

ABERDEEN CITY COUNCIL

COMMITTEE Council

DATE 5 February 2015

ACTING DIRECTOR Ewan Sutherland

TITLE OF REPORT Non-Housing Capital Programme 2015/16 and
Indicative 5 Year Budgets and Strategic
Infrastructure Plan

REPORT NUMBER: CG/15/19

CHECKLIST RECEIVED: YES

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide Council with details of the 2015/16 Non-Housing Capital Programme, along with indicative investment levels for the 5 year Business Plan period, and an update on the Strategic Infrastructure Plan.

2. RECOMMENDATIONS

2.1 It is recommended that Council:

- a) Approves the non-housing capital investment programme of £398 million over the 5 year Business Plan life-cycle, as attached at Appendix 1, which includes projects within the recently approved Strategic Infrastructure Plan;
- b) Approves the Prudential Indicators as attached at Appendix 4.

3. FINANCIAL IMPLICATIONS

- 3.1 Details of the proposed non-housing capital programme can be found at Appendix 1, along with details of the associated funding streams.
- 3.2 Appendix 2 contains a pictorial representation of the predicted profile of spend for projects included in the programme, which is intended to give more transparency around total project costs and start and completion dates, in order to monitor the delivery of projects. This format will be introduced into the 2015/16 monitoring process.
- 3.3 The approved capital programmes will be managed and monitored within the capital framework as set out in the Prudential Code.

4. OTHER IMPLICATIONS

- 4.1 The Council has a process for identifying and ranking projects, or bids. This process has been followed and the resulting projects are reflected in Appendix 1. This includes projects within the Strategic Infrastructure Plan as appropriate.

5. REPORT

Capital Programme

- 5.1 The non-housing capital programme has been developed and is attached at Appendix 1. In preparing the programme, officers have worked through a number of workstreams, including scoring and prioritising projects, which allowed them to be ranked against one another.
- 5.2 Appendix 2 demonstrates the expected pattern of spend over the 5 year period. It should be noted that this annual profiling is indicative and will vary as projects progress. Officers have therefore developed a more robust system for monitoring and tracking projects. Elected members will in future be able to see clearly how projects are delivered against total budget and timeline, rather than focus on annual in-year spend. This system provides a more holistic approach for monitoring capital projects.
- 5.3 Imminent changes to social care provision as a result of integration with health have resulted in a reassessment of the need for the Tillydrone Care Village facility and the withdrawal of the Health Village proposal. The Community Hub project will be progressed within the SIP programme for regeneration, in full consultation with the local community.

- 5.4 Financial close for the Aberdeen Western Peripheral Route was achieved by the main contractor on 12 December 2014. Updated financial modelling has been received from the Scottish Government by the AWPR Managing Agent and this has been incorporated into the non-housing capital plan. This modelling demonstrates an overall reduction in the AWPR project cost to Aberdeen City Council, but the shorter construction timetable has compressed the future expenditure into fewer financial years.
- 5.5 No details on the new AECC project are contained within this report. A report on progress of the project will be made to Council in March 2015, and will include details of the financial modelling and funding approach recommended.
- 5.6 The £19.250 million budget to facilitate delivery of the City Centre Masterplan is currently profiled for 2016/17. A report is due to Council in June 2015 to recommend a delivery strategy and will result in the re-profiling of this budget.
- 5.7 New projects which have been introduced since the report to Finance Policy and Resources Committee on 4 December 2014 include the 3G pitch at Dyce and the Middlefield Community Project, both of which are fully funded. Any further new capital projects which come forward with full funding solutions will be reported to Finance, Policy and Resources Committee in due course.
- 5.8 Appendix 3 shows details of the movement in the capital programme from the report presented to Finance, Policy & Resources Committee in December 2014.
- 5.9 An allowance of inflation for existing projects has been introduced into the capital programme. Tender prices have risen sharply over the 2014 calendar year, in particular Mechanical and Electrical Engineering (M&E) service costs. The most reliable information available is provided by the Building Cost Information Service which studies tender returns throughout the UK. Their indices show that M&E costs experienced sharp monthly rises of 2.5% in January 2014 and 2.6% in October 2014.
- 5.10 The construction inflation allowance of £2.5 million in 2015/16 will be monitored throughout 2015/16 and reviewed as part of the 2016/17 budget process.
- 5.11 In addition, Aberdeen's costs compared to the rest of Scotland are higher due to a number of factors:
- Competing with the oil industry for general labour requires higher regional pay rates;
 - A surge in the number of large developments in the city and surrounding areas; and
 - Local contractors and available labour are now at maximum capacity

