



### Capital Funding 2016/2017

**Committee** Strategy & Programmes Committee

**Date of meeting** 29 January 2016

**Date of report** 13 January 2016

#### Report by Assistant Chief Executive (Business Support)

##### 1. Object of report

To advise the Committee of the outcome of the Scottish Governments draft budget announcements and the implications for SPTs future capital plans and programme.

##### 2. Background

Members will be aware that previous Comprehensive Spending Reviews (CSR) has resulted in an announcement of capital support to SPT spanning periods of 3 years. Historically the level of support for general capital grant award was £25m per annum, although this was reduced in the last 3 years to £15.3m, £22.5m and £21.9m. General capital grant awards have been supplemented by additional specific project awards e.g. Fastlink grant, plus ERDF funding and support from the revenue budget to ensure that the agreed Partnership priorities of support to bus including bus infrastructure, subway modernisation and transport infrastructure across the region has been maintained.

The award of a three year settlement has previously allowed SPT to plan and prepare a rolling three year transport infrastructure plan – this is critical to the successful planning, procurement and delivery of transport infrastructure. Members will be aware that many projects delivered by SPT, or indeed grant funded for delivery by partners, span more than one financial year and the 3 year rolling programme has supported this.

##### 3. Outline of proposals

Members will be aware that the Scottish Government announced a single year draft budget on the 16 December 2015. Within this, SPT has been advised that the level of general capital support has been included at £16.034m for 2016/2017 with no information available for future years. This level of support is significantly less than had previously been expected (circa £22m) – approximately 30% less. While this reduction is consistent with the level of reduction across all councils, this much reduced grant settlement combined with the single year award has significant implications for the future development of the capital plan.

The level of support to the subway modernisation project in 2016/2017 has also been amended – while the total available support over a number of years remains the same, SPT had expected to receive funding of approximately £45m in 2016/2017 with draft profiles for the future years. The information to date has intimated that the level of support in 2016/2017 will now be £20m with the remaining £25m being re-profiled over future years. While the

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total remains the same this change in profile will require careful management and require use of the subway modernisation fund at an earlier stage than had been anticipated.

The implications of the recent announcements has resulted in the need to review the capital programme for future years and the timing of project delivery. This exercise involves a significant review and working with partners to maximise the delivery but clearly within the resources available. Equally the announcement of a single year award for general capital award has implications for the award of contracts that may run beyond 2016/2017.

SPT is seeking to continue dialogue with Transport Scotland to ascertain whether any additional support is available in the current year to assist with the reduction announced in future years, although at this stage this looks unlikely.

As a result it is necessary to delay the submission of a 2016/2017 capital investment plan. It is considered prudent to continue with the assessment of projects internally while assessing in detail the impact of any run overs from the current year which may require to be funded from the reduced budget settlement. This will mean that the draft capital budget and investment plan will be presented at the March Committee for review.

## 4. Conclusions

The announcement of a reduced single year capital investment award has significant implications on SPT and its partners, to deliver improved transport infrastructure across the region, and will result in a delay in a final investment plan being submitted for approval. All partners were advised of the implications of the budget announcement and collectively are working towards a balanced position.

## 5. Committee action

The Committee is recommended to note the draft budget announcement and the implications for transport infrastructure investment and delivery across the region.

## 6. Consequences

Policy consequences	<i>None directly</i>
Legal consequences	<i>None directly although entering into contracts for delivery will commit SPT to future expenditure.</i>
Financial consequences	<i>Significant – much reduced levels of support to capital investment will result in reduced delivery</i>
Personnel consequences	<i>None directly</i>
Equalities consequences	<i>May result in projects being delayed</i>
Risk consequences	<i>Award of contracts may be delayed until future funding levels are known.</i>

**Name** Valerie Davidson  
**Title** **Assistant Chief Executive  
(Business Support)**

**Name** Gordon MacIennan  
**Title** **Chief Executive**

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For further information, please contact *Valerie Davidson Assistant Chief Executive (Business Support)* on telephone number 0141 333 3291.