

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE:</b>	Finance and Resources
<b>DATE:</b>	2 December 2010
<b>DIRECTOR:</b>	Stewart Carruth
<b>TITLE OF REPORT:</b>	Non Housing Capital Programme 2010/2011 Monitoring Report and Progress on Future Years
<b>REPORT NUMBER:</b>	CG/10/197

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### 1. PURPOSE OF REPORT

This report provides an update to Committee of the progress across all services on projects within the 2010/11 Non Housing Capital Programme as at 31 October 2010 and provide details of the progress to date on reviewing and developing the programme for 2011/12 and beyond.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Note the current position on the Non Housing Capital Programme for 2010/2011 and future years; and
- b) Instruct the Head of Finance and/or Head of Asset Management and Operations to continue to update the Committee, in consultation with the Directors, on the overall position and projected out-turn of the Non Housing Capital Programme.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The monies required to fund the capital programme are achieved through external borrowing, capital receipts and grant income.
- 3.2 The overall cost of capital is calculated on a Council wide basis and therefore the impact on the Council is included within this summary report. It is important that approved projects are managed and monitored in a robust way to ensure there is accuracy in relation to expenditure projections and thereby enable the Council to calculate and evaluate the overall need for, and cost of, borrowing. To facilitate this process detailed information on a project by project basis is reported to each service

committee as any variation will impact on the Council's General Fund revenue account.

#### 4. OTHER IMPLICATIONS

Failure to invest adequately in the Council's asset base may lead to the erosion of those assets and their value. It may also reduce the effectiveness and efficiency of service delivery and furthermore lead to the Council not complying with current health and safety requirements. If the continuation of close budgetary control is not exercised and maintained the Council may operate out with the capital control mechanisms laid down by the Scottish Government in relation to the Prudential Code for the 2010/2011 Non Housing Capital Programme.

#### 5. BACKGROUND/MAIN ISSUES

##### **Capital Programme 2010/11**

- 5.1 The financial statement at Appendix 1 outlines the current position as at 31 October 2010.
- 5.2 The revised programme is now £108.474 million, prior to any allowance for project variations and slippage (ie. the anticipated underspend on the total programme which will "slip" from one year to the next). A review of the programme has identified a minimum required spend level of £80.275 million. This committee has previously confirmed that funding for the programme should remain at the previously approved level of £69.114 million and instructed officers to proactively manage spend to be within this limit. Thus, anticipated spend must be reduced by £11.161 million.
- 5.3 To facilitate the process of bringing expenditure to a sustainable position, regular meetings are being held with service representatives to scrutinise spend profiles and agree likely levels of expenditure for each project.
- 5.4 The re-profiling of budgets to the minimum requirement also affects the funding profile, with the previously assumed level of contributions and sponsorship in relation to projects not now being available as the associated spend will not be incurred in the year. In order to maintain the funding level at £69.114 million, the un-supported borrowing level has to increase by £6.5 million. A provision of £0.75 million has been made in the revenue budget forecast outturn to cover any potential impact of this additional un-supported borrowing and any potential for the total expenditure not being reduced to £69.114 million
- 5.5 The total payments made as at 31 October 2010 are approximately £32.556 million or 47% against the funded programme of £69.114 million.

This figure does not reflect commitments made through accepted tenders etc.

- 5.6 The Council previously agreed that £15 million of capital receipts held within the Capital Fund be utilised to fund a specific programme of capital works. A balance of £0.535 million is available to spend during 2010/11. It was agreed by Council in February 2010 that no further carry forward of unspent balances will be available after 31 March 2011. The current position is reflected in Appendix 2.

### **Capital Programme 2011/12 and Beyond**

- 5.7 Work is ongoing through the Corporate Asset Group to review the programme for both the current and future years, to ensure it links with Priority Based Budgeting (PBB) and Asset Management Plans. The review encompasses both currently approved projects and the identification of new bids resulting from the Priority Based Budgeting exercise.
- 5.8 An initial high level exercise has been undertaken to score projects in terms of avoidability, linkage to PBB, urgency and alternative methods of financing. The next steps are to consider the risks associated with each project and to refine the timing and spend profiles of projects in order to propose a sustainable programme for future years, taking account of funding availability and affordability.
- 5.9 Appendix 1 includes the estimated budget for 2011/12 as approved by Council in February 2010. This will change as a result of the aforementioned review of the programme with updates being reported to committee as appropriate in due course.

