

COMMITTEE: Finance and Resources

DATE: 1 February 2011

DIRECTOR: Stewart Carruth

TITLE OF REPORT: Non Housing Capital Programme 2010/2011
Monitoring Report

REPORT NUMBER: CG/11/006

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 December 2010.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Note the current position on the Non Housing Capital Programme for 2010/2011; 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 budget.

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

- 5.1 The financial statement at Appendix 1 outlines the current position as at 31 December 2010.
- 5.2 The revised programme is now £108.454 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). 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.
- 5.3 To facilitate the process of bringing expenditure to a sustainable position, regular meetings have been held since September with service representatives to scrutinise spend profiles and agree likely levels of expenditure for each project.
- 5.4 An initial review of the programme identified a minimum required spend level of £80.275 million, some £11.161 million above the funded level. The review process has continued with the current minimum required spend level being £76.219 million. This represents a decrease of £4.056 million which means that anticipated spend must now be reduced by a further £7.105 million.
- 5.5 The extended spell of winter weather from late November through December and into January will have an impact on a significant number of projects which should bring the end of year figure much closer to the limit approved by Committee in September.
- 5.6 The total payments made as at 31 December 2010 are approximately £39.201 million or 57% against the funded programme of £69.114 million. This figure does not reflect commitments made through accepted tenders etc.
- 5.7 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 £0.532 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.

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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Appendix 1	(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 Dec 2010 *	Variance Actual v Service Determined Minimum Required
	£'000	£'000	£'000	£'000	£'000	£'000
<u>Expenditure</u>						
Corporate Governance	12,720	718	13,438	7,074	4,869	2,205
Education, Culture and Sport	7,524	3,312	10,836	6,124	3,109	3,015
Enterprise, Planning and Infrastructure	62,234	2,847	65,081	53,268	25,478	27,790
Housing and Environment	12,174	4,817	16,991	9,220	5,626	3,594
Social Care and Wellbeing	2,108	0	2,108	533	119	414
Expenditure	96,760	11,694	108,454	76,219	39,201	37,018
Add: Prior Year Slippage (100%)	1,915	0	0	0	0	0
Expenditure	98,675	11,694	108,454	76,219	39,201	37,018
Less: Slippage	(29,603)	0	(39,340)	(7,105)	0	0
Expenditure	69,072	11,694	69,114	69,114	39,201	37,018
Capital Fund Projects	812	(277)	535	535	3	532
Total Expenditure	69,884	11,417	69,649	69,649	39,204	37,550
<u>Funding</u>						
Supported Borrowing	10,321	0	10,321	10,321	10,321	0
Un-supported Borrowing	35,325	0	35,325	41,825	17,195	24,630
General Capital Grant	13,286	42	13,328	13,328	9,996	3,332
Specific Capital Grant	365	0	365	365	0	365
Capital Receipts – Sales	2,775	0	2,775	2,775	1,379	1,396
Capital Receipts - Contributions	4,000	0	4,000	500	310	190
Capital Receipts - Sponsorship	3,000	0	3,000	0	0	0
Use of Capital Fund	812	(277)	535	535	3	532
Total Income	69,884	(235)	69,649	69,649	39,204	30,445
<u>Projected Over/(Under) Spend</u>	0	0	0	0	0	0

- Actual spend to end Dec 2010 reflects payments made and processed.

Appendix 2

Projects Funded from the Capital Fund

		Budget £'000	Total Spend to Date £'000	Under / (Over) Spend £'000	Funding Required £'000	Comment
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	471	104	104	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.
	Total	15,000	12,420	2,580	532	