

ABERDEEN CITY COUNCIL

COMMITTEE:	Finance and Resources
DATE:	16 June 2011
DIRECTOR:	Stewart Carruth
TITLE OF REPORT:	Non Housing Capital Programme 2010/2011 Monitoring Report
REPORT NUMBER:	CG/11/068

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 to the end of the financial year.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Note the pre-audit year end position on the Non Housing Capital Programme for 2010/2011;
- b) Instruct the Head of Finance to report in due course on the audited out-turn following completion of the 2010/11 external audit process;
- c) Agree that a continued commitment of £183,000 is held against the capital fund in relation to the Investment in Cleaning in order to complete the project; and
- d) Note that the monitoring for the 2011/12 Non Housing Capital Programme will be managed by the Corporate Asset Group and officers from the Enterprise Planning and Infrastructure service.

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.

- 3.3 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.
- 3.4 The impact of borrowing a total of £47.618 million has been included in the revenue budget year end position.

4. OTHER IMPLICATIONS

- 4.1 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 pre-audit year end position, as at 31 March 2011.
- 5.2 The revised programme was £108.454 million, prior to any allowance for project variations and slippage (i.e. the anticipated underspend on the total programme which will "slip" from one year to the next). This committee 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 2010 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 and with significant movements in a number of projects the full year projected spend was £56.966 million. This was £12.148 million below the funded level of £69.114 million.
- 5.5 The Corporate Asset Group has assessed the need for funding to be carried forward into 2011/12 to complete unfinished projects, and this is the subject of a separate report to this committee (EPI/11/169).

- 5.6 The final expenditure recorded for the 2010/11 year end was £63.402 million. This was 111.3% of the Service Determined Projected Spend of £56.966 million, and 91.7% of the funded budget level of £69.114 million.
- 5.7 The final expenditure figures include accrued project retentions of £2.1 million while final construction measurements to 31 March 2011 have also been allowed for. The largest year end variances from previous projections are attributable to the timing of the valuation claims for Marischal College; the year end claim for the 3Rs project; and the repayment of the Police Capital Grant.
- 5.8 In addition to the regular Capital Programme, 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 was 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 year end position is reflected in Appendix 2 and it should be noted that due to vehicles being ordered but not having been received by the end of the financial year there will be a requirement to carry forward a commitment of £183,000 towards this into 2011/12.

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 Projected Spend 2010/2011	Actual Spend at March 2011 *	Variance Actual v Service Determined Projected Spend
	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure						
Corporate Governance	12,720	718	13,438	6,053	5,355	(698)
Education, Culture and Sport	7,524	3,312	10,836	4,922	6,208	1,286
Enterprise, Planning and Infrastructure	62,234	2,847	65,081	36,785	42,899	6,114
Housing and Environment	12,174	4,817	16,991	8,932	8,676	(256)
Social Care and Wellbeing	2,108	0	2,108	274	264	(10)
Expenditure	96,760	11,694	108,454	56,966	63,402	6,436
Add: Prior Year Slippage (100%)	1,915	0	0	0	0	0
Expenditure	98,675	11,694	108,454	56,966	63,402	6,436
Less: Slippage	(29,603)	0	(39,340)	0	0	0
Expenditure	69,072	11,694	69,114	56,966	63,402	6,436
Capital Fund Projects	812	(277)	535	535	146	(389)
Total Expenditure	69,884	11,417	69,649	57,501	63,548	6,047
Funding						
Supported Borrowing	10,321	0	10,321	10,321	10,321	0
Un-supported Borrowing	35,325	0	35,325	41,825	37,297	(4,528)
General Capital Grant	13,286	42	13,328	13,328	13,328	0
Specific Capital Grant	365	0	365	365	365	0
Capital Receipts – Sales	2,775	0	2,775	2,775	1,580	(1,195)
Capital Receipts - Contributions	4,000	0	4,000	500	511	11
Capital Receipts - Sponsorship	3,000	0	3,000	0	0	0
Use of Capital Fund	812	(277)	535	535	146	(389)
Total Income	69,884	(235)	69,649	69,649	63,548	(6,101)
Projected Over/(Under) Spend	0	0	0	(12,148)	0	12,148

*Actual spend to end March 2011 reflects payments made and processed, and accruals for retentions and unpaid valuations

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	0	Removed (per Council Feb 10)
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	450	0	0	Completed in 2010/11
7	Improving DDA Access	375	370	5	0	Complete
8	Improvements to Car parks	250	206	44	0	Complete
9	George Street	575	473	102	0	Removed (per Council Feb 10)
10	Improvements to Public Toilets	250	192	58	0	Removed (per Council Feb 10)
11	Small Environmental Improvements	100	180	(80)	0	Complete
12	ICT investment	200	190	10	0	Removed (per Council Feb 10)
13	CRM investment	550	451	99	0	Complete
14	Investment in Cleaning	250	67	183	183	Originally held pending additional vehicle parking facilities being available; vehicle now ordered.
	Total	15,000	12,565	2,435	183	