- 5.12 Whilst not exhaustive, major projects within the programme which are planned to go to tender in 2015/16 include the new Academy to the South of the City, the Stoneywood and Greenbrae primary projects and the Altens East Waste Facility.
- 5.13 Whilst the Council is committed to reducing its overall debt portfolio, the existing capital programme will make this challenging if the contracts to be let are priced at more than the inflation provision. This will therefore increase the pressure on borrowing.
- 5.14 In arriving at the capital programme, an assessment has been made of the likely value of capital receipts that may materialise over the 5 year period, along with the value of capital grant and other grant funding. This includes a reassessment of the receipts achievable from the former Summerhill Academy site. Full Council on 8 October 2014 determined that the site would be allocated as a development site for the delivery of affordable houses through the Council's SIP Affordable Housing Project, and the anticipated receipt profile is now reflecting this decision.
- 5.15 In setting the revenue and capital budgets, members will be aware that under the Prudential Code, the level of capital investment is determined locally. Therefore, these indicators will be reviewed on an ongoing basis to ensure that the Council does not breach the indicators it sets.
- 5.16 The key objectives of the Code are to ensure:-
- The Council's capital programmes are affordable, prudent and sustainable.
 - Treasury management decisions are taken in accordance with good professional practice.
- 5.17 The Code also has the objectives of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal, and is attached at Appendix 4.
- 5.18 In setting the indicators, cognisance should be paid to the level of capital investment looking ahead for a three year period, for both the housing and non-housing capital programmes that the Council wishes to embark upon. The Code also requires that the underlying requirement to finance Public Private Partnership (PPP) projects and finance leases be included when setting the indicators.

Strategic Infrastructure Plan

- 5.19 At its meeting on 6 March 2013, Council agreed to the preparation of a Strategic Infrastructure Plan (SIP) and this plan was presented and approved at its meeting on 31 October 2013.
- 5.20 The SIP is one of the key priorities for the Council. It focuses on the delivery of our Strategic and Local Development Plans and is integral to the development of the enabling infrastructure needed to realise the aspirations of all our plans, as well as meeting the objectives in the Single Outcome Agreement. The SIP relates to the following Single Outcome Agreement objectives:
- We live in a Scotland that is the most attractive place for doing business in Europe;
 - We realise our full economic potential with more and better employment opportunities for our people;
 - We live in well-designed, sustainable places where we are able to access the amenities and services we need;
 - We value and enjoy our built and natural environment and protect it and enhance it for future generations;
 - We take pride in a strong, fair and inclusive national identity; and
 - Our public services are high quality, continually improving, efficient and responsive to local people's needs.
- 5.21 It also meets the vision of the Community Plan in promoting a strong image of the city and a sense of civic pride and promotes the redevelopment of the City Centre, which is one of the main priorities for the Community Plan and Single Outcome Agreement and supports the Council's Five Year Business Plan in terms of protecting and enhancing the built environment, attracting visitors, workers and investment to protect the economic future of the city, and, to facilitate new development projects to improve Aberdeen's living and working environment.
- 5.22 The SIP contains bold, large scale projects that will help deliver our priorities by focusing on the development of the enabling infrastructure.
- 5.23 There is no change to the core element of the SIP proposed for 2015/16 and it remains as one of the key priorities for the Council. The plan is operational with good progress being made on the delivery of the projects.

