 70.3% of projected spend.

- 5.3 Overall in 2016/17 expenditure is 59.06% of the projected spend for the year and that project advancement from the programme agreed in March 2016 is currently £1.897 million (6.87%). This compares with advancement of 3% in 2015/16. 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 2016/17 Capital Programme.

## 6.0 2017/20 CAPITAL PROGRAMME

6.1 Officers are progressing the development of a draft 2017/20 Capital Programme for Members to consider as part of the Budget process. A number of potential future projects have now been reported to Committee, in particular the continuation of the Roads Asset Management Strategy (previously RAMP), Cemetery Development, Crematoria Replacement and the Parks, Cemeteries and Open Spaces Asset Management Plan. Members will consider the 2017/20 Programme on 16 February 2017.

## 7.0 CONSULTATION

7.1 This report reflects the detail reported to Service CommitteeS.

## 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.

Appendix 1

Capital Programme - 2016/17 - 2018/19

Available Resources

|  | A             | B             | C            | D            | E             |
|--|---------------|---------------|--------------|--------------|---------------|
|  | 2016/17       | 2017/18       | 2018/19      | Future       | Total         |
|  | £000          | £000          | £000         | £000         | £000          |
| Government Capital Support                   | 7,355         | 9,182         | -            | -            | 16,537        |
| Less: Allocation to School Estate            | (4,674)       | (4,300)       | -            | -            | (8,974)       |
| Capital Receipts (Note 1)                    | 692           | 435           | -            | -            | 1,127         |
| Capital Grants (Note 2)                      | 919           | 174           | -            | -            | 1,093         |
| Prudential Funded Projects (Note 3)          | 13,935        | 21,128        | 3,904        | 1,000        | 39,967        |
| Balance B/F From 15/16 (Exc School Estate)   | 1,243         | -             | -            | -            | 1,243         |
| Capital Funded from Current Revenue (Note 4) | 450           | 4,289         | -            | -            | 4,739         |
|  | <u>19,920</u> | <u>30,908</u> | <u>3,904</u> | <u>1,000</u> | <u>55,732</u> |

Overall Position 2016/19

|  |      |              |
|--|------|--------------|
| Available Resources (Appendix 1, Column E) | £000 | 55,732       |
| Projection (Appendix 2, Column B-E)        |      | 54,028       |
| (Shortfall)/Under Utilisation of Resources |      | <u>1,704</u> |

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

|                          | 2016/17    | 2017/18    | 2018/19  | Future   | Total        |
|--------------------------|------------|------------|----------|----------|--------------|
|                          | £000       | £000       | £000     | £000     | £000         |
| Sales                    | 610        | 385        | -        | -        | 995          |
| Contributions/Recoveries | 82         | 50         | -        | -        | 132          |
|                          | <u>692</u> | <u>435</u> | <u>-</u> | <u>-</u> | <u>1,127</u> |

Note 2 (Capital Grants)

|                                  | 2016/17    | 2017/18    | 2018/19  | Future   | Total        |
|----------------------------------|------------|------------|----------|----------|--------------|
|                                  | £000       | £000       | £000     | £000     | £000         |
| Cycling, Walking & Safer Streets | 88         | 109        | -        | -        | 197          |
| SPT                              | 175        | -          | -        | -        | 175          |
| Sustrans                         | 37         | -          | -        | -        | 37           |
| Sports Scotland/SFA              | 18         | -          | -        | -        | 18           |
| Electric Vehicle Charging Points | 17         | -          | -        | -        | 17           |
| Historic Scotland                | -          | 65         | -        | -        | 65           |
| Big Lottery Fund                 | 584        | -          | -        | -        | 584          |
|                                  | <u>919</u> | <u>174</u> | <u>-</u> | <u>-</u> | <u>1,093</u> |

