

# Report

Report to:	<b>Executive Committee</b>
Date of Meeting:	<b>21 November 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Capital Programme 2019/2020 Update</b>
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## 1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Council with an updated General Services Capital Programme for the financial year 2019/2020

## 2. Recommendation(s)

2.1. The Council is asked to approve the following recommendation(s):

- (1) that the proposed additions to the 2019/2020 Capital Programme, totalling £19.257 million and summarised in Table 2, be approved.

## 3. Background

3.1. The General Services Capital Programme for financial years 2017/2018 to 2019/2020 was approved by the Executive Committee on 16 February 2017.

3.2. A further update of the 2018/19 to 2019/20 Capital Programme was approved by the Executive Committee on 28 February 2018. During financial year 2018/19, work has progressed to develop a long term Capital Strategy for the Council.

3.3. As part of the work to develop the long term Capital Strategy, which is subject to a separate report to this Committee, a number of key areas of spend have been identified which will impact on financial year 2019/2020. This paper takes the opportunity to update the 2019/20 Capital Programme, based on the Capital Strategy proposed. This is detailed in section 4.

## 4. Update to 2019/2020 Capital Programme

4.1. As part of the Council's Long term Capital Strategy, additional items of expenditure have been identified for 2019/20. These are detailed below.

4.2. **Roads – Carriageway Investment:** Following the end of the Roads Investment Plan (RIP) in 2018/2019, an allocation of £5.5 million was approved for 2019/2020 as part of the 2017/2018 – 2019/2020 Capital Programme.

- 4.3. The Association of Public Services Excellence (APSE) was commissioned by the Council to provide consultancy support to review the efficiency and effectiveness of the delivery of the Council's road surfacing policy and to provide an assessment of future need. Their report states that it is evident that the condition of the Council's carriageways has improved overall as a result of the RIP. However, the report confirms that if the Council wishes to maintain its road condition, it will need to invest further in its roads network.
- 4.4. The APSE report recommends that the Council should endeavour to maintain the status quo through 'steady state' funding. Steady state funding is the level of planned investment required to keep carriageways in their current condition. The amount of investment required to maintain 'steady state', as advised by the Society of Chief Officers of Transportation in Scotland (SCOTS), is £11 million.
- 4.5. In relation to 2019/2020, as noted in 4.2, the current approved capital programme for carriageways is £5.5 million. This is augmented by an amount of £1.500 million of Revenue Budget funding for carriageways, giving a total carriageways budget of £7.000 million.
- 4.6. In order to take this to the steady state requirement of £11 million, it is proposed that additional investment of £4 million be added for 2019/20. This carriageway steady state spend of £11 million is part of an overall proposed spend on roads of £21.1m across capital and revenue.
- 4.7. **Other Roads Infrastructure Works:** The Roads 'asset' consists of not only carriageways but other roads related infrastructure including footways and footpaths, traffic management systems, vehicle restraint systems and bridges. The current approved programme for 2019/20 does not include budget for these areas. Based on previous spend levels, it is proposed that additional investment of £2.4 million be added for 2019/20 for Footpaths and Footways, Traffic Management Systems and Vehicle Restraint Systems.
- 4.8. In relation to bridges, the Capital Strategy also presented to this meeting, includes £3 million each for the bridges at Pettinain (Clyde Bridge) and Douglas Water (Ponfeigh Bridge). Approval is sought to add £6 million to the Capital Programme for 2019/20 in order to commence work on these bridges. As the projects progress, detailed timescales will be confirmed, with any update being brought to Committee as required.
- 4.9. **Schools Growth and Capacities:** The Primary Schools' Modernisation Programme is now nearing completion, with the last schools due to complete in late autumn 2019. Due to actual and predicted pupil growth related to general population growth and significant new housing development across the authority, a number of Primary and Secondary Schools are experiencing capacity pressures, or are predicted to in the near future.
- 4.10. The Capital Strategy includes detail of the accommodation pressures identified across the years of the Strategy, however, for 2019/20 specifically, these total £0.650m and are listed in Table 1.