5.24 Key progress on the SIP so far includes:

- PQQ for a housing delivery partner was submitted and evaluated and ITT to follow shortly;
- Planning process started for five affordable housing sites;
- Contract awarded to take forward city centre regeneration ;
- City centre regeneration masterplan and delivery plan progressing and will be submitted to Council in June;
- Marischal Square granted planning permission;
- AECC nearing financial close and planning application to be submitted soon;
- Consultants appointed to take forward regeneration appraisal in Tillydrone, Middlefield and Torry;
- Dyce Drive ITT out and soon to award a contract;
- Third Don Crossing on site and progressing well;
- Hydrogen buses almost operational and refuelling station at Kittybrewster nearing completion;
- Contracts awarded and work starting on in-building Wi-Fi and wireless concession as part of Accelerate Aberdeen Programme; and
- Art Gallery has achieved planning permission and the contract has been awarded for the development of the Museum's Collection Centre;

5.24 Given the significance of the SIP a Programme Manager was established as part of the structure to manage the delivery, which is further monitored through the Corporate Management Team. Progress is reported each cycle to the Finance, Policy and Resources committee by way of a dashboard, and an update is due to be provided in the next committee cycle.

5.25 It should be noted, however, that the SIP was approved when the previous Council structure was in place. Delivery of the SIP was a key focus of the recently approved management restructure with responsibility for delivery now a key part of the remit of the Director for Communities, Housing and Infrastructure. Further to this the restructure will embed the multi-disciplinary team we have established, to ensure we continue to have the appropriate resource in place to deliver the SIP, in the short, medium and long term.

5.26 To support this, and give confidence and assurance that we have the right mechanisms in place, we have implemented a new governance structure that establishes appropriate reporting arrangements and ensures the appropriate level of involvement and scrutiny from both the Corporate and Senior Management Team.

5.27 This approach builds on the current tools in place and enhances, incorporates and compliments the programme delivery structure embedded within the services.

- 5.28 It provides the Council with a cohesive approach to strategic planning and gives visibility of all strategic programmes at the appropriate level as well as providing a mechanism to consider all relevant interdependencies.
- 5.29 A fundamental part of this governance is the establishment of the Strategic Infrastructure and Capital Plan Review Group. This group oversees the delivery of the SIP and Capital Plan, scrutinising and making recommendations to the Corporate Management Team at all key stages of the programmes and projects. The group also makes recommendations on new strategic infrastructure and capital asset proposals and business cases. The chair of the Group is the Director of Communities, Housing and Infrastructure with other members being the Head of Finance, Head of Commercial and Procurement, Head of Legal and Democratic, Head of Property and Land Assets, Head of Planning and Sustainable Development, Head of Policy, Performance & Resources, and the Strategic Infrastructure Plan Programme Manager.
- 5.30 Implementing the new governance structure and support arrangements will enhance our ability to deliver the SIP portfolio but also allow us to embed the same principles throughout the organisation and implement robust programme governance methodology providing a cohesive approach to deliver all strategic priorities, investment and transformational change.
- 5.31 The successful delivery of the SIP requires a package of funding options from a variety of sources, and phase two of the SIP focuses on identifying a broader strategy to develop innovative funding models to deliver current and future infrastructure needs. Work around this theme continues to pick up pace in the form of developing a bid to HM Treasury for a City Deal.
- 5.32 A City Deal will enable the delivery of the key priorities of the SIP and facilitate some of the projects which do not have funding solutions. It will also attempt to encompass the economic focus and needs of industry in a bigger scale by linking with, for example, the Nigg Bay harbour development proposed by Aberdeen Harbour Board and the City Centre Masterplan.
- 5.33 The governance approach adopted will provide the platform to deliver, both now and in the future.

6. IMPACT

- 6.1 As a recognised top priority the Council must take the necessary measures to balance its budget. Therefore, Services are expected to work within a financial constraint as defined by their annual budgets.

