

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: COMPOSITE CAPITAL PROGRAMME 2004/2005 MONITORING REPORT 4 FEBRUARY 2005
From: DIRECTOR OF FINANCE		
Date: 01 March 2005	Ref: AC/KS/P11	

1. **Introduction**

1.1 The purpose of this report is to update Committee on the 2004/2005 composite capital programme including details of the movement of resources/expenditure budgets since the previous report. The report also provides a summary of the financial performance of the programme and shows the commitments, projected year-end outturn position and resultant variances. Information on current expenditure is up to and including 4th February 2005.

2. **Capital Budget Update**

2.1 The capital programme is currently £72.198m, which is an increase of £5.026m, since the last report to Committee. This increase is primarily as a result of the following:

- a £1.224m insurance settlement for the reinstatement of St Maurice's High School following fire damage.
- a ring-fenced grant of £2.732m from the Strategic Waste Fund
- £0.343m increase in cash grant for Private Sector Housing Grants
- £0.574m other external contributions towards capital projects
- a £0.153m increase in CFCR to fund items of a capital nature

3. **Budget Monitoring Summary**

3.1 The position of the Composite Programme can be summarised as follows: -

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Prudential Borrowing	32,433	32,433	-
Capital Receipts Programme	10,411	10,411	-
Unapplied Receipts c/fwd	3,481	3,481	-
Cash Grants/Other Contributions	20,421	20,421	-
CFCR	4,149	4,149	-
Total Resources	70,895	70,895	-
Expenditure Programme	72,198	68,163	4,035
Slippage	(3,000)	(3,000)	-
Expenditure Programme	69,198	65,163	4,035
Additional Resources	1,697	5,732	4,035

- 3.2 As reported at the mid year review, the current programme shows a budgeted surplus of £1.697m, which has been set aside to assist in the funding of the 2005/06 to 2007/08 programme. However as indicated in table 3.1 above, the projected outturn slippage is now £4.035m against budgeted slippage of £3.0m, which is £1.035m greater than budgeted. This results in a projected year end outturn variance of £2.732m.
- 3.3 The actual expenditure to 4th February is £36.311m, which represents 50% of the current programme and 53% of the projected outturn and is an increase of £5.016m on the level of expenditure reported last month. In percentage terms this is lower than the same period last year, which was 59% and 54% respectively. As at the time of writing the actual expenditure has increased to £41.287m, which equates to 61% of the projected outturn. The actual commitments to date are £63.6m, representing 88% of the full programme or 93% of projected outturn, both of which compare well with last year at 86% or 93% respectively. A detailed analysis containing information on departmental programmes is contained at Appendix 1.

4. Projected Outturn at 4 February 2005

- 4.1 Resource projections are currently estimated to be £70.895m, which is in line with the budget. However it should be noted that a substantial amount of resources have still to be received by North Lanarkshire Council in relation to the following:
- **Capital Receipts Programme** (or Sale of Land & Buildings) - only £4.094m of the £10.411m anticipated has been received as at 4th February 2005. However the receipt from the sale of Smithstone is imminent, which will result in receipts in excess of the target, which will be rolled forward into 2005/06 to kick-start the receipts targeted for the coming year.
 - **Cash Grants/Other Contributions** – of the £20.421m budgeted only £4.318m has been received. A significant proportion of this budget is for cash grants and the level of receipts realised will be determined by the final actual expenditure incurred. All departments realise that they have to maximise the expenditure on these ringfenced grant functions and have not reported any shortfall to date. The only other external contribution outstanding is £0.676m from **sportScotland** towards the Tryst Sport Centre project and it is understood that the Community Services Department is pursuing these resources to ensure they are received by 31st March 2005.
- 4.2 Expenditure projections are currently estimated to be £68.163m against a budget of £72.198m, resulting in slippage of £4.035m. This slippage is additional to the amount reported at the mid-year review and is detailed in appendix 2. My last report advised that slippage was in the order of £2.132m. This further increase on slippage is primarily a result of;
- £1.417m of slippage on the Planning & Environment programme primarily as a result of slippage on the Town Centre programmes and the Mill St/ Airdrie Business Centre project.
 - £0.760m increase in slippage on the Capital Leverage allocation within the Finance Department programme, due to a number of projects, which now require the funding in 2005/06.

However it should be noted that there is £3m of over programming within the budget thus, current projections now indicate £1.035m of slippage greater than target.

