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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>31 March 2009</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/29/09/AP/SC</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>2008/11 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to update Committee on the latest position of the three year Capital Programme.

## 2.0 SUMMARY

- 2.1 In February 2009 the Council agreed a three year Capital Programme, including the addition of a number of significant prudentially funded projects. The decisions taken in February 2009 increased resources and projected expenditure by approximately £10.5 million over the three year period.
- 2.2 Based on the latest figure, it can be seen that there is a projected shortfall in resources of £316,000 over the three year period which gives no cause for concern.
- 2.3 Expenditure to 31 January 2009 represents just under 79% of projected annual spend. Slippage against the programme agreed in February 2008 is £4.5 million which represents approximately 18% of originally expected spend. Explanation for slippage has been provided to each of the Service Committees and Officers will continue to closely monitor the situation.
- 2.4 The Scottish Government has confirmed that the Council will receive Accelerated Grant of £1.343 million from 2010/11. It must be stressed that this is not new resource, but simply the Council receiving grant a year earlier than it would have. The CMT recommend that the Accelerated Grant be used in two ways, firstly, to advance the provision of one 3 G pitch from 2010/11 to 2009/10 at a cost of £450,000 and thereafter the balance of £900,000 being spent on vehicle replacement. Further detail is provided in Section 7 of the report.
- 2.5 Officers have confirmed that the project identified within Safe & Sustainable Communities for Land Decontamination at an estimated cost of £355,000 is now no longer required. Committee is asked to approve the removal of the Land Decontamination project and budget from the Capital Programme.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the current position of the 2008/11 Capital Programme.
- 3.2 The Committee agrees that the projects in Section 2.4 be accelerated from 2010/11 to 2009/10 in order that the Council can receive £1.343 million Capital Acceleration Grant from the Government.
- 3.3 That the Committee approve the removal of the Land Decontamination project and budget from the 2008/11 Capital Programme.

Alan Puckrin  
Chief Financial Officer

#### **4.0 BACKGROUND**

- 4.1 In February 2009, the Committee agreed a three year Capital Programme covering the period 2008/11. This included significant expenditure to be funded from Prudential borrowing. The net effect of these changes has been to increase the size of the three year Capital Programme by £10.5 million.
- 4.2 The Committee has previously been advised of the intention of the Scottish Government to accelerate Capital Grant from 2010/11 to 2009/10. This situation has now been clarified by the Government, and the Council is required to identify specific projects it would wish to accelerate. It should be noted, however, that this is not extra resources for the Council, but simply a change in the timing of when it will receive Capital Grant.

#### **5.0 CURRENT POSITION**

- 5.1 It can be seen from Appendix 1 that over the three year period there is a shortfall in resources of £316,000. This is a reduction of £4,000 from the position last reported to Committee.
- 5.2 The position in respect of individual Committees is as follows:

**Social Care** – Slippage of £0.146 million (21%) with spend being 60% of projected 2008/9 expenditure.

**Safe & Sustainable Communities** - Slippage of £1.040 million (25%) with spend being 55% of projected 2008/9 expenditure. Slippage does include no longer requiring to carry out the Land Decontamination project with a value of £355,000.

**Regeneration** – Slippage of £1.278 million (31%) with spend being 50% of projected 2008/9 expenditure.

**Education** – Slippage of £1.195 million (7%) with spend being 90% of projected 2008/9 expenditure.

**Policy & Resources** - Slippage of £0.92 million (25%) with spend being 78% of projected 2008/9 expenditure.

- 5.3 Overall, 2008/9 spend is £20.427 million as at 31 January 2009. This represents approximately 79% of projected annual spend.

Overall slippage is 18% against the programme approved by Committee in February 2008.

#### **6.0 SCHOOL ESTATE MANAGEMENT PLAN**

- 6.1 The School Estate Capital Programme has been shown separately in Appendix 2. The School Estate Capital Programme covers a period of approximately 15 years and is funded by a combination of direct capital allocations, capital receipts and prudential borrowing.