7. BACKGROUND PAPERS

Scottish Government Finance Circulars

8. REPORT AUTHOR DETAILS

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APPENDIX 1

Forecast Outturn 2014/15		Non-Housing Capital Programme					Total	
£'000	NHCP No.	Continuing Projects - Extend Rolling programmes	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	
£'000			£'000	£'000	£'000	£'000	£'000	
6,591	294	Corporate Property Condition & Suitability	8,100	9,000	9,000	8,000	8,000	42,100
341	551	Cycling Walking Safer Streets	338	0	0	0	0	338
1,295	765G	Nestrans Capital Grant	1,295	1,295	1,295	1,295	1,295	6,475
1,986	784	Fleet Replacement Programme	4,488	3,400	3,600	3,800	4,000	19,288
3,014	789	Planned Renewal & Replacement of Roads Infrastructure	4,180	4,000	4,000	4,000	4,000	20,180
370	789E	Street Lighting	1,300	500	500	500	1,000	3,800
680	779	Private Sector Housing Grant (PSHG)	700	700	700	700	700	3,500
14,277			20,401	18,895	19,095	18,295	18,995	95,681
Forecast Outturn 2014/15		Other Projects					Total	
£'000	NHCP No.		Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	
£'000			£'000	£'000	£'000	£'000	£'000	
0	804	Data Centre Move	2,500	500	0	0	0	3,000
671	805	Technology Investment Requirements	1,600	825	1,005	0	0	3,430
40	759	Riverbank Extension	0	0	0	0	0	0
5,625	773	New Brimmond School	3,971	333	0	0	0	4,304
220	776	Centre of Excellence (formerly ASN)	2,588	7,765	7,176	555	0	18,084
1,118	799A	Art Gallery Redevelopment - Museums Collection Centre	4,575	157	0	0	0	4,732
793	799B	Art Gallery Redevelopment - Main Contract (HLF)	10,364	13,752	3,944	508	0	28,568
334	808	New Academy to the South	6,413	18,240	11,826	1,015	0	37,494
0	809	New Millimber Primary	0	0	0	500	11,000	11,500
0	823	Music Hall Refurbishment	200	800	0	0	0	1,000
30	828	Greenbrae Primary Extension and Internal Works	2,620	1,685	156	0	0	4,461
0	829	Middlefield Community Project Relocation (Henry Rae CC)	1,630	0	0	0	0	1,630
0	831	Stoneywood Primary	709	8,901	3,390	0	0	13,000
0	832	Dyce 3G Pitch	748	0	0	0	0	748
6,200	587	Access from the North / 3rd Don Crossing	9,480	2,314	0	0	0	11,794
18,048	627	Aberdeen Western Peripheral Route	16,034	11,740	7,493	3,713	0	38,980
471	663	Corporate Office Accommodation	0	0	0	0	0	0
666	791	Strategic Land Acquisition	500	0	0	0	900	1,400
6,276	794	Hydrogen Buses	17	0	0	0	0	17
3,001	795	Accelerate Aberdeen (City Broadband)	500	500	500	449	0	1,949
1,209	800	St Nicholas House Demolition	0	0	0	0	0	0
30	806A	CATI - South College Street	150	150	5,000	190	0	5,490
433	806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	800	3,800	7,000	3,200	1,500	16,300
35	806C	Central Aberdeen Transport Infrastructure	285	190	2,240	4,170	2,236	9,121
958	807	A96 Park & Choose / Dyce Drive Link Road	9,200	3,750	800	0	0	13,750
30	820	Investment in Tenanted Non-Residential Property Portfolio	970	1,000	750	150	0	2,870
750	824	City Centre Regeneration	0	19,250	0	0	0	19,250
80	825	City Deal	170	0	0	0	0	170
0	826	Aberdeen City Hydrogen Energy Storage (ACHES)	1,894	0	0	0	0	1,894
450	830	Free P1-3 School Meals Investment	0	0	0	0	0	0
1,429	797	Victoria House	390	0	0	0	0	390
32	810A	Ness Landfill Leachate & Gas Control Measures	100	0	0	0	0	100
0	810B	Energy from Waste (EfW) Procurement and Land Acq.	2,500	300	155	0	0	2,955
0	810E	Investment in Waste Collection	1,200	1,100	0	0	0	2,300
0	810F	Refuse Derived Fuel Plant	800	697	0	0	0	1,497
607	810G	Co-mingled MRF & Depot	12,000	12,762	0	0	0	24,762
0	810H	Investment in WTS and existing HWRCs	94	0	0	0	0	94
0	810J	Bridge of Don HWRC	100	500	800	0	0	1,400
0	819	Tillydrone Community Hub	500	500	2,000	0	0	3,000
300	827	SIP New Build Housing Programme	2,700	0	0	0	0	2,700
650	691	Integrated Drugs Centre	0	0	0	0	0	0
269	811	Social Care Facilities - Burnside	2,037	2,037	57	0	0	4,131
0	812	Social Care Facilities - Replace / Upgrade Childrens Home	500	850	200	0	0	1,550
7	813	Social Care Facilities - Quarry Centre Refurbishment	0	0	0	0	0	0
0	999	Construction Inflation Allowance for existing projects	2,500	0	0	0	0	2,500
50,762			103,339	114,398	54,492	14,450	15,636	302,315
65,039		Totals - Completed and Continuing Projects	123,740	133,293	73,587	32,745	34,631	397,996

