

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	29 September 2011
DIRECTOR	Gordon McIntosh
TITLE OF REPORT	Capital Monitoring – Non Housing Capital Programme 11/12
REPORT NUMBER:	EPI/11/247

1. PURPOSE OF REPORT

To advise the Committee of the capital spend to date for the projects included within the Non-Housing Capital Programme and to advise of the ongoing work in relation to future years' programmes.

2. RECOMMENDATIONS

- 1) The Committee note the current position.
- 2) The Committee approves, in principle, the implementation of "in year" bids of up to £250,000, supervised by the Corporate Asset Group after consultation with the Convenor & Vice Convenor.
- 3) The Committee notes the action of delegated authority from the Head of Service – Asset Management & Operations.
- 4) The Committee approves the inclusion of the additional projects in the Capital Plan:
Item 666 – Corporate Asset Management
Item 784 - Vehicle Replacement
Item 790B - ICT Investment Programme - Fleet Management Software

3. FINANCIAL IMPLICATIONS

The monies required to fund these projects are achieved through external borrowing, capital receipts and grant income. These projects are all accommodated within the Non-Housing Capital Programme. Any underspend, carry forward or overspend will have implications for the programme. At present, there is a projected overspend of £422,000 on Item 630 – Data Centre Move.

4. OTHER IMPLICATIONS

There are no other implications at this time but as projects progress or indeed fail to progress then other implications may arise and these will be reported to an appropriate Committee.

5. BACKGROUND/MAIN ISSUES

5.1 Introduction

As reported at the Finance & Resources Committee on 17 June 2011 the overall responsibility for the monitoring/management of the Capital Programme lies with the Head of Asset Management & Operations. The Planning & Monitoring Officer within Asset Management & Operations is in regular contact with the Service Representatives and the Capital Accountant, reporting in the first instance to the Corporate Asset Group. This ensures that the spend figures are accurately updated on a monthly basis.

5.2 Current Overall Position

The original funded position for the Non Housing Capital Programme in 11/12 was £40 million. Taking into account adjustments for confirmed additional Capital funding, the total budget is £41.474 million. Adjustments that account for additional funding are:

- Funding obtained from the Heritage Lottery Fund towards Duthie Park Improvements (Item 244) , totalling £483,000
- Capital Grants supporting the Clinterty Travelling Persons Site (Item 775) totalling £120,000
- A bequeathment to fund replacement greenhouses at Duthie Park, totalling £297,000 (Item 792)
- A capital contribution of £65,000 from AECC towards the provision of a storage area at the AECC Pavilion (Item 791)
- A contribution of £45,087 from the sale of vehicles, required to complete the funding for vehicle replacements (Item 784)

The total expenditure at the end of period 4 is £15.753 million. This represents a 37.9% spend of the total budget. Appendix A provides a summary of this spend.

Discussions so far have not identified any over spend predictions in the overall Capital Programme. Variances in monthly spend compared to predicted spend have been identified in some cases, which has resulted in spend profiles being amended.

Indications are that Item 663 - Corporate Office Accommodation project, is currently profiled to be under spent by a further £2.188 million.

The Regional Sports Centre - 50m Pool project, as approved by Education, Culture & Sport committee on June 2, was added to the

Capital Plan in Period 3. The £1 million Council contribution for this year is accommodated within the original £40 million budget. Current profiles indicate that the project will not create an overall overspend, due to the saving indicated by the under spend from the Corporate Office Accommodation project.

Item 784 - Vehicle Replacement was added to the Capital plan with the approval of the Corporate Asset Group. The project budget is the additional funding that was required to purchase 3 electric vans and a hybrid Transit van in April. The Scottish Government provided £127,475 of grant money to fund energy efficient vehicles, however the overall cost of the vehicles was £172,562, leaving a funding gap of £45,087. The sale of vehicles this financial year will cover the funding gap. At present there is £8,000 required to complete the cost of this additional item.

The Committee should note that the following two projects are currently profiled to exceed the approved budgets:

Item 630 - Data Centre Move. Projected overspend £422,000.

The Corporate Asset Group is aware of this projected overspend and it should be noted that the overall programme is still within budget. The Corporate Asset Group approved expenditure, subject to this Committee approval, for the purchase of Microsoft licences required for the Virtual Desktop Environment which is a contractual responsibility of the Council. The original whole life cost of this project was £4.4 million, however the expected out turn is now profiled at £3.9 million. This will complete the Data Centre Move project.

