

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 15<sup>TH</sup> DECEMBER 2009**

**SUBJECT: CAPITAL PLAN – REVIEW OF MINOR FLOOD ALLEVIATION SCHEMES AND COASTAL PROTECTION**

**BY: CHIEF FINANCIAL OFFICER**

**1. REASON FOR REPORT**

- 1.1 To provide Members with the opportunity to formally consider the inclusion of minor flood alleviation works and the Lossiemouth break water in future years capital plans.
- 1.2 This report is submitted to Committee in terms of Section A(7) of the Council's Administrative Scheme relating to consideration of the Council's capital plan.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the committee consider the inclusion of the minor flood alleviation works and the Lossiemouth break water referred to in this report.**

**3. BACKGROUND**

- 3.1 The Council was provided with a review of the financial plan for the next four years at the Council meeting on the 30<sup>th</sup> of September 2009. That report included reference to the capital plan and included an assumption that significant reductions in the existing five year capital plan would be made as part of the reductions to balance the financial position faced by the Council. Subsequently, the Asset Management Working Group completed a review of the five year capital plan and a report containing a revised draft plan was circulated to all Councillors on the 1<sup>st</sup> of December 2009. That report noted that the draft plan exceeds the planning assumptions reported to the Council on the 30<sup>th</sup> of September 2009 and that the excess referred to would require the draft plan to be reduced by an average of £3.3m per year or an increase in the Revenue Budget Savings target by £210,000 (or a combination of the two). Members were also advised that there is great uncertainty about the level of capital grant funding from government beyond 2010/11 and therefore the plan needs to be kept under close review.

3.2 The Administration Group have met to consider the capital plan and their proposals will be finalised as part of the overall financial plan to be considered by the Council on the 11<sup>th</sup> of February 2010. Their draft proposals include the minor flood schemes and the coastal protection works at Lossiemouth as a very high priority and on this basis it is reasonable to bring these schemes forward for consideration at this time.

3.3 Members are reminded that the capital plan is funded from three sources as follows:

- Borrowing;
- Capital Grants;
- Capital Receipts (from Asset Disposals)

The Council is required to adhere to the Prudential Code when considering how much to borrow to fund the capital plan. The key factors in the Prudential Code are:

- Affordability;
- Sustainability

To consider affordability and sustainability it is necessary to assess the entire capital plan and generally it is not good practice to look at individual projects on a piecemeal basis as it is not then possible to consider relative priorities. As indicated above it is recognised that a considerable number of Members view minor flood schemes and the coastal protection works at Lossiemouth as a very high priority and also recognise that in accelerating these schemes it will impact on the Council's overall ability to fund other capital projects. Affordability and sustainability have been described in many previous reports and if any Member is in any way uncertain about these principles then they are advised to refer back to section 6 of the financial plan review approved by the Council on the 12<sup>th</sup> of February 2009 in the first instance and contact the Chief Financial Officer for a briefing thereafter.

#### **4. PROPOSALS**

4.1 Details of minor flood alleviation schemes are attached as **Appendix 1** to this report and Members are asked to consider approving the following schemes for inclusion in the 2010/11 capital plan;

<b><u>Scheme</u></b>	<b><u>Current Estimate</u></b>
Fife-Keith Flood Alleviation Scheme	£40,000
Newmill – Upgrade to Drainage Infrastructure	£50,000
Drybridge Flood Alleviation Scheme	£50,000
Portessie – Morayview Court	£30,000
Arradoul Flood Alleviation Scheme	£50,000
TOTAL	£220,000

- 4.2 **Appendix 2** to this report provides details of the coastal protection works at Lossiemouth. Members are asked to consider the infill of the foundation gaps and strengthen each side of the wall with imported rock with an estimated cost of £250,000 for inclusion in the 2010/11 capital plan.

## 5. **SUMMARY OF IMPLICATIONS**

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

The major flood alleviation schemes have been one of the Council's highest priorities for a number of years.

### **(b) Policy and Legal**

The Council has statutory responsibility under the 1961 Act and under the new Flood Risk Management Act in this area.

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

The financial implications of approving individual items for the capital plan in the year ahead were described in the background to this report.

The Flood Alleviation Sub-Committee and or the Environmental Services Protection Committee may wish to consider the impact of taking forward additional works on the work programme for other flood alleviation schemes and roads infrastructure works.

### **(d) Consultations**

The Head of Direct Services has provided the appendices to this report and other consultations were referred to in the background to this report.

**6. CONCLUSION**

- 6.1 On the basis that Members acknowledge that there are many competing priorities for capital funding and approving expenditure for minor flood alleviation works and coastal protection works will impact on the capital plan for 2010/11 details of those works are provided for consideration at this time.

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Background Papers:

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