APPENDIX 1 (cont.)

Forecast Outturn 2014/15 £'000		Non-Housing Capital Programme Financed By:	Budget 2015/16 £'000	Budget 2016/17 £'000	Budget 2017/18 £'000	Budget 2018/19 £'000	Budget 2019/20 £'000	Total £'000
	NHCP No.	1. Project Funding Streams						
0	773	New Brimmond School	(2,518)	0	0	0	0	(2,518)
(98)	799A	Art Gallery Redevelopment - Main Contract (HLF)	(9,000)	(10,863)	0	0	0	(19,863)
0	808	New Academy to the South	0	(11,987)	(10,826)	(1,015)	0	(23,828)
0	809	New Milltimber Primary	0	0	0	0	(1,400)	(1,400)
0	823	Music Hall Refurbishment	(200)	(800)	0	0	0	(1,000)
0	828	Greenbrae Primary Extension and Internal Works	(750)	0	0	0	0	(750)
0	829	Middlefield Project Relocation (Henry Rae CC)	(1,630)	0	0	0	0	(1,630)
0	831	Stoneywood Primary	0	(4,000)	0	0	0	(4,000)
0	832	Dyce 3G Pitch	(748)	0	0	0	0	(748)
(796)	294	Corporate Property Condition & Suitability	0	0	0	0	0	0
(89)	784	Fleet Replacement Programme	0	0	0	0	0	0
(9)	789	Planned Renewal & Replacement of Roads Infrastructure	0	0	0	0	0	0
(671)	805	Technology Investment Requirements	(940)	0	0	0	0	(940)
(4,293)	794	Hydrogen Buses	0	0	0	0	0	0
(2,969)	795	Accelerate Aberdeen (City Broadband)	0	0	0	0	0	0
0	826	Aberdeen City Hydrogen Energy Storage (ACHES)	(1,894)	0	0	0	0	(1,894)
0	827	SIP New Build Housing Programme	0	(3,000)	0	0	0	(3,000)
(8,925)			(17,680)	(30,650)	(10,826)	(1,015)	(1,400)	(61,571)
		2. Other Receipts						
0		Receipt - Summerhill	0	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
(1,000)		Receipt - Marischal Square	0	0	(9,000)	0	0	(9,000)
(4,000)		Receipts - General	(4,000)	(2,600)	(2,000)	(2,000)	(2,000)	(12,600)
(5,000)			(4,000)	(4,600)	(13,000)	(4,000)	(4,000)	(29,600)
(24,948)		3. Capital Grant	(26,856)	(25,000)	(25,000)	(25,000)	(25,000)	(126,856)
(8,166)		4. Other Financing	(44,475)	(45,217)	(31,155)	(24,716)	(32,166)	(177,729)
(47,039)		Sub-total	(93,011)	(105,467)	(79,981)	(54,731)	(62,566)	(395,756)
(18,000)		Cashflow	(30,729)	(27,826)	6,394	21,986	27,935	(2,240)
0		Net Position	0	0	0	0	0	0

