

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 25 MAY 2010

SUBJECT: CAPITAL PLAN 2010/11 – CARRY FORWARD

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 and to approve project carry forwards for inclusion in the 2010/11 Capital Plan.
- 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 31st 2010 of £30.3 million, against an approved Capital Plan of £40 million.**
- 2.2 **It is recommended that Committee approve carry forward of £4.051 million on the core plan and £5.643 million on Flood Alleviation into 2010/11.**

3. BACKGROUND

- 3.1 The provisional Capital Plan of £16.5 million core plan and Flood Alleviation Schemes of £19.5 million was approved by The Moray Council on 12th February 2009, as part of the Financial Plan for 2009 to 2012. Carry Forward of £3.2 million was approved by this Committee on 25th August 2009 and further revisions made in 17th November, reflecting the projected outturn of £37.7 million at that stage.
- 3.2 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.
- 3.3 Expenditure to 31st March 2010 amounts to £30.3 million. The Capital Plan is attached as **APPENDIX 1** showing budget and actual expenditure for each component of the Plan.
- 3.4 The floods of September 2009 and November 2009, followed by severe winter weather, had a considerable impact on the Capital Plan, as staff resources were diverted to deal with the problems arising from these events, and certain works could not be carried out due to weather conditions.

- 3.5 The Schools Estate Management Plan (SEMP), assumed external funding of £457,000. £25,000 funding for solar panels at Cabrach School was received and £45,000 for Milne's Learning Centre, leaving a shortfall of £427,000 in external funding. This must be offset against underspends due to slippage when considering possible carry forwards. Likewise overspends on completed projects, which amounts to £245,000, less saving on completed projects of £71,000, must be offset against underspends due to slippage.
- 3.6 £274,000 was allowed for measures to implement reductions in class size. This is no longer required.
- 3.7 This Committee on 17th November 2009 approved deferral of a number of projects, including re-wiring Greenwards Primary; electrical works at Hopeman Primary; East End Primary condition improvements; localities team bases. It is recommended that the budget for these projects, totalling £628,000 is carried forward into 2010/11.
- 3.8 The September floods and severe winter weather caused delays in construction work at Milne's Learning Centre, and it is recommended that the resulting slippage of £749,000 is carried forward into 2010/11. The delays may impact on the overall cost of this project.
- 3.9 The balance of slippage across the SEMP amounts to over £948,000. After adjusting for external funding and overspends, this leaves a balance of £387,000, which is recommended to be carried forward into 2010/11. The SEMP will require to be re-profiled to contain expenditure within the revised Capital Plan. It should be noted that the replacement of hatted accommodation etc at Buckie High School is projected to come in under budget.
- 3.10 The Capital Plan for community facilities assumed £285,000 net funding for Tomintoul Museum/TIC. As the estimated revised costs of the project outstripped potential external funding, this project was dropped from the 2010-2015 Capital Plan. It is therefore recommended that no carry forward is approved. The integration of community and school library facilities attracted grant funding of £73,000 and a carry forward of £52,000, being the balance of the budget, is recommended.
- 3.11 The balance of £474,000, primarily on the Child Protection Unit, is recommended to be carried forward to 2010/11.