**Table 1 – Schools’ Growth and Capacities Projects**

<b>Project Name</b>	<b>2019/20 Requirement £m</b>
Castlefield Primary School Extension	0.150
St Mark’s Primary School Extension	0.200
Future Smaller Scale Adaptations	0.200
Cathkin & Trinity Learning Community	0.100
<b>Total</b>	<b>0.650</b>

- 4.11. The allocation of £0.650 million is for the 2019/20 element of these projects only. The remainder is included within the longer term Capital Strategy. It is proposed that £0.650m is added to the 2019/20 programme, to be funded in the main from Developers’ Contributions.
- 4.12. In relation to finalising the existing **Primary Schools Modernisation Programme** itself, the overall level of spend anticipated for 2019/20 is part funded by Developer Contributions totalling £1.527 million. It is proposed that the 2019/20 be increased by £1.527 million to reflect this additional funding anticipated. This funding is in relation to Wester Overton Primary School, Strathaven, and the completed Neilsland Primary School, Hamilton.
- 4.13. **Early Years – 1,140 Hours:** In order to continue planning for implementation in August 2020 a report was presented to the Executive Committee on 15 August 2018 detailing a first phase of a capital programme of works that would allow some projects to progress while other options are being finalised. Approval was given to progress with the Phase 1 projects with projected spend of £12.320 million. The approved Capital Programmes for 2017/18 and 2018/19 included an allocation of £7.640 million for Early Years – 1,140 Hours nurseries, therefore, it is proposed that remaining budget of £4.680 million be added to the 2019/20 programme.
- 4.14. Further phases of the Early Years – 1,140 Hours programme are being considered and will be brought to Committee for approval. When approved, the Capital Programme will be updated accordingly.
- 4.15. Taking into account the adjustments noted at 4.2. to 4.12. above results in a revised budget for 2019/2020 totalling £72.541 million and this position is summarised in Table 2.

**Table 2: Revised General Fund Programme 2019/2020**

	<b>2019/2020 £m</b>
<b>Approved Programme – February 2018</b>	<b>53.284</b>
Roads – Carriageways Investment (section 4.5)	4.000
Roads – Other Roads Infrastructure Works (section 4.6)	2.400
Roads – Bridges (section 4.7)	6.000
Schools Growth and Capacities (section 4.9)	0.650
Primary Schools’ Modernisation Programme (section 4.11)	1.527
Early Years – 1,140 hrs (section 4.12)	4.680
<b>Total Increase to 2019/20</b>	<b>19.257</b>
<b>Revised General Fund Expenditure Programme</b>	<b>72.541</b>

- 4.16. It is noted that the Revised Programme for 2019/2020 does not take account of any slippage nor carry forward from the 2018/19 Capital Programme – this will be brought to members in a summary paper at the start of the new financial year, consistent with the normal year-end treatment.

## **5. Financial Implications**

- 5.1. The proposed additions to the 2019/2020 Capital Programme, detailed in Table 2, are included in the Council’s overall Capital Strategy presented to this Committee.
- 5.2. Of the additional projects included in Table 2, the Primary Schools Modernisation programme and the Schools’ Growth and Capacities projects are funded from Developers Contributions (£1.527 million and £0.650 million respectively) and the Early Years - 1,140 Hours is funded from Specific Government Grant (£4.680 million). The funding of the remaining 2019/2020 additional spend (£12.400 million) is dependent on the level of Capital Grant received in 2019/2020. It is proposed that any 2019/2020 spend not met by Capital Grant, be funded from borrowing.
- 5.3. Borrowing for the overall shortfall of £12.400 million would result in an increase to Loan Charges averaging £0.789 million per annum with costs of £0.500m starting in 2019/20. This is included in the overall Capital Strategy funding package, and can be accommodated within the Council’s Revenue Budget Strategy (Loan Charges budget) until 2024/25, when additional funding would be required.

## **6. Other Implications**

- 6.1. The main risk associated with the Council’s Capital Programme is an overspend. The risk has been assessed as low given the detailed project management plans prepared and monitored for each project. The risk of overspend is managed through four weekly Investment management meetings.

## **7. Equality Impact Assessment and Consultation Arrangements**

- 7.1. This report does not introduce a new policy, function or strategy or recommend a change to existing policy, function or strategy and therefore no impact assessment is required.
- 7.2. There was also no requirement to undertake any consultation in terms of the information contained in this report.