APPENDIX 3

Non-Housing Capital Programme		Original 2015/16 - 2019/20	Updated 2015/16 - 2019/20		
5 Year Total		5 Year Total	5 Year Total	Movement	Reason for Movement
NHCP No.	Continuing Projects - Extend Rolling programmes	£'000	£'000		
294	Corporate Property Condition & Suitability	39,000	42,100	3,100	Reflects revised profile for completion of approved list of projects with existing resources.
551	Cycling Walking Safer Streets	338	338	0	No Change
765G	Nestrans Capital Grant	6,475	6,475	0	No Change
784	Fleet Replacement Programme	18,000	19,288	1,288	Service now focussed on dealing with challenges from Traffic Commissioner. Orders for new vehicles on hold; service is not permitted to change numbers on Vehicle Operators Licence.
789	Planned Renewal & Replacement of Roads Infrastructure	19,362	20,180	818	Rob Roy Bridge repairs delayed by requirement for CPO.
789E	Street Lighting	3,800	3,800	0	No Change
779	Private Sector Housing Grant (PSHG)	3,500	3,500	0	No Change
		90,475	95,681	5,206	
Non-Housing Capital Programme		Original 2015/16 - 2019/20	Updated 2015/16 - 2019/20		
5 Year Total		5 Year Total	5 Year Total	Movement	Reason for Movement
NHCP No.	Other Projects	£'000	£'000		
804	Data Centre Move	3,000	3,000	0	No Change
805	Technology Investment Requirements	2,600	3,430	830	Programme extended into future years to reflect resource capacity and demand for projects
759	Riverbank Extension	0	0	0	No Change
773	New Brimmond School	4,304	4,304	0	No Change
776	Centre of Excellence (formerly ASN)	17,084	18,084	1,000	Lease will be entered into for land held by Common Good Fund
799A	Art Gallery Redevelopment - Museums Collection Centre	3,485	4,732	1,247	Construction due to start in February 2015.
799B	Art Gallery Redevelopment - Main Contract (HLF)	28,200	28,568	368	Revised profiling based on tender submissions received in December 2014.
808	New Academy to the South	37,346	37,494	148	Refining of construction costs following discussion with HubCo.
809	New Milltimber Primary	11,500	11,500	0	No Change
823	Music Hall Refurbishment	1,000	1,000	0	No Change
828	Greenbrae Primary Extension and Internal Works	4,461	4,461	0	No Change
829	Middlefield Community Project Relocation (Henry Rae CC)	0	1,630	1,630	New project - awaiting formal grant award letter from Regeneration Capital Fund
831	Stoneywood Primary	13,000	13,000	0	No Change
832	Dyce 3G Pitch	0	748	748	New project - funding solution confirmed
587	Access from the North / 3rd Don Crossing	11,426	11,794	368	Profile adjusted for construction progress and CPOs. Main contractor achieved financial close on 12 December 2014.
627	Aberdeen Western Peripheral Route	24,138	38,980	14,842	Updated financial modelling has been released.
663	Corporate Office Accommodation	0	0	0	No Change
791	Strategic Land Acquisition	0	1,400	1,400	Wellington Road and Dyce land estimates