Item 790 - ICT Investment Programme. With a projected overspend of £60,000, this item has been given a new Capital code 790B, with the approval of the Corporate Asset Group, and is being used to fund fleet management software the budget holder erroneously thought that approval had been given to cover the cost of the software. Corporate Asset Group recognised the significant revenue savings to the Council by the introduction of this software. The spend falls within the 10% overspend threshold delegated to the Asset Management & Operations Head of Service and has been approved by the Corporate Asset Group.

The following project was not in the original approved Capital Programme and was added for the reasons detailed:

Item 666 – Corporate Asset Management System was included in last years Capital Plan and was not identified as a required carry forward. Discussions had taken place between the budget holder and Finance in March, before the new mechanism for Financial Monitoring was put in place, to provide a carry forward of £30,000. As a result, spending of £7,000 has occurred on this item, expected to rise to £30,000. Spend has been on training for the Council's CONFIRM system, which is part

of the Corporate Asset Management system. This additional item can be accommodated within the current Capital Programme.

5.3 Capital Receipts

The projected target for Capital Receipts for this Financial Year is £6.735 million. At the end of the current reporting period, a total of £416,000 in Capital Receipts has been confirmed. It should be noted that an additional £590,000 was subsequently received in August. There is one significant Receipt that accounts for almost 50% of the projected £6.735 million total. The timing of the conclusion of this receipt has a significant impact on the overall Capital Programme and will require to be carefully monitored and managed. The current advice from the prospective purchaser is for the receipt to be concluded in February 2012. Without assurances that this date is fixed, there is a significant risk to the programme as a result of the uncertainty of funding. This may require Officers to propose mitigating measures to the next meeting of the Committee.

5.4 In Year Bids

At the end of July the reported profiles from budget holders projected an anticipated final outturn of £40.143 million, representing a saving of £822,000. If it can be established that the Capital Plan can support it, the Corporate Asset Group have suggested that in-year bids could, in consultation with the Convenor and the Vice Convenor be considered to help alleviate budget pressure in future years.

It is suggested that bids up to a maximum of £250,000 each would be considered; each bid would have a supporting Business Case. The Corporate Asset Group will be reviewing this matter at its meeting on 26 September and today's Committee will be advised of its views.

5.5 Condition & Suitability Programme

A Capital budget of £6,245,000 has been allocated to allow the continued condition and suitability work to be progressed. This work is specifically aimed at increasing the expected useful life of the buildings on which work is to be carried out. At its meeting on 21 April 2011, the Committee requested an update of progress on this programme of work be reported to every second meeting of this Committee.

The approved programme comprises 60 projects in total. Based on figures to the end of August, a total of 16 projects with a value of £1.654 million have now been completed. A further 10 projects totalling £1.384 million are now legally committed. The total spend to date, including professional fees and consultants fees, is £1.861 million which represents 29.79% of the total budget. A detailed breakdown of the progress on individual projects is shown in Appendix B.

6. PREPARATION FOR FUTURE FINANCIAL YEARS

The Corporate Asset Group at its meeting on 25 July instructed the General Manager – Asset Management to begin consulting all Services on the development of the Capital Plan 2012 / 13. This work will include reviewing existing projects, whose timescale is over one financial year; rolling programmes for Condition & Suitability, Roads Infrastructure and ICT; and potential new application for funding.

The Corporate Asset Group at its meeting on 29 August approved the preparation of a detailed business case for a number of projects; this work is to be completed during September and October. As part of the consideration of future Capital budgets, the Corporate Asset Group will, as part of this ongoing work, consider how a number of significant projects can be delivered at a time of financial restraint. It is anticipated that the review of Capital projects and the implications for future Capital plans will be completed within the already agreed timescale for the preparation of the Council's Capital budget.

7. IMPACT

Corporate - The capital programme encompasses projects which link to the Community Plan, Single Outcome Agreement, Corporate and Individual Service Plans and Vibrant, Dynamic & Forward Looking.

Public - This report will be of interest to the public as it outlines the Council's capital spending to date on Non Housing Capital Projects.

8. BACKGROUND PAPERS

Non-Housing Capital Programme 2011/12 – Monitoring Report approved at Finance & Resources Committee on 17 June 2011.

