

Report To: Policy & Resources Committee **Date:** 4 February 2014

Report By: Acting Corporate Director,
Environment Regeneration &
Resources **Report No:** FIN/05/14/JB/MT

Contact Officer: Jan Buchanan **Contact No:** 01475 712223

Subject: 2013/16 Capital Programme

1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2013/16 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2013 the Council agreed a 3 year Capital Programme covering the period 2013/16. It should be noted that the 2015/16 Capital Grant Allocation is an estimate at this stage until figures are confirmed by the Scottish Government. The estimated shortfall in resources at the time of agreeing the budget was £1.695m, being 1.5% of projected spend over 2013/16.
- 2.2 Based on the latest figures it can be seen from Appendix 1 that the estimated shortfall in resources has reduced to £1.635 million over the 2013/16 period which represents 1.6% of the projected spend over the 3 year period, in line with the recommended level. In the longer term annual capital allocations continue to exceed the General Capital Grant and opportunities to reduce this funding gap should be taken.
- 2.3 It can be seen from Appendix 2 that as at 31st December 2013 expenditure was 73% of projected spend. Phasing and project spend have been reviewed by the Senior Officer (CAMS) Group against planned spend.
- 2.4 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. It can be seen that overall, Committees are projecting to outturn on budget. Budgetary slippage of 10.03% is being reported, an increase of 7.92% from that reported to the previous Committee; this compares with slippage of 6.25% reported at the same stage last year.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee note the current position of the 2013/16 Capital Programme.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

- 4.1 On 14th February 2013 the Council agreed a 2013/16 Capital Programme which included significant additional funding to increase the Roads Asset Management Plan with further amounts set aside from available Revenue Reserves to fund a number of further Capital Projects and to reduce the overall funding shortfall.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 3 year period there is a projected shortfall in resources of £1.635 million which represents 1.6% of the projected spend and is in line with the recommended level of 1.5%.
- 5.2 The position in respect of individual Committees is as follows:

Social Care

The previously reported underspend within the Kylemore Children's home has been returned to the overall programme, as a result Social Care is now projected to outturn on budget. No additional slippage is being reported, with spend being 7.7% of projected spend for the year.

Environment & Regeneration

Net slippage of £2.710m (19.15%) is being reported with spend being 45.4% of projected spend for the year. Slippage relates mainly to the Gourock Pier & Railhead Development (£0.622m), the Replacement Depot (£1.2m), other slippage within the Asset Management Plan (£0.366m), Play Areas (£0.175m) and underspends within the SPT Grant funded programme (£0.149m) and is partly offset by the acceleration of other budgets, in particular the Vehicle Replacement Programme (£0.178m).

Education & Communities

Slippage of £0.897m (3.83%) is being reported with spend being 88.1% of projected spend for the year. The slippage relates mainly to the Scheme of Assistance (£0.726m).

Within SEMP, negligible net slippage is being shown at this stage. Slippage/underspends on Ardgowan Primary (£1.058m) and Port Glasgow Community Campus (£0.405m) are offset by increases in other projects, mainly St Columba's (£0.808m) and Lomond View (£0.160). All movements are fully funded from within the SEMP.

Policy & Resources

Slippage of £0.301m (24.94%) is being reported with spend being 67.9% of projected spend for the year. The main areas of slippage are within the PC Refresh (£0.089m) and Storage/Back-up Devices (£0.077m).

- 5.3 Overall in 2013/14 it can be seen that expenditure is 73.22% of the projected spend for the year and that slippage from the programme agreed in February 2013 is currently £3.908 million (10.03%).

6.0 SCHOOL ESTATE MANAGEMENT PLAN

- 6.1 The position of the School Estate finances is shown separately in Appendix 2. A report

to the Education & Communities Committee on 5th November 2013 advised of the latest position of the SEMP with the overall model remaining affordable and deliverable.