794	Hydrogen Buses	373	17	(356)	Civils works now forecast to be completed in 2014/15
795	Accelerate Aberdeen (City Broadband)	1,468	1,949	481	Voucher Scheme not attracting as many customers as hoped. Budget re-profiled for other aspects of DCMS initiatives
800	St Nicholas House Demolition	0	0	0	No Change
806A	CATI - South College Street	5,450	5,490	40	Re-profiling of programme to reflect potential linkages to city centre masterplan.
806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	15,082	16,300	1,218	Re-profiling of programme to reflect potential linkages to city centre masterplan.
806C	CATI - Pedestrianise Union Street	8,950	9,121	171	Re-profiling of programme to reflect potential linkages to city centre masterplan.
807	A96 Park & Choose / Dyce Drive Link Road	11,889	13,750	1,861	Programme reflects anticipated construction timetable.
820	Investment in Tenanted Non-Residential Property Portfolio	2,800	2,870	70	Consultant due to be appointed to prioritise potential developments for 2015/16.
824	City Centre Regeneration	19,250	19,250	0	No Change
825	City Deal	0	170	170	Maximum spend with PwC for 2014/15 now expected to be £80k. Development working is continuing.
826	Aberdeen City Hydrogen Energy Storage (ACHES)	1,894	1,894	0	No Change
830	Free P1-3 School Meals Investment	0	0	0	New project - funding confirmed by finance circular December 2014. Scottish Government have sought assurance funds will be spent in 2014/15.
797	Victoria House	0	390	390	Construction not expected to be completed until May 2015. Liquidated damages being applied to contractor.
810A	Ness Landfill Leachate & Gas Control Measures	1,369	100	(1,269)	
810B	Energy from Waste (EfW) Procurement and Land Acq.	2,263	2,955	692	
810E	Investment in Waste Collection	2,110	2,300	190	To reflect latest information provided by SITA on Waste investment.
810F	Refuse Derived Fuel Plant	1,417	1,497	80	Tendering exercises are on-going, and regular updates are being provided.
810G	Co-mingled MRF & Depot	19,980	24,762	4,782	
810H	Investment in WTS and existing HWRCs	89	94	5	
810J	Bridge of Don HWRC	1,400	1,400	0	
819	Tillydrone Community Hub	3,000	3,000	0	No Change
827	SIP New Build Housing Programme	2,900	2,700	(200)	Advancing through works in relation to potential sites.
691	Integrated Drugs Centre	0	0	0	No Change
811	Social Care Facilities - Burnside	3,900	4,131	231	Construction programme currently forecast to commence autumn 2015. Only demolition costs of old building & design fees for new build will apply in 2014/15.
812	Social Care Facilities - Replace / Upgrade Children's Home	1,050	1,550	500	Programme pushed back one year to allow time to refine business case.
813	Social Care Facilities - Quarry Centre Refurbishment	0	0	0	No Change
999	Construction Inflation Allowance for existing projects	2,500	2,500	0	No Change
		270,678	302,315	31,637	
	Totals - Completed and Continuing Projects	361,153	397,996	36,843	

