

EAST RENFREWSHIRE COUNCIL27 June 2018Report by Head of Accountancy (Chief Financial Officer)GENERAL FUND CAPITAL PLAN UPDATE 2018/19 TO 2025/26**PURPOSE OF REPORT**

1. The purpose of this report is to agree revisions to the General Fund Capital Plan covering the 8 years from 2018/19 to 2025/26 in view of the Scottish Government's confirmation of capital grant allocations for Early Learning and Childcare.

RECOMMENDATIONS

2. The Council is invited to:-
- (i) agree the revisions to the Capital Plan in the light of updated information relating to early learning and childcare funding and other project movements; and
 - (ii) note that a further report reviewing the Capital Plan will be submitted after the summer break once the Eastwood Leisure public consultation has concluded.

BACKGROUND

3. On 2 March 2018 the Council agreed a Capital Plan for 2018/19 to 2025/26 but noted that the general capital grant confirmed at that date did not include support for early learning and childcare expansion which was to be announced later in the year. A minimum provision of £2.7 million for 2018/19 (£7.2 million overall) was assumed in the Capital Plan in this regard and was to be updated once actual allocations were known.

4. The Capital Plan was also to be revised during the year to take account of the outcome of the public consultation on leisure facilities in the Eastwood area.

REPORT**Early Learning and Childcare**

5. Confirmation of early learning and childcare capital allocations for 2018/19 was received on 1 May 2018, together with indicative figures for 2019/20 and 2020/21. The capital allocation for 2018/19 to 2020/21 has been advised as £11.7m, an increase of £4.5m over the original assumption reflected in the 2 March 2018 report. This was reflected in the General Fund Capital Monitoring report earlier on the agenda.

6. Planned expenditure on early learning and childcare over the same period remains unchanged at £22.837m.

7. The 2018/19 to 2025/26 Capital Plan approved on 2 March 2018 required new borrowing of some £37m. In view of the increased early years capital grant allocation this borrowing requirement could now be reduced by £4.5m over the period of the Plan. This will help ease pressure on future years' revenue budgets as loan repayments will be slightly less than budgeted.

Other Issues

8. Since agreeing the Capital Plan on 2 March 2018, further clarification has also been received of increased costs associated with the demolition and ancillary works at the former Barrhead High School. These have been detailed in a separate report earlier on today's agenda and will be reflected in future capital monitoring reports.

9. It is proposed that the resulting additional net costs of £0.6m are funded by borrowing. Taking account of the Early Learning and Childcare adjustments set out above, this would revise the net reduction in new borrowing over the period of the Plan to £3.9m.

10. In setting the Capital Plan for 2018/19 to 2025/26 the Council also agreed to review the position during the year once the outcome of the public consultation on leisure facilities in the Eastwood area was known. A further report on any required adjustments to the Capital Plan will be brought back to Council after the summer break.

FINANCE AND EFFICIENCY

11. The revisions detailed above will result in a net reduction in new borrowing of £3.9m over the period of the Plan. This will also help ease pressure on future loan repayment revenue budgets.

CONCLUSIONS

12. Capital grant funding for early learning and childcare has been confirmed at £4.5m above that estimated in the Council's Capital Plan, allowing new borrowing to be reduced by £3.9m to take account of this and other project changes.

13. The Capital Plan will be further updated if required after the summer to take account of the outcome of the public consultation on leisure facilities in the Eastwood area.

RECOMMENDATIONS

15. The Council is invited to:-

- (i) agree the revised Capital Plan in the light of updated information relating to early learning and childcare funding and other project movements.
- and
- (ii) note that a further report reviewing the Capital Plan will be submitted after the summer break once the Eastwood Leisure public consultation has concluded.

Further information is available from:

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KEY WORDS

General Fund Capital Plan 2018/19 to 2025/26, early learning and childcare, Barrhead High School.