

To: POLICY AND RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: COMPOSITE CAPITAL PROGRAMME 2015/16 MONITORING REPORT 1 APRIL 2015 TO 4 MARCH 2016 (PERIOD 12)
From: HEAD OF BUSINESS FOR FINANCIAL SOLUTIONS		
Date: 02 MAY 2016	Ref: PH/EK/RM	

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 4 March 2016 (Period 12).

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 £58.946m, representing an increase in resources of £1.166m from the period 10 report to committee. This increase is the result mainly of £ 0.700m revenue contribution from Social Work for equipment & adaptations, £0.240m grant from SEPA for Stane Gardens and also £0.142m from NL Leisure for the Broadwood Sports Facility.

2.3 The SC21 budgeted programme for the year remains at £14.773m. Cost estimates and spending profiles continue to be indicative at this stage as there were no construction contracts in place for the primary school projects when setting the budget.

3. Budget Monitoring Summary – Composite Capital Programme

3.1 The projected position of the Composite Capital Programme at period 12 is summarised below: -

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Expenditure			
Corporate Services	6,278	4,139	2,139
Regeneration & Environmental	30,942	26,688	4,254
Finance & Customer Services	1,231	1,215	16
Social Work Services	6,564	4,823	1,741
Learning & Leisure Services	13,931	10,822	3,109
Total Expenditure	58,946	47,687	11,259

3.2 Actual expenditure to 4 March 2016 is £32.968m and committed expenditure is £45.862m representing 78% 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 £47.687m which is £11.259m less than the programmed expenditure budget. The major variances for each service are explained in paragraph 4 below.

4. Projected Outturn at 4 March 2016 (Period 12)

4.1 Corporate Services are forecasting spend of £4.139m which is £2.139m less than the current budget.

- a) Slippage of £0.490m is projected for the Coats House refurbishment due to continued on-going negotiations regarding access.
- b) An underspend of £0.680m is anticipated on the Houldsworth Centre (Wishaw Hub Programme), with car park completion now expected by May 2016.
- c) Slippage of £0.599m is also anticipated for the Fleming House replacement windows projects following a review of the window design, along-with slippage of £0.236m in relation to corporate energy projects and condition surveys.

4.2 Regeneration and Environmental Services are projecting spend of £26.688m which is £4.254m less than the current budget.

- a) Slippage of £1.037m at Stane Gardens is anticipated due to continued wet weather adversely affecting the work schedule.
- b) Slippage is forecast of £0.459m across the town centre programme, £0.177k on play service projects within the Local Development programme, £0.550m on the Colzium Clock Theatre project, and £0.824m within the Vacant & Derelict Land Fund (VDLF) programme due to site delays caused by ground conditions affecting various projects – the Scottish Government has authorised the slippage in the VDLF programme.
- c) A managed overspend of £0.147m is projected for emergency cemetery and drainage works at several cemeteries and for fleet equipment purchases. As previously reported, this is offset in-year by slippage of £0.246m for Bedlay Cemetery works and £0.185m on the Palacerigg Park bothy contract.
- d) Accelerated expenditure of £0.376m is forecast on the Bridge investment programme relating to Network Rail Benhar Road bridge and also a managed overspend of £0.232m on road refurbishment. However these overspends are offset by total slippage of £1.236m consisting of £0.446m on the street lighting programme due to a shortage of components; £0.448m on road traffic management A80 traffic signal upgrade due to issues with the contractor and delays in the speed limit review; and £0.342m in flood management due to staff resources being diverted to weather related reactive work.