7.0 BUSINESS PROPERTY REGENERATION SCHEME (BPRA)

- 7.1 The Business Property Renovation Scheme (BPRA) was approved by the Policy & Resources Committee in February 2013. The report detailed the complex mechanism which had to be established in order to deliver the scheme. Members will recall that a joint venture between the Council and Investors was established – Inverclyde Property Renovations LLP which then incorporated a ‘Special Purpose Vehicle’ Inverclyde Development Ltd to enter into the contractual arrangement for the building works. The funding would however flow through a separate company which at the time of the Committee was an off the shelf company named MN Nova 58 LTD, the membership of which consisted of council officers and investors. This company has subsequently been renamed as Inverclyde Renovations Ltd and has Alan Puckrin and Aubrey Fawcett as directors in line with approval granted at the 5th February 2013 Committee meeting.
- 7.2 The refurbishment of Wallace Place and the creation of the Port Glasgow Hub are funded from this scheme and will deliver a capital saving of around £1.0m which was factored into the 2013/16 Budget. The projects are progressing well and do not form part of the overall Capital Programme.

8.0 CONCLUSION

- 8.1 Officers robustly reviewed phasings on all projects prior to the setting of the 2013/16 Capital Programme in order to set a 3 year Capital Programme that was both prudent and realistic in reflecting the anticipated capital expenditure.
- 8.2 As can be seen in paragraph 5.3, projected slippage is currently 10.03%, compared with 6.25% reported at the same stage last year.
- 8.3 The Council's Capital Programme for 2013/16 is showing a shortfall in resources of £1.635 million, approximately 1.6% of the projected spend.
- 8.4 Overall Service Committees have spent 73.22% of the 2013/14 projected spend as at 31st December 2013.

9.0 CONSULTATION

- 9.1 This report has been approved by the Corporate Management Team.

Appendix 1

Capital Programme - 2013/14 - 2015/16

Available Resources

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	5,857	7,838	6,000	-	19,695
Less: Allocation to School Estate	(4,500)	(4,800)	(4,300)	-	(13,600)
Capital Receipts (Note 1)	566	420	772	-	1,758
Capital Grants (Note 2)	349	227	-	-	576
Prudential Funded Projects (Note 3)	4,786	8,661	18,596	5,834	37,877
Balance B/F From 11/12 (Exc School Estate)	1,455	-	-	-	1,455
Capital Funded from Current Revenue (Note 4)	8,674	6,098	5,998	300	21,070
	<u>17,187</u>	<u>18,444</u>	<u>27,066</u>	<u>6,134</u>	<u>68,831</u>

Overall Position 2013/16

Available Resources (Appendix 1, Column E)	<u>£000</u>
	68,831
Projection (Appendix 2, Column B-E)	70,466
(Shortfall)/Under Utilisation of Resources	<u>(1,635)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Sales	554	420	772	-	1,746
Contributions/Recoveries	12	-	-	-	12
	<u>566</u>	<u>420</u>	<u>772</u>	<u>-</u>	<u>1,758</u>

Note 2 (Capital Grants)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	85	125	-	-	210
SPT	136	-	-	-	136
Sustrans	10	-	-	-	10
Sports Scotland/SFA	18	-	-	-	18
Zero Waste Scotland	100	102	-	-	202
	<u>349</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>576</u>

Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	38	104	68	-	210
Vehicle Replacement Programme	354	800	2,198	-	3,352
Greenock Parking Strategy	-	41	75	-	116
Asset Management Plan - Offices	2,000	2,627	3,215	1,269	9,111
Asset Management Plan - Borrowing in Lieu of Receipts	-	920	-	-	920
Asset Management Plan - Depots	524	2,450	7,214	1,144	11,332
Leisure & Pitches Strategy	1,585	259	66	-	1,910
Broomhill Community Facility	-	-	500	-	500
Kylemore Childrens Home	179	(200)	-	-	(21)
Modernisation Fund	60	32	350	-	442
Watt Complex Refurbishment	-	-	-	2,921	2,921
Gourock One Way System	-	-	2,000	500	2,500
Roads Asset Management Plan	-	1,350	2,850	-	4,200
Kerbside Glass Collection	-	218	-	-	218
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Element of Prudentially Funded projects already funded through existing Supported Borrowing	(14)	-	-	-	(14)
	<u>4,786</u>	<u>8,661</u>	<u>18,596</u>	<u>5,834</u>	<u>37,877</u>