4.3 While it is recognised that this year's programme is substantially greater than the programme at this time last year, it is worth highlighting that £4.6m (6.7% of projected expenditure) remains uncommitted. The Committee should be aware that the progress of the capital programme is monitored by the Capital Monitoring Group and to date, all departments have advised that the level of projected slippage will be as outlined in this report. However, given that there is less than 2 months to the end of the financial year, it is considered likely that slippage will increase well beyond the level of £4.035m currently reported. It is imperative that departments provide realistic expenditure projections at project level to allow the overall programme to be effectively monitored.

4.4 The Committee should be aware that departments are experiencing real increases in costs of work, as a result of the increased size of capital programmes throughout the country. Actual tender prices are in excess of original estimates and achieving value for money is becoming increasingly difficult. This will obviously have a knock on effect on the level of works achievable, over a period of time, within the allocations granted.

5. **Future Year Programmes – 2005/06 to 2007/08**

5.1 The Committee will be aware the revised programme for 2005/06, has been approved by the Policy & Resources Committee. The 2006/07 and 2007/08 programmes are now being considered in more detail by the Capital Planning Group for reporting during the September Committee cycle.

6. **Recommendation**

6.1 The Committee is asked to note:

- the financial position of the Capital Programme at 4th February 2005
- the current position of the 2005/06 to 2007/08 capital investment plans



Director of Finance

COMPOSITE SERVICES CAPITAL PROGRAMME SUMMARY 2004/2005 (£'000)

EXPENDITURE PROGRAMME : Period 11

Department	Current Programme 2004/05	Projected Outturn 2004/05	Projected Outturn Variance	Actual Expenditure to 4/2/05	Committed Expenditure to 4/2/05	% Committed (of proj. outturn)
Administration	931	850	81	595	944	111.06%
Chief Executive	261	262	-1	146	255	97.33%
Corporate : Design & Project Management	100	0	100			
Community Services	14,630	14,001	629	8,648	13,255	94.67%
Education Programme	14,441	15,113	-672	8,745	15,113	100.00%
Finance/IT	2,162	1,016	1,146	517	805	79.23%
Housing & Property Services						
: NHRA Grants	4,606	4,241	365	2,049	4,120	97.15%
: Property Services	4,325	4,306	19	3,141	4,325	100.44%
Planning & Environment	27,280	25,863	1,417	11,284	21,827	84.39%
Social Work	3,462	2,511	951	1,186	2,945	117.28%
SUB-TOTAL	72,198	68,163	4,035	36,311	63,589	93.29%
less : Slippage Factor	-3,000	-3,000	0			
Departmental Expenditure Total	69,198	65,163	4,035	36,311	63,589	

50.29%

88.08%

COMPOSITE SERVICES CAPITAL PROGRAMME SUMMARY 2004/2005

		Slippage/ Underspend/ (Overspends) £000
Administration:	Upgrading Works at Civic Centre	
	- work on the 'Podium' will not be completed by the end of the financial year	100
	Other minor variances	(19)
Chief Executive:	Design & Project Management	
	- amount unallocated in the current financial year	100
Community Services:	Covenants	45
	- arising through the rescheduling of Covenants in the current financial year.	
	Broadwood Stadium	125
	Greengairs Village Hall	88
	Tryst Pool Ticking Timebomb	125
	Health & Safety Libraries/ Community Centres	121
	Colzium House Upgrade	274
	Kirkshaws Safeplay	(80)
	Other compensating variances	(69)
Education:	General	
	Projected overspend due to absorption of expenditure on; Health & Safety/ Feasibility costs/ further expenditure on insurance reinstatements for which there is currently no allocation left/ absorption of remaining costs on new school Eastfield road	(672)
Finance:	Enterprise Computing	118
	Capital Leverage Fund	1,038
	Other Variances	(10)
Housing & Property:	Lenziemill Industrial Estate	170
	Industrial/ commercial Property Improvements	(49)
	Property Condition Surveys	(50)
	Office accomodation	(94)
	Other variances	42

Non HRA:	Due to late award of additional cash grant some of the monies accelerated at mid- year review will not be utilised by 31/3/05	364
Planning & Environment:	Town Centre Programmes	683
	Mill St / Airdrie Business Centre	1,132
	Park and Ride at Greenfaulds	(669)
	Other compensating variances	271
Social Work:	Upgrade Hunter Street Day Centre	162
	Fire Safety Residential Care Homes	350
	Scott House Refurbishment	100
	Refurbish Bron Way	250
	Other Minor Variance	89
	TOTAL SLIPPAGE	4,035