4.3 Finance & Customer Services are projecting spend of £1.215m which is £0.016m less than the current budget.

4.4 Social Work Services are projecting spend of £4.823m which is £1.741m less than the current budget.

- a) Slippage of £1.034m is projected on the Chryston Short Stay Care Service due to inclement weather and delays in securing utility approvals from Scottish Water and Scottish Power. In addition, the project is expected to underspend by £0.103m due to a reduction in the project contingency allowance.
- b) As previously reported, the Wishaw Short Stay Care Service project will not proceed at the original location, with other options being explored. This results in an underspend of £0.515m for 2015/16. As part of the mid-year review £1.477m was slipped into 2016/17 with uncertainly remaining as to when the project will proceed. However this project has now been removed from the capital programme for 2016/17 as approved at Policy and Resources committee on 17 March 2016.
- c) The Minor Works programme has a projected underspend of £0.095m following review of project bids and virement to address cost pressures in other areas.

4.5 Learning and Leisure Services are forecasting spend of £10.822m which is £3.109m less than the current budget.

- a) The Children & Young People programme is forecasting slippage of £1.503m due to delays in the completion of modular units as previously reported which are due on site in April 2016, and additional slippage on internal adaptations at St Serf's Primary School.
- b) Slippage of £0.342m 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 a delay in the biomass project at Taylor High School which will run into 2016/17.
- c) Slippage of £0.505m is anticipated within pre-planned preventative maintenance due to delays in tendering for boiler works at both St Mary's Primary School and at Glencryan School, and also in the re-wire programme at Chryston Primary School which is scheduled for summer 2016 to minimise school disruption.
- d) Slippage of £0.619m is projected on various Cultural Trust facilities. Net slippage of £0.113m is reported at Harthill Community Centre due to lower than expected costs which will be used to offset additional works scheduled for DDA compliance. Slippage of £0.324m is also anticipated due to delays in works at Motherwell & Wishaw Libraries and Sir John Wilson Town Hall, along-with £0.182m due to delays in progressing various play areas until the next financial year.

5. Budget Monitoring Summary – Schools and Centres 21

5.1 The Schools and Centres 21 phase 2 programme is now projecting an overspend of £0.902m which is largely attributable to accelerated expenditure on furniture and fittings for the Clyde Valley Campus. As previously reported, this is partially offset by slippage within the phase 1 programme of £0.162m as it has been unable to release retention payments due to outstanding snagging issues. Cost estimates and profiles are indicative as there were no construction contracts in place for the primary schools when setting the budget. 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, representing the £3.000m approved budget and a £1.440m shortfall carried forward from 2014/15. Regeneration & Environmental Services have advised that the actual level of capital receipts will be significantly below the target, despite the market showing some early signs of recovery. Capital receipts received to date are £0.997m, with total projected receipts being £1.163m i.e. an under-recovery of £3.277m. 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.

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 4 March 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 4 March 2016.

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HEAD OF BUSINESS FOR FINANCIAL SOLUTIONS

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 12

Composite Capital Programme	Current Programme 2015/16 £000	Projected Outturn 2015/16 £000	Outturn Variance 2015/16 £000	Committed Expenditure 04-Mar-16 £000	Actual Expenditure 04-Mar-16 £000
Corporate Services	6,278	4,139	2,139	4,608	2,431
Regeneration & Environmental Services	30,942	26,688	4,254	25,372	19,219
Finance and Customer Services	1,231	1,215	16	1,213	493
Social Work Services	6,564	4,823	1,741	4,442	3,550
Learning and Leisure Services	13,931	10,822	3,109	10,227	7,275
Composite Capital Programme	58,946	47,687	11,259	45,862	32,968
Schools & Centres 21	14,773	15,513	(740)	14,172	12,973
Total Composite Capital Programme	73,719	63,200	10,519	60,034	45,941

HRA CAPITAL PROGRAMME SUMMARY 2015/16: Period 12

HRA Capital Programme	Current Programme 2015/16 £000	Projected Outturn 2015/16 £000	Outturn Variance 2015/16 £000	Committed Expenditure 04-Mar-16 £000	Actual Expenditure 04-Mar-16 £000
HRA Mainstream Programme	49,600	43,673	5,927	43,058	31,612
HRA New Build Programme	9,533	9,429	104	7,077	5,711