APPENDIX 3 (cont.)

Non-Housing Capital Programme Financed By:		Original 2015/16 -	Updated 2015/16 -	Movement	Reason for Movement
		2019/20	2019/20		
		5 Year Total	5 Year Total		
		£'000	£'000	£'000	
NHCP No.	1. Project Funding Streams				
773	New Brimmond School	(2,518)	(2,518)	0	No Change
799A	Contract (HLF)	(19,380)	(19,863)	(483)	HLF grant profile matched with forecast spend
808	New Academy to the South	(23,828)	(23,828)	0	No Change
809	New Milltimber Primary	(1,400)	(1,400)	0	No Change
823	Music Hall Refurbishment	(1,000)	(1,000)	0	No Change
828	Internal Works	(750)	(750)	0	No Change
829	Middlefield Project Relocation (Henry Rae CC)	0	(1,630)	(1,630)	New project - awaiting formal grant award letter from Regeneration capital Fund
831	Stonewood Primary	(4,000)	(4,000)	0	No Change
832	Dyce 3G Pitch	0	(748)	(748)	New project - funding solution confirmed
294	Suitability	0	0	0	No Change
784	Fleet Replacement Programme	0	0	0	No Change
789	Roads Infrastructure	0	0	0	No Change
805	Technology Investment Requirements	(110)	(940)	(830)	Programme extended into future years to reflect resource capacity and demand for projects
794	Hydrogen Buses	(373)	0	373	Civils works now forecast to be completed in 2014/15
795	Accelerate Aberdeen (City Broadband)	0	0	0	No Change
826	Aberdeen City Hydrogen Energy Storage (ACHES)	(1,894)	(1,894)	0	No Change
827	SIP New Build Housing Programme	(3,000)	(3,000)	0	No Change
		(58,253)	(61,571)	(3,318)	
	2. Other Receipts				
	Receipt - Summerhill	(8,000)	(8,000)	0	No Change
	Receipt - Marischal Square	0	(9,000)	(9,000)	To reflect profiling of agreement with MUSE achieved in December 2014.
	Receipts - General	(12,600)	(12,600)	0	No Change
		(20,600)	(29,600)	(9,000)	
	3. Capital Grant	(125,839)	(126,856)	(1,017)	Updated finance circulars received from Scottish Government in December 2014.
	4. Other Financing	(154,221)	(177,729)	(23,508)	Re-profiled financing for changes in programme as identified above.
	Sub-total	(358,913)	(395,756)	(36,843)	
	Cashflow	(2,240)	(2,240)	0	No Change
	Net Position	0	0	0	

APPENDIX 4**ABERDEEN CITY COUNCIL
2014/15 to 2017/18****THE PRUDENTIAL CODE
For Capital Finance in Local Authorities**

From 1 April 2004, Councils are required by Regulation to have regard to the Prudential Code (the Code) when carrying out their duties under Part 7 of the Local Government in Scotland Act 2003.

The Code requires the following Prudential Indicators are set for the Council:-

	Capital Expenditure				
	2013/14 £'000 Actual	2014/15 £'000 Estimate	2015/16 £'000 Estimate	2016/17 £'000 Estimate	2017/18 £'000 Estimate
Non HRA	43,524	65,039	123,740	133,293	73,587
HRA	37,331	41,762	35,385	34,197	28,966

	Ratio of Financing Costs to Net Revenue Stream				
	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Non HRA	7.2%	6.5%	6.8%	7.0%	7.3%
HRA	16.6%	15.7%	17.7%	18.5%	18.9%

	Capital Financing Requirement				
	2013/14 £'000 Actual	2014/15 £'000 Estimate	2015/16 £'000 Estimate	2016/17 £'000 Estimate	2017/18 £'000 Estimate
Non HRA	493,436	501,737	504,206	502,953	506,468
HRA	232,205	245,183	254,148	260,453	259,174
Total	725,641	746,920	758,354	763,406	765,642

The Prudential Code states:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

APPENDIX 4 (cont.)

The Head of Finance reports that the Council can meet this requirement in 2014/15, and it is expected to do so for the future years, as outlined, taking into account current commitments, existing plans, and the assumptions in this report.

	Authorised Limit for External Debt			
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Operational Boundary	754,360	765,794	770,846	773,082
10% Margin	75,436	76,579	77,085	77,308
Total	829,796	842,373	847,931	850,390

	Operational Boundary for External Debt			
	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Borrowing	646,523	659,730	667,260	672,107
Other Long Term Liabilities	107,837	106,064	103,586	100,975
Total	754,360	765,794	770,846	773,082

The estimate of the incremental impact of capital investment decisions proposed in this report, over and above capital investment decisions that have previously been taken by the Council are:

(a) for Band D Council Tax

2015/16	2016/17	2017/18
£0	£0 (Prov)	£0 (Prov)

(b) for average weekly housing rents (assuming that increased capital investment is financed by way of capital from current revenue (cfr) and borrowing)

2015/16	2016/17	2017/18
£1.03	£0.90	£0.42