**Paul Manning**  
**Executive Director (Finance and Corporate Resources)**

1 November 2018

**Link(s) to Council Values/Ambitions/Objectives**

- ◆ Accountable, Effective, Efficient and Transparent

**Previous References**

- ◆ Executive Committee, 16 February 2017
- ◆ Executive Committee, 28 February 2018

**List of Background Papers**

- ◆ None

**Contact for Further Information**

If you would like to inspect the background papers or want further information, please contact:-

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**Revised General Service Capital Programme 2019/2020**

	<b>2019/2020 £m</b>
<b>Community and Enterprise Resources</b>	
Extension / Improvement of Cemeteries	0.372
Existing Synthetic and Grass Pitches	0.225
Roads Improvement (including Footpaths)	5.500
<b>Roads – Carriageway Investment (section 4.2)</b>	<b>4.000</b>
<b>Roads – Other Roads Infrastructure Works (section 4.7)</b>	<b>2.400</b>
<b>Roads – Bridges (section 4.8)</b>	<b>6.000</b>
Street Lighting Improvement Programme	1.624
Total City Deal / Developer Contributions – Community Growth Areas	7.746
Total Glasgow City Region City Deal – Roads Projects (Greenhills, Cathkin, Stewartfield Way)	10.539
<b>Total Community and Enterprise Resources</b>	<b>38.406</b>
<b>Education Resources</b>	
Schools ICT Solutions for Learning	1.750
Multi Use Games Area Pitches – Schools	0.112
Loch Primary School	0.650
Capacity Issues – Mainstream Primary School	0.295
Primary Schools Modernisation Programme	2.650
<b>Primary Schools Modernisation Programme (section 4.11)</b>	<b>1.527</b>
<b>Schools Growth and Capacities (section 4.9)</b> <i>(does not include £2.4 million of City Deal funded projects already included in the approved budget for Community Growth Areas)</i>	<b>0.650</b>
<b>Early Years – 1,140hrs (section 4.12)</b> <i>(does not include carry forward budget from 2018/19)</i>	<b>4.680</b>
<b>Total Education Resources</b>	<b>12.314</b>
<b>Finance and Corporate Resources</b>	
IT Infrastructure / Telephony and Productivity	0.534
<b>Total Finance and Corporate Resources</b>	<b>0.534</b>
<b>Housing and Technical Resources</b>	
Private Housing Scheme of Assistance	1.000
Planned Asset Management Programme	4.775
Prioritised Urgent Investment in Property	1.700
Headquarters Fabric Upgrade	0.887
Civic Centre Fabric Upgrade	0.625
<b>Total Housing and Technical Resources</b>	<b>8.987</b>
<b>Social Work Resources</b>	
Social Work Residential Facilities <i>(does not include carry forward of £5 million from 2018/19)</i>	12.300
<b>Total Social Work Resources</b>	<b>12.300</b>
<b>Total General Services Capital Programme 2019/20</b>	<b>72.541</b>

*Additional projects subject to approval in this paper, are highlighted in bold.*

**Revised General Services Capital Programme – Funding 2019/2020**

	<b>Original 2019/20 £m</b>	<b>2019/20 Update £m</b>	<b>Revised 2019/2020 £m</b>
<b>Full Capital Programme</b>	<b>53.284</b>	<b>19.257</b>	<b>72.541</b>
<b>Funding Available</b>			
Borrowing	12.267	12.400	24.667
Capital Receipts	1.500	0.000	1.500
General Capital Grant	24.000	0.000	24.000
Specific Capital Grant	0.000	4.680	4.680
Developers Contributions	1.074	2.177	3.251
City Deal Government Grant	4.411	0.000	4.411
City Deal (Borrowing / Reserves)	7.874	0.000	7.874
Specific Council Reserves – IT Development Fund	0.534	0.000	0.534
Revenue Contributions	1.624	0.000	1.624
<b>Total Funding Available</b>	<b>53.284</b>	<b>19.257</b>	<b>72.541</b>
<b>Surplus / (Deficit) in Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>