Note 4 (Capital Funded from Current Revenue)

	2013/14	2014/15	2015/16	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	149	85	150	-	384
Play Areas	176	275	200	-	651
Coronation Park Port Glasgow	18	232	-	-	250
SWIFT Finance Module	60	-	-	-	60
Hillend Respite Unit	-	80	-	-	80
Lunderston Bay	120	41	-	-	161
Scheme of Assistance	433	433	433	-	1,299
Aids & Adaptations (Earmarked Reserve)	360	-	-	-	360
Flooding Strategy	82	412	810	-	1,304
Greenock Parking Strategy	70	134	-	-	204
Roads Asset Management Plan	2,642	2,445	2,400	-	7,487
Broomhill Community Facility (Community Facility Fund)	50	100	400	-	550
Inverkip Community Facility	264	600	500	-	1,364
Modernisation Fund	25	-	-	-	25
Port Glasgow Town Centre, Town Hall Refresh	164	63	-	-	227
Watt Complex Refurbishment	-	200	500	300	1,000
Community Facilities Investment	-	-	400	-	400
Blaes Football Parks	2	828	-	-	830
Broomhill Regeneration	-	50	200	-	250
Completion of SV Comet Canopy	9	120	5	-	134
Use of General Fund Reserves	4,050	-	-	-	4,050
	<u>8,674</u>	<u>6,098</u>	<u>5,998</u>	<u>300</u>	<u>21,070</u>

Capital Programme - 2013/14 - 2015/16Agreed Projects

Committee	A Prior Years £000	B 2013/14 £000	C 2014/15 £000	D 2015/16 £000	E 2016/17 £000	F Future £000	G Total £000	H Approved Budget £000	I (Under)/ Over £000	J 2013/14 Spend To 31/12/13 £000
Policy & Resources	3,784	906	730	901	50	-	6,371	6,371	-	615
Environment & Regeneration	34,513	11,440	15,763	25,385	2,913	-	90,014	90,014	-	5,199
Education & Communities (Exc School Estate)	455	1,423	3,429	3,642	1,400	2,221	12,570	12,570	-	553
CHCP	1,131	183	80	-	-	-	1,394	1,394	-	14
Sub -Total	39,883	13,952	20,002	29,928	4,363	2,221	110,349	110,349	-	6,381
School Estate (Note 1)	37,984	21,115	7,870	9,112	5,837	6,186	88,104	88,104	-	19,295
Total	77,867	35,067	27,872	39,040	10,200	8,407	198,453	198,453	-	25,676

Note 1Summarised SEMP Capital Position - 2013/17

	2013/14	2014/15	2015/16	2016/17
Capital Allocation	4,500	4,800	4,300	4,300
Scottish Government School Grant (estimate)	1,366		801	803
Surplus b/fwd	2,182	4,806	3,892	881
Prudential Borrowing	9,548	2,156	1,000	-
Prudential Borrowing - In Lieu of Receipts	3,325			
Prudential Borrowing - Accelerated Investment CFCR	5,000			
	-	-	-	-
Available Funding	25,921	11,762	9,993	5,984
<u>Projects</u>				
Ex-Prudential Borrowing	11,567	5,714	8,112	5,837
Prudential Borrowing	9,548	2,156	1,000	-
CFCR	-	-	-	-
Total	21,115	7,870	9,112	5,837
Surplus c/fwd	4,806	3,892	881	147