

---

<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>2 February 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/14/16/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2015/18 Capital Programme</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide the Committee with the latest position of the 2015/18 Capital Programme.

## 2.0 SUMMARY

- 2.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18.
- 2.2 As part of the approved Capital Programme, it was agreed to return the existing surplus in Capital Resources to Revenue Reserves, returning the Capital Programme to a break-even position with adjustments made during the year end accounts process bringing the programme to a small deficit. In December 2015 the Scottish Government settlement for 2016/17 included re-profiling of part of the capital grant to future years; this has resulted in a deficit of £0.866m now being reported as can be seen from Appendix 1. This represents 0.9% of projected spend over the 3 year period and is within the recommended level.
- 2.3 It should be noted that the Government have indicated that the Council will receive £1.4m Capital grant at some point over 2017/20 in lieu of the re-profiled grant from 2016/17. This is not reflected in the above figures.
- 2.4 It can be seen from Appendix 2 that as at 30<sup>th</sup> November 2015, expenditure in 2015/16 was 48.65% 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, slippage of 2.01% is being reported, this is an increase in slippage of 8.14% from the previous Committee when a net advancement was being reported. This compares with a slippage outturn of 15.3% in 2014/15. In view of high slippage levels in previous years, officers have actively sought to advance projects where possible to offset slippage and continue to do so.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2015/18 Capital Programme.

Alan Puckrin  
Chief Financial Officer

## 4.0 BACKGROUND

- 4.1 On February 19<sup>th</sup> 2015, the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18. As part of this process, the previously reported surplus, along with minor underspends in 2 projects, returned £1.261m to Revenue Reserves. Subsequent adjustments arising as part of the year end accounts process resulted in a small deficit.
- 4.2 In December 2015 the Scottish Government announced the settlement for 2016/17. While the settlement itself was £7.992m, £0.692m higher than had been estimated, £1.443m of this has been re-profiled to future years which means it will not be received in 16/17 but rather will be added to our Capital Grant over the 2017/20 period. It is considered prudent not to reflect this additional grant over the current 2015/18 period at this stage and as a result the deficit on the capital programme has increased to £0.866m.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2015/18 period the Capital Programme is in a break-even position.
- 5.2 The position in respect of individual Committees is as follows:

### Social Care

Project slippage of £0.515m (76.75%) with spend being 27.6% of projected spend for the year. This relates to the replacement for Neil St Children's Home and is a reduction in projected spend of £0.200m since last Committee.

### Environment & Regeneration

Net slippage of £0.794m (4.09%) is being reported with spend being 46.0% of projected spend for the year. This is a movement of £2.099m (10.2%) from the net advancement reported to the last Committee mainly due to further slippage in the AMP Depots – Vehicle Maintenance Shed (£0.779m) as well as slippage within the Parking Strategy (£0.283m), Greenock Municipal Buildings – District Court Offices (£0.172m) and the proposed RCGF projects in Port Glasgow (£0.427m).

### Education & Communities

Net advancement of £0.436m (4.89%) is being reported with spend being 56.6% of projected spend for the year. Slippage within Inverkip Community Facility and the Watt Complex Refurbishment is being more than offset by advancements including Rankin Park Cycle Track (£0.205m), Ravenscraig Sports Barn (£0.200m) and Ardgowan Primary Refurbishment (£0.427m).

### Policy & Resources

Net advancement of £0.280m (49.73%) relating to the Scottish Wide Area Network partly offset by slippage in the Modernisation Fund is being reported with spend being 22.4% of projected spend for the year.

- 5.3 Overall in 2015/16 it can be seen that expenditure is 48.65% of the projected spend for the year and that project slippage from the programme agreed in February 2015 is currently £0.593 million (2.01%).

## 6.0 CONCLUSIONS

- 6.1 As can be seen in paragraph 5.3, projected project slippage is currently 2.01%; this compares with slippage of 15.3% in 2014/15. It should be noted that officers have actively sought to advance projects in anticipation of potential slippage and continue to do so.

- 6.2 Following re-profiling of Scottish Government Capital Grant into future years, the Council's Capital Programme for 2015/18 is showing a shortfall in resources of £0.866m. This represents 0.9% of projected spend over the 3 year period and is within the recommended level.
- 6.3 Overall, Service Committees have spent 48.65% of the 2015/16 projected spend as at 30<sup>th</sup> November 2015.

## 7.0 CONSULTATION

- 7.1 This report has been approved by the Corporate Management Team and reflects the detail reported to Service Committee.

## 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 - 2015/16 - 2017/18

Available Resources

	A	B	C	D	E
	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	11,180	6,549	7,300	-	25,029
Less: Allocation to School Estate	(5,317)	(4,300)	(4,300)	-	(13,917)
Capital Receipts (Note 1)	1,006	133	385	-	1,524
Capital Grants (Note 2)	466	198	-	-	664
Prudential Funded Projects (Note 3)	8,051	27,962	11,992	450	48,455
Balance B/F From 14/15 (Exc School Estate)	2,890	-	-	-	2,890
Capital Funded from Current Revenue (Note 4)	4,327	4,922	333	-	9,582
	<u>22,603</u>	<u>35,464</u>	<u>15,710</u>	<u>450</u>	<u>74,227</u>

Overall Position 2014/18

	<u>£000</u>
Available Resources (Appendix 1, Column E)	74,227
Projection (Appendix 2, Column B-E)	<u>75,093</u>
(Shortfall)/Under Utilisation of Resources	<u>(866)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Sales	974	83	385	-	1,442
Contributions/Recoveries	32	50	-	-	82
	<u>1,006</u>	<u>133</u>	<u>385</u>	<u>-</u>	<u>1,524</u>