9. REPORT AUTHOR DETAILS

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Appendix A - Non Housing Capital Programme 11/12

Corporate Governance

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
630	Data Centre Move	1,111	1,533	97	1,227	8.7%
<p>Notes Project has anticipated £422,000 overspend.</p>						
657B	Customer First Programme - Frederick Street	920	174	0	0	2.2%
<p>Notes A decision to fund £729,000 for the Joint Customer Contact Centre with Grampian Police has been deferred to next year. The remaining Capital for this project is identified as a saving this financial year and will be subjected to a new bid next year if required.</p>						
769	Police - Capital Grant	1,900	1,897	633	1,897	33.3%
<p>Notes Capital spend on this project is divided into 12 equal instalments from the base budget. Monies not spent from this budget remaining at the end of the financial year are paid back to the Council in full.</p>						

Appendix A - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
790	ICT Investment Programme	676	673	50	43	7.3%
<p>Notes ICT Rolling Programme Currently profiling under spend of £3,000.</p>						
790B	ICT Investment Programme - Fleet Management Software	60	60	0	60	0%
<p>Notes Item added to Capital Plan by agreement from Corporate Asset Group in June. This was the final part of a larger project and the budget holder erroneously thought that approval had been given to cover the cost of the software. Corporate Asset Group recognised the significant revenue savings to the Council by the introduction of this software.</p>						

Appendix A - Non Housing Capital Programme 11/12

Education, Culture & Sport

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
682	Music School Accommodation	5	6	6	0	12.9%
<p>Notes Project completed and Making Good Defects Certificate issued.</p>						
742	Outdoor Education Move to Kingswells	6	6	0	0	2.2%
<p>Notes Payment of £6,000 to contractor to settle final account due in September.</p>						
750	Information Communication Technology Connectivity	105	105	0	0	0%
<p>Notes Project carried forward from last year. Milestone payments due in August and October.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percent of Budget Spend to July 31
773	Bucksburn / Newhills Proposed Amalgamation	50	50	0	4	0%
<p>Notes Budget exclusively for Design Team professional fees.</p>						
776	Provision for Children with Complex Needs	316	316	0	220	0%
<p>Notes Budget to pay decant works and further investigative works.</p>						
780	Oldmachar Academy Heating/Ventilation	2	2	0	2	0%
<p>Notes Project completed on budget– Certificate of Making Good Defects has been issued.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Housing & Environment

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
244	Duthie Park & Winter Gardens - Cost Net of Heritage Lottery Funding	505	505	3	483	0.5%
<p>Notes A Heritage Lottery Fund grant is used as additional funding for 48.9% of total spend. The Capital spend for this year will be offset by a contribution from the Common Good Fund.</p>						
497	Ness Landfill Restoration	5,133	5,133	0	3,000	0%
<p>Notes Legal commitments totalling £3,000,000 – spend will pick up as work is completed and invoices are paid.</p>						
738	Replacement of Cremators	101	101	49	52	48.5%
<p>Notes Certificate of Making Good Defects issued. Final balance to be paid to the Non Housing Design Team for professional fees.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
766	Hill of Tramaud Landfill - Change of Law Costs	881	881	0	0	0%
<p>Notes Payments going through for this project currently offset by accruals from last year. Spend profiled to increase dramatically in the second half of the financial year.</p>						
775	Clinterty Travelling Persons Site (net of grant)	160	105	105	105	65.6%
<p>Notes It is possible that there will no further spend on this project. If so the unspent funding will require repayment to the Scottish Government., negating any potential saving.</p>						
779	Private Sector Housing Grant	1,750	1,750	474	1,335	27%
<p>Notes This item involves all payments going through Revenue (Housing Finance) and converted to Capital in one lump sum at the end of the year. It is expected that the full budget will be comfortably spent by the end of the financial year.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
792	Duthie Park & Winter Gardens Replacement Greenhouses	297	297	0	0	0%
<p>Notes Project funded entirely through bequeathed Capital from a late member of the public. The Non Housing Design team are administering the contract.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Social Care & Wellbeing

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Year £'000	Full	Actual Spend July 31 £'000	to	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
691	Integrated Drugs Service	650		650	650		0	100%
<p>Notes Project completed on budget in May.</p>								

