
Report To:	Policy & Resources Committee	Date:	17 November 2009
Report By:	Chief Financial Officer	Report No:	FIN/65/09/AP/SC
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Subject:	2009/12 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of the report is to update Committee on the latest position of the approved 2009/12 Capital Programme.

2.0 SUMMARY

- 2.1 In February 2009 the Council agreed a four year Capital Programme covering the years 2009/13. This included a number of large Prudentially Funded projects including the Leisure and Pitches strategy, an allocation for a new depot and allowance for a significant investment in replacement vehicles and plant.
- 2.2 Based on the latest figures, it can be seen from Appendix 1 that over the three year period 2009/12 there is a £1 million projected shortfall in resources. This represents a shortfall of approximately 1.9% against the anticipated resources available. The reason for the increase in shortfall is the inclusion of a projected reduction in capital grant of £0.5 million in 2010/11 based on the Council's anticipated share of the efficiency saving advised by the Scottish Government in its budget announcement on 18 September 2009.
- 2.3 The position in respect of each individual Committee is reported in Section 5. It can be seen that all Committees are currently projected to be within budget over the three year period. Expenditure to 30 September 2009 is £4.87 million which represents 22.5% of the 2009/10 projected spend.
- 2.4 Following questions raised by Members at the last meeting of the Committee, Officers in the CAMS Group have reviewed in detail all projected phasings, and this has resulted in a reduction of £1.5 million in projected spend in 2009/10 since the last report.
- 2.5 There are two projects detailed in the report where there is a projected increase in costs from the sum set aside when the 2009/13 capital budget was approved. These two projects, Devol Glen Land Stabilisation and Knocknairshill Cemetery Phase 5c require to progress at the earliest opportunity and Section 7 of the report provides details of how these two increases in costs can be funded without any overall increase in the 2009/12 Capital Programme funding shortfall

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the current position of the 2009/12 Capital Programme.
- 3.2 It is recommended that the Committee approve the increases in budgets for the projects, Devol Glen Land Stabilisation and Knocknairshill Cemetery Phase 5c and the proposed funding route outlined in paragraph 7.4.

- 3.3 It is recommended that the Committee note that as part of the forthcoming budget round the 2009/13 Capital Programme will be reviewed in light of the expected reduction in Government supported capital resources over the next spending review.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 That Committee approve the four year Capital Programme covering the years 2009/13 as part of the overall budget on 12 February 2009. This report covers the three year period 2009/12.
- 4.2 The approved Capital Programme included significant investment on Prudentially funded projects, and it can be seen from Appendix 1 that there is an excess of £29 million projected to be spent on Prudentially funded projects over the 2009/12 period.

5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the three year period there is a projected shortfall in resources of £1 million which represents approximately 1.9% of the projected resources over this period.
- 5.2 The position in respect of individual Committees is as follows:

Social Care	- No slippage, and spend being 26% of projected expenditure for 2009/10.
Safe & Sustainable Communities	- Slippage of £0.3 million (4%) with spend being 8% of projected expenditure for 2009/10.
Regeneration	- Project rephasing and slippage of £2.8 million (37%) with spends being 19% of projected expenditure for 2009/10.
Education & Lifelong Learning	- Slippage of £0.3 million (5%) with spend being y% of projected expenditure for 2009/10.
Policy & Resources	- Slippage of £0.5 million (15%) with spend being 42% of projected expenditure for 2009/10.

- 5.3 Overall in 2009/10 it can be seen from Appendix 2 there is projected expenditure of £21.67 million of which £4.87 million has been spent as at 30 September 2009. This represents 22.5% of the projected expenditure for the financial year.

Rephasing and slippage into future years totals £3.9 million (15%).

6.0 SCHOOL ESTATE MANAGEMENT PLAN

- 6.1 The School Estate Capital Programme Summary has been shown separately in Appendix 2. The School Estate Capital Programme is reviewed on an annual basis and the financial model reviewed six monthly. The last review was approved on 8 September 2009. This report confirmed that the programme continues to be contained within the overall approved budget limits.

7.0 OTHER MATTERS

7.1 CPIG and the CMT have considered requests to allocate increased budgets to two specific projects, namely:

- a) Devol Glen Land Stabilisation Project
- b) Knocknairshill Cemetery Phase 5c.

The increased budget required for these two projects is £485,000.

7.2 Committee is asked to note that the sum set aside for the Devol Glen Land Stabilisation Programme was simply a budget allowance and was not an estimate pending further investigation works. This investigation works has now been concluded and has confirmed that a further £280,000 is required in order to appropriately address the issues at Devol Glen.

7.3 Several years ago the Committee set aside a single sum to continue the redevelopment of Knocknairshill Cemetery. The balance remaining from that sum of £340,000 is not sufficient to complete the next phase of work which is required to start as soon as possible in order to ensure that there are sufficient lairs for burial within Inverclyde in the medium term. The increase in funding required in this instance is £205,000.

7.4 It is proposed to fund the increased costs as follows:

- a) Delete capital funding originally set aside to repay EDRF Funding. It has been confirmed that this claw back will no longer take place. This will free up £215,000 of capital resources.
- b) Vire £85,000 from the Property Capital Programme to the Devol Glen Land Stabilisation Project.
- c) Vire £100,000 from funding set aside to upgrade the Crescent Street Depot.
- d) Generate £85,000 of Prudential Funding by savings in the Knocknairshill Cemetery maintenance totalling £7,000 per year.

7.5 These detailed proposals have been approved by the CMT.

8.0 CONCLUSION

8.1 The Council's Capital Programme for 2009/12 is showing a shortfall in resources of £1 million. The increase in the shortfall of resources is due to the fact that the Council is expecting a reduction in capital funding of £0.5 million in 2010/11 as a result of its share of the £43 million efficiency saving announced by the Scottish Government.

