

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>24 March 2020</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/32/20/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2019/23 Capital Programme</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2019/23 Capital Programme.

## 2.0 SUMMARY

- 2.1 On March 21 2019 the Council approved the 2019/23 Capital Programme which built on the previously approved 2018/21 Capital Programme. The 2019/20 grant includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations.
- 2.2 The Capital Programme reflects the confirmed 2019/20 and 2020/21 capital grant and a revised estimate of capital grants for the period 2021/23. The 2020/21 grant has been confirmed as being £1.926m less than previously estimated. In light of the reduced 2020/21 grant, the 2021/22 and 2022/23 estimated grants have also been reduced by £1.000m to £7.100m per year.
- 2.3 An overprovision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. As a result the Capital Programme is reporting a deficit of £2.763m which represents 3.49% of the 2019/23 resources. Action has been taken as part of the budget setting process to bring contain the Capital Programme within the 5% overprovision.
- 2.4 It can be seen from Appendix 2 that as at 31 January 2020 expenditure in 2019/20 was 64.7% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director. 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.
- 2.5 In the current year net slippage of 13.91% is currently being reported, this is an increase of 4.19% since the last Committee. This is due to slippage within the Environment & Regeneration Committee (£1.185m) and Education and Communities Committee including school estate (£2.458m) offset by minor advancement within the Policy & Resources Committee (£0.089m).
- 2.6 The current 2019/23 Capital Programme, which will continue to cover the period up until 2022/23, has been reviewed as part of the 2020/21 budget process. An estimated total reduction in Capital Grant of £3.9m over the 2020/21 to 2022/23 period is reflected in this report and it is proposed that this be addressed by a contribution of £3.6m from Reserves which contains the Capital Programme within the 5% overprovision.
- 2.7 A detailed outturn report will be presented to the Committee in August on the closure of the 2019/20 Accounts.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee notes the current position of the 2019/23 Capital Programme.
- 3.2 It is recommended that Committee notes that a refreshed 2020/23 Capital Programme was approved as part of the March 2020 budget.

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

## 4.0 BACKGROUND

- 4.1 On March 21 2019 the Council approved the 2019/23 Capital Programme which built upon the previously approved 2018/21 Capital Programme. The 2019/20 grant includes the return of £1.4m re-profiled by the Government in 2016/17 which is in addition to the core annual allocations.
- 4.2 The Capital Programme reflects the confirmed 2019/20 and 2020/21 capital grant and a revised estimate of capital grants for the period 2021/23. The 2020/21 grant is £1.926 m less than previously estimated. In light of the reduced 2020/21 grant, the 2021/22 and 2022/23 estimated grants have also been reduced by £1.000m to £7.100m per year.
- 4.3 An overprovision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. As a result the Capital Programme is reporting a deficit of £2.763m which represents 3.49% of the 2019/23 resources.
- 4.4 The 2020/23 Capital Programme was approved by the Council on 12 March 2020.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2019/23 period the Capital Programme is reporting a £2.763m deficit. This is considered to be within an acceptable level of up to 5% over provision.
- 5.2 The position in respect of individual Committees for 2019/20 is as follows:

### Health & Social Care

No slippage is being reported with spend of £0.693m for the year to date.

### Environment & Regeneration

Net slippage of £1.185m (9.22%) is being reported with spend of £6.854m for the year. Slippage is projected mainly within the Cremator replacement (£1.572m), Flooding Strategy – Future Schemes (£0.300m), Kirn Drive (£0.190m), Ivy House replacement (£0.120m) and Clyde Square re-roofing (£0.760m) however this is partially offset by advancement within RAMP (£0.493m), Scheme of Assistance (£0.147m), Clune Park regeneration (£0.100m), Waterfront Leisure Centre Lifecycle works (£0.263m), Inverclyde Centre for Independent Living (£0.150m), Caladh House (£0.150m), Town Centre Funding (£0.277m), Greenock Municipal Buildings – Flue replacement and Finance wing (£0.095m), West Blackhall Street (£0.112m), King George VI refurbishment (£0.107m), Pottery Street Office and Depot refurbishment (£0.114m) and minor and statutory duty works (£0.343m).

### Education & Communities

Net slippage of £2.458m (21.98%) is being reported with spend of £6.611m for the year. The slippage being reported is in connection with the pre-construction/design stage delays experienced on the Hillend Refurbishment project (£0.868m) and the 1140hrs projects at Larkfield and Park Farm (Rainbow) (£1.359m) and the construction stage delays on the Gourrock Primary School extension project (£0.356m) and Grieve Road and Wemyss Bay Community Centres (£0.135m) which have been partially offset by projected acceleration of lifecycle expenditure (£0.419m), complete on site (£0.157m) and the refurbishment of Gourrock YAC (£0.127m).

