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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>6 February 2018</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/15/18/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2017/20 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 2017/20 Capital Programme.

## 2.0 SUMMARY

- 2.1 On February 16 2017 the Council approved the 2017/20 Capital Programme. The Capital Programme reflected the confirmed 2017/18 capital grant plus an estimate of capital grants for the period 2018/20 which includes the return of £1.4m re-profiled by the Government in 2016/17 and is in addition to the core annual core allocations.
- 2.2 In order to fund increased investment in a number of areas it was agreed to overprovide by 5% against available (non SEMP) resources in recognition of potential increase in resources or cost reductions in the future.
- 2.3 In December 2017 the Scottish Government announced the provisional settlement for 2018/19 which confirmed the capital grant as £8.282m after adjusting for return of unspent Flooding allocation, an increase of £0.282m. However, none of the £1.4 million due to the Council has been returned in 2018/19. The Capital Programme is reporting a deficit of £1.872m which represents 3.7% of the 2017/20 resources, this is a reduction in the deficit of £0.382m.
- 2.4 It can be seen from Appendix 2 that as at 30 November 2017 expenditure in 2017/18 was 45.79% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director.
- 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 4.6% is currently being reported. This is mainly due to advancement within the School Estate (£3.551m), Roads Asset Management Strategy (£1.121m) and Vehicle Replacement Programme (£0.599m) partially offset by slippage within Flooding Strategy (£0.989m), Bakers Brae Re-alignment (£0.833m), various Property Services projects (£1.24m) and Crosshill Children's Home (£0.610m).
- 2.6 Work is ongoing in developing the draft 2018/21 Capital Programme which will reflect the final 2018/19 settlement and include additional projects which Officers have reported to Committee. The 2018/21 Capital Programme will be approved by the Council on 15 March 2018.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the current position of the 2017/20 Capital Programme.
- 3.2 It is recommended that the Committee note that officers are developing a 2018/21 Capital Programme for consideration as part of the budget process.

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

## 4.0 BACKGROUND

- 4.1 On February 16 2017 the Council approved the 2017/20 Capital Programme. The approved Capital Programme reflected the confirmed 2017/18 capital grant plus an estimate of capital grants for the period 2018/20 which includes the return of £1.4m re-profiled by the Government in 2016/17 and is in addition to the core annual core allocations.
- 4.2 Over provision of projects against estimated (non SEMP) resources of 5% has been made to allow for increased resources and/or cost reductions. This overprovision as well as the removal of unspent prior year budgets allowed for investment in Roads Assets, expansion of Cemetery provision, Open Spaces and a match funding allowance for an Indoor Sports Facility (Tennis) with further Revenue (CFCR) funding approved for Town and Village Centre Regeneration.
- 4.3 In December 2017 the Scottish Government announced the provisional settlement for 2018/19 which confirmed the capital grant as £8.282m after adjusting for return of unspent Flooding allocation, an increase of £0.282m. This increase is mainly due to increased Zero Waste Fund allocation that will not continue in future years. In addition it has been confirmed the £1.4m Capital Grant temporarily removed by the Scottish Government in 2016/17 will be returned to the Council in 2019/20. The revised grant allocation has reduced the overprovision on the 2017/20 Capital Programme to £1.872 (3.73% of available resources).
- 4.4 A number of potential future projects have been reported to the relevant Committee, in particular the Crematoria Replacement, Leisure Strategy Asset Management Plan and an extension of the Roads LED Lighting programme. Work is ongoing in developing the draft 2018/21 Capital Programme which will include these projects as well as reflecting the 2018/19 settlement. Indications at this stage are that the programme will be overprovided and officers will make recommendations to bring the programme back within available resources, allowing for the recommended maximum overprovision of 5%.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2017/20 period the Capital Programme is reporting a £2.254m deficit. This is within the 5% overprovision.
- 5.2 The position in respect of individual Committees is as follows:

### Health & Social Care

Slippage of £0.610m (36.81%) is being reported with spend being 61.3% of projected spend for the year. The slippage is within the Crosshill Children's Home replacement.

### Environment & Regeneration

Slippage of £0.834m (6.37%) is being reported with spend being 49.2% of projected spend for the year. The slippage is projected mainly within the Flooding Strategy (£0.989m), Bakers Brae Re-alignment (£0.833m), King George VI Refurbishment (£0.46m), District Court Room Restoration (£0.246m) and Asset Management Plan (offices) (£0.224m) and offset by acceleration within the Roads Asset Management Strategy (£1.121m), Vehicle Replacement Programme (£0.599m) and Inverclyde Leisure Properties (£0.198m).

### Education & Communities

Net advancement of £2.866m (16.65%) is being reported with spend being 43.0% of projected spend for the year. Advancement within the School Estate of £3.551m, mainly St Ninians (£1.87m), Moorfoot (£1.0m) and Greenock West Early Years Facility (£0.85m) is partly offset by slippage in the Watt Complex refurbishment of £0.306m. The significant advancement is based on cost plans submitted by contractors.

### Policy & Resources

Net advancement of £0.061m (21.4%) relating to the Modernisation Fund is being reported with spend being 39.9% of projected spend.

- 5.3 Overall in 2017/18 expenditure is 45.79% of the projected spend for the year and project advancement from the programme agreed in February 2017 is currently £1.483 million (4.6%).

