

REPORT

To ENVIRONMENTAL SERVICES COMMITTEE		Subject: CAPITAL MONITORING REPORT 01.04.11 – 24.06.11 (PERIOD 3) ENVIRONMENTAL SERVICES COMPOSITE CAPITAL PROGRAMME FOR 2011/2012
From: EXECUTIVE DIRECTOR OF ENVIRONMENTAL SERVICES		
Date: 26 JULY 2011	Ref: PJ/KW/RC/AJ/P3	

1. Introduction

- 1.1 The purpose of this report is to provide an update on the financial performance of the 2011/12 Environmental Services capital programme to 24th June 2011.

2. Service Overview

- 2.1 The Service base capital programme is £28,306,000 as approved by the Policy and Resources Committee.
- 2.2 Adjustments to the programme which have been approved, and updated in the ledger by Finance and Customer Services, amounts to £4,655,810. This represents carry forwards from 2010/2011.

The results in an approved programme to date of £32,961,810.

- 2.3 Further adjustments, amounting to £3,137,550, have been incorporated into the programme for this report. These adjustments reflect:-
- Reversal of a temporary virement approved at P9 last year – Roads/Footways refurbishment to pay back Wishaw Town Centre £400,000.
 - Virements within the Land and Facilities Support Services and Roads and Transportation budgets as outlined in section 5 below.
 - Draw-down of £2,029,303 from the sinking fund in to relation the construction of the fourth new recycling centre at Shotts and associated costs for all sites to make them fully operational.
 - Grant income of £1,000,247 which has been awarded or due to be claimed against expenditure incurred. This includes £539,000 from Strathclyde Partnership for Transport, £109,300 from the Scottish Government for Air Quality Monitoring and Action Plan initiatives, £212,092 from Transport Scotland for electric cars and various other claims totalling £139,855 relating to WIAT projects, Conservation and Regeneration Schemes, Burngreen Park, Rochsoles and Centenary Park Sensory Garden projects.
 - Prudential borrowing of £108,000 (to be approved by the Policy and Resources Committee) match funding contribution towards the purchase of the electric cars.
- 2.4 The revised base programme reported at P3 is therefore £36,099,360.

3. Monitoring Summary

3.1 The position for Environmental Services can be summarised as follows –

SERVICE	LAND SERVICES (£)	PLANNING (£)	ROADS (£)	PROTECTIVE SERVICES (£)	RING FENCED (£)	TOTALS (£)
Approved base programme	4,863,000	5,842,000	16,371,000	260,000	970,000	28,306,000
Approved adjustments up to P3	1,166,956	1,659,938	1,213,994	60	614,862	4,655,810
Approved programme as at P3	6,029,956	7,501,938	17,584,994	260,060	1,584,862	32,961,810
Proposed adjustments and virements	2,431,103	400,000	-868,000	0	1,174,447	3,137,550
Reported programme as at P3	8,461,059	7,901,938	16,716,994	260,060	2,759,309	36,099,360
Committed Expenditure to Date	3,614,999	2,396,476	4,758,396	190,517	1,066,431	12,026,819
Committed Expenditure as a % of Revised Base Programme	43%	30%	28%	73%	39%	33%
Actual Expenditure to Date	1,096,027	376,566	606,936	41,473	282,397	2,403,399
Actual Expenditure as a % of Revised Base Programme	13%	5%	4%	16%	10%	7%
Projected Outturn	8,461,059	7,901,938	14,116,994	260,060	2,759,309	33,499,360
Programme Variance	0	0	2,600,000	0	0	2,600,000

4. Programme Variances

All areas are forecast to be on target with the exception of Roads.

Within Roads, an underspend is shown in relation to the Energy Efficient Street Lighting project. Authority was originally given to secure prudential borrowing in 2010/11 up to £4.294m. It was subsequently reported to Committee on 20 October 2010 that only £3.6m would be needed of which £1m was committed through the letting of one contract during 2010/2011. Subsequently, a legal challenge was lodged which prevented further works. This legal challenge is still progressing and as a result it is unlikely that further contracts will be let this year. Slippage of £2,600,000 is therefore declared.

