

THE HIGHLAND COUNCIL

RESOURCES COMMITTEE

18 February 2008

Agenda Item	
Report No	

Capital Monitoring Statements 2008/09

Report by Depute Chief Executive & Director of Finance

SUMMARY

This report provides an overview of the General Fund and HRA capital programmes for the period to 31 December 2008 and the projected year end position.

1. Introduction

1.1 This report provides an overview of the progress to 31 December 2008 of the General Fund and HRA Capital programmes. The figures presented are the net budget, net expenditure to date and the estimated outturn and variance at the year end.

2. General Fund Capital Programme – Summary

2.1 The General Fund statement in the attached report shows net expenditure for the year to date of £45.261m. The total net programme budget is £67.612m.

2.2 The anticipated year end position is £66.486m which would be an underspend of £1.126m. This position is being closely monitored and if necessary future programmes will be changed to deal with the effect of any variance in this financial year.

2.3 Other Housing (non HRA) and Energy Management anticipate meeting their targets.

2.4 The ECS capital budget is projected to under spend by £0.314m. There is slippage on the following projects: refurbishment of extension block at Thurso High School; phase 2 of Lochaber High School; Acharacle Primary School; Maryburgh/Conon primary schools option appraisal; Tomnacross Primary School Extension and leisure facilities. Slippage within the Highland Archive Centre project has resulted in a compensatory delay in drawing down of external funding. Additional expenditure is anticipated with regard to: curricular equipment for new schools and the Nairn Community Centre projects; plus the advancing of projects such as Nairn demountable units; Lochaline PS replacement and Aviemore PS will partially offset the identified slippage.

2.5 At the current time the estimated net outturn on the Planning & Development capital programme is under budget by £0.249m due to slippage. All slippage will however be legally committed by the end of the year and will be spent in 2009/10.

2.6 The Social Work service estimates an under spend at the year end of £0.143m due

in the main to delays in commencing the projects at Leault (residential unit) and New Craigs resettlement. This under spend will be carried forward to the next financial year. Some projects in the programme have been completed over budget which will affect the amount carried forward.

- 2.7 The current estimate for the Transport, Environmental and Community Services' capital programme is a year end over spend of £0.215m. The over spend has been created by the acceleration of projects into this financial year. This amount will be deducted from the capital programme of future years.
- 2.8 The budget for Strategic Property Management predicts an under spend of £0.335m at the end of the financial year due to £0.485m of delays or cancellations of DDA work. Work on Health and Safety projects will be brought forward to partly compensate and will therefore be £0.150m over budget.
- 2.9 The budget for Drummie and office rationalisation has reduced in this financial year following the review of the capital receipts. However the charges for work in this year will be in line with the original budget, leading to a likely over spend of £0.478m, which will be addressed in future year's programmes when the receipt is received.
- 2.10 An under spend of £0.081m is anticipated in the Chief Executive's capital programme. This is the net result of slippage on the Service Point network projects of £0.329, an underspend on Kyle Library and Service Point of £0.070m and slippage of £0.060m on community capital grants. The Caithness Horizon's Project is showing an overspend of £0.379m. An initial overspend of £0.098m was reported to Resources Committee in August but this has now risen due to additional work being required which had not been anticipated at the outset of the project. Members' approval is requested to fund £0.189m of the overspend from slippage in the Chief Executive's capital programme in this financial year and the remainder of £0.190m from the Capital Discretionary Fund. The impact of this will be considered as part of a future review of capital programmes.

3. Discretionary Fund

- 3.1 The available balance on the Capital Discretionary Fund is £0.500m.
- 3.2 On 30 October 2008 the Council agreed the recommendation of the Political Arrangements Working Group to invest in video conferencing facilities at a number of sites across the Highlands. On 3 December 2008 the Council agreed that initially investment should be within the RSL Operational Management Area. Members are now asked to approve the award of £0.110m from the unallocated Capital Discretionary Fund. This will provide additional high quality video conferencing facilities in Fort William, Portree, Dingwall and HQ in Inverness. At HQ, a new mobile facility will be provided in addition to the existing two fixed screens in the Chamber and Committee Room 1, to enable greater flexibility as well as capacity. In Portree, Fort William and Dingwall, fixed screens will be installed, similar in quality to that currently used in the Chamber at HQ. The existing mobile VC equipment at these three locations will also remain available.

The contract will go out to tender, and completion by late summer 2009 is anticipated. Any budget not used in 2008/09 will be carried forward to 2009/10 to fund the completion of the project. The contract will include capacity to add in new

locations as and when required – such as the enhancement of facilities at Wick in tandem with the office modernisation programme.

- 3.3 The revenue consequences of this initiative are an additional £0.030m to cover the maintenance of equipment, cost of line rental and calls. This has been agreed as a budget pressure from 2009/10 onwards.
- 3.4 Per paragraph 2.10 above, permission is sought to use £0.190m of the Capital Discretionary Fund for the Caithness Horizon's project in the Chief Executive's capital programme.

A separate paper to this committee recommends that the Council contributes £0.200m in this financial year from the Capital Discretionary Fund as a capital grant to UHI for development of their Centre for History.

4. Housing Revenue Account (HRA) Capital Programme

- 4.1 The attached report shows that the gross budget for HRA is £12.0m for 2008/09 with an overspend of £0.114m currently predicted. The availability of additional CFCR in the HRA will accommodate the overspend and will reduce the level of borrowing previously anticipated

RECOMMENDATION

The Committee is asked to note and agree the financial position of the General Fund and HRA capital programmes as at 31 December 2008 and agree that £0.300m is transferred from the discretionary fund to the Chief Executive's service programme for video conferencing equipment (£0.110m) and Caithness Horizon's (£0.190m).

Signature:

Designation: Depute Chief Executive & Director of Finance

Date: 9 February 2009

Background Papers: Service Capital Budget Monitoring Statements

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Capital Expenditure Monitoring Report - Service Summary

1 April 2008 - 31 December 2008

	£000 Actual Net Year to Date	£000 Annual Net Budget	£000 Year End Net Outturn	£000 Year End Net Variance
GENERAL FUND				
Education Culture & Sport	18,049	26,896	26,582	(314)
Other Housing (Non HRA)	123	13	13	0
Planning & Development	290	1,190	941	(249)
Social Work	1,698	4,070	3,927	(143)
Transport Environmental & Community Services	21,024	27,362	27,577	215
Strategic Property Management	2,213	4,780	4,445	(335)
Accommodation Rationalisation	563	372	850	478
Energy Management	401	1,434	1,100	(334)
Chief Executive's Office	900	798	717	(81)
Discretionary Fund	0	500	0	(500)
Unallocated	0	197	0	(197)
Total General Fund	45,261	67,612	66,152	(1,460)

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Outturn	£000 Year End Variance
Housing Revenue Account				
Gross Expenditure Budget	7,961	12,000	12,114	114
Sale of Council House Receipts	(5,396)	(8,795)	(6,910)	1,885
CFCR	0	(440)	(2,054)	(1,614)
Borrowing	0	(1,601)	(1,986)	(385)
Usable Capital Receipts carry forward from 2007/08	(1,164)	(1,164)	(1,164)	0
		0	0	0