## **6. IMPACT**

- 6.1 Corporate – the capital programme encompasses projects which will link in one or several ways to the Community Plan, Single Outcome Agreement, Corporate and Individual Service Plans and *Vibrant, Dynamic & Forward Looking*.
- 6.2 Public – this report will be of interest to the public as it demonstrates financial performance.

## **7 BACKGROUND PAPERS**

None

## **8 REPORT AUTHOR DETAILS**

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	(Council Feb 10) Approved Budget 2010/2011	Adjustments & Carry Forward from 2009/2010	Revised Budget 2010/2011	Service Determined Minimum Required 2010/2011	Actual Spend at Oct 2010 *	(Council Feb 10) Estimated Budget 2011/2012
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>						
Corporate Governance	12,720	738	13,458	8,403	2,572	4,204
Education, Culture and Sport	13,524	3,312	16,836	8,120	3,187	24,196
Enterprise, Planning and Infrastructure	56,234	2,847	59,081	51,416	20,694	28,975
Housing and Environment	12,174	4,817	16,991	11,791	6,103	9,352
Social Care and Wellbeing	2,108	0	2,108	545	0	200
<b>Expenditure</b>	<b>96,760</b>	<b>11,714</b>	<b>108,474</b>	<b>80,275</b>	<b>32,556</b>	<b>66,927</b>
Add: Prior Year Slippage (100%)	1,915	0	0	0	0	29,603
<b>Expenditure</b>	<b>98,675</b>	<b>11,714</b>	<b>108,474</b>	<b>80,275</b>	<b>32,556</b>	<b>96,530</b>
Less: Slippage	(29,603)	0	(39,360)	(11,161)	0	(28,959)
<b>Expenditure</b>	<b>69,072</b>	<b>11,714</b>	<b>69,114</b>	<b>69,114</b>	<b>32,556</b>	<b>67,571</b>
Capital Fund Projects	812	(277)	535	535	0	0
<b>Total Expenditure</b>	<b>69,884</b>	<b>11,437</b>	<b>69,649</b>	<b>69,649</b>	<b>32,556</b>	<b>67,571</b>
<b>Funding</b>						
Supported Borrowing	10,321	0	10,321	10,321	10,321	10,321
Un-supported Borrowing	35,325	0	35,325	41,825	12,777	15,896
General Capital Grant	13,286	42	13,328	13,328	7,775	13,286
Specific Capital Grant	365	0	365	365	0	0
Capital Receipts – Sales	2,775	0	2,775	2,775	1,373	19,215
Capital Receipts - Contributions	4,000	0	4,000	500	310	8,612
Capital Receipts - Sponsorship	3,000	0	3,000	0	0	0
Use of Capital Fund	812	(277)	535	535	0	0
<b>Total Income</b>	<b>69,884</b>	<b>(235)</b>	<b>69,649</b>	<b>69,649</b>	<b>32,556</b>	<b>67,571</b>
<b>Projected Over/(Under) Spend</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

– Actual spend to end Oct 2010 reflects payments made and processed.

## Appendix 2

### Projects Funded from the Capital Fund

		<b>Budget £'000</b>	<b>Total Spend to Date £'000</b>	<b>Under / (Over) Spend £'000</b>	<b>Funding Required £'000</b>	<b>Comment</b>
1	ICT Schools	300	300	0	0	Complete
2	ICT Continuous Improvement	700	326	374	34	Surplus funding removed.
3	Roads Investment	5,000	4,872	128	0	Complete
4	Street Lighting	4,000	4,000	0	0	Complete
5	Repairs and Maintenance – Health & Safety	2,000	488	1,512	0	Removed (per F&R Committee 17/09/09)
6	Improvements to Play Parks	450	403	47	47	Projects to be identified
7	Improving DDA Access	375	370	5	0	Complete
8	Improvements to Car parks	250	206	44	0	Complete
9	George Street	575	468	107	107	Projects to be identified
10	Improvements to Public Toilets	250	163	87	87	Projects to be identified.
11	Small Environmental Improvements	100	180	(80)	0	Complete
12	ICT investment	200	190	10	10	Final spend on E-Procurement project.
13	CRM investment	550	451	99	0	Complete
14	Investment in Cleaning	250	0	250	250	Held pending additional vehicle parking facilities.
	<b>Total</b>	<b>15,000</b>	<b>12,417</b>	<b>2,583</b>	<b>535</b>	