In addition there are a few risks that are inherent in this forecast that require to be highlighted.

- 4.1 Planning – Town Centres. There is a potential risk to the delivery of projects in the Motherwell and Wishaw areas. At present these have not been quantified but will be reviewed and included in the Mid Year Review report.
- 4.2 Roads – Car Park charging equipment. The closing date for submitting objections to the NLC Off Street Parking Order 2011, as part of the consultation exercise, was 22 June 2011. Delivery of the capital spend for the car park charging equipment will depend on the timescale for dealing with objections to the orders and the outcome of this consultation exercise.
- 4.3 Roads – Strathclyde Partnership for Transport funded projects (total of £2,141,896). Several of these projects are facing issues that will affect the ability of the service to deliver them:-
 Progressing of the Ravenscraig access road now critically depends on the confirmation of the Tax Incremental Funding initiative and early confirmation of a significant sum of approximately £10m from council resources. Without this funding neither the land Compulsory Purchase Order nor the railway bridge procurement can progress and slippage will likely occur. At present, best estimate of £200,000 expenditure this year is anticipated against a budget of £720,325.
 Harthill Park & Ride – ongoing legal issues surrounding the lease on the land have still to be resolved which is delaying this project start date.
 Bellshill Park & Ride, the contract has been let and the value exceeds the funding given. It is proposed that a virement from Ravenscraig could be made to fund this shortfall.
 All these issues will be referred to Strathclyde Partnership for Transport. Any action approved by them will be reflected in subsequent reports.

5. Virements

- 5.1 Contained within the proposed adjustments are several virements that require to be approved.
- (i) Within the Land and Facility Support Services programme a virement from General Facilities Maintenance of £292,000 is required to create capitalised equipment budgets for Grounds Maintenance £90,000, Strathclyde Park £60,000, Catering £32,000, People and Performance Solutions £10,000, Finance and Technology Solutions £10,000, Building Cleaning £40,000 and Transport £50,000. Also within this section a virement of £29,058 is required from Country Parks Infrastructure to WIAT – Strathclyde Park as NLC's match funding for this project and £2,500 from General Facilities Maintenance to Ground Maintenance to offset a slight overspend carried over from 10/11.
- (ii) Within the Roads and Transportation programme the following reductions in budget are required – Bridge Investment £400,000, Roads/Footway £1,130,000, Lighting £400,000 and Flood Risk Management £50,000. These reductions are required to create budgets for the following areas – Bus Shelter Replacement £25,000, Roads Management/Safety £900,000, Feasibility and Forward Planning £325,000, Disability Discrimination Act Compliance £100,000 and Capitalised Equipment £50,000 and under the Ring fenced section £468,000 for Cycling, Walking and Safer Streets and also to supplement the budget for the construction of the Salt Barn £112,000.

6. Legal Commitments for Future Years

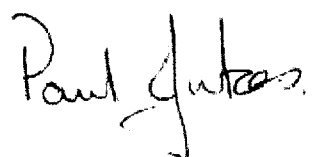
- 6.1 The CMT is asked to note that there are legal commitments beyond the current year covering ongoing contracts plus retention payments as a result of work being carried out in the current financial year.

7. Financial Concurrence

- 7.1 Prepared in accordance with the Scheme of Financial Delegation, the financial information contained within this report has been agreed with the Head of Financial Services.

8. Recommendation

- 8.1 The Committee is asked to :
 Note the financial position of the Capital Programme as at 24th June 2011.
 Note the risks that have been highlighted in some aspects of the delivery of this programme
 Approve the virements contained in section 5 above.

A handwritten signature in black ink that reads "Paul Jukes". The signature is written in a cursive style with a large initial 'P' and a long, sweeping underline.

PAUL JUKES
EXECUTIVE DIRECTOR ENVIRONMENTAL SERVICES

Local Government Access to Information Act: for further information about this report, please contact Robert Colquhoun, Business Service Manager Finance and Technology Solutions, No. 01236-632444