Note 2 (Capital Grants)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	121	88	-	-	209
SPT	74	-	-	-	74
Sustrans	36	-	-	-	36
Sports Scotland/SFA	18	100	-	-	118
Electric Vehicle Charging Points	39	-	-	-	39
Big Lottery Fund	178	10	-	-	188
	<u>466</u>	<u>198</u>	<u>-</u>	<u>-</u>	<u>664</u>

## Notes to Appendix 1

<u>Note 3 (Prudentially Funded Projects)</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	78	92	66	-	236
Vehicle Replacement Programme	1,250	900	1,481	-	3,631
Greenock Parking Strategy	-	273	-	-	273
Asset Management Plan - Offices	1,186	3,924	133	-	5,243
Asset Management Plan - Depots	1,317	6,004	531	-	7,852
Capital Works on Former Tied Houses	20	160	60	360	600
Waterfront Leisure Complex Combined Heat and Power Plant	181	50	-	-	231
Leisure & Pitches Strategy	113	194	-	-	307
Broomhill Community Facility	-	500	-	-	500
Kylemore Childrens Home (return of borrowing in lieu of receipt)	(200)	-	-	-	(200)
Neil Street Childrens Home Replacement	146	1,569	29	-	1,744
Crosshill Childrens Home Replacement	-	157	1,435	90	1,682
Modernisation Fund	49	27	126	-	202
Watt Complex Refurbishment	-	700	2,221	-	2,921
Gourock One Way System	2,000	500	-	-	2,500
Roads Asset Management Plan	1,001	7,102	4,600	-	12,703
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Reduction in Prudential Borrowing, ICT Annual allocation	(150)	(150)	(150)	-	(450)
Additional Prudential Borrowing to Support annual allocations	1,000	1,400	1,400	-	3,800
Additional Prudential Borrowing to allow return of Reserves	-	4,500	-	-	4,500
	<u>8,051</u>	<u>27,962</u>	<u>11,992</u>	<u>450</u>	<u>48,455</u>

<u>Note 4 (Capital Funded from Current Revenue)</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>Future</u>	<u>Total</u>
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	423	319	-	-	742
Play Areas	352	308	-	-	660
Coronation Park, Port Glasgow	185	-	-	-	185
Contribution to Birkmyre Park Pitch Improvements	-	200	-	-	200
Gourock Walled Garden, Toilet Provision	27	-	-	-	27
Hillend Respite Unit	3	-	-	-	3
Scheme of Assistance	433	333	333	-	1,099
Flooding Strategy	(609)	2,472	-	-	1,863
Greenock Parking Strategy	58	10	-	-	68
Roads Asset Management Plan	2,190	-	-	-	2,190
Broomhill Community Facility (Community Facility Fund)	50	303	-	-	353
Inverkip Community Facility	686	930	-	-	1,616
Primary School MUGA's - various	768	543	-	-	1,311
Various MUGAs - transfer to SEMP	(283)	(220)	-	-	(503)
Watt Complex Refurbishment	80	872	-	-	952
Community Facilities Investment	30	370	-	-	400
Blaes Football Parks	29	37	-	-	66
Ravenscraig Sports Barn	600	-	-	-	600
Broomhill Regeneration	-	750	-	-	750
Central Gourock	-	150	-	-	150
Scottish Wide Area Network	323	-	-	-	323
Rankin Park Cycle Track	105	45	-	-	150
Asset Management Plan - Depots	137	-	-	-	137
Bakers Brae Re-alignment	-	1,000	-	-	1,000
RCGF Port Glasgow/Broomhill	-	500	-	-	500
King George VI Refurbishment	-	500	-	-	500
Contribution to General Fund Reserves	(1,260)	(4,500)	-	-	(5,760)
	<u>4,327</u>	<u>4,922</u>	<u>333</u>	<u>-</u>	<u>9,582</u>

Capital Programme - 2015/16 - 2017/18Agreed Projects

Committee	A Prior Years £000	B 2015/16 £000	C 2016/17 £000	D 2017/18 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2014/15 Spend To 30/09/15 £000
Policy & Resources	5,044	843	466	489	-	6,842	6,842	-	189
Environment & Regeneration	25,690	18,600	26,802	11,307	360	82,759	82,759	-	8,562
Education & Communities (Exc School Estate)	1,021	2,972	6,764	3,054	-	13,811	13,811	-	1,141
CHCP	191	156	1,726	1,464	90	3,627	3,627	-	43
Sub -Total	31,946	22,571	35,758	16,314	450	107,039	107,039	-	9,935
School Estate (Note 1)	8,145	6,377	12,377	3,308	2,696	32,903	32,903	-	4,148
Total	40,091	28,948	48,135	19,622	3,146	139,942	139,942	-	14,083

Note 1Summarised SEMP Capital Position - 2014/18

	2015/16	2016/17	2017/18
Capital Allocation	5,317	4,300	4,300
Scottish Government School Grant (estimate)	1,120	1,953	100
Surplus b/fwd	3,762	5,085	(354)
Prudential Borrowing	500	465	-
Prudential Borrowing - In Lieu of Receipts			
Prudential Borrowing - Accelerated Investment			
Contractor Contribution	60		
CFCR	703	220	-
Available Funding	11,462	12,023	4,046
<u>Projects</u>			
Ex-Prudential Borrowing	5,594	11,692	3,308
Prudential Borrowing	500	465	-
CFCR	283	220	-
Total	6,377	12,377	3,308
Surplus c/fwd	5,085	(354)	738