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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>20 September 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/90/16/AP/MT</b>
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<b>Subject:</b>	<b>2016/18 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2016/18 Capital Programme.

## 2.0 SUMMARY

- 2.1 On March 10<sup>th</sup> 2016 the Council approved the 2016/18 Capital Programme, this effectively continued the previously approved 2015/18 Capital Programme.
- 2.2 While the programme was not materially adjusted from the previously agreed 2015/18 programme the Scottish Government settlement for 2016/17 included re-profiling of part of the capital grant to future years, this resulted in a deficit of £0.823m being approved. Subsequent unbudgeted 3<sup>rd</sup> party contributions and additional grant allocations for various flooding projects, has further reduced the deficit which now stands at £0.178m as can be seen from Appendix 1. This represents 0.19% of projected spend over the 2 year period and is within recommended parameters.
- 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. In addition further funding of £0.86m for flooding works is anticipated however this grant will be distributed over a 10 year period and the timing of the grant is not certain. Neither of these matters are reflected in the above figures.
- 2.4 It can be seen from Appendix 2 that as at 31<sup>st</sup> July 2016 expenditure in 2016/17 was 21.34% 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 advancement of 7.93% is currently being reported. This compares with net advancement of 3% in 2015/16. In view of slippage levels in previous years officers were prudent in estimates of capital spend when preparing the 2016/17 Capital Programme and are actively seeking to advance projects where possible to offset slippage resulting in the net advancement. It is anticipated that slippage will occur and this figure will change as the year progresses.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the current position of the 2016/18 Capital Programme.

## 4.0 BACKGROUND

- 4.1 On March 10<sup>th</sup> 2016 the Council approved the 2016/18 Capital Programme, this effectively continued the previously approved 2015/18 Capital Programme to 2017/18.
- 4.2 In December 2015 the Scottish Government announced the provisional settlement for 2016/17. The final settlement was approved on 25<sup>th</sup> 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 the Capital Grant over the 2017/20 period. It is therefore not possible not to reflect this additional grant over the current 2016/18 period.
- 4.3 The previously agreed 2015/18 Capital Programme had been budgeted to break even however the re-profiling of the capital grant highlighted above resulted in a budgeted deficit of £0.823m.
- 4.4 Subsequent to the budget approval in March 2016 unbudgeted 3<sup>rd</sup> party contributions were received and along with some year end adjustments reduced the deficit. In addition the 2016/17 General Capital Grant confirmed additional grant allocated for various flooding projects. As these projects were previously funded within the Capital Programme this has further reduced the deficit which now stands at £0.178m.
- 4.5 In addition further grant funding of £0.86m for flooding works is anticipated however this grant will be distributed over a 10 year period and the timing of the receipt is not certain. Again, it is considered prudent not to reflect this additional grant over the current 2016/18 period.

## 5.0 CURRENT POSITION

- 5.1 Column H of Appendix 2 shows that over the 2016/18 period the Capital Programme is in a break-even position.
- 5.2 The position in respect of individual Committees is as follows:

### Health & Social Care

No slippage is being reported at this time with nominal spend of 0.1%.

### Environment & Regeneration

Net advancement of £1.821m (11.75%) is being reported with spend being 17.8% of projected spend for the year. The advancement is projected mainly within Flooding Strategy (£0.5m) and additional projects within core property assets budgets (£0.916m) including Wallace Place Elevation Roofing Works.

### Education & Communities

Net advancement of £0.349m (3.4%) is being reported with spend being 29.5% of projected spend for the year.

### Policy & Resources

No slippage is being reported at this time with spend being 20% of projected spend for the year.

- 5.3 Overall in 2016/17 it can be seen that expenditure is 21.34% of the projected spend for the year and that project advancement from the programme agreed in March 2016 is currently £2.17 million (7.93%).

## 6.0 CONCLUSIONS

- 6.1 As can be seen in paragraph 5.3 projected project advancement is currently 7.93%, this compares with advancement of 3% in 2015/16. It should be noted that officers have actively sought to advance projects in anticipation of potential slippage as well as taking a prudent view when setting the 2016/17 Capital Programme.

- 6.2 The Council's Capital Programme for 2016/18 is showing a shortfall in resources of £0.178m. This represents 0.19% of projected spend over the 2 year period and is within acceptable parameters.
- 6.3 Overall Service Committees have spent 21.34% of the 2016/17 projected spend as at 31<sup>st</sup> July 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 - 2016/17 - 2018/19

Available Resources

	A	B	C	D	E
	2016/17	2017/18	2018/19	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	7,355	7,300	-	-	14,655
Less: Allocation to School Estate	(4,674)	(4,300)	-	-	(8,974)
Capital Receipts (Note 1)	692	435	-	-	1,127
Capital Grants (Note 2)	919	65	-	-	984
Prudential Funded Projects (Note 3)	14,219	20,974	3,904	-	39,097
Balance B/F From 15/16 (Exc School Estate)	1,243	-	-	-	1,243
Capital Funded from Current Revenue (Note 4)	(2,155)	6,639	-	-	4,484
	<u>17,599</u>	<u>31,113</u>	<u>3,904</u>	<u>-</u>	<u>52,616</u>

