

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 17 NOVEMBER 2009**

**SUBJECT: CAPITAL PLAN 2009/10 MONITORING TO 30 SEPTEMBER 2009**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 The Committee is asked to note the expenditure under the Capital Plan for financial year 2009/10 to 30<sup>th</sup> September 2009.
- 1.2 This report is submitted to Committee in terms of Section A (7) of the Council's Administrative Scheme relating to Capital Expenditure Monitoring.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee notes the expenditure to 30<sup>th</sup> September of £13.0 million.**
- 2.2 **It is recommended that the Capital Plan for 2009/10 be amended to reflect the amended expenditure profiles identified for:**
  - a) **Education projects (para 3.7)**
  - b) **Child Protection Unit (para 3.8)**
  - c) **Office Accommodation (para 3.9)**
  - d) **Customer Relationship Management System (para 3.10)**
  - e) **Industrial Estates (para 3.12)**
  - f) **Roads & Transport (3.14)**
  - g) **Fochabers Bridge (para 3.15)**
  - h) **Flood Alleviation Schemes (para 3.16)**

**3. BACKGROUND**

- 3.1 The provisional Capital Plan of £18.8 million excluding Flood Alleviation Schemes was approved by The Moray Council on 22<sup>nd</sup> April 2009, as part of the Financial Plan for 2009 to 2012.
- 3.2 Flood Alleviation Schemes of £19.5 million are also included in the Capital Plan. The original reported budget of £14.9 million was increased by £4.6 million for works on the Rothes scheme and approved at the budget setting meeting of Full Council on 12<sup>th</sup> February 2009.
- 3.3 Carry forwards from slippage in the 2008/09 Capital Plan were reported to this Committee on 25<sup>th</sup> August 2009 and have been added to the Plan. Leisure and Healthy Living projects and Efficiency projects have also been carried forward.

- 3.4 Following detailed design work, the cost estimate of the proposed new business units at Chanonry have been revised; increasing from £740k to £771k. The budget was reallocated from future years to accommodate the developments and refurbishment of the Industrial Portfolio. This was reported to Economic Development & Infrastructure on 31<sup>st</sup> March 2009 [Para 17 of the minute refers.]
- 3.5 There has also been reprofiling in the Capital Plan relating to the Elgin Traffic Management Schemes. It was approved in a report to this Committee on 22<sup>nd</sup> September 2009 to bring forward the proposed acquisition of property in order to proceed with one aspect of the scheme.
- 3.6 Regular monitoring reports are provided to this Committee showing expenditure to date for each project and details of Capital receipts received. The status of projects to date, whether provisional or approved by Service Committee, is also reported.
- 3.7 Expenditure to 30<sup>th</sup> September 2009 amounts to £13.0 million. The approved Capital Plan of £40.0 million is attached as **APPENDIX 1** showing the actual expenditure for the projects. The projected spend for the year of £37.7 million is also shown and this report indicates where overspends are projected and where slippage has been identified.
- 3.8 A number of schools building projects are projecting to be underspent this year due to delays in works at various primary schools. The synthetic turf pitches at Forres and Lossiemouth will not commence until next year. This has been reported to Children and Young People's Service Committee. The Milnes Learning Centre is projecting to underspend on the approved budget this year but will require carry forward to complete over the following two years and should be under budget in total. The Buckie High School project for performance space, classrooms and changing pavilion is currently projecting to over spend the approved budget for this year, although it is planned that the three year project will overall be considerably under budget. It is expected that a total saving on these two projects may be in excess of £1million. The Libraries Integration programme consists of the relocation of various libraries and as part of a wider European project, external funding is expected.  
**Recommendation: Defer £2.1 million of planned expenditure to 2010/11.**
- 3.9 The new Child Protection Unit in partnership with Grampian Police is now delayed until next year to match with the additional funding approved by the Grampian Joint Police Board. It is currently projected that £75k of the £500k budget will be spent this year. A separate report on this project will be reported at a future date.  
**Recommendation: Defer £425k of planned expenditure to 2010/11.**
- 3.10 The Corporate Office Accommodation project has progressed significantly since the last monitoring report. It was approved at a previous Policy & Resources Committee on 5<sup>th</sup> May 2009 [Para 18 of the minute refers] to proceed to acquire the former supermarket premises at 2/10 High Street, Elgin, and any issues arising from the Designing Better Services exercise

which were relevant to the project should be taken into account. Given the go ahead the premises were officially purchased in October 2009 and work should commence next spring with a move scheduled for summer 2011. As the project has advanced ahead of the planned timescales in the Capital Plan the £6.6 million budget in the approved Capital Plan included in future years will need to be brought forward as the project moves ahead.

**Recommendation: Advance £2.7 million of planned expenditure from 2011/12 to 2009/10.**

- 3.11 Following on from the Corporate Office Project, the DBS Customer Services Theme Mandate has recognised the importance of an enhanced Contact Centre in managing customer transactions. In line with the current timescales for implementing DBS the realisation of these objectives will require the acquisition of a supported, sustainable Customer Relationship Management (CRM) system. The replacement of the existing CRM system was reported and approved by Policy and Resources Committee on 25<sup>th</sup> August 2009 [Para 27 of the minute refers]. With £60k already included in the ICT Action Plan an additional £240k expenditure has been projected this year for the purchase of the replacement CRM system.

