
Report To:	Policy & Resources Committee	Date:	22 March 2016
Report By:	Chief Financial Officer	Report No:	FIN/39/16/AP/MT
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Subject:	2015/18 Capital Programme		

1.0 PURPOSE

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

2.0 SUMMARY

- 2.1 On February 19th 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. 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 £0.823m now being reported as can be seen from Appendix 1. This represents 0.91% 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 31st January 2016 expenditure in 2015/16 was 66.96% 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 4.33% is being reported, this is an increase in slippage of 2.32% from the previous Committee. 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 Committee note the current position of the 2015/18 Capital Programme.

4.0 BACKGROUND

- 4.1 On February 19th 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 provisional settlement for 2016/17. The final settlement was approved on 25th February 2016. While the settlement itself was £8.035m, £0.735m higher than had been estimated, £1.443m of this has been re-profiled to future years which means it will not be received in 2016/17 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 £0.823m.

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 29.5% of projected spend for the year. This is in line with the position reported to the last Committee and relates to the replacement for Neil St Children's Home.

Environment & Regeneration

Net slippage of £1.94m (10.00%) is being reported with spend being 62.6% of projected spend for the year. This is a movement of £1.146m (5.91%) from the net advancement reported to the last Committee mainly due to further slippage in Flooding Strategy (£0.618m), District Court Offices (£0.3m) and the AMP Depots – Vehicle Maintenance Shed (£0.1m) as well as others partly offset by accelerated spend in Broomhill Regeneration.

Education & Communities

Net advancement of £0.919m (10.31%) is being reported with spend being 77.8% 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), Ardgowan Primary Refurbishment (£0.427m) and St Patrick's Primary (£0.519m).

Policy & Resources

Net advancement of £0.258m (45.83%) relating to the Scottish Wide Area Network partly offset by slippage in the Modernisation Fund is being reported with spend being 38.00% of projected spend for the year.

- 5.3 Overall in 2015/16 it can be seen that expenditure is 66.96% of the projected spend for the year and that project slippage from the programme agreed in February 2015 is currently £1.278 million (4.33%).

6.0 CONCLUSIONS

- 6.1 As can be seen in paragraph 5.3 projected project slippage is currently 4.33%, 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 £0.823m. This represents 0.91% of projected spend over the 3 year period and is within the recommended level.
- 6.3 Overall Service Committees have spent 66.96% of the 2015/16 projected spend as at 31st January 2016.

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	6,966	7,300	-	25,446
Less: Allocation to School Estate	(5,317)	(4,674)	(4,300)	-	(14,291)
Capital Receipts (Note 1)	1,006	199	385	-	1,590
Capital Grants (Note 2)	519	98	-	-	617
Prudential Funded Projects (Note 3)	7,387	18,784	16,482	6,036	48,689
Balance B/F From 14/15 (Exc School Estate)	2,890	-	-	-	2,890
Capital Funded from Current Revenue (Note 4)	3,662	(59)	5,679	-	9,282
	<u>21,327</u>	<u>21,314</u>	<u>25,546</u>	<u>6,036</u>	<u>74,223</u>

Overall Position 2014/18

Available Resources (Appendix 1, Column E)	£000	74,223
Projection (Appendix 2, Column B-E)		<u>75,046</u>
(Shortfall)/Under Utilisation of Resources		<u>(823)</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	149	385	-	1,508
Contributions/Recoveries	32	50	-	-	82
	<u>1,006</u>	<u>199</u>	<u>385</u>	<u>-</u>	<u>1,590</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	37	-	-	-	37
Sustrans	36	-	-	-	36
Sports Scotland/SFA	108	-	-	-	108
Electric Vehicle Charging Points	39	-	-	-	39
Big Lottery Fund	178	10	-	-	188
	<u>519</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>617</u>

Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	78	92	66	-	236
Vehicle Replacement Programme	1,250	521	615	1,179	3,565
Greenock Parking Strategy	-	123	150	-	273
Asset Management Plan - Offices	765	3,157	1,321	-	5,243
Asset Management Plan - Depots	1,178	3,250	3,174	250	7,852
Capital Works on Former Tied Houses	20	10	210	360	600
Waterfront Leisure Complex Combined Heat and Power Plant	4	227	-	-	231
Leisure & Pitches Strategy	193	8	106	-	307
Broomhill Community Facility	-	-	800	-	800
Kylemore Childrens Home (return of borrowing in lieu of receipt)	(200)	-	-	-	(200)
Neil Street Childrens Home Replacement	146	1,100	498	-	1,744
Crosshill Childrens Home Replacement	-	57	1,535	90	1,682
Modernisation Fund	42	67	93	-	202
Watt Complex Refurbishment	-	-	921	2,000	2,921
Gourock One Way System	2,000	500	-	-	2,500
Roads Asset Management Plan	1,001	3,862	5,683	2,157	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
	7,387	18,784	16,482	6,036	48,689

Note 4 (Capital Funded from Current Revenue)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	300	123	319	-	742
Play Areas	311	259	90	-	660
Coronation Park, Port Glasgow	145	10	30	-	185
Contribution to Birkmyre Park Pitch Improvements	-	25	175	-	200
Gourock Walled Garden, Toilet Provision	27	-	-	-	27
Hillend Respite Unit	3	-	-	-	3
Scheme of Assistance	433	333	333	-	1,099
Flooding Strategy	(1,227)	1,364	1,726	-	1,863
Greenock Parking Strategy	58	10	-	-	68
Roads Asset Management Plan	2,190	-	-	-	2,190
Broomhill Community Facility (Community Facility Fund)	-	250	103	-	353
Inverkip Community Facility	686	830	100	-	1,616
Primary School MUGA's - various	768	443	100	-	1,311
Various MUGAs - transfer to SEMP	(283)	(220)	-	-	(503)
Watt Complex Refurbishment	65	515	372	-	952
Community Facilities Investment	30	-	70	-	100
Blaes Football Parks	32	34	-	-	66
Ravenscraig Sports Barn	600	-	-	-	600
Broomhill Regeneration	289	-	461	-	750
Central Gourock	-	150	-	-	150
Scottish Wide Area Network	323	-	-	-	323
Rankin Park Cycle Track	35	115	-	-	150
Asset Management Plan - Depots	137	-	-	-	137
Bakers Brae Re-alignment	-	-	1,000	-	1,000
RCGF Port Glasgow/Broomhill	-	150	350	-	500
King George VI Refurbishment	-	50	450	-	500
Contribution to General Fund Reserves	(1,260)	(4,500)	-	-	(5,760)
	3,662	(59)	5,679	-	9,282

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 2015/16 Spend To 31/01/16 £000
Policy & Resources	5,044	821	397	580	-	6,842	6,842	-	312
Environment & Regeneration	25,690	17,454	15,740	19,817	4,021	82,722	82,722	-	10,922
Education & Communities (Exc School Estate)	1,021	2,830	3,476	3,641	2,833	13,801	13,801	-	1,605
CHCP	191	156	1,157	2,033	90	3,627	3,627	-	46
Sub -Total	31,946	21,261	20,770	26,071	6,944	106,992	106,992	-	12,885
School Estate (Note 1)	8,145	7,002	8,035	7,025	2,733	32,940	32,940	-	6,040
Total	40,091	28,263	28,805	33,096	9,677	139,932	139,932	-	18,925

Note 1Summarised SEMP Capital Position - 2014/18

	2015/16	2016/17	2017/18
Capital Allocation	5,317	4,674	4,300
Scottish Government School Grant (estimate)	1,120	1,953	100
Surplus b/fwd	3,762	4,040	3,317
Prudential Borrowing	500	465	-
Prudential Borrowing - In Lieu of Receipts			
Prudential Borrowing - Accelerated Investment			
Contractor Contribution	60		
CFCR	283	220	-
Available Funding	<u>11,042</u>	<u>11,352</u>	<u>7,717</u>
<u>Projects</u>			
Ex-Prudential Borrowing	6,219	7,350	7,025
Prudential Borrowing	500	465	-
CFCR	283	220	-
Total	<u>7,002</u>	<u>8,035</u>	<u>7,025</u>
Surplus c/fwd	4,040	3,317	692