

NORTH LANARKSHIRE COUNCIL

REPORT

To: POLICY AND RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: COMPOSITE CAPITAL PROGRAMME 2014/2015 MONITORING REPORT 1 APRIL TO 10 OCTOBER 2014 (PERIOD 7)
From: EXECUTIVE DIRECTOR OF FINANCE & CUSTOMER SERVICES	
Date: 30 OCTOBER 2014	Ref: PH/EK/AB

1. Purpose of Report

1.1 The purpose of this report is to provide an update on the movement in resources and expenditure on the 2014/15 budget for the Composite Capital Programme and to give a summary of the financial performance to date. The report also shows the projected year-end outturn position and resultant variances. Information on expenditure is up to and including 10 October 2014 (Period 7).

2. Background

2.1 The current Capital Programme is made up of two components. Firstly the Composite Capital Programme and secondly the continuation of the Council's SC21 initiative.

2.2 The Council's Composite Capital Programme is based on a target spend of £56.193m, £2.543m less than reported at period 4. This is mainly due to the outcome of the mid-year review where accelerated projects accounted for an increase of £3.100m and slippage of £6.555m was declared. After taking account of programmed slippage of £4.400m, this resulted in a net increase of £0.945m to the programme. In addition, a number of grants and contributions have been received including a revenue contribution of £0.860m for Social Work overspends, £0.600m in relation to one off growth investment funding for Air Quality Traffic Management and £0.250m for a modular unit for Culture NL.

2.3 The SC21 budget remains unchanged at £13.806m.

3. Budget Monitoring Summary – Composite Capital Programme

3.1 The projected position of the Composite Capital Programme at period 7 is as follows: -

	Current Programme	Projected Outturn	Outturn Variance
Expenditure	£000s	£000s	£000s
Corporate Services	4,443	2,587	1,856
Regeneration & Environmental Services	33,182	31,952	1,230
Finance & Customer Services	1,212	1,212	0
Social Work Services	5,038	5,509	(471)
Learning & Leisure Services	12,318	13,593	(1,275)
Total Expenditure	56,193	54,853	1,340

3.2 Actual expenditure to 10 October 2014 is £13.671m and committed expenditure is £43.409m, representing 77.2% of the current programme. An analysis of actual expenditure to date is contained in Appendix 1.

4. Projected Outturn at 10 October (Period 7)

- 4.1 The projected outturn on the programme is £54.853m, £1.340m less than the current expenditure budget. The major issues are discussed below.
- 4.2 Corporate Services project spend of £2.587m, £1.856m less than current budget. This is mainly due to anticipated slippage of £1.791m for the Wishaw Hub project as a result of a delayed start date owing to the complexity of the funding arrangements which held up finalising contracts. In addition, an underspend of £0.065m is projected for the lift upgrade works within the Civic Centre.
- 4.3 Regeneration and Environmental Services are projecting spend of £31.952m, £1.230m less than current budget. Following the mid-year review, additional slippage has been declared for Stane Gardens of £0.550m due to a delay in obtaining the required licence from SEPA. In addition, £0.700m slippage is also expected in relation to the Cumbernauld Community Enterprise Centre due to the timing of the land acquisition.
- 4.4 Social Work Services are projecting spend of £5.509m, £0.471m more than their current budget. The main variances are discussed below:
- a) Chryston Short Stay Care Service anticipates slippage of £0.867m due to a significant delay on earlier agreed timescales. This will be offset by projected spend of £0.534m for Wishaw Short Stay Care Service resulting in overall slippage of £0.333m.
 - b) Committee will recall from a previous report that Mears will now complete the contract for Cumbernauld Day Centre and have since agreed a contract figure of £1.328m, producing an overspend of £0.998m. This is considerably higher than originally anticipated due to a number of factors which had either not previously been taken into account or only came to light during detailed site investigations carried out during the preparation, and pricing, of the completion contract documentation.
 - c) As previously reported, Motherwell Day Centre is projecting on overspend of £0.376m as a result of major delays with Scottish Water providing a supply to the site. In addition, mechanical and engineering changes to the brief, building control adjustments and the need to install a combined heating and power unit to meet carbon footprint requirements have all contributed to the overspend.
 - d) As highlighted previously, an overspend of £0.287m is expected for the Integrated Equipment and Adaptations Service (IEAS). This forecast is based on historical information coupled with the increasing demand for aids and adaptations.
 - e) A contribution of £0.860m has been agreed to reduce the total overspend for the day centres and IEAS to £0.801m. Recommendations for addressing this remaining overspend will be the subject of future reports to the Service's Committee.
- 4.5 Learning and Leisure Services are forecasting spend of £13.593m, £1.275m more than current budget with the main variances discussed below:
- a) The previously reported projected overspend of £3.244m within Sustainable Estate has decreased to £0.747m. This is mainly due to the acceleration of resources from future years' budgets via the mid-year review process (£1.730m) and a number of virements (£0.470m) approved by the Service's Committee. Also, phasing of works at Netherton Primary school have been rescheduled and will continue into 2015-16. The projected overspend will be managed throughout the remainder of the 5 year programme.
 - b) As highlighted previously, the requirement to undertake essential window replacement works at several schools has resulted in a projected overspend. The overspend has decreased from £0.989m to £0.039m mainly due to a number of virements (£0.611m) approved by the Service's Committee and the acceleration of resources from future years (£0.200m). The overspend will be managed by the Service re-prioritising the remainder of the programme.