**Recommendation: Advance £240k of planned expenditure from 2010/11 to 2009/10.**

- 3.12 The three projects at Industrial Estates have all slipped and although work will commence on each one, a carry forward is required to complete next financial year.

**Recommendation: Defer £500k of planned expenditure to 2010/11.**

- 3.13 In Environmental Services there has been progress on Landfill which should use the full budget this year. The setback in finding land to purchase for burial grounds has resulted in delays and a projected underspend this year.

- 3.14 Roads projects are mostly projecting to be within budget. The Elgin Traffic Management schemes were reprofiled and budget brought forward from next year to fund the purchase of land necessary to progress the scheme. Each scheme was reported in detail to Economic Development and Infrastructure on 13<sup>th</sup> October 2009. A number of other Roads and Traffic schemes are projecting slippage this year. Two Road Safety barrier schemes are awaiting construction with any underspend requiring carry forward and the removal of the Wards Railway Bridge is currently on hold. Due to land acquisition problems the Buckie to Keith Strategic Route Action Plan has been delayed and will start later than planned.

**Recommendation: Defer £1.5 million of planned expenditure to 2010/11.**

- 3.15 Following the recent flooding in Moray, high priority has been given to the replacement of the bridge in West Street, Fochabers. As reported to previous Committees on the financial implications of the flooding damage, the initial estimated cost of the replacement bridge is about £600k.

**Recommendation: Note an increase of £600k for the construction of the replacement bridge at Fochabers.**

- 3.16 Flood Alleviation Schemes are subject to more detailed monitoring reports to the Flood Alleviation Sub-Committee (FASC). A total budget of £19.5 million was approved for Flood Alleviation Schemes in 2009/10. The total expenditure for the first half of this year is £6.8 million and the expenditure profile has been reviewed and reported to the latest FASC on 14<sup>th</sup> October 2009. Following a review of the expenditure profile of the schemes an increase in spend at Burn of Mosset and Elgin are projected, while the schemes at Rothes and Findhorn are projected to be below the approved budget this year. There is no change in the total projected outturn of the construction of the schemes and some of the increased cost this year relates to works carried forward from previous years. There is uncertainty regarding the third party compensation costs at Burn of Mosset, as this is being handled by the Lands Tribunal of Scotland and are as yet unknown. The projected spend on site supervision on the scheme has been increased, partly offset by a reduction in future construction costs. The Elgin scheme is projecting an increased spend against the £1.0 million budget approved this year, as works are carried out that slipped in last years Plan. The full cost of the Public Local Inquiry is not yet confirmed and the projected spend will likely change. Projected spend at Rothes is below budget for this year as the expenditure profile has been reviewed and deferred to next year. This is mainly due to construction expenditure and risk allowance expenditure being below the level originally anticipated this year. At River Findhorn, the budget allowed for construction which hasn't gone ahead this year. The Public Inquiry is still to be held and the projected costs may vary according to this. The current projected spend for the year on all schemes is £18.2 million. Expenditure for the scheme remains well below budget in total.

**Recommendation: Defer £1.3 million of planned expenditure to 2010/11.**

- 3.17 A copy of the Capital Plan is attached as **APPENDIX 1**, showing the actual expenditure to 30<sup>th</sup> September of £13.0 million. The Capital receipts of £458k from sale of assets are also detailed along with other receipts of £12.4 million.

- 3.18 The Council receives a General Capital Grant allocation from the Scottish Government which is used to fund capital expenditure of the local authority or of a third party in the current year. An offer of accelerated grant to increase the capital investment in 2008/09 and 2009/10 was accepted and projects that could be brought forward in the 5 year Capital plan identified. The accelerated grant accepted was an additional £199k in 2008/09, £1.792 million in 2009/10 and a reduction of £1.991 million in 2010/11. The projects identified to be brought forward were Elgin Traffic Management (ETM) and projects in the School Estate Management Plan (SEMP). The slippage in the SEMP now projected will impact on how the accelerated grant can be used. It is intended that the Office Accommodation project brought forward into 2009/10 from future years will make use of the additional grant.
- 3.19 The Capital Plan is firstly funded by Capital Grants and other receipts before the level of borrowing is determined. The Capital receipts from sale of assets is expected to be higher than originally approved.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Development Plan/Community Plan/Service Improvement Plan**

This report complies with the working principles of the Corporate Plan in terms of accountability and sound financial management.

**(b) Policy and Legal**

There are no Policy and Legal implications.

**(c) Resources (Financial, Risks, Staffing and Property)**

The financial implications are highlighted within the Report. There are no staffing and property resource implications.

**(d) Consultations**

Consultations with Budget Managers are ongoing throughout the year to monitor expenditure and progress of individual capital projects.

#### **5. CONCLUSION**

- 5.1 **The Capital Plan to 30<sup>th</sup> September 2009 has £13.0 million of expenditure and £12.9 million Capital receipts.**

- 5.2 **The projected expenditure against the 2008/09 Plan is £37.7 million. The approved Capital Plan is £40.0 million. The planned increases this year relate to the Corporate Office Project and ICT a total of £2.9 million. The replacement bridge at Fochabers is estimated at a cost of £0.6 million. There is slippage identified in the Plan, mainly in Schools and Community projects of £2.1 million, Social Work of £0.4 million, Industrial Site development of £0.5 million, Roads and Traffic projects of £1.5 million and the Flood Alleviation schemes of £1.3 million.**

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Background Papers:

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