
Report to Special Council

Date of Meeting: 10 February 2011

Subject: General Services Capital Programme 2011/12

Report by: Director of Finance and Corporate Services

1.0 Purpose

- 1.1 This paper sets out a revised General Services capital programme and associated budget in respect of financial year 2011/12. This reflects the single year settlement allocation proposed by the Scottish Government for this period.
- 1.2 The proposed programme is based on two key drivers:
- the Council's approved Investment Strategy to ensure that the programme is affordable and complies with the objective of reducing the Council's overall levels of borrowing
 - implementation of the capital investment priorities set out in asset management strategies.
- 1.3 The programme is based on the five year programme approved last year. It takes account of commitments expected to fall into 2011/12 from the 2010/11 programme, and refocuses other project spend in line with Council commitments and to support asset management plans.
- 1.4 The programme and associated budget does not anticipate any potential capital receipts. The Council aims to sustain its existing strategy of prudence in that any receipts realised are used to reduce the level of existing council borrowing.

2.0 Recommendations

The Council is invited to:

- 2.1. approve the revised General Services Capital Programme for 2011/12.
- 2.2. approve the financing limit placed on capital investment for 2011/12 in implementing the Council's approved Investment Strategy.
- 2.3. approve the deletion of the current project commitment in respect of the Development of Community Facilities in Alva.

- 2.4. note the rephrasing of the 2011/12 Council contribution to Ochil Hills Partnership (£124,000) and note the future year's implications if this is not reinstated.
- 2.5. note the steps being taken to maximise access to alternative sources of external funding.

3.0 Considerations

Investment Strategy

- 3.1 The current General Services Capital Programme 2010/11 to 2014/15 was developed within a financial strategy of minimising new borrowing. This strategy has been reinforced by the approval of the Council's Investment Strategy during the current financial year (2010/2011).
- 3.2 The Council's overall level of long-term borrowing (including Housing) stood at £126 million as at March 2010. Comparing this level of debt with our tax revenues of £128 million for 2009/10 (ie Council Tax, Housing rents and General Revenue grant) demonstrates the proportion of income that would be required to pay off all our debt. Our strategy over the coming years will be to take steps to reduce this ratio closer to the Scottish average.
- 3.3 This will be achieved through incremental reductions in the level of budgeted new borrowing each year. In addition whilst the current economic climate makes the quantification and timing of capital receipts difficult to estimate at present, any capital receipts from the sale of assets will be earmarked to reduce historic debt thereby assisting the overall strategy of debt reduction. Additional work is in hand, to undertake a more targeted and proactive approach to the realisation of capital receipts for the coming years.
- 3.4 The Prudential indicators paper sets out the effect of this strategy in more detail. In terms of the General Services capital programme it is recommended that new borrowing is restricted to between £3 million to £4 million in 2011/12. With annual repayments of debt budgeted at c£5 million this will contribute to a net reduction in long term debt of at least £1million in 2011/12. Not only will this strategy reduce levels of debt, but will also realise revenue savings in capital financing costs of c£100k.

Asset management strategy

- 3.5 Capital investment priorities are determined through a range of asset management strategies. These strategies relate to the following categories of assets:
 - Property
 - Roads
 - Land
 - Fleet, and
 - Information Technology.

These asset classifications are used to categorise planned expenditure contained within the 2011/12 Capital Programme, distinguishing between those projects which form part of the current planned activity and those projects which are new. The proposed programme is set out at Appendix A.

- 3.6 Council housing investment is considered separately as part of the Housing Capital Programme 2011/12. This forms a separate agenda item for this Special Council meeting.

General Services Capital Programme 2011/12

- 3.7 The general capital grant allocated to Clackmannanshire Council in 2011/12 is £4.877 million. Restricting new borrowing in line with the strategy set out in paragraph 3.4 results in a recommended budget of £8.256 million in 2011/12. Whether this level of capital grant will be maintained in future years is unclear given the context of the one year settlement.

