
Report To:	Policy & Resources Committee	Date:	27 March 2018
Report By:	Chief Financial Officer	Report No:	FIN/40/18/AP/MT
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	2017/20 Capital Programme		

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 on previous estimates. 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 31 January 2018 expenditure in 2017/18 was 67.47% 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 slippage of 4.51% is currently being reported. This is a change from the previously reported position of 4.6% net advancement. The slippage is mainly due to slippage within Flooding Strategy (£1.039m), Bakers Brae Re-alignment (£0.833m), various Property Services projects (£0.991m), several Safer Communities projects (1.242m) and Crosshill Children's Home (£0.703m) partially offset by advancement within the School Estate (£1.949m), Roads Asset Management Strategy (£1.157m) and Vehicle Replacement Programme (£0.356m). It should be noted that the recent adverse weather significantly disrupted work across all sites, this cannot be quantified at this stage and has not been built into the current projections. As a result it is expected that slippage will increase from that currently being reported.
- 2.6 The draft 2018/21 Capital Programme which reflects the final 2018/19 settlement and includes additional projects which Officers have reported to Committee was reported to and approved by the Council on 15 March 2018 however due to timing of Committee dates is not reflected in this report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2017/20 Capital Programme of projected slippage of 4.51% (£1.452m).
- 3.2 It is recommended that the Committee note that decisions regarding the 2018/21 Capital Programme taken by the Council on 15 March 2018 will be reflected in the report to the next meeting of this Committee.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 On 16 February 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 Overprovision 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 and Leisure Strategy Asset Management Plan. The 2018/21 Capital Programme which includes these projects as well as reflecting the 2018/19 settlement was approved by Council on 15 March 2018. Due to timing of submission of Committee reports decisions made in approving the Capital Programme have not been reflected at this stage and will be included in the report to the next meeting of this Committee.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2017/20 period the Capital Programme is reporting a £1.872m deficit. This is within the 5% overprovision.
- 5.2 The position in respect of individual Committees is as follows:

Health & Social Care

Slippage of £0.715m (43.15%) is being reported with spend being 89.1% of projected spend for the year. The slippage is within the Crosshill Children's Home replacement.

Environment & Regeneration

Slippage of £1.406m (10.74%) is being reported with spend being 66.1% of projected spend for the year. The slippage is projected mainly within the Flooding Strategy (£1.039m), Bakers Brae Re-alignment (£0.833m), King George VI Refurbishment (£0.46m), District Court Room Restoration (£0.376m) and Asset Management Plan (Depots) (£0.838m), offset by acceleration within the Roads Asset Management Strategy (£1.157m), Vehicle Replacement Programme (£0.356m), Asset Management Plan (Offices) (£0.503m) and Inverclyde Leisure Properties (£0.246m).

Education & Communities

Net advancement of £0.649m (3.77%) is being reported with spend being 67.7% of projected spend for the year. Advancement within the School Estate of £1.949m, mainly St Ninians (£1.060m), Moorfoot (£1.162m) and Greenock West Early Years Facility (£0.794m) is partly offset by slippage in various other School Estate projects (£1.067m) as well as the Watt Complex refurbishment of £0.486m, Birkmyre Pitch Improvements (£0.246m), Public Space CCTV (£0.321m) and Scheme of Assistance (£0.189m).

Policy & Resources

Net advancement of £0.020m (7.81%) relating to the Modernisation Fund is being reported with spend being 35.1% of projected spend.

5.3 Overall in 2017/18 expenditure is 67.47% of the projected spend for the year and projected slippage from the programme agreed in February 2017 is currently £1.452 million (4.51%).

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)	15,586	5,439	6,780	-	27,805
Balance B/F From 16/17 (Exc School Estate)	(1,700)	-	-	-	(1,700)
Capital Funded from Current Revenue	7,101	1,026	356	-	8,483
	<u>27,473</u>	<u>10,581</u>	<u>12,672</u>	<u>-</u>	<u>50,726</u>

Overall Position 2017/21

Available Resources (Appendix 1, Column E)	<u>£000</u>
Projection (Appendix 2, Column B-E)	50,726
(Shortfall)/Under Utilisation of Resources	<u>52,598</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 1Note 3 (Prudentially Funded Projects)

	<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	872	859	1,537	-	3,268
Greenock Parking Strategy	(2)	-	-	-	(2)
Asset Management Plan - Offices	1,560	33	19	-	1,612
Asset Management Plan - Depots	36	1,491	1,471	-	2,998
Capital Works on Former Tied Houses	78	50	445	-	573
Waterfront Leisure Complex Combined Heat and Power Plant	75	-	-	-	75
Leisure & Pitches Strategy	23	-	-	-	23
Broomhill Community Facility	500	-	-	-	500
CCTV	-	250	71	-	321
Clune Park Regeneration	-	-	1,000	-	1,000
Neil Street Childrens Home Replacement	841	81	-	-	922
Crosshill Childrens Home Replacement	(175)	1,093	717	-	1,635
Modernisation Fund	49	(38)	56	-	67
Watt Complex Refurbishment	500	850	179	-	1,529
Roads Asset Management Plan	5,377	740	1,285	-	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>15,586</u>	<u>5,439</u>	<u>6,780</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 31/01/18 £000
Policy & Resources	306	276	405	569	-	1,556	1,556	-	97
Environment & Regeneration	45,051	11,690	11,079	16,362	1,550	85,732	85,732	-	7,724
Education & Communities (Exc School Estate)	1,137	2,262	2,328	2,525	707	8,959	8,959	-	1,556
HSCP	1,116	942	1,186	717	-	3,961	3,961	-	839
Sub -Total	47,610	15,170	14,998	20,173	2,257	100,208	100,208	-	10,216
School Estate (Note 1)	3,099	15,603	11,593	9,040	160	39,495	39,495	-	10,546
Total	50,709	30,773	26,591	29,213	2,417	139,703	139,703	-	20,762

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	11,130	3,837	(903)
Prudential Borrowing	11,300	-	-	-
Available Funding	<u>26,733</u>	<u>15,430</u>	<u>8,137</u>	<u>(903)</u>
<u>Projects</u>	<u>15,603</u>	<u>11,593</u>	<u>9,040</u>	<u>160</u>
Total	<u>15,603</u>	<u>11,593</u>	<u>9,040</u>	<u>160</u>
Surplus c/fwd	11,130	3,837	(903)	(1,063)