- c) Following the outcome of the mid-year review and virements of previously reported underspends, Pre-Planned Preventative Maintenance is projecting an overspend of £0.162m mainly due to higher than expected tender values for a number of rewire projects.
- d) Committee will recall an overspend is declared under the Sport budget heading relating to works associated with the electricity substation, part of the project plan for phase 2 of the Time Capsule. This has increased slightly to £0.326m and the Service will request approval to fund this from a contribution from revenue, up to a maximum of £0.315m.

5. Budget Monitoring Summary – Schools and Centres 21

- 5.1 Full spend against the 2014/15 budget of £13.806m is expected. The projected position at period 7 is contained in Appendix 1.

6. Capital Receipts

- 6.1 The target for capital receipts this financial year is £5.000m, made up of £3.500m target for 2014/15 and a shortfall of £1.500m carried forward from 2013/14.
- 6.2 Capital receipts received to date are £3.815m, largely attributable to the sale of the Smithstone site (£3.750m). Approximately £0.524m of this will be contributed to address the shortfall of education provision which will arise as a result of the development on the site, resulting in a net capital receipt of £3.224m.
- 6.3 Regeneration and Environmental Services have advised that the sale of the Viewpark supermarket site has fallen through and will not generate the £2.000m receipt as forecast. This results in a shortfall against the budget of £1.709m unless additional receipts can be generated. Progress on capital receipts will be closely monitored and updates included in future reports.

7. HRA Capital Programme 2014/15

- 7.1 The HRA Mainstream capital programme and New Build programme are reported by Housing and Social Work Services to the Housing and Social Work Committee. A summary of the position of the HRA capital programme at 10 October 2014 is included within Appendix 1 for information.

8. Recommendations

- 8.1 Committee is asked to note the financial position of the Capital Programme as at 10 October 2014.



EXECUTIVE DIRECTOR OF FINANCE & CUSTOMER SERVICES

Members seeking further information on the contents of this report are asked to contact Elaine Kemp, Corporate Finance Manager, on telephone number 01698 302408.

COMPOSITE SERVICES CAPITAL PROGRAMME SUMMARY 2014/15: Period 7

Composite Capital Programme	Current Programme 2014/15 £000	Projected Outturn 2014/15 £000	Outturn Variance 2014/15 £000	Committed Expenditure 10-Oct-14 £000	Actual Expenditure 10-Oct-14 £000
Corporate Services	4,443	2,587	1,856	2,117	1,138
Regeneration and Environmental Services	33,182	31,952	1,230	24,353	7,022
Finance and Customer Services	1,212	1,212	0	183	122
Social Work Services	5,038	5,509	(471)	5,489	1,473
Learning and Leisure Services	12,318	13,593	(1,275)	11,267	3,916
Total Composite Capital Programme (excl SC21)	56,193	54,853	1,340	43,409	13,671
Schools & Centres 21	13,806	13,806	0	3,192	3,076
Total Composite Capital Programme	69,999	68,659	1,340	46,601	16,747

HRA CAPITAL PROGRAMME SUMMARY 2014/15: Period 7

HRA Capital Programme	Current Programme 2014/15 £000	Projected Outturn 2014/15 £000	Outturn Variance 2014/15 £000	Committed Expenditure 10-Oct-14 £000	Actual Expenditure 10-Oct-14 £000
HRA Mainstream Programme	44,476	40,180	4,296	36,541	13,736
HRA New Build Programme	11,262	8,138	3,124	3,695	1,945