## Notes to Appendix 1

| <u>Note 3 (Prudentially Funded Projects)</u>                  | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>Future</u> | <u>Total</u>  |
|---|----------------|----------------|----------------|---------------|---------------|
|   | £000           | £000           | £000           | £000          | £000          |
| Additional ICT - Education Whiteboard & PC Refresh            | 94             | 66             | -              | -             | 160           |
| Vehicle Replacement Programme                                 | 110            | 615            | 1,179          | -             | 1,904         |
| Greenock Parking Strategy                                     | 123            | 20             | -              | -             | 143           |
| Asset Management Plan - Offices                               | 2,452          | 2,005          | -              | -             | 4,457         |
| Asset Management Plan - Depots                                | 3,518          | 3,094          | 250            | -             | 6,862         |
| Capital Works on Former Tied Houses                           | 18             | 210            | 360            | -             | 588           |
| Waterfront Leisure Complex Combined Heat and Power Plant      | 227            | -              | -              | -             | 227           |
| Leisure & Pitches Strategy                                    | 13             | 23             | -              | -             | 36            |
| Broomhill Community Facility                                  | -              | 500            | -              | -             | 500           |
| Clune Park Regeneration                                       | -              | -              | -              | 1,000         | 1,000         |
| Neil Street Childrens Home Replacement                        | 1,132          | 498            | -              | -             | 1,630         |
| Crosshill Childrens Home Replacement                          | 57             | 1,535          | 90             | -             | 1,682         |
| Modernisation Fund  | 58             | 82             | -              | -             | 140           |
| Watt Complex Refurbishment                                    | 523            | 1,293          | -              | -             | 1,816         |
| Roads Asset Management Plan                                   | 4,300          | 5,377          | 2,025          | -             | 11,702        |
| Surplus Prudential Borrowing due to project savings           | 60             | 60             | -              | -             | 120           |
| Reduction in Prudential Borrowing, ICT Annual allocation      | (150)          | (150)          | -              | -             | (300)         |
| Additional Prudential Borrowing to Support annual allocations | 1,400          | 1,400          | -              | -             | 2,800         |
| Additional Prudential Borrowing to allow return of Reserves   | -              | 4,500          | -              | -             | 4,500         |
|   | <u>13,935</u>  | <u>21,128</u>  | <u>3,904</u>   | <u>1,000</u>  | <u>39,967</u> |

| <u>Note 4 (Capital Funded from Current Revenue)</u>    | <u>2016/17</u> | <u>2017/18</u> | <u>2018/19</u> | <u>Future</u> | <u>Total</u> |
|--|----------------|----------------|----------------|---------------|--------------|
|  | £000           | £000           | £000           | £000          | £000         |
| Regeneration of Port Glasgow Town Centre               | 345            | 235            | -              | -             | 580          |
| Play Areas   | 125            | 90             | -              | -             | 215          |
| Contribution to Birkmyre Park Pitch Improvements       | 25             | 275            | -              | -             | 300          |
| Scheme of Assistance                                   | 333            | 333            | -              | -             | 666          |
| Flooding Strategy                                      | -              | 1,863          | -              | -             | 1,863        |
| Greenock Parking Strategy                              | 47             | -              | -              | -             | 47           |
| Roads Asset Management Plan                            | -              | -              | -              | -             | -            |
| Broomhill Community Facility (Community Facility Fund) | 851            | (198)          | -              | -             | 653          |
| Inverkip Community Facility                            | 651            | 100            | -              | -             | 751          |
| Neil Street Childrens Home Replacement                 | -              | 133            | -              | -             | 133          |
| John Street, Gourrock                                  | 225            | -              | -              | -             | 225          |
| Primary School MUGA's - various                        | 152            | 45             | -              | -             | 197          |
| Various MUGAs - transfer to SEMP                       | -              | -              | -              | -             | -            |
| Community Facilities Investment                        | 65             | -              | -              | -             | 65           |
| Blaes Football Parks                                   | 27             | -              | -              | -             | 27           |
| Bakers Brae Re-alignment/Broomhill Regeneration        | 100            | 1,343          | -              | -             | 1,443        |
| Central Gourrock                                       | 30             | -              | -              | -             | 30           |
| Scottish Wide Area Network                             | 23             | -              | -              | -             | 23           |
| Rankin Park Cycle Track                                | 61             | -              | -              | -             | 61           |
| RCGF Port Glasgow/Broomhill                            | 150            | 350            | -              | -             | 500          |
| King George VI Refurbishment                           | 50             | 450            | -              | -             | 500          |
| District Court Room Restoration                        | -              | 330            | -              | -             | 330          |
| AMP - William St                                       | -              | 300            | -              | -             | 300          |
| GMB Lighting Replacement                               | 17             | -              | -              | -             | 17           |
| Trafalgar St Solum                                     | 13             | -              | -              | -             | 13           |
| Investment in Play Areas                               | 10             | 140            | -              | -             | 150          |
| Investment in Park Assets                              | 150            | -              | -              | -             | 150          |
| Contribution to General Fund Reserves                  | (3,000)        | (1,500)        | -              | -             | (4,500)      |
|  | <u>450</u>     | <u>4,289</u>   | <u>-</u>       | <u>-</u>      | <u>4,739</u> |