Appendix A continued - Non Housing Capital Programme 11/12

Enterprise, Planning & Infrastructure

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
294	Corp Property Condition & Suitability Programme	6,245	6,245	807	2,870	12.9%
<p>Notes Refurbishments at several schools ongoing over the summer. Payments to contractor will follow August / September. Work continuing on a number of other projects.</p>						
551	Cycling Walking Safer Streets Grant	307	307	7	0	2.2%
<p>Notes Initial spend has been on investigative works. Work is being carried out in – house so spend will increase at the end of the year once works has been carried out and works contractor has been paid.</p>						
587	Access From the North	150	150	0	0	0%
<p>Notes All current project expenditure will be recharged to NESTRANS to their total agreed contribution of £250k. Thereafter the £150k in the NHC budget will be spent. A decision on whether the £150,000 in the NHC budget will be required will be made in the fourth quarter of the year.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
627	Western Peripheral Route	1,050	1,050	141	979	13.4%
<p>Notes The estimated expenditure for this financial year includes the purchase and relocation of properties which are large expenditure items. Transport Scotland is the lead with regard as to whether these monies will be spent.</p>						
663	Corporate Office Accommodation	12,067	9,879	8,602	4,811	71.2%
<p>Notes A saving of £2,188,000 is currently projected on this project through Marischal College underspend.</p>						
717	Regional Sports Centre - 50m Pool	1,000	1,000	323	1,000	32.3%
<p>Notes Discussions are ongoing between Finance and Aberdeen University as to how the contribution from the University (£645,558) will be recharged to this project.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
765	Nestrans - Capital Grant	1,411	1,411	0	0	0%
<p>Notes There will be no actual spend on this project until the profiled months of August and February, when NESTRANS invoice the Roads Team. It is understood that £56,000 has been incurred in relation to issues relating to Access From the North</p>						
778	3R's Furniture, Fittings & Equipment and Other Works	150	150	16	60	10.6%
<p>Notes Budget to cover additional items of furniture and minor works to 3R's schools.</p>						
782	Biomass Heating - Duthie Park Winter Gardens	0	0	0	0	0%
<p>Notes Project funded entirely through CEEF funding, therefore no Capital spend this year.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
784	Vehicle Replacement	0	25	25	0	100%
<p>Notes The sale of vehicles this financial year is expected to cover the additional costs involved with the purchase of energy efficient vehicles.</p>						
788	AECC Pavilion for Offshore Europe Conference	1,065	1,065	225	1,059	21.1%
<p>Notes Project reaching completion in time for Offshore Europe Conference. Payments to contractor expected to be completed by end of September.</p>						
789	Planned Renewal & Replacement of Road Infrastructure	3,693	3,693	716	421	19.3%
<p>Notes Work progressing on a number of projects. Majority of spend has been £290,000 of resurfacing works.</p>						

Appendix A continued - Non Housing Capital Programme 11/12

Project I.D.	Project Description	Total Budget 11/12 £'000	Projected Spend Full Year £'000	Actual Spend to July 31 £'000	Legal Commitments to July 31 £'000	Percentage of budget spent to July 31
791	Land Acquisition - Contingency	700	700	0	0	0%
<p>Notes Negotiations ongoing regarding sale of land at Mill of Dyce.</p>						

**Appendix B - Corporate Condition & Suitability Programme
Completed Projects**

Location	Project Details	Date of completion
Aberdon House	Demolition	02 September 2011
Aberdon House	Asbestos Removal	
Ashley Primary	Asbestos Removal phase 2	12 August 2011
Ashley Primary	Replacement Boilers & Heating System	12 August 2011
Balgownie Primary School	Demolition	15 July 2011
Bridge of Don Academy	Remove and Replace compressors & Pool AHU	09 August 2011
Culter Primary	Fire detection system and FRA works	05 August 2011
Danestone Primary	Replace convectors with LST radiators	05 August 2011
Gilcomstoun Primary	Replacement Windows (Part School)	05 August 2011
Grammar School	Replacement Windows-Science/Technical	31 July 2011

**Appendix B continued - Corporate Condition & Suitability Programme
Completed Projects**

Location	Project Details	Date of completion
Harlaw Academy	Replacement Windows - Stairwells	19 August 2011
Hazlehead Academy	Replace Existing Polyroc Water Services	15 August 2011
Kincorth Academy	Replace Existing Polyroc Water Services	15 August 2011
Scotstown Primary	Toilet Refurb	02 August 2011
Scotstown Primary	Windows	
Scotstown Primary	Asbestos Removal	
Scotstown Primary	Replacement Fire Alarm System	

**Appendix B continued - Corporate Condition & Suitability Programme
Legally Committed Projects**

Location	Project Details	Anticipated/ Actual Completion Date
Cornhill Primary	Re-Roofing of senior teaching block	09 September 2011
Cults Library	Re-Wire	5 October 2011
Dyce Academy	Replacement Windows	21 October 2011
Dyce Academy	Replace Teaching Block Roof	
Hazlehead Academy	Fire Risk Assessment Works	30 September 2011
Holy Family RC Primary	Re-Roofing and windows	11 November 2011
Kincorth Academy	Replace Lighting	12 August 2011
Sheddocksley Sports Centre	Re-Roofing	16 September 2011
Smithfield Primary	Demolition	01 July 2011
Westpark School	Roof Replacement	09 September 2011

Appendix C – Capital Receipts to August

Location	Status	Actual Receipt	Date of sale
		£'000	
2 West Craibstone Street	Sold	412	April 2011
Land at Leggart Terrace	Sold	4	April 2011
Glamis Cottage	Sold	442	August 2011
Skene Square P. S. Lodge	Sold	148	August 2011