
Report to Scrutiny Committee

Date of Meeting: 12 January 2012

Subject: General Services Capital Programme 2011/12

Report by: Accountancy Manager

1.0 Purpose

- 1.1 This is the second update report to the Scrutiny Committee on the General Services Capital programme 2011/12. The purpose of it is to highlight any significant variations from the position reported to the Scrutiny Committee at the previous meeting.
- 1.2 The Council's Capital Programme for 2011/12 was approved by the Special meeting of Council on 10 February 2011. The programme was developed within the parameters of the approved Investment Strategy which were to have an affordable investment plan consistent with the approved Prudential Indicators and to reduce the Council's overall levels of borrowing.
- 1.3 The current review of the programme shows that Services are making steady progress in delivering the planned capital programme and that there has been no further slippage from the position reported previously. New projects which were approved by the Council during the year are expected to be programmed into financial year 2012/13. The current review also demonstrates that the annual net borrowing is expected to be within the levels set by the Investment Strategy.

2.0 Recommendations

- 2.1. It is recommended that the Committee:
 - 2.1.1 Note the latest General Services Capital position and the projected borrowing for 2011/12.
 - 2.1.2 Comments on and challenges the current project status in the 2011/12 General Services Capital Programme.

3.0 Considerations

- 3.1 The current General Services Capital Programme for 2011/12 is shaped around delivering the Council's priority projects as set out in the Council's asset strategies and to remain within a financial strategy of minimising new borrowing, as reinforced through the approved Investment Strategy.
- 3.2 In the previous update report, the Committee were advised that the revised capital expenditure for 2011/12 was expected to be £6.602m, taking into account the anticipated savings and carry forwards based on the previous review.
- 3.3 The current review indicates that the expected expenditure this year is now likely to be £6.059m. There is little change in the carry forward of spend to 2012/13 due to re-phasing, which is expected to decrease slightly from £3.930m to £3.916m. In addition to this, the three new projects which were approved during the year are at design stage and £820k of these new budgets are now expected to be carried forward. There is a small increase in anticipated savings but project overspends totalling £329k are identified.
- 3.4 The latest revised out-turn expenditure of £6.059million will be funded by Government grant of £4.877million with the balance of £1.182million met from borrowing. The net borrowing in 2011/12 is £2.317m less than the budgeted capital financing requirement sum of £3.499m. This will result in reduced loan charges falling on the revenue account.
- 3.5 A comparison of the current programme position compared to previously reported is summarised in table 1 below.

Table 1 summary

£000's	Current position	Previous position
Original approved budget	8,257	8,257
Additional 10/11 carry forwards	1,857	1,857
New Projects approved in 11/12	850	850
	10,964	10,964
Anticipated savings on projects not proceeding	(498)	(432)
Projects carried forward due to re-phasing	(3,916)	(3,930)
New projects carried forward	(820)	
Projected overspends	329	
Revised 2011/12 programme	6,059	6,602
Government Capital Grant for 2011/12	(4,877)	(4,877)
Anticipated revised borrowing in 2011/12	1,182	1,725

- 3.4 The approved budgets and current progress in each project are detailed in Appendix 1 which also provides an indication of variances from the expected 2011/12 budget spend.

3.5 The main variances from the position reported previously are itemised in Table 2 below:

Table 2 variances

Project	Overspend	Underspend	Saving	Commentary
Black Devon Landfill		(£264k)		expected carry forward of £264,000. Planning application issues and SEPA concerns are likely to delay the project to 2012/13.
Vehicle Replacement Programme		0		It is now anticipated that all vehicles will be procured as per the replacement programme in the current year. (Previous report anticipated a carry forward of £380k)
St Johns Replacement School		(£200k)		This project has a budget of £300,000 for the current year. There was an expectation that the full budget would be spent in the current year on fees and site investigation. However, this has been revised down to £100,000 spend this year with the balance of £200,000 being carried forward to next year alongside the remainder of the Project in future years. The call on funds may also be less as there may be an opportunity to draw down this expenditure from the Scottish Futures Trust who are part funding the project.
Forthbank Waste Recycling Project and accommodation rationalisation			(£66k)	The project is on site and there is a projected saving of £66,000.
Alloa Town Hall	£144k			The work on Alloa Town hall was originally approved over a 4 year period. Project spend has been brought forward from the indicative sum allocated for 2012/13. This is recorded as an overspend following the approval of only a one year budget for 2011/12.
Demolition of old Alloa and Alva Schools	£63k			The approved funding was insufficient due to the demolition taking longer than expected.
PPP	£60k			Spend in respect of the access road to the new Alva School was allocated wrongly to the above project. This highlights expenditure against the PPP project that was previously not anticipated.

3.6 The above table highlights three overspends, two underspends and one saving since the last monitoring report. Routine capital monitoring in future will flag these issues in advance to ensure appropriate actions and authorisations are processed accordingly.