## Capital Programme - 2016/17 - 2018/19

Agreed Projects

| Committee                                   | A<br>Prior<br>Years<br>£000 | B<br>2016/17<br>£000 | C<br>2017/18<br>£000 | D<br>2018/19<br>£000 | E<br>Future<br>£000 | F<br>Total<br>£000 | G<br>Approved<br>Budget<br>£000 | H<br>(Under)/<br>Over<br>£000 | I<br>2016/17 Spend<br>To 30/11/16<br>£000 |
|---|-----------------------------|----------------------|----------------------|----------------------|---------------------|--------------------|---------------------------------|-------------------------------|---|
| Policy & Resources                          | 1,288                       | 259                  | 746                  | -                    | -                   | 2,293              | 2,293                           | -                             | 182                                       |
| Environment & Regeneration                  | 34,064                      | 16,272               | 20,353               | 3,889                | -                   | 74,578             | 74,578                          | -                             | 8,611                                     |
| Education & Communities (Exc School Estate) | 2,210                       | 3,941                | 3,065                | 833                  | 1,000               | 11,049             | 11,049                          | -                             | 1,964                                     |
| CHCP  | 228                         | 1,414                | 2,166                | 90                   | -                   | 3,898              | 3,898                           | -                             | 274                                       |
| Sub -Total                                  | 37,790                      | 21,886               | 26,330               | 4,812                | 1,000               | 91,818             | 91,818                          | -                             | 11,031                                    |
| School Estate (Note 1)                      | 5,901                       | 7,635                | 18,550               | 13,994               | 2,798               | 48,878             | 48,878                          | -                             | 6,405                                     |
| Total                                       | 43,691                      | 29,521               | 44,880               | 18,806               | 3,798               | 140,696            | 140,696                         | -                             | 17,436                                    |

Note 1Summarised SEMP Capital Position - 2014/18

|   | 2016/17 | 2017/18 | 2018/19  |
|---|---------|---------|----------|
| Capital Allocation                            | 4,674   | 4,300   |          |
| Scottish Government School Grant (estimate)   | 1,120   | 1,953   | 100      |
| Surplus b/fwd                                 | 3,827   | 7,011   | (2,886)  |
| Prudential Borrowing                          | 3,965   | -       | -        |
| Prudential Borrowing - Accelerated Investment |         | -       |          |
| Contractor Contribution                       | 60      |         |          |
| CFCR  | 1,000   | -       | -        |
| Available Funding                             | 14,646  | 13,264  | (2,786)  |
| <u>Projects</u>                               |         |         |          |
| Ex-Prudential Borrowing                       | 2,670   | 16,150  | 13,994   |
| Prudential Borrowing                          | 3,965   | -       | -        |
| CFCR  | 1,000   | -       | -        |
| Total   | 7,635   | 16,150  | 13,994   |
| Surplus c/fwd                                 | 7,011   | (2,886) | (16,780) |