8.2 It is expected that there will continue to be further reductions in capital funding over the next spending review and as such the previously approved 2010/13 capital programme will require to be reviewed as part of the current budget process.

8.3 The Council has significantly increased the size of its Capital Programme as part of the approved budget and Officers are currently progressing projects and will ensure resources are in place to deliver projects in time.

9.0 IMPLICATIONS

- 9.1 There are no implications other than those highlighted in the report in respect of Legal, HR and the Equalities Agenda.

10.0 CONSULTATIONS

- 10.1 The report has been produced in consultation with the CMT and reflects the figures reported to each of the Council Service Committees.

Capital Programme - 2009/10 - 2011/12

Available Resources

	A	B	C	D	Total
	2009/10	2010/11	2011/12		
	£000	£000	£000	£000	£000
Council Supported Borrowing	5,500	5,360	5,000		15,860
Less: Allocation to School Estate	(4,808)	(4,922)	(5,039)		(14,769)
Capital Receipts (Note 1)	382	920	148		1,450
Capital Grants (Note 2)	7,251	4,578	4,000		15,829
Prudential Funded Projects (Note 3)	6,439	11,839	10,783		29,061
Balance B/F From 08/09 (Exc School Estate)	3,417				3,417
Capital Funded from Current Revenue (Note 4)	1,398	660	88		2,146
	<u>19,579</u>	<u>18,435</u>	<u>14,980</u>		<u>52,994</u>

Overall Position 2009/12

Available Resources (Appendix 1, Column D)	£000
Projection (Appendix 2, Column B-D)	52,994
(Shortfall)/Under Utilisation of Resources	53,995
	<u>(1,001)</u>

Appendix 1

Note 1 (Excludes School Estate Receipts)

	2009/10	2010/11	2011/12	Total
	£000	£000	£000	£000
Sales	382	740	148	1,270
Contributions/Recoveries	-	180	-	180
	382	920	148	1,450

Note 2 (Excludes School Estate)

	2009/10	2010/11	2011/12	Total
	£000	£000	£000	£000
General Capital Grant	4,753	5,063	4,000	13,816
Anticipated Efficiency Reduction	-	(500)	-	(500)
Accelerated Funds	1,209	(1,343)	-	(134)
Deferred Grant	(269)	538	-	269
Zero Waste Fund	64	-	-	64
SNH	30	34	-	64
Transport Interchange	-	-	-	-
Cycling, Walking & Safer Streets	146	146	-	292
Sustrans	-	-	-	-
SPT	190	-	-	190
Wellpark Centre	1,128	640	-	1,768
Telecare	-	-	-	-
	7,251	4,578	4,000	15,829

Note 3 (Excludes School Estate)

	2009/10	2010/11	2011/12	Total
	£000	£000	£000	£000
ICT Capital Programme	108	-	-	108
Consilium One Off Costs	350	-	-	350
Vehicle Replacement Programme	3,236	1,398	303	4,937
Replacement Depot	-	-	2,500	2,500
Crescent Street Rewiring & Heating	149	-	-	149
Public Conveniences	54	15	-	69
Leisure & Pitches Strategy	1,325	7,370	7,480	16,175
New Rainbow Nursery	42	-	-	42
Inverkip PS Nursery	10	-	-	10
Inverclyde Centre Ph.3	199	26	-	225
Redholm Childrens Home	-	1,100	-	1,100
Wellpark Centre	-	-	-	-
Future Operating Model	966	1,930	500	3,396
	6,439	11,839	10,783	29,061

Note 4 (Excludes School Estate)

	2009/10	2010/11	2011/12	Total
	£000	£000	£000	£000
Roads Projects (former Transport Scotland)	59	500	-	559
Greenock Arts Guild	174	-	-	174
Play Areas	315	160	88	563
Wellpark Centre	850	-	-	850
Vehicle Replacement	-	-	-	-
	1,398	660	88	2,146

Capital Programme - 2009/10 - 2011/12

Agreed Projects Committee	A	B	C	D	E	F	G	H	I
	Prior Years £000	2009/10 £000	2010/11 £000	2011/12 £000	Future £000	Total £000	Approved Budget £000	(Under)/ Over £000	2009/10 Spend To 30/09/09 £000
Improvement & Performance	1,054	2,901	3,247	1,693	50	8,945	8,945	-	1,233
Safe, Sustainable Communities	1,169	6,735	3,300	4,651	7,751	23,606	23,606	-	531
Regeneration & Resources	1,951	4,750	11,648	11,082	6,525	35,956	35,956	-	918
Education & Lifelong Learning (Exc School Estate)	1,418	52	-	-	-	1,470	1,470	-	-
Health & Social Care	436	1,623	2,155	158	-	4,372	4,372	-	424
Sub - Total	6,028	16,061	20,350	17,584	14,326	74,349	74,349	-	3,106
School Estate (Note 1)	49,083	5,604	8,092	20,362	49,599	132,740	132,740	-	1,766
Total	55,111	21,665	28,442	37,946	63,925	207,089	207,089	-	4,872

Summarised SEMP Capital Position - 2009/12

	2009/10	2010/11	2011/12
Capital Allocation	4,808	4,922	5,039
Capital Receipts	-	-	-
Surplus b/fwd	6,169	6,520	5,052
Prudential Borrowing	1,147	1,702	9,529
Virement to non-SEMP			
Available Funding	<u>12,124</u>	<u>13,144</u>	<u>19,620</u>
Projects			
Ex-Prudential Borrowing	4,457	6,390	10,833
Prudential Borrowing	1,147	1,702	9,529
Total	<u>5,604</u>	<u>8,092</u>	<u>20,362</u>
Surplus c/fwd	6,520	5,052	(742)