

COMMITTEE:	Finance and Resources
DATE:	11 March 2010
REPORT BY:	City Chamberlain
TITLE OF REPORT:	Non Housing Capital Programme 2009/2010 – Monitoring Report
REPORT NUMBER:	CG/10/051

1. PURPOSE OF REPORT

This report provides an update to Committee of the progress being made across all services on projects within the Non Housing Capital Programme as at 31 January 2010.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Note the current position on the Non Housing Capital Programme for 2009/2010 and future years; and
- b) Approve the alteration of the spend profile for the Berryden Road Improvements Project (within Enterprise, Planning and Infrastructure) such as to bring forward funding to allow negotiations to commence for the purchase of property required to accommodate the scheme; and
- c) Instruct the City Chamberlain 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; and
- d) Instruct the City Chamberlain to continue to update each service committee, in conjunction with the Director, on the service's specific capital projects.

3. FINANCIAL IMPLICATIONS

- 3.1 The monies required to fund the capital programme are achieved through external borrowing, capital receipts and grant income. The General Fund has adequate resources available to finance the projected capital spend in 2009/2010.

- 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 accounts.

4. SERVICE & COMMUNITY IMPACT

The Council operates within overall capital control mechanisms laid down by the Scottish Government as well as recommended accounting practice and policies in accordance with the Prudential Code.

5. OTHER IMPLICATIONS

Failure to invest adequately in the Council's asset base may 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 2009/2010 Non Housing Capital Programme.

6. REPORT

- 6.1 The financial statement at Appendix 1 outlines the current position as at 31 January 2010. It should be noted that those projects deemed to be of a "rolling" nature have been excluded from the prior years spend.
- 6.2 The revised programme is now £92.772 million, prior to an allowance for project variations and slippage (ie. the anticipated underspend on the total programme which will "slip" from one year to the next), which has been estimated to reduce the programme by £27.832 million. Therefore, the total funded programme is currently £64.940 million.
- 6.3 The total payments made as at 31 January 2010 is approximately £36.811 million or 57% against the funded programme of £64.940 million. This is broadly in line with the pattern of spend in previous years with the trend for payment to be principally in the later periods of the year. Whilst this figure is relatively low it does not reflect commitments made through accepted tenders etc.

- 6.4 As elected members will appreciate, factors out with the control of the Council may result in project delays. Factors such as difficulties in acquiring land or delays in contractors beginning work can all contribute towards delays or the need to revise and review spending profiles.
- 6.5 Based on feedback received to date from budget holders, it is currently projected that the actual outturn will be £66.334 million. To ensure that the overall programme remains within the funded level, a further £1.394 million of slippage will require to be identified.
- 6.6 Based on information from previous years and the low level of spend to date, it is anticipated at this stage that this level of slippage is achievable.
- 6.7 A request has been received to alter the spend profile for Project 715, MTS – Berryden Road Improvements, from that approved at the Council Meeting of 11 February 2010. In June 2008, the then Resources Management Committee approved officers to negotiate the purchase of a property affected by this road scheme. However, no agreement was reached with the owner at that time.
- 6.7.1 In November 2009, the Enterprise, Planning and Infrastructure Committee agreed that officers progress the preferred option for the scheme to the detailed design stage. Following this decision the property owner has approached the Council with a request that the Council consider buying the property.
- 6.7.2 As it was not anticipated that land negotiations would be entered into at this time no allowance has been made in the Non Housing Capital Programme until 2011/12. It is therefore requested that funding of £200,000 is brought forward from 2011/12 to 2010/11 to allow negotiations with the owner to commence and the options for the purchase to be investigated.
- 6.7.3 Whilst the intention would be to conclude the purchase during 2010/11, it should be noted that various factors can influence the outcome such that it may not prove feasible or in the interests of the Council to purchase at this time. Further updates will be provided to Committee as necessary.
- 6.8 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. Of the £15 million, a balance of £2.773 million remained unused as at 31 March 2009. This committee on 17 September 2009 and 12 November 2009 approved the removal of £1.946 million from the £2.773 million, leaving an unused balance of £0.827 million. This is reflected in Appendix 2.
- 6.9 Appendix 3 provides information on budget movements/revisions for the Non Housing Capital Budget since initially approved by Committee in May and June 2009.

6.10 Conclusion

It is currently anticipated, based on spend to date and previous years, that the out-turn of the overall Non Housing Capital Programme will be in line with the funding approved of £64.940 million.