The next review of the School Estate Management Plan will be reported to Committee in June 2009.

#### **7.0 ACCELERATED CAPITAL GRANT**

- 7.1 As reported in Paragraph 4.2, the Government has now confirmed the level of Accelerated Grant Funding is £1.343 million. The Council is required to identify projects prior to the Government approving the release of funding.

7.2 The key matters to consider when identifying projects which could be accelerated were firstly, that the project/spend is deliverable during 2009/10 and secondly that it doesn't cause difficulties in terms of service delivery or workload in 2010/11.

7.3 Examining each of the areas of new spend in 2010/11 for potential acceleration the view of the CMT is as follows:

<u>Area of Spend</u>	<u>2010/11 £000</u>	<u>Comment</u>
ICT	500	Required in 2010/11 for Data Centre.
Roads/Lighting	1000	Fully required in 2010/11 for STO workload and demand led repairs.
Property	1200	This is a reduced sum and if any was accelerated it will leave very little for new spend in 2010/11.
Vehicles	2000	Deliverable and added to programme as part of 2009/11 budget.
Leisure Strategy	21,375	Could accelerate the delivery of one 3G sports pitch during 2009/10.

7.4 Having considered the matter, the CMT would recommend the acceleration be split between the provision of a 3 G sports pitch, and that the balance be spent on the Council's fleet, a project for which Members set aside £4 million as part of the Budget approved in February 2009.

## **8.0 OTHER ISSUES**

8.1 Relevant Officers have highlighted that the project included in Safe & Sustainable Communities Committee in relation to Land Decontamination at a value of £355,000 is now no longer required. It is therefore recommended that this project and budget be deleted from the 2008/11 Capital Programme.

## **9.0 CONCLUSIONS**

9.1 The Council's Capital Programme for 2008/9 is showing slippage of 18% with expenditure to the end of January representing 79% of projected spend.

9.2 The Council has significantly increased the size of the Capital Programme as part of its Budget decisions in February 2009, and Officers are currently reviewing resources to ensure that the programme is delivered on time.

## **10.0 IMPLICATIONS**

10.1 There are no implications other than those highlighted in the report in respect of Legal, HR and the Equalities agenda.

## **11.0 CONSULTATIONS**

11.1 The report is being produced in consultation with the CMT and reflects the figures to each of the Council's Service Committees.

## Capital Programme - 2008/09 - 2010/11

Available Resources

	A	B	C	D
	2008/09	2009/10	2010/11	Total
	£000	£000	£000	£000
Council Supported Borrowing	7,310	5,500	5,360	18,170
Less: Allocation to School Estate	(5,697)	(4,808)	(4,922)	(15,427)
Capital Receipts (Note 1)	395	-	180	575
Capital Grants (Note 2)	4,796	7,075	5,246	17,117
Prudential Funded Projects (Note 3)	3,628	3,510	10,770	17,908
Balance B/F From 07/08 (Exc School Estate)	3,518	-	-	3,518
Capital Funded from Current Revenue	350	-	-	350
Virement from School Estate	146	-	-	146
	<u>14,446</u>	<u>11,277</u>	<u>16,634</u>	<u>42,357</u>

Overall Position 2008/11

	£000
Available Resources (Appendix 1, Column D)	42,357
Projection (Appendix 2, Column B-D)	42,673
(Shortfall)/Under Utilisation of Resources	<u>(316)</u>

<u>Note 1 (Excludes School Estate Receipts)</u>	2008/09	2009/10	2010/11	Total
	£000	£000	£000	£000
Sales	-	-	-	-
Contributions/Recoveries	395	-	180	575
	<u>395</u>	<u>-</u>	<u>180</u>	<u>575</u>