Overall Position 2016/19

Available Resources (Appendix 1, Column E)	£000	52,616
Projection (Appendix 2, Column B-E)		52,794
(Shortfall)/Under Utilisation of Resources		<u>(178)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2016/17	2017/18	2018/19	Future	Total
	£000	£000	£000	£000	£000
Sales	610	385	-	-	995
Contributions/Recoveries	82	50	-	-	132
	<u>692</u>	<u>435</u>	<u>-</u>	<u>-</u>	<u>1,127</u>

Note 2 (Capital Grants)

	2016/17	2017/18	2018/19	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	88	-	-	-	88
SPT	175	-	-	-	175
Sustrans	37	-	-	-	37
Sports Scotland/SFA	18	-	-	-	18
Electric Vehicle Charging Points	17	-	-	-	17
Historic Scotland	-	65	-	-	65
Big Lottery Fund	584	-	-	-	584
	<u>919</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>984</u>

## Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2016/17	2017/18	2018/19	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	94	66	-	-	160
Vehicle Replacement Programme	110	615	1,179	-	1,904
Greenock Parking Strategy	123	150	-	-	273
Asset Management Plan - Offices	3,133	1,324	-	-	4,457
Asset Management Plan - Depots	3,438	3,174	250	-	6,862
Capital Works on Former Tied Houses	18	210	360	-	588
Waterfront Leisure Complex Combined Heat and Power Plant	227	-	-	-	227
Leisure & Pitches Strategy	13	23	-	-	36
Broomhill Community Facility	-	500	-	-	500
Neil Street Childrens Home Replacement	1,132	498	-	-	1,630
Crosshill Childrens Home Replacement	57	1,535	90	-	1,682
Modernisation Fund	47	93	-	-	140
Watt Complex Refurbishment	523	1,293	-	-	1,816
Roads Asset Management Plan	3,994	5,683	2,025	-	11,702
Surplus Prudential Borrowing due to project savings	60	60	-	-	120
Reduction in Prudential Borrowing, ICT Annual allocation	(150)	(150)	-	-	(300)
Additional Prudential Borrowing to Support annual allocations	1,400	1,400	-	-	2,800
Additional Prudential Borrowing to allow return of Reserves	-	4,500	-	-	4,500
	<u>14,219</u>	<u>20,974</u>	<u>3,904</u>	<u>-</u>	<u>39,097</u>

Note 4 (Capital Funded from Current Revenue)

	2016/17	2017/18	2018/19	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	345	235	-	-	580
Play Areas	275	90	-	-	365
Contribution to Birkmyre Park Pitch Improvements	25	275	-	-	300
Scheme of Assistance	333	333	-	-	666
Flooding Strategy	137	1,726	-	-	1,863
Greenock Parking Strategy	47	-	-	-	47
Roads Asset Management Plan	23	(23)	-	-	-
Broomhill Community Facility (Community Facility Fund)	(147)	800	-	-	653
Inverkip Community Facility	651	100	-	-	751
Neil Street Childrens Home Replacement	-	133	-	-	133
Primary School MUGA's - various	107	90	-	-	197
Various MUGAs - transfer to SEMP	-	-	-	-	-
Community Facilities Investment	65	-	-	-	65
Blaes Football Parks	27	-	-	-	27
Broomhill Regeneration	(7)	450	-	-	443
Central Gourrock	30	-	-	-	30
Scottish Wide Area Network	23	-	-	-	23
Rankin Park Cycle Track	61	-	-	-	61
Bakers Brae Re-alignment	-	1,000	-	-	1,000
RCGF Port Glasgow/Broomhill	150	350	-	-	500
King George VI Refurbishment	50	450	-	-	500
District Court Room Restoration	-	330	-	-	330
AMP - William Street	-	300	-	-	300
Investment in Play Areas	-	-	-	-	-
Investment in Park Assets	150	-	-	-	150
Contribution to General Fund Reserves	(4,500)	-	-	-	(4,500)
	<u>(2,155)</u>	<u>6,639</u>	<u>-</u>	<u>-</u>	<u>4,484</u>

Capital Programme - 2016/17 - 2018/19Agreed Projects

Committee	A Prior Years £000	B 2016/17 £000	C 2017/18 £000	D 2018/19 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2015/16 Spend To 31/07/16 £000
Policy & Resources	1,288	425	580	-	-	2,293	2,293	-	85
Environment & Regeneration	34,064	17,324	19,292	3,889	-	74,569	74,569	-	3,088
Education & Communities (Exc School Estate)	2,210	2,898	4,108	833	-	10,049	10,049	-	806
CHCP	228	1,189	2,166	90	-	3,673	3,673	-	1
Sub -Total	37,790	21,836	26,146	4,812	-	90,584	90,584	-	3,980
School Estate (Note 1)	5,901	7,703	21,764	9,716	2,429	47,513	47,513	-	2,324
Total	43,691	29,539	47,910	14,528	2,429	138,097	138,097	-	6,304

Note 1Summarised SEMP Capital Position - 2016/19

	2016/17	2017/18	2018/19
Capital Allocation	4,674	4,300	-
Scottish Government School Grant (estimate)	1,120	1,953	100
Surplus b/fwd	3,827	6,943	(6,168)
Prudential Borrowing	3,965	-	-
Contractor Contribution	60	-	-
CFCR	1,000	-	-
Available Funding	14,646	13,196	(6,068)
<u>Projects</u>			
Ex-Prudential Borrowing	2,738	19,364	9,716
Prudential Borrowing	3,965	-	-
CFCR	1,000	-	-
Total	7,703	19,364	9,716
Surplus c/fwd	6,943	(6,168)	(15,784)