6 AUTHORISED SIGNATURE

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7 REPORT AUTHOR DETAILS

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8 BACKGROUND PAPERS

Not applicable

Appendix 1

Non Housing Capital Programme Summary

	Total Project Cost	Prior Years Spend	Revised Budget 2009/2010	Projected Outturn 2009/2010	Actual Spend at January 2010 *	Variance Budget v Outturn 2009/10	Estimated Budget 2010/2011	Estimated Budget 2011/2012	Estimated Budget 2012/2013	Variance from Original Project Cost
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure										
Corporate Governance	27,862	3,031	12,194	4,532	2,561	(7,662)	12,889	4,204	3,206	(463)
Education, Culture and Sport	94,570	40,550	20,499	18,794	10,906	(1,705)	11,636	14,980	8,610	619
Enterprise, Planning and Infrastructure	168,113	27,098	43,626	29,783	18,925	(13,843)	56,088	28,886	26,258	(28,999)
Housing and Environment	32,979	1,271	15,385	12,295	4,356	(3,090)	10,335	7,602	1,476	(692)
Social Care and Wellbeing	11,006	8,460	1,068	773	63	(295)	1,573	200	0	(22)
Expenditure	334,530	80,410	92,772	66,177	36,811	(26,595)	92,521	55,872	39,550	(29,557)
Add: Prior Year Slippage (100%)	0	0	0	0	0	0	1,237	28,127	25,200	0
Expenditure	334,609	80,410	92,772	66,177	36,811	(26,595)	93,758	83,999	64,750	(29,557)
Less: Slippage at 30%	0	0	(27,832)	(1,237)	0	26,595	(28,127)	(25,200)	(19,425)	0
Expenditure	334,609	80,410	64,940	64,940	36,811	0	65,631	58,799	45,325	(29,557)
Capital Fund Projects	13,084	12,257	1,261	15	15	(1,246)	812	0	0	0
Total Expenditure	347,693	92,667	66,201	64,955	36,826	(1,246)	66,443	58,799	45,325	(29,557)
Funding										
Supported Borrowing	n/a	n/a	10,321	10,321	10,321	0	10,321	10,321	10,321	n/a
Un-supported Borrowing	n/a	n/a	36,004	35,232	10,174	(772)	31,884	9,977	17,429	n/a
General Capital Grant	n/a	n/a	17,250	17,250	14,375	0	13,286	13,286	13,286	n/a
Specific Capital Grant	n/a	n/a	365	365	0	0	365	0	0	n/a
Capital Receipts – Sales	n/a	n/a	1,000	1,000	1,169	0	2,775	19,215	4,289	n/a
Capital Receipts - Contributions	n/a	n/a	0	772	772	772	4,000	6,000	0	n/a
Capital Receipts - Sponsorship	n/a	n/a	0	0	0	0	3,000	0	0	n/a
Use of Capital Fund	n/a	n/a	1,261	15	15	(1,246)	812	0	0	n/a
Total Income	n/a	n/a	66,201	64,955	36,826	(1,246)	66,443	58,799	45,325	n/a
Projected Over/(Under) Spend	0	0	0	0	0	0	0	0	0	0

– Actual spend to January 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	325	375	54	Various projects ongoing. Proposed to remove surplus funding.
3	Roads Investment	5,000	4,742	258	258	A full programme of works has been outlined and is ongoing.
4	Street Lighting	4,000	4,000	0	0	Complete
5	Repairs and Maintenance – Health & Safety	2,000	488	1,512	0	Removed (per Finance and Resources Committee 17/09/09).
6	Improvements to Play Parks	450	403	47	47	Various projects ongoing.
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	Project has commenced and is ongoing.
10	Improvements to Public Toilets	250	163	87	87	A programme of toilet refurbishments is ongoing.
11	Small Environmental Improvements	100	180	(80)	0	Complete
12	ICT investment	200	176	24	24	Various projects ongoing.
13	CRM investment	550	451	99	0	Proposed to remove surplus funding.
14	Investment in Cleaning	250	0	250	250	Held due to requirement for additional vehicle parking facilities.
	Total	15,000	12,272	2,728	827	

Appendix 3

Budget Movements

	2009/10	2010/11	2011/12	2012/13
	£m	£m	£m	£m
Base budget				
- approved Council 20 May 2009	72.091	79.322	37.152	25.424
- approved Resources Management Committee 16 June 2009	15.951	14.553	16.713	19.246
Original Base Budget	88.042	93.875	53.865	44.670
Revisions				
- Customer First Programme – remove duplicate	(1.150)	(1.503)	(900)	(400)
- Project 218 (Public Transport Infrastructure) – remove duplicate	0	0	0	(100)
- Project 591 (PSE) – transfer to revenue	(0.032)	(0.033)	(34)	(35)
- approved Finance and Resources Committee 17 September 2009	200	1,300	200	0
- revision of previously overstated budgets (projects 657 and 663)	(6.415)	0	0	0
- re-profiling based on current information	0	(1,318)	2,941	(4,585)
- Project 715 (MTS-Berryden Road Improvements) – re-profiling	0	200	(200)	0
Revised Base Budget	80.645	92.521	55.872	39.550
Carry forward from Prior Year	11.774	1.237	28.127	25.200
- Project 277 (IT Infrastructure) – removal of amount included in error	(540)	0	0	0
- Projects 556 (Rubislaw/Harlaw Playing Fields) – re-profile from previous years, no change to overall project budget	492	0	0	0
- Project 674 (Walker Road School Refurbishment) – re-profile from previous years, no change to overall project budget	401	0	0	0
Revised Budget including Carry Forward	92.772	93.758	83.999	64.750