<u>Note 2 (Excludes School Estate)</u>	2008/09	2009/10	2010/11	Total
	£000	£000	£000	£000
General Capital Grant	4,396	4,753	5,063	14,212
Accelerated Funds	134	1,209	(1,343)	-
Deferred Grant	(269)	(269)	538	-
Local Regeneration	76	-	-	76
Zero Waste Fund	-	64	-	64
SNH Rangers	-	30	34	64
Transport Interchange	-	1,142	808	1,950
Cycling, Walking & Safer Streets	146	146	146	438
Sustrans	31	-	-	31
SPT	157	-	-	157
Telecare	125	-	-	125
Specific Police Grant	-	-	-	-
	<u>4,796</u>	<u>7,075</u>	<u>5,246</u>	<u>17,117</u>

<u>Note 3 (Excludes School Estate)</u>	2008/09	2009/10	2010/11	Total
	£000	£000	£000	£000
ICT Capital Programme	353	-	-	353
Consilium One Off Costs	494	-	-	494
Roads Lighting b/fwd	157	-	-	157
Carraigeway Reconstruction	500	-	-	500
Vehicle Replacement Programme	305	2,000	2,000	4,305
Crescent Street Rewiring & Heating	-	149	-	149
Public Conveniences	120	-	-	120
Leisure & Pitches Strategy	-	1,325	7,370	8,695
New Rainbow Nursery	1,138	36	-	1,174
Inverkip PS Nursery	90	-	-	90
Inverclyde Centre Ph.3	471	-	-	471
Redholm Childrens Home	-	-	1,400	1,400
	<u>3,628</u>	<u>3,510</u>	<u>10,770</u>	<u>17,908</u>

## Capital Programme - 2008/09 - 2010/11

## Agreed Projects

Committee	A Prior Years	B		C		D		E		F		G		H		I	
		2008/09	2009/10	2010/11	2010/11	Future	Total	Approved Budget	(Under)/ Over	2008/09 Spend To 31/01/09							
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Chief Executive	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Improvement & Performance	715	2,754	2,137	1,073	-	-	-	-	-	6,679	6,679	-	-	-	-	-	2,144
Safe, Sustainable Communities	3,906	3,539	4,265	3,180	10,000	24,890	24,890	24,890	24,890	24,890	24,890	-	-	-	-	-	1,953
Regeneration & Resources	1,427	2,861	8,481	10,726	14,005	37,500	37,500	37,500	37,500	37,500	37,500	-	-	-	-	-	1,427
Education & Lifelong Learning (Exc School Estate)	940	1,509	51	-	-	2,500	2,500	2,500	2,500	2,500	2,500	-	-	-	-	-	1,479
Health & Social Care	657	551	120	1,426	-	2,754	2,754	2,754	2,754	2,754	2,754	-	-	-	-	-	303
Sub - Total	7,645	11,214	15,054	16,405	24,005	74,323	74,323	74,323	74,323	74,323	74,323	-	-	-	-	-	7,306
School Estate (Note 1)	34,707	14,666	5,591	10,171	66,361	131,496	131,496	131,496	131,496	131,496	131,496	-	-	-	-	-	13,057
Total	42,352	25,880	20,645	26,576	90,366	205,819	205,819	205,819	205,819	205,819	205,819	-	-	-	-	-	20,363

## Summarised SEMP Capital Position - 2008/11

	2008/09	2009/10	2010/11
Capital Allocation	5,697	4,808	4,922
Capital Receipts	-	1,236	-
Surplus b/fwd	5,072	6,189	7,715
Prudential Borrowing	10,232	1,073	1,682
Virement to non-SEMP	(146)	-	-
Available Funding	<u>20,855</u>	<u>13,306</u>	<u>14,319</u>
Projects			
Ex-Prudential Borrowing	4,434	4,518	8,489
Prudential Borrowing	10,232	1,073	1,682
Total	<u>14,666</u>	<u>5,591</u>	<u>10,171</u>
Surplus c/fwd	6,189	7,715	4,148