

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: COMPOSITE CAPITAL PROGRAMME 2006/2007 MONITORING REPORT 1 ST APRIL TO 10 NOVEMBER
From: DIRECTOR OF FINANCE		
Date: 18 DECEMBER 2006	Ref: AC/EK/P8	

1. Introduction

1.1. The purpose of this report is to provide an update on the movement in resources and expenditure budgets since the Composite Capital Programme for 2006/07 was approved 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 current expenditure is up to and including 10th November 2006.

2. Capital Budget Update

2.1. The current capital expenditure programme is £76.505m, which represents a small increase £0.882m on the programme at Period 7. This is due to:

- Receipt of £0.145m which represents part of the overall funding package for Dalziel Estate
- Additional funding of £0.010m for Urban Parks
- Additional funding of £0.169m from Westrans
- Receipt of £0.465m in respect of the latest claim for Airdrie Business Centre
- Additional funding of £0.093m for a play area at Greengairs and a multi-sports court at Glenmanor Primary School, Moodiesburn

3. Budget Monitoring Summary

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

	Current Programme £000	Projected Outturn £000s	Outturn Variance £000s
Prudential Borrowing	26,036	26,036	-
Capital Receipts	28,124	28,124	-
Programme			
Cash Grants	21,152	21,152	-
CFCR	1,193	1,193	-
Slippage Allowance	-	-	-
Total Resources	76,505	76,505	-
Expenditure Programme	76,505	75,512	993
Slippage/(overspend)	-	993	993

3.2. The actual expenditure to 10th November is £38.573m, which represents 50% of the current programme. This compares favourably with the position at Period 8 last year when expenditure was £30.978m, representing 39% of the overall programme.

3.3. Committed expenditure at the close of Period 8 amounted to £62.151m, accounting for 81% of the overall programme.

3.4. Expenditure since my last report at Period 7 has increased by £6.559m. A large portion of this has been incurred within the departments of Planning and Environment and Education where spend has increased by some £2.081m and £1.965m respectively since the close of Period 7. In addition, spend within the department of Housing and Property has increased from £1.040m at Period 7 to £2.139m at Period 8. This increase is largely attributable to an increase in the expenditure on the Scott St project (spend of £0.886m in Period 8) as work progresses on site.

3.5. In addition, significant progress has been made on a number of projects, including the following:

- **Greenfaulds Phase 2**
The new A73 link road to the park and ride facility at Greenfaulds Station will officially open on 30th November. This direct link to the A73, with over 300 parking spaces at Greenfaulds, provides a choice for commuter traffic on the A80 and will provide easy access for local residents. The rail line links directly with Glasgow and Falkirk with connections to Edinburgh and will benefit residents of North Airdrie and Coatbridge seeking to travel to Falkirk and beyond.
- **Lanarkshire Biomass**
North Lanarkshire Council is one of several local authorities piloting the Biomass technology in the UK. Biomass fuel is classified as a renewable energy source since the wood that is burned can be replaced by other trees that will be planted and will absorb the carbon dioxide produced. These trees can subsequently be used as fuel. It is therefore "carbon neutral". To date the Council has installed 4 "biomass" boilers at Calderhead High School, Shotts; Taylor High School, New Stevenson, and at Palacerigg and Drumpellier Country Parks.
- **Civic Amenity Sites**
In an effort to improve the existing recycling rate of 28%, the council have made further investment in its waste strategy by upgrading and relocating recycling centres. New recycling centres have been constructed at Netherton in Wishaw and Stobcross in Coatbridge, and the existing Wardpark site has also been developed to the same standard as the new build sites. This new investment should increase the recycling rate to just over 50%.

3.6. A summary of the spending position on departmental programmes is contained at Appendix 1.

4. Projected Outturn at 13 October 2006

4.1. Expenditure Programme

4.1.1. Slippage of £1.800m was confirmed within the Education Capital Programme in my last report at Period 7. It is now expected that this will be partially managed by accelerations from 2007/08 resulting in overall slippage of £0.973m on the Education Capital Programme.

4.1.2. In addition, slippage of £0.020m has been reported on the Finance Capital Programme against Corporate IT projects (Planning & Environment ePlanning project).

4.1.3. As at the end of Period 8, no projects have been highlighted as concerns in terms of further slippage within the Composite Capital Programme. However, it should be noted that there is still a significant level of commitment to be made against the current programme, as can be seen in Appendix 1. All projects will continue to be closely monitored.

4.2. Programme Resources

4.2.1. The anticipated receipt of £7.900m in relation to the sale of Wishaw Goods Yard has been highlighted as a potential risk to the Capital Receipts programme. There are a number of outstanding issues which require to be resolved prior to sale and, as a result, it is unlikely that this will settle in the current financial year.

4.2.2. This is a significant receipt which, if not realised, would result in a potential overspend on the capital programme. This is merely a timing issue and will be managed by increased borrowing in 2006/07, offset by a reduction in 2007/08 when the receipt is realised. This will have a similar impact on loan charges which will increase in 2007/08, offset by a reduction in 2008/09.

4.2.3. Although it is felt appropriate to highlight this risk, the shortfall in resources, as detailed above, could be partially offset by settlement of a number of additional sites currently being progressed that have not been factored into the programme for 2006/07. The position will continue to be closely monitored.

4.2.4. On 27th November, the Scottish Executive announced an additional allocation to the Schools Fund, with the caveat that the funds must be spent in the current financial year. It is proposed that North Lanarkshire's allocation of £1.439m will be earmarked to assist in funding classroom extensions in Glenboig and Plains Primary Schools in support of the Education 2010 PPP programme.

5. Recommendation

5.1. The Committee is asked to note:

- the financial position of the Capital Programme as at 10th November 2006
- the progress of projects as described in Section 3.5
- the current issues highlighted in Section 4 and the potential impact of the delay in realising capital receipts



Director of Finance

COMPOSITE SERVICES CAPITAL PROGRAMME SUMMARY 2006/2007 (£'000)

EXPENDITURE PROGRAMME : Period 8

Department	Current Programme 2006/07 £000	Projected Outturn 2006/07 £000	Outturn Variance 2006/07 £000	Actual Expenditure 10-Nov-06 £000	Committed Expenditure 10-Nov-06 £000	% Committed
Administration	718	718	0	267	438	61.00%
Corporate	737	737	0	246	737	100.00%
Community Services	10,267	10,267	0	4,358	7,231	70.43%
Education Programme	19,665	18,692	973	11,755	17,060	86.75%
Finance/IT	1,413	1,393	20	359	574	40.62%
Housing & Property Services						
: NHRA Grants	4,121	4,121	0	1,851	3,996	96.97%
: Property Services	6,186	6,186	0	2,225	5,683	91.87%
Planning & Environment	29,864	29,864	0	15,935	21,706	72.68%
Social Work	3,534	3,534	0	1,578	4,726	133.73%
Departmental Expenditure Total	76,505	75,512	993	38,574	62,151	