Current programme

- 3.8 The Council's approved capital budget for 2010/11 was £11.624 million of which £2.952 million is carried forward to 2011/12. This takes account of the deletion of one project and the rephrasing of contributions for a further project. This is discussed in more detail in paragraphs 3.10 and 3.11 below.
- 3.9 Exhibit 1 below summarises each of the main asset categories with their associated current and new commitments. Further detail is provided at Appendix A:

Exhibit 1

Property assets	
These projects are directly related to the Property Asset Management Plan approved by Council on 23 September 2010.	
Major current commitments	New commitments
3-12 School Development (Primary and Nursery)	St Johns School or St Johns/Claremont (subject to consultation)
Alva Community Facilities Redevelopment	Kilncraigs
Speirs Centre	Housing with Care
Alloa Town Hall / Cochrane Centre	
IT asset management projects	
Major Current Commitments	New commitments
Cyclical replacement of essential of IT	None

hardware and software	
Roads assets	
These projects are directly related to the Roads Asset Management Plan	
Major current commitments	New commitments
Flood mitigation measures Roads footways and transportation improvements.	None
Vehicle fleet assets	
Major current commitments	New commitments
Fleet replacement	None
Land assets	
Major current commitments	New commitments
Ochil Hills Partnership (see 3.11) Woodland Burial Cemetery- Alva Parks, play areas & open spaces	None

3.10 Following the review of the current programme and the constraints on new borrowing highlighted above, it has also been necessary to consider whether any previously approved projects should be deleted. On this basis the Council is asked to approve the deletion of the Development of Community Facilities in Alva project activity scheduled for 2011/12. It is recommended by officers that this project is deleted in view of the current economic pressures and expected annual ongoing revenue costs of c£500k that will be associated with this project.

3.11 Council is also asked to note the rephasing of £124,000 of match funding for 2011/12 in respect of the Ochil Hills Partnership as planned commitments are already fully met by existing contributions. However, if the Council's contribution is not reinstated from 2012/13 it should be noted that it will not be possible to draw down £35,000 of Heritage Lottery Fund funding. This will increase the current funding gap for the £2.260 million project from £680,000 to £839,000 and will require alternative external funding to be secured or the

scheme reduced. This position will be reviewed in line with all other Council priorities in time for agreement of the 2012/13 capital programme.

- 3.12 Current committed projects for 2011/12 total £4.955million in addition to new projects totalling £350,000. After taking account of the £2.952 million 2010/11 carry forward, this results in a total capital budget for 2011/12 of £8.256 million.
- 3.13 The existing programme for the following years will be re-profiled to accommodate changes in the 2011/12 proposals and once greater clarity is obtained from the Scottish Government about the likely level of future year's capital grant allocations.
- 3.14 It is imperative that the Council endeavours to sustain the level of investment in Clackmannanshire's infrastructure and this revised programme aims to deliver this. In addition the Council continues to maximise access to new and/or external funding sources which also allow for continued investment in the area's infrastructure. These include:
- Investment in the Kilncraigs project which is a spend to save initiative financed by taking advantage of Business Premises Renovation Allowances (BPRA) which provides tax incentives to bring derelict or unused properties back into use, including for use as office accommodation.
 - maximising access to specific Government funding such as that provided through Scottish Futures Trust in its role of supporting infrastructure investment and development in Scotland i.e. St John's School and by utilising the Hub Partnership to provide a design and build procurement solution.

In order to maximise the Council's ability to identify and access such sources of funding it is important that regular and systematic reviews of current initiatives and incentives are undertaken to ensure that opportunities are identified on a timely basis. Funding streams may be time limited and/ or require the submission of business cases within a relatively short space of time. To this end, we are also currently considering how we can maximise the Council's capacity in this regard.

4.0 Management actions.

- 4.1 This report has of necessity concentrated on the financial year 2011/12 given the one year settlement announced by the Government. As soon as indicative figures on grant support for future years are available, officers will bring forward an updated five year programme for 2011/12 to 2015/16.

