

**NORTH LANARKSHIRE COUNCIL**

**REPORT**

To: POLICY AND RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: COMPOSITE CAPITAL PROGRAMME 2015/16  MONITORING REPORT 1 APRIL 2015 TO 8 JANUARY 2016 (PERIOD 10)
From: EXECUTIVE DIRECTOR OF FINANCE & CUSTOMER SERVICES		
Date: 3 FEBRUARY 2016	Ref: PH/EK/VR	

**1. Purpose of Report**

1.1 The purpose of this report is to provide an update on resources and expenditure on the 2015/16 budgets 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 8 January 2016 (Period 10).

**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 Schools and Centres 21 (SC21) initiative.
- 2.2 The current Composite Capital Programme is based on a target spend of £57.780m, representing an increase in resources of £1.350m from the period 7 report to committee. This is the result mainly of additional resources within Learning & Leisure Services consisting of an allocation of £1.036m from the Repairs & Renewals Fund for work at the Kilbowie facility and £0.450m from revenue for essential work at the Time Capsule.
- 2.3 The SC21 budgeted programme for the year remains at £14.773m. Costs and spending profiles are indicative at this stage, and will continue to be so until construction contracts are in place.

**3. Budget Monitoring Summary – Composite Capital Programme**

3.1 The projected position of the Composite Capital Programme at period 10 is summarised below: -

	Current Programme	Projected Outturn	Outturn Variance
	£000s	£000s	£000s
<b>Expenditure</b>			
Corporate Services	6,278	4,283	1,995
Regeneration & Environmental Services	30,683	28,549	2,134
Finance & Customer Services	1,231	1,231	0
Social Work Services	5,864	4,917	947
Learning & Leisure Services	13,724	12,080	1,644
<b>Total Expenditure</b>	<b>57,780</b>	<b>51,060</b>	<b>6,720</b>

- 3.2 Actual expenditure to 8 January 2016 is £28.163m and committed expenditure is £44.362m which represents 77% of the current programme. An analysis of actual and committed expenditure to date by service is contained in Appendix 1.
- 3.3 The programme has an anticipated outturn of £51.060m which is £6.720m less than the programmed expenditure budget, and major variances are explained below.

#### **4. Projected Outturn at 8 January 2016 (Period 10)**

4.1 Corporate Services are forecasting spend of £4.283m which is £1.995m less than the current budget.

- a) The Service continues to report an anticipated underspend of £0.680m on the Houldsworth Centre (Wishaw Hub Programme). The completion of the car park is now expected by May 2016. This will result in an element of slippage, to be confirmed by the Service.
- b) Slippage of £0.385m is projected for the refurbishment at Coats House due to ongoing negotiations with neighbouring property representatives.
- c) Slippage of £0.590m is reported for the Fleming House replacement windows projects following a review of the window design.

4.2 Regeneration and Environmental Services are projecting spend of £28.549m which is £2.134m less than the current budget.

- a) Slippage of £0.752m is forecast within Protective Services mainly for the Stane Gardens project due to the recent wet weather adversely affecting the work schedule.
- b) Slippage of £0.470m is forecast in the town centre programme, £0.450m for the Colzium Clock theatre project due to delays in the tender process, £0.187m for the Local Development Programme in relation to Play Services projects being delivered by Culture NL, and also £0.084m for parking and traffic calming projects due to delayed start dates.
- c) Slippage of £0.135m is reported in the car parking programme due to the sale of land which has resulted in the proposed car park no longer proceeding on the originally intended site.
- d) An overspend of £0.182m is anticipated for emergency cemetery and drainage works at several cemeteries and also equipment purchases. The overspend is offset in year by slippage of £0.246m for Bedlay Cemetery works. This funding will be required for completion of the project in 2016/17 and will be managed within next year's programme.
- e) A review of the overheads policy related to Roads Design fees is currently being undertaken. The forecast underspend of £0.158m will be subject to a budget virement proposal to address cost pressures within Facility Support Services for essential spend on equipment.

4.3 Finance & Customer Services continues to project spend of £1.231m which is in line with the current budget.

4.4 Social Work Services are projecting spend of £4.917m which is £0.947m less than the current budget.

- a) As previously reported, the forecast overspend on the Integrated Equipment and Adaptations Service is £0.700m. The service is currently proposing to allocate revenue resources recently confirmed from NHS Lanarkshire specifically to alleviate this overspend.
- b) Slippage of £0.986m is now projected on the Chryston Short Stay Care Service due to further delays caused by the recent inclement weather. However, in addition it is expected that the project will underspend by £0.103m as a result of a reduction in the project contingency allowance. The Service will use this underspend to offset other cost pressures in the programme.

