

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: COMPOSITE CAPITAL PROGRAMME 2005/2006 MONITORING REPORT 1 ST APRIL TO 9 DECEMBER 2005
From: DIRECTOR OF FINANCE		
Date: 5 January 2006	Ref: AC/EK/P9	

1. **Introduction**

1.1. The purpose of this report is to provide a summary of the financial performance of the Composite Capital Programme for 2005/2006. The report shows the projected year-end outturn position and resultant variances. Information on current expenditure is up to and including 9 December 2005.

2. **Capital Budget Update**

2.1. The current Capital Programme is £80.549m, representing an increase of £1.690m since the last report at Period 8. This is due to:

- Transfer of £1.2m from Community Regeneration Fund to support the implementation of CCTV projects
- Additional funding from the Scottish Executive of £0.648m for the Harthill Transport Interchange
- Other minor adjustments to the current programme for Planning and Environment

3. **Budget Monitoring Summary**

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

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Prudential Borrowing	40,826	40,826	-
Capital Receipts Programme	9,736	5,807	(3,929)
Cash Grants	27,008	27,008	-
CFCR	3,355	3,355	-
Total Resources	80,925	76,996	(3,929)
Expenditure Programme	80,549	80,549	
(Slippage)	(3,800)	(400)	(3,400)
Expenditure Programme	76,749	80,149	(3,400)
Slippage/(overspend)	4,176	(3,153)	(7,329)

3.2. The actual expenditure to 9 December is £37.093m, representing 46.1% of the current programme. Committed expenditure is £68.409m, representing 84.9% of the full programme. A detailed analysis of departmental programmes is attached in Appendix 1.

4. **Projected Outturn at 9 December 2005**

4.1. The programmed surplus for the year is £4.176m, and it was anticipated that this would be carried forward to 2006/07 to fund both the £2.050m element of programme slippage identified during the mid-year review as well as contributing £2.126m to assist in funding future years' programmes.

- 4.2. It has now been confirmed that the revised timing of the settlement of some significant receipts, in particular Auchinkilns, will result in a reduction of £3.929m in the anticipated resources available for 2005/06.
- 4.3. Expenditure slippage of £0.400m has now been identified equally between the Scott House and Scott Street projects. Notwithstanding this reported level of slippage to date, all departments are currently predicting that, with the exception of the items detailed above, full spend will be achieved by the current financial year end.
- 4.4. On the basis that maximum spend is achieved, overall expenditure will exceed resource levels by £3.153m with the net effect carried forward into 2006/07. However, it is still anticipated that there will be some level of slippage by the year end.

5. Programme Slippage

- 5.1. As stated above, slippage of £0.400m has been reported on the following capital projects at Period 9:

Scott St (£0.200m)

£1.650m slippage was reported at mid year review, but the delay in settling the sale of the town centre lease and in securing planning consent for the project has resulted in further slippage of £0.200m.

Scott House (£0.200m)

Delays in finalising the lease on Scott House have resulted in further slippage of £0.200m, against a budget of £0.500m. It is noted however, that this budget is fully committed in the current year, slippage being a result of the timing of contracts.

- 5.2. In addition to the variances on the expenditure programme reported above, slippage of £3.929m is anticipated on the capital receipts programme, mainly due to the following:

Auchenkilns, Cumbernauld

It has been confirmed that the £7.500m receipt will not be realised in the current year. Negotiations are ongoing regarding price reduction to reflect amendments to the sale.

Loanhead Road, Newarthill

The expected receipt of £1.000m for Loanhead, Newarthill will not be realised in 2005/06, as a result of SEPA objections.

Hattonhill

This site had originally been built into the programme as a two-staged sale with £0.300m in the 05/06 programme and £0.650m in the 06/07 programme. However, capacity problems have arisen with Scottish Water, effectively ruling out any sale in 2005/06.

Ground Lease in Motherwell Town Centre

Ongoing legal issues continue to delay settlement of the receipt for the sale of the ground lease in Motherwell Town Centre. Further updates have indicated that this receipt is unlikely to be realised before February 2006. However, this will be closely monitored and updates will be provided as the situation progresses.

Accelerated Receipts from Communities Scotland

Receipts from Communities Scotland to the value of £2.000m have been accelerated and are due to settle prior to the 31 March 2006. In addition, Housing and Property Services continue to pursue other potential receipts in order to offset the impact of any slippage.

It should be noted that in all of the above cases, receipts are still secure. The issues arising relate purely to the timing of the receipts and are unlikely to result in difficulties in delivering the planned programme as set out in this report.

6. Risk Areas

6.1. In addition to the variances reported above, the following areas of potential risk have been identified:

Administration

Funding of £0.100m was transferred to provide Genealogical Services at mid year review. A review of proposals to create a genealogical centre at Bellshill Registration Office has been completed. Slippage is anticipated on this project, although the extent has yet to be confirmed.

Education

Early indications are that it is likely that Education will report an underspend of around £0.300m on the current year's programme. However, it should be noted that there are approximately £2.600m of unfunded commitments within the overall programme. This will be closely monitored and the impact on the 2006/07 programme assessed.

Finance

It is noted that, to date, only some £0.108m has been spent against a budget of £0.777m for Corporate IT projects. Although assurances have been given that these projects will be delivered by the end of the year, it is anticipated that there will be a level of slippage against this overall budget.

Design and Project Management

The current capital programme includes an allowance of £0.250m for Corporate Design and Project Management. Of this, £0.075m has been earmarked for Housing and Property for the Coatbridge Baths project. Indications are, however, that it is unlikely that this will be spent in the current year. Any slippage will be reported once known.

Housing and Property

The current programme includes provision for the development of the Scott St office complex at a cost of £8.3m, with expenditure phased over three financial years. As previously reported, the cost of this development is likely to be nearer £9.5m. Whilst a submission has been made for European funding, amounting to around £0.9m, the department is examining options to contain expenditure within the original cost estimate.

7. Recommendation

7.1. The Committee is asked to note:

- the projected outturn of the Capital Programme as at 9 December 2005 as set out in sections 3 and 4 above, and
- the areas of slippage and potential risk areas highlighted in sections 5 and 6.



Director of Finance

COMPOSITE SERVICES CAPITAL PROGRAMME SUMMARY 2005/2006 (£'000)

EXPENDITURE PROGRAMME : Period 9

Department	Current Programme 2005/06 £000	Projected Outturn 2005/06 £000	Outturn Variance 2005/06 £000	Actual Expenditure 09-Dec-05 £000	Committed Expenditure 09-Dec-05	% Committed
Administration	630	630	0	258	446	70.79%
Chief Executive	509	509	0	86	86	16.90%
Corporate : Design & Project Management	250	250	0	0	0	
Community Services	10,989	10,989	0	5,589	8,053	73.28%
Education Programme	22,516	22,516	0	11,608	24,365	108.21%
Finance/IT	1,225	1,225	0	212	372	30.37%
Housing & Property Services						
: NHRA Grants	4,799	4,799	0	1,588	4,079	85.00%
: Property Services	3,032	2,832	200	1,337	2,835	93.50%
Planning & Environment	32,848	32,848	0	14,608	24,592	74.87%
Social Work	3,751	3,551	200	1,807	3,581	95.47%
SUB-TOTAL	80,549	80,149	400	37,093	68,409	84.93%
less : Slippage Factor	(3,800)	0	(3,800)			
Departmental Expenditure Total	76,749	80,149	(3,400)	37,093	68,409	

Percentage Achieved

46.05%

84.93%