- 3.7 As before this position potentially provides scope to bring forward proposed projects from future years, and this is being continually reviewed. However, as advised before, the windows of opportunities to do so are very limited given the anticipated severe winter weather and the timescales required to commence new projects. The Capital Investment Forum will consider incorporating the anticipated slippage into the Council's mid to long term capital plans.
- 3.8 The update on the Council Office Rationalisation project (Kilncraigs) was presented to the Council at its meeting on 15 December 2011. As currently planned this project does not impact the General Service capital plan until 2019/20 when £4.8m will be due to repay the capital costs.
- 3.9 There are no other significant changes to the updates in the key projects from the position that was reported previously. Brief progress details are given in the attached appendix.

4.0 Capital Investment Forum

- 4.1 At its meeting on the 29th September 2011, Council approved the establishment of a cross party Capital Investment Forum to focus on developing a Corporate Asset Management Plan and ensuring that all asset strategies and their associated priorities are put in place.
- 4.2 An initial meeting of the CIF have taken place, and this has been followed up with a general training session for all members from the Council's treasury advisors Sector which gave a presentation on the impact of the capital investment plans of the Council on the treasury and borrowing decisions, and the links to the Council's Investment Strategy and Prudential Borrowing.
- 4.3 It is intended that the main work on developing the Corporate Asset Management Plan will not commence until the 2012/13 budget has been agreed. However, work will progress in anticipation of this and a further meeting is planned for next week which will assist in reviewing the existing Capital Programme priorities in advance of the preparation of the 2012/13 budget.

5.0 Conclusions

- 5.1 This, the second review of the capital programme has highlighted the main changes to the position presented to the Committee at the previous meeting.
- 5.2 There are minor changes to the projected carry forward of slippage Overspends of £329k have been identified, but these can be managed from anticipated savings of £498k within other projects.
- 5.3 The out-turn net borrowing to finance the capital programme is considerably below budgeted level and remains well within our Investment Strategy limits.
- 5.4 The newly established Capital Investment Forum will be taking forward the review of the existing capital programme priorities to shape the programme for future years.

6.0 Sustainability Implications

6.1 None

7.0 Resource Implications

7.1 *Financial Details*

7.2 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 ☒

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

7.4 *Staffing*

8.0 Exempt Reports

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

9.0 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	<input type="checkbox"/>
Our communities are more cohesive and inclusive	<input type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input type="checkbox"/>
Our communities are safer	<input type="checkbox"/>
Vulnerable people and families are supported	<input type="checkbox"/>
Substance misuse and its effects are reduced	<input type="checkbox"/>
Health is improving and health inequalities are reducing	<input type="checkbox"/>
The environment is protected and enhanced for all	<input type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

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

10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ☒

11.0 Legality

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

12.0 Appendices

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

Detailed project expenditure

13.0 Background Papers

- 13.1 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 ☐

General Services Capital Programme 2011/12 report presented to Scrutiny Committee on 20 October 2011

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Nikki Bridle	Director of Finance and Corporate Services	Signed: N Bridle
Elaine McPherson	Chief Executive	Signed: E McPherson