### Policy & Resources

Net advancement of £0.089m (21.45%) is being reported with spend of £0.244m for the year. Advancement is being reported within the Rolling Replacement of PCs (£0.077m) and the Server & Switch Replacement Programme (£0.023m), offset by slippage within the Modernisation Fund of £0.011m.

- 5.3 Overall in 2019/20 expenditure is 65.5% of projected spend for the year and project slippage from the programme agreed in March 2019 is £3.554m (13.91%). The Corporate Director, Environment, Regeneration and Resources has continued to work with the rest of the corporate Capital Programme officer group to identify ways which will reduce any further slippage and potentially advance projects. A detailed outturn report will be presented to the Committee in August on the closure of the 2019/20 Accounts.

## 6.0 CONSULTATION

6.1 This report reflects the detail reported to Service Committees.

## 7.0 IMPLICATIONS

### Finance

#### 7.1 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

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, Policy & Communications has not been consulted.

#### 7.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report’s recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

(a) Has an Equality Impact Assessment been carried out?

**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 - 2019/20 - 2022/23Available Resources

	A	B	C	D	E	F
	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Government Capital Support	9,390	6,174	7,100	7,100	-	29,764
Capital Receipts (Note 1)	282	543	148	95	-	1,068
Capital Grants (Note 2)	4,479	1,628	89	-	-	6,196
Prudential Funded Projects (Note 3)	4,086	2,094	5,981	3,942	230	16,333
Balance B/F From 17/18	17,659	-	-	-	-	17,659
Capital Funded from Current Revenue	2,179	4,910	1,018	233	-	8,340
	<u>38,075</u>	<u>15,349</u>	<u>14,336</u>	<u>11,370</u>	<u>230</u>	<u>79,360</u>

Overall Position 2019/23

Available Resources (Appendix 1, Column G)	<u>£000</u>
Projection (Appendix 2, Column B-F)	79,360
(Shortfall)/Under Utilisation of Resources	<u>82,123</u>
	<u>(2,763)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Sales	247	543	148	95	-	1,033
Contributions/Recoveries	35	-	-	-	-	35
	282	543	148	95	-	1,068

Note 2 (Capital Grants)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Early Years	2,200	1,500	-	-	-	3,700
Town Centre Fund	660	-	-	-	-	660
Cycling, Walking & Safer Streets	129	128	-	-	-	257
SPT	1,155	-	-	-	-	1,155
HES - Watt Complex	260	-	-	-	-	260
Electric Vehicles	33	-	19	-	-	52
Sustrans	42	-	70	-	-	112
	4,479	1,628	89	-	-	6,196

Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Vehicle Replacement Programme	1,080	1,419	913	382	-	3,794
Asset Management Plan - Offices	-	-	-	-	-	-
Asset Management Plan - Depots	601	450	650	-	-	1,701
Capital Works on Former Tied Houses	2	-	99	60	230	391
Watt Complex Refurbishment	65	39	-	-	-	104
CCTV	33	-	-	-	-	33
Clune Park Regeneration	100	-	369	-	-	469
Neil Street Childrens Home Replacement - CoS	6	15	-	-	-	21
Crosshill Childrens Home Replacement	995	171	50	-	-	1,216
Roads Asset Management Plan	1,204	-	-	-	-	1,204
New Learning Disability Facility	-	-	3,900	3,500	-	7,400
	4,086	2,094	5,981	3,942	230	16,333

Capital Programme - 2019/20 - 2022/23Agreed Projects

	A	B	C	D	E	F	G	H	I	J
Committee	Prior Years	2019/20	2020/21	2021/22	2022/23	Future	Total	Approved Budget	(Under)/ Over	2019/20 Spend To 31/01/2020
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	522	504	254	423	423	-	2,126	2,126	-	244
Environment & Regeneration	53,840	11,668	11,310	15,952	6,850	230	99,850	98,885	965	6,854
School Estate	5,367	7,388	6,677	4,387	2,759	1,001	27,579	27,579	-	5,513
Education & Communities (Exc School Estate)	248	1,337	245	1,110	926	-	3,866	3,866	-	1,098
HSCP	582	1,093	136	3,950	3,500	-	9,261	9,261	-	693
<b>Total</b>	<b>60,559</b>	<b>21,990</b>	<b>18,622</b>	<b>25,822</b>	<b>14,458</b>	<b>1,231</b>	<b>142,682</b>	<b>141,717</b>	<b>965</b>	<b>14,402</b>