- 3.12 Winter weather delayed refurbishment of the Industrial Portfolio and build of new business units. It is recommended that £139,000 is carried forward to 2010/11 for completion of these works. Upfilling of land at Chanonry Industrial Estate was delayed due to lack of recycled upfill material. Costs of the project have reduced due to competitive tendering for spreading and compacting. It is estimated that £40,000 (net of EU funding) is required to complete the approved project and it is recommended that that amount is carried forward into 2010/11. In addition to this, there is now a requirement for a new electricity supply on site. The cost of this has been estimated at £142,000, with contributions from a private company of £30,000 and £46,000 EU funding anticipated. It is therefore proposed to carry forward an additional £66,000 to facilitate this.
- 3.13 The budget for contaminated land remediation is grant funded from specific grant and therefore it is recommended that the balance of £46,000 of grant funding – which cannot be used for other purposes – is carried forward. Likewise, the works on the Speyside Way are funded from a ring-fenced receipt and the £24,000 remaining is to be carried forward.
- 3.14 The HQ heating and ventilation project has overspent by £80,000. It is recommended that the budget in 2010/11 is reduced by £80,000. Disability Discrimination Act works or retentions totalling £22,000 requires to be carried forward. Likewise the works on the Speyside Way are funded from ring-fenced receipt and £24,000 remains to be carried forward.
- 3.15 Total recommended carry forward for land and buildings is £2.547 million.
- 3.16 The floods and severe winter weather impacted heavily on infrastructure works, and £577,000 is recommended to be carried forward for passing places, carriageway resurfacing and surface dressing, footways, drainage bridge assessments and strengthening, and street lighting.
- 3.17 It is recommended that £40,000 is carried forward to complete three road safety barrier schemes. It is also recommended that the £108,000 underspend on bridges non-routine work is carried forward, to be reallocated within the roads improvement budget as recommended by Roads Officers on engineering and road safety grounds.
- 3.18 Plans to remove the railway bridge at Roseisle, realign the A939 at the Bridge of Avon, and repair Arthur's Bridge at the B9103 have been reported as uneconomical. However, there are outstanding invoices relating to preliminary work/feasibility studies. As these projects will not go ahead, these costs require to be written to revenue. Completion of ancillary works at the West Road, Fochabers replacement bridge is estimated to cost £10,000 and a carry forward of that sum is recommended.

- 3.19 Various components of the Elgin Traffic Management project have been delayed, mainly due to competing priorities. The majority of the delayed works are planned for 2010, and a carry forward of £330,000 in total is recommended. The sustainable travel element of the project attracted European grant funding of £80,000 and it is recommended that the unused balance is carried forward. Savings of £307,000 against the approved budget for Reiket Lane bridge replacement have been achieved.
- 3.20 Total recommended carry forward on core plan infrastructure is £1.15 million.
- 3.21 Flood Alleviation Schemes are subject to detailed monitoring on a scheme-by-scheme basis. Expenditure this year totalled £14 million against £19.5 million originally anticipated. It is recommended that the balance of £5.5 million is carried forward, also £200,000 for remedial works on the Tyock Burn, which has been re-scheduled for 2010/11.
- 3.22 There has been a delay in delivering trade waste bins and a carry forward of £3,000 to 2010/11 is recommended. Trade waste bins are now to be processed through a national contract and this will be monitored for savings.
- 3.23 A number of projects under the ICT Action Plan are committed but not yet complete. Carry forward of £255,000 is recommended, to cover the following projects: catering reporting; CAPs upgrade; libraries People's Network upgrade; other network upgrades; schools network upgrades, wireless provision and telephony; phase 1 corporate server replacement; security enhancements; e-planning/building standards; community learning and development; equipment replacement. A further £40,000 carry forward for two DBS projects – e-procurement and Customer Relation Management system – is also recommended.
- 3.24 The total recommended carry forward for Vehicles, Plant and Equipment is £298,000.
- 3.25 The Forres Community Pavilion project is incomplete and a carry forward of £78,000 is recommended.
- 3.26 The total recommended carry forward from 2009/10 is £9.7 million, compared to the approved Capital Plan for 2009/10 of £40 million. £1.5 million of this slippage is as a result of the floods and severe winter weather. £5.5 million relates to the impact of Public Local Enquiries and other factors – including adverse weather – on Flood Alleviation Schemes. £0.6 million relates to projects agreed to be deferred.

4. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

(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 for 2009/10 is underspent by £9.7 million.

5.2 Carry forward of £5.643 million for Flood Alleviation and £4.051 million for the core programme is recommended.

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Background Papers:
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