Capital Programme 2011/12: Update as at October 2011
APPENDIX 1

		Current committed projects		New Projects approved 2011/12 budget	Additional New Projects approved during 2011/12	TOTAL	Current progress	Carry forward to 2012/12	Savings	Over-spends
		Actual 10/11c/f	2011/12 budget			11/12				
	Property Asset Management Plan									
17	3-12 School Development (Primary & Nursery)	112,000	750,000			862,000	Roof tender process complete. Completion of work is weather depended. 99% contractually committed.			
88	Development of Community Facilities in Alva		40,000			40,000	Awaiting outcome of the Settlement Plan.	40		
103	Car parking and Running Track - Lornhill	0				0	Retentions, Variation to contract. Overspend of £104k of which £84k will be funded from project 104, leaving a balance of £20k overspend.			20
104	White Board for new schools	84,200				84,200	Project is complete. Underspend of £84k to be transferred to fund spend in project 103 - Car park & running track, Lornhill			
89	Cochrane Hall, Alva Refurbishment & Upgrading	379,000				379,000	Commenced on site. On target for completion in Dec 2011.	8		
54	Forthbank Waste Recycling Project & Accommodation Rationalisation	197,700	200,000			397,700	Issue with drainage. When this is resolved, there will be a clearer picture on the programme and impact on budget. May slip to next year. Insurance receipt of £40k expected. Possible savings of £66k		66	
110	Alloa Town Centre Regeneration: Speirs Centre	1,771,000	1,185,000			2,956,000	Enabling works to start in Jan 2012. Main contract to be tendered once enabling works is completed. On site work to commence in March 2012.	2,856		
62	DDA - various properties	9,800	10,000			19,800	Committed at Town Hall (stair lift)		10	
169	St Johns replacement school	0		300,000		300,000	Project supported by funds from SFT, as approved by Scottish Government in August 2011. Site investigations have commenced. Programme start-up workshops scheduled for Jan 2012. Site start expected in April 2013. £100k projected to be spent this year with the balance of £200k being carried forward.	200		
87	Town Hall	0	200,000			200,000	2011/12 phase completed as part of a 4 year £750k upgrade. Additional work to replace heating boiler & flue system. Currently overspent by £144k which is anticipated to be covered by budget provision in 2012/13.			144
60	Asbestos Removal	0	25,000			25,000	Kellibank. Tender now accepted and work will commence			
166	Telecare	360,000	0			360,000	Spend on telecare equipment to be re-profiled over next 4 years. £288k to be carried forward to 2012/13	288		
167	Housing with Care	0		50,000		50,000	Project deleted Saving of £50k.		50	
181	Tillicoultry Asset Plan: Conversion of family centre to community hub				400,000	400,000	Project in design stage. Amended project yet to be approved by Council. Anticipated on site delayed to March 2012. Budget to be carried forward to 2012/13	400		
182	Tillicoultry Asset Plan: Redevelop existing CAP/Library to housing				150,000	150,000	Project in design stage. Works will not commence until community hub is opened, likely to be in May / June 2012. Budget to be carried forward to 2012/13	150		
183	Purchase of Former Health Centre Site, Marshall, Alloa				300,000	300,000	Missives being completed. Payments split over 2 financial years	270		
		2,913,700	2,410,000	350,000	850,000	6,523,700				
	Roads Asset Management Plan									
32	Bridge Strengthening	226,000	105,000			331,000	£500k wired to roads & footways improvements. Balance of budget is committed for cycle bridge over Devon.			
33	Flood Prevention	77,100	125,000			202,100	Committed. Redesign on new pump. Tenders out in December 2011.			
35	Roads Footways and Transportation Improvements	42,000	745,000			787,000	Committed			
37	Street Lighting	19,200	225,000			244,200	Committed			
		364,300	1,200,000	0	0	1,564,300				
	Land Asset Management Plan									
47	Black Devon Landfill Gas Collection & Treatment Project	262,300	52,000			314,300	At design stage - SEPA raising concerns. Depended on planning application. Likely to roll into 2012/13. £264k expected to be carried forward.	264		
49	Contaminated Land	17,600	53,000			70,600	£20k for Software & hardware system for monitoring contaminated land. Complete this year. £10k for Devonside land fill site investigation to start this month. £3k at Westhaugh in Feb. £38k preliminary investigation phase 1.			

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		Actual 10/11c/f	2011/12 budget			11/12				
48	Cemeteries Strategy	372,500	80,000			452,500	Planning permission granted. Works not yet contractually committed. The cemetery strategy has been re-prioritised due to progressing with essential projects only. As a result, a saving of £372k is anticipated, with carry forward for £66k to 2012/13.	66	372	
50	Parks, Play Areas & Open Spaces	8,400	50,000			58,400	Committed			
		660,800	235,000	0	0	895,800				
	Fleet Asset Management Plan									
97	Wheeled Bins	26,100	30,000			56,100	Committed			
63	Vehicle Replacement Programme		695,700			695,700	£300,000 ordered. Remainder to be ordered as per replacement programme.	0		
		26,100	725,700	0	0	751,800				
	IT Asset Management Plan					0				
65	IT Services	189,800	227,000			416,800	Earmarked for various projects which are expected to be completed by March 2012			
66	Finance Services	98,200				98,200	Earmarked for various projects, including Asset Register.			
		288,000	227,000			515,000				
152	Capital Contribution to Police Board	0	157,000	0	0	157,000				
	Additional carry forwards from 2010/11									
8	School Building Alarm System	25,400				25,400	For retention and inspection fees			0
58	Landscape Partnership	122,900				122,900	Feasibility stage. £10k expected to be spent on fees this year. The balance of £113k will be carried forward to 2012/13)	113		
64	Efficient Government Customer First Dev	69,700				69,700	Earmarked for various projects, planned for completion by March 2013			
78	CCTV	129,000				129,000	Replacement of cameras & infrastructure. £81k to be carried forward to 2012/13	81		
107	A908/B908 Hallpark, Sauchie	17,000				17,000	Retention			
114	Lime Tree Walk Phase 2	6,900				6,900	Anticipated overspend of £21k on this budget)			21
140	Shillinghill to Town Hall Relocated Road Crossing	21,500				21,500	Making Goods Defect certificate issued. Project complete			
147	Mixed Leisure Route Upgrading	10,000				10,000	Path Improvements			
162	Demolition of Alloa & Alva old school						Project complete - £123,000 overspend. Includes £60k wrongly allocated in respect of access road for new Alva school. Discussion ongoing with main contractor to reduce demolition costs			123
174	Public Convenience Replacement	154,000				154,000	Project complete. £21,000 overspend.			21
		556,400	0	0	0	556,400				
TOTAL		4,809,300	4,954,700	350,000	850,000	10,964,000		4,736	498	329

Funded by:

General Government Grant

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

4,809,300	77,700	350,000	850,000	6,087,000
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