
Report To:	Policy & Resources Committee	Date:	15 November 2016
Report By:	Chief Financial Officer	Report No:	FIN/112/16/AP/MT
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	2016/18 Capital Programme		

1.0 PURPOSE

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

2.0 SUMMARY

- 2.1 On March 10 2016 the Council approved the 2016/18 Capital Programme, this effectively continued the previously approved 2015/18 Capital Programme.
- 2.2 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 3rd 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 has 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 nationally over a 10 year period and the timing of the receipt is not certain. Neither of these anticipated receipts are reflected in the above figures.
- 2.4 It can be seen from Appendix 2 that as at 30 September 2016 expenditure in 2016/17 was 38.91% 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 3.97% is currently being reported, a reduction in advancement of 3.96% since the previous Committee. This compares with net advancement of 3% in 2015/16. In view of high 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 unavoidable slippage.
- 2.6 Work is ongoing in developing the draft 2017/20 Capital Programme. Officers will bring a number of reports to Committee early in the new year for Members' consideration.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the current position of the 2016/18 Capital Programme.
- 3.2 It is recommended that the Committee note that officers are developing a 2017/20 Capital Programme for consideration as part of the Budget Process.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 On March 10 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 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 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 3rd 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 (0.19% of projected spend).
- 4.5 Further funding of £0.86m for flooding works is anticipated however this grant will be distributed nationally 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 Appendix 2 (column H) 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 1.6%.

Environment & Regeneration

Net advancement of £1.057m (6.80%) is being reported with spend being 32.4% of projected spend for the year. The advancement is projected mainly within the Roads Asset Management Plan (£0.438m) and additional projects within core property assets budgets (£1.064m) including Wallace Place Elevation roofing Works offset by slippage within the Flooding Strategy and Asset Management Plan (Offices).

Education & Communities

Net advancement of £0.217m (2.12%) is being reported with spend being 54.2% of projected spend for the year.

Policy & Resources

Slippage of £0.178m (41.8%) is being reported due to revised phasing of the 2016/18 indicative allocation (£0.134m) and the Rolling Replacement of PCs (£0.044m), with spend being 44.13% of projected spend.

- 5.3 Overall in 2016/17 expenditure is 38.91% of the projected spend for the year and project advancement from the programme agreed in March 2016 is currently £1.096 million (3.97%). 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.

6.0 2017/20 CAPITAL PROGRAMME

6.1 Officers are progressing the development of a draft 2017/20 Capital Programme for Members to consider as part of the Budget process. A number of reports on potential projects will be presented to Committees over the next few months. Indications are that there is a significant shortfall in resources if all projects were to proceed.

7.0 CONSULTATION

7.1 This report reflects the detail reported to Service Committees.

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)	14,144	21,049	3,904	-	39,097
Balance B/F From 15/16 (Exc School Estate)	1,243	-	-	-	1,243
Capital Funded from Current Revenue (Note 4)	(2,050)	6,789	-	-	4,739
	<u>17,629</u>	<u>31,338</u>	<u>3,904</u>	<u>-</u>	<u>52,871</u>

Overall Position 2016/19

Available Resources (Appendix 1, Column E)	£000	52,871
Projection (Appendix 2, Column B-E)		53,049
(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	2,752	1,705	-	-	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	4,300	5,377	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>14,144</u>	<u>21,049</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	-	1,863	-	-	1,863
Greenock Parking Strategy	47	-	-	-	47
Broomhill Community Facility (Community Facility Fund)	(147)	800	-	-	653
Inverkip Community Facility	651	100	-	-	751
Neil Street Childrens Home Replacement	-	133	-	-	133
John Street, Gourock	225	-	-	-	225
Primary School MUGA's - various	117	80	-	-	197
Community Facilities Investment	65	-	-	-	65
Blaes Football Parks	27	-	-	-	27
Broomhill Regeneration	(7)	450	-	-	443
Central Gourock	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 St	-	300	-	-	300
GMB Lighting Replacement	17	-	-	-	17
Trafalgar St Solum	13	-	-	-	13
Investment in Park Assets	150	-	-	-	150
Contribution to General Fund Reserves	(4,500)	-	-	-	(4,500)
	<u>(2,050)</u>	<u>6,789</u>	<u>-</u>	<u>-</u>	<u>4,739</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 2016/17 Spend To 30/09/16 £000
Policy & Resources	1,288	247	758	-	-	2,293	2,293	-	109
Environment & Regeneration	34,064	16,590	20,056	3,889	-	74,599	74,599	-	5,371
Education & Communities (Exc School Estate)	2,210	2,908	4,098	833	-	10,049	10,049	-	1,299
CHCP	228	1,414	2,166	90	-	3,898	3,898	-	23
Sub -Total	37,790	21,159	27,078	4,812	-	90,839	90,839	-	6,802
School Estate (Note 1)	5,901	7,561	21,906	9,716	2,429	47,513	47,513	-	4,374
Total	43,691	28,720	48,984	14,528	2,429	138,352	138,352	-	11,176

Note 1Summarised SEMP Capital Position - 2014/18

	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	7,085	(6,168)
Prudential Borrowing	3,965	-	-
Prudential Borrowing - Accelerated Investment		-	-
Contractor Contribution	60		
CFCR	1,000	-	-
Available Funding	14,646	13,338	(6,068)
<u>Projects</u>			
Ex-Prudential Borrowing	2,596	19,506	9,716
Prudential Borrowing	3,965	-	-
CFCR	1,000	-	-
Total	7,561	19,506	9,716
Surplus c/fwd	7,085	(6,168)	(15,784)