## 6.0 CONSULTATION

6.1 This report reflects the detail reported to Service Committees.

## 7.0 IMPLICATIONS

### Finance

#### 7.1 Financial Implications

Any financial implications arising from the increased advancement will be contained in either the Loans charges or SEMP Funding Models.

#### 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

7.2 There are no legal implications.

### Human Resources

7.3 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

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

### Repopulation

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

## 8.0 BACKGROUND PAPERS

8.1 None.

Capital Programme - 2017/18 - 2019/20Available Resources

	A	B	C	D	E
	2017/18	2018/19	2019/20	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	9,560	8,282	9,500	-	27,342
Less: Allocation to School Estate	(4,300)	(4,300)	(4,300)	-	(12,900)
Capital Receipts (Note 1)	435	134	336	-	905
Capital Grants (Note 2)	791	-	-	-	791
Prudential Funded Projects (Note 3)	16,252	8,993	2,560	-	27,805
Balance B/F From 16/17 (Exc School Estate)	(1,484)	-	-	-	(1,484)
Capital Funded from Current Revenue	6,916	406	356	-	7,678
	<u>28,170</u>	<u>13,515</u>	<u>8,452</u>	<u>-</u>	<u>50,137</u>

Overall Position 2017/21

Available Resources (Appendix 1, Column E)	<u>£000</u>
Projection (Appendix 2, Column B-E)	50,137
(Shortfall)/Under Utilisation of Resources	<u>52,009</u>
	<u>(1,872)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2017/18	2018/19	2019/20	Future	Total
	£000	£000	£000	£000	£000
Sales	385	134	336	-	855
Contributions/Recoveries	50	-	-	-	50
	<u>435</u>	<u>134</u>	<u>336</u>	<u>-</u>	<u>905</u>

Note 2 (Capital Grants)

	2017/18	2018/19	2019/20	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	109	-	-	-	109
SPT	529	-	-	-	529
Historic Scotland	65	-	-	-	65
Big Lottery Fund	88	-	-	-	88
	<u>791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>791</u>

Notes to Appendix 1

<u>Note 3 (Prudentially Funded Projects)</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>Future</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Additional ICT - Education Whiteboard & PC Refresh	42	30	-	-	72
Vehicle Replacement Programme	1,115	1,047	1,106	-	3,268
Greenock Parking Strategy	(2)	-	-	-	(2)
Asset Management Plan - Offices	1,373	89	-	-	1,462
Asset Management Plan - Depots	334	2,664	-	-	2,998
Capital Works on Former Tied Houses	78	195	300	-	573
Waterfront Leisure Complex Combined Heat and Power Plant	75	-	-	-	75
Leisure & Pitches Strategy	23	-	-	-	23
Broomhill Community Facility	500	-	-	-	500
CCTV	-	321	-	-	321
Clune Park Regeneration	-	-	1,000	-	1,000
Neil Street Childrens Home Replacement	841	81	-	-	922
Crosshill Childrens Home Replacement	(82)	1,592	125	-	1,635
Modernisation Fund	88	(21)	-	-	67
Watt Complex Refurbishment	680	970	29	-	1,679
Roads Asset Management Plan	5,377	2,025	-	-	7,402
Surplus Prudential Borrowing due to project savings	60	-	-	-	60
Reduction in Prudential Borrowing, ICT Annual allocation	(150)	-	-	-	(150)
Additional Prudential Borrowing to Support annual allocations	1,400	-	-	-	1,400
Additional Prudential Borrowing to allow return of Reserves	4,500	-	-	-	4,500
	<u>16,252</u>	<u>8,993</u>	<u>2,560</u>	<u>-</u>	<u>27,805</u>

Capital Programme - 2017/18 - 2019/20Agreed Projects

Committee	A Prior Years £000	B 2017/18 £000	C 2018/19 £000	D 2019/20 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2017/18 Spend To 30/11/17 £000
Policy & Resources	306	346	572	363	-	1,587	1,587	-	138
Environment & Regeneration	45,051	12,262	19,633	8,016	-	84,962	84,962	-	6,034
Education & Communities (Exc School Estate)	1,137	2,877	2,798	1,929	368	9,109	9,109	-	1,196
CHCP	1,116	1,047	1,673	125	-	3,961	3,961	-	642
Sub -Total	47,610	16,532	24,676	10,433	368	99,619	99,619	-	8,010
School Estate (Note 1)	3,099	17,205	12,711	6,320	160	39,495	39,495	-	7,438
Total	50,709	33,737	37,387	16,753	528	139,114	139,114	-	15,448

Note 1Summarised SEMP Capital Position - 2017/21

	2017/18	2018/19	2019/20	Future
Capital Allocation	4,300	4,300	4,300	-
Scottish Government School Grant (estimate)	384			-
Surplus b/fwd	10,749	9,528	1,117	(903)
Prudential Borrowing	11,300	-	-	-
Available Funding	<u>26,733</u>	<u>13,828</u>	<u>5,417</u>	<u>(903)</u>
<u>Projects</u>	<u>17,205</u>	<u>12,711</u>	<u>6,320</u>	<u>160</u>
Total	<u>17,205</u>	<u>12,711</u>	<u>6,320</u>	<u>160</u>
Surplus c/fwd	9,528	1,117	(903)	(1,063)