5.0 Sustainability Implications

- 5.1 None

6.0 Resource Implications

6.1 Financial Details

6.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

6.3 Finance have been consulted and have agreed the financial implications as set out in the report. Yes

6.4 Staffing

7.0 Exempt Reports

7.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

8.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities 2008 - 2011** (Please double click on the check box)

The area has a positive image and attracts people and businesses

Our communities are more cohesive and inclusive

People are better skilled, trained and ready for learning and employment

Our communities are safer

Vulnerable people and families are supported

Substance misuse and its effects are reduced

Health is improving and health inequalities are reducing

The environment is protected and enhanced for all

The Council is effective, efficient and recognised for excellence

(2) **Council Policies** (Please detail)

9.0 Equalities Impact

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes No

10.0 Legality

- 10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

11.0 Appendices

- 11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A : Capital Programme 2011/12

12.0 Background Papers

- 12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes (please list the documents below) No

Property Asset Management Plan approved by Council on 23 September 2010

5 Year Capital Plan approved by Council on 11 February 2010

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	
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Capital Programme 2011/12

Appendix A

Current committed projects		New Projects		TOTAL	Remarks
10/11c/cf	11/12	11/12	11/12		
Property Asset Management Plan					
3-12 School Development (Primary & Nursery)	25,000	750,000		775,000	Various toilet upgrades, lift and roof upgrades
Development of Community Facilities in Alva		40,000		40,000	Refurbishment of CAP/Library and meeting rooms
Car parking and Running Track - Lornshill	46,000			46,000	Retentions
White Board for new schools	6,500			6,500	Retentions
Dumyat Centre, Menstrie	4,183			4,183	Retentions
Cochrane Hall, Alva Refurbishment & Upgrading	344,000			344,000	Retender on revised specification to meet budget - on site 2011/12
Forthbank Waste Recycling Project & Accommodation Rationalisation		200,000		200,000	Completion of project early 2011/12
Alloa Town Centre Regeneration: Spelis Centre	1,731,500	1,185,000		2,916,500	Design development and construction costs. Commence on site in 2011/12
DDA - various properties	10,000	10,000		20,000	Allowance for DDA improvements over estate
St Johns replacement school			300,000	300,000	Allowance for possible fees after public consultation
Town Hall		200,000		200,000	Year 2 upgrading of Town hall over a 4 year period
Asbestos Removal		25,000		25,000	Allowance for asbestos removal when found
Telecare	210,000	0		210,000	Installation of equipment to houses within strategy
Respite housing with Care			50,000	50,000	Project aimed at offering more sustainable solutions for the care and support of people with particular needs
	2,377,183	2,410,000		5,137,183	
Roads Asset Management Plan					
Bridge Strengthening	100,000	105,000		205,000	Scour protection of various bridges and C101 Menstrie Bridge removal and road upgrade
Flood Prevention	59,377	125,000		184,377	Eilstoun Drive, Tillicoultry plus general flood mitigation measures
Roads Footways and Transportation Improvements	35,143	745,000		780,143	Road surfacing improvements, traffic management and accident prevention schemes
Street Lighting		225,000		225,000	Ongoing replacement of columns and lamps
	194,520	1,200,000		1,394,520	
Land Asset Management Plan					
Black Devon Landfill Gas Collection & Treatment Project	260,000	52,000		312,000	Testing currently showing likely need for expenditure - tendered early 2011/12
Contaminated Land		53,000		53,000	Allowance for testing and remediation
Cemeteries Strategy		80,000		80,000	Development of woodland burial site in Alva subject to obtaining planning permission
Parks, Play Areas & Open Spaces		50,000		50,000	Replacement of play equipment and minor parks upgrades
	260,000	235,000		495,000	
Fleet Asset Management Plan					
Wheeled Bins		30,000		30,000	Replacement of equipment
Vehicle Replacement Programme		695,700		695,700	Replacement of essential vehicles at the end of their useful life
		725,700		725,700	

IT Asset Management Plan									
IT Services	60,000	227,000						287,000	Cyclical replacement and upgrade of hardware and software including school IT
Finance Services	60,000							60,000	Improvements to General ledger and acquisition of Fixed Asset register
	120,000	227,000						347,000	
Capital Contribution to Police Board		157,000						157,000	Approved allocation of General Government grant to support capital investment in Police
TOTAL	2,951,703	4,954,700					350,000	8,256,403	

Funded by:

General Government Grant

	4,877,000		4,877,000
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NET BORROWING REQUIREMENT

2,951,703	77,700	350,000	3,379,403
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