- c) Following detailed site investigation reports for the Wishaw Short Stay Care Service project, the project will not proceed at the original location and other options are now being explored. This will result in an underspend of £0.505m in the current year. It should be noted that £1.477m was slipped into 2016/17 as part of the capital mid-year review, and there remains uncertainty over when this project will proceed.
- d) An underspend of £0.119m is reported in the Minor Works programme after reviewing project bids with the intention to use this to address cost pressures in other areas.

4.5 Learning and Leisure Services are forecasting spend of £12.080m which is £1.644m less than the current budget.

- a) The Children & Young People programme is currently forecasting slippage of £1.042m due to delays in the completion of four modular units which will not be on site until April 2016.
- b) Slippage of £0.282m is projected within the sustainable estate programme as a result of the service's general area review with projects being developed for the new financial year and also a delay in the biomass project at Taylor HS which will run into 2016/17.
- c) As previously reported, within pre-planned preventative maintenance an underspend of £0.046m is anticipated, along with slippage of £0.228m for works at Chryston Primary School which will be delayed until summer 2016 to minimise disruption within the school.

## **5. Budget Monitoring Summary – Schools and Centres 21**

- 5.1 The Schools and Centres 21 programme is now projecting slippage of £0.163m as it has been unable to release retention payments due to outstanding defects. The programme is currently progressing two primary school joint campuses, two stand-alone primary schools, two secondary schools and one 3-18 year old campus. Cost estimates and profiles are indicative as there are no construction contracts in place at present. The service is also awaiting confirmation of final costs on projects linked to funding from the Scottish Futures Trust which may alter the profile of expenditure throughout the project life.
- 5.2 The Scottish Government confirmed its contribution towards the funding for Cumbernauld Academy. Details of spending profiles are to be confirmed in relation to this £43m project, of which the council will provide the majority of funding from its own resources.

## **6. Capital Receipts**

- 6.1 The capital programme is partially funded by capital receipts generated through the sale of Council land and buildings. The target for 2015/16 is £4.440m, made up of the approved budget of £3.000m and a shortfall of £1.440m carried forward from the 2014/15 programme.
- 6.2 Regeneration & Environmental Services have advised that, despite the market showing some early signs of recovery, it is likely that the actual level of capital receipts will be significantly below the target. Capital receipts to date are £0.770m with an under-recovery of £3.414m projected for the year (i.e. total projected receipts of £1.026m).
- 6.3 As a result of the level of slippage in the programme, the shortfall in receipts is unlikely to have a significant impact in the current year. However the position will continue to be closely monitored with updates provided accordingly.

## **7. HRA Capital Programme 2015/16**

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 8 January 2016 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 8 January 2016.



**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 2015/16: Period 10

Composite Capital Programme	Current Programme 2015/16 £000	Projected Outturn 2015/16 £000	Outturn Variance 2015/16 £000	Committed Expenditure 08-Jan-16 £000	Actual Expenditure 08-Jan-16 £000
Corporate Services	6,278	4,283	1,995	4,482	2,197
Regeneration & Environmental Services	30,683	28,549	2,134	23,415	16,108
Finance and Customer Services	1,231	1,231	0	1,137	370
Social Work Services	5,864	4,917	947	4,298	3,229
Learning and Leisure Services	13,724	12,080	1,644	11,030	6,259
<b>Composite Capital Programme</b>	<b>57,780</b>	<b>51,060</b>	<b>6,720</b>	<b>44,362</b>	<b>28,163</b>
<b>Schools &amp; Centres 21</b>	<b>14,773</b>	<b>14,610</b>	<b>163</b>	<b>12,104</b>	<b>12,024</b>
<b>Total Composite Capital Programme</b>	<b>72,553</b>	<b>65,670</b>	<b>6,883</b>	<b>56,466</b>	<b>40,187</b>

## HRA CAPITAL PROGRAMME SUMMARY 2015/16: Period 10

HRA Capital Programme	Current Programme 2015/16 £000	Projected Outturn 2015/16 £000	Outturn Variance 2015/16 £000	Committed Expenditure 08-Jan-16 £000	Actual Expenditure 08-Jan-16 £000
HRA Mainstream Programme	49,600	43,916	5,684	41,021	26,691
HRA New Build Programme	